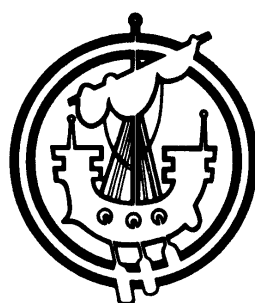


**COMHAIRLE  
NAN  
EILEAN SIAR**

**DREACH CHUNNTASAN  
BHLIADHNAIL  
2023/24**



**DRAFT ANNUAL ACCOUNTS  
2023/24**

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## MANAGEMENT COMMENTARY

### Introduction

This commentary provides a summary of the Comhairle's financial performance for the year and how this has supported delivery of the Comhairle's Corporate Strategy, as detailed in the 2023/24 Business Plans. It also outlines the Comhairle's forward budget strategy and the challenges and risks the Comhairle faces in future years in delivering its objectives for the Outer Hebrides, particularly in the context of diminishing funding.

### Corporate Strategy 2022-27

The Corporate Strategy 2022-27 was approved by the Comhairle in September 2021 and was reviewed and updated in December 2023. The Strategy has four key priorities, based on a vision "to have socially and economically thriving communities with a focus on sustaining our quality of life, natural heritage, and Gaelic language and culture".

Under each of these priorities are five strategic outcomes setting the future direction of the Comhairle. As well as supporting service level actions which provide good outcomes for the community. The priorities and outcomes, when combined, aim to halt depopulation and lead to the development of thriving communities across the Western Isles.

Strengthen the local economy – focuses on digitalisation, renewable energy, SMEs and ensuring there are the skills within the community to meet the job demands.

Support children, families and young people – focuses on nursery places to support working families; early intervention to families in need; school attainment, which is not just about academic excellence but ensuring that young people are leaving schools with the skills that employers are looking for; and, also supporting healthy and active lifestyles.

Support resilient communities and quality of life – focuses on support for those who are elderly or vulnerable to access the care they need; the Gaelic language and our natural and cultural heritage; safe and vibrant communities; inequality and poverty; and, ensuring that our planning and connectivity infrastructure meets the needs of our communities.

Deliver Community Leadership – focuses on community empowerment; equality of opportunity; reducing our carbon footprint; efficient and effective services; and effective governance.

All service business plans are aligned to these strategic outcomes and Progress Reports are made available to the public quarterly. The Corporate Strategy also includes a range of Performance Indicators (KPIs) which provide a consistent basis to assess if the outcomes for the local population are improving over time, and support decision-making.

The corporate Strategy, alongside the Budget Strategy and Corporate Workforce Plan, form the three key strategic pillars for the Comhairle, by setting out the vision, finances and workforce needs required to deliver the desired levels of service.

### Annual Accounts 2023/24

The Annual Accounts set out the financial statements for Comhairle nan Eilean Siar and its group for the year ended 31 March 2024.

The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2023/24 Accounts have been prepared in accordance with this Code.

### Group Accounts

The Code requires group accounts to be prepared where the authority has a material interest in another organisation. For the Comhairle this encompasses representation on the Highland and Western Isles Joint Valuation Board and Cùram is Slàinte nan Eilean Siar, the Western Isles Integration Joint Board (IJB), as well as Sgoiltean Ùra LLP (SULLP), an arms-length partnership responsible for the management of the design, construction and maintenance of the Western Isles Schools Project.

The LLP is a partnership between the Comhairle and Sgoiltean Ùra Investments Ltd, a company limited by shares having the Comhairle as its sole shareholder. The LLP is therefore wholly owned by the Comhairle although existing as a separate legal entity. For 2023/24, SULLP did not undertake any financial activities, the company having effectively ceased trading when the schools project was completed in 2014.

The effect of inclusion of these entities in the Group Balance Sheet is to increase the net worth, representing the Comhairle's share of the net assets of these entities. The pension position of the Valuation Joint Board has been offset by the surplus realised by the IJB during the first five years of operation.

### Financial Planning

The Comhairle is under a legal duty to set a balanced budget and in doing so must observe proper accounting practices and make arrangements which secure best value. The budget process is overseen by a Budget Board, which has Member representation from all wards and political groups, ensuring adequate coverage for all sectors of the community.

In line with its financial strategy the Comhairle set a balanced budget for 2023/24. This comprised budgeted expenditure of £122.3m funded by £95.8m of General Revenue Grant, £9.1m of Non-domestic Rates, £12.4m of Council Tax and £3.2m of reserves. Planned business plan savings of £1.7m, were also incorporated in the budget.

A £25m capital programme for the period 2023-28 was approved by the Comhairle in February 2023. Additional funding awarded since then of £17m and projects carried forward from 2018-23 of £28m, mean that the programme now stands at £70m. The programme is largely developed around the forecast level of General Revenue Grant from the Scottish Government, with this supplemented with other grants and contributions, through the 5-year period. Due to the pressures on the revenue budget, the opportunities to undertake borrowing, to supplement the programme, are limited, but this is kept under review.

**Cyber-Attack**

The Comhairle was subjected to a cyber-attack on 7 November 2023, which resulted in a loss of systems and data across the Comhairle. The impacts have been far reaching and still continue to cause issues a year later, particularly with the main financial systems, which have required to be rebuilt. In the immediate period following the attack, temporary solutions were put in place to ensure that suppliers and staff were paid and that some form of financial monitoring could be undertaken. The nature of these processes meant that the collation of the data required to complete the Annual Accounts in line with the 30 June deadline was not possible, hence the submission of these Accounts at this time.

The data which was lost has not been recovered and the financial records have been rebuilt from a variety of sources, and this would not have been possible without the knowledge and skills of the staff involved and they are commended for the manner in which they dealt with a very complex situation, to ensure that services were maintained. It is acknowledged that there may be gaps in the data and that inevitably, there will be matters arising from the audit. The loss of systems and data will also have impacted on performance against Business Plans targets and performance indicators as the priority for all services was to maintain front line services.

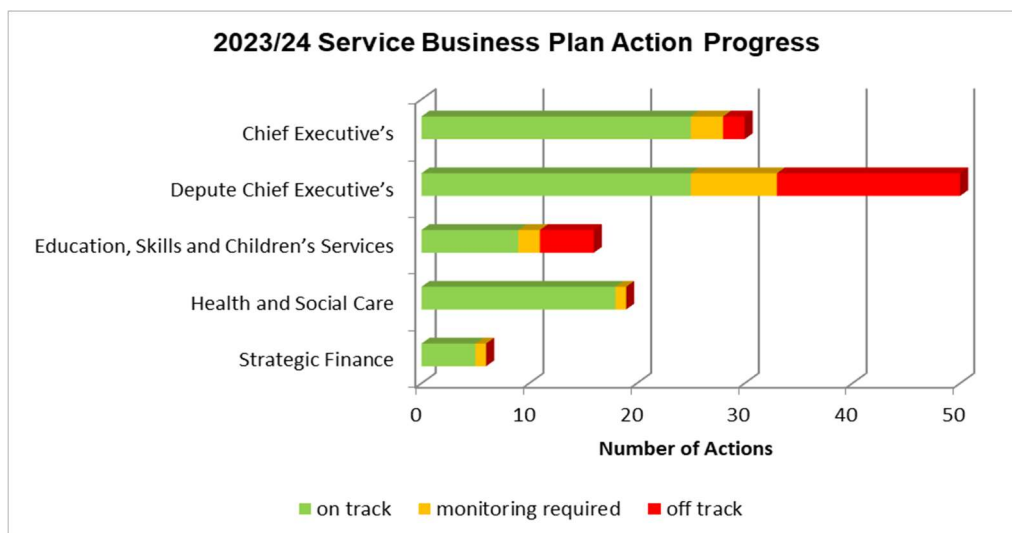
**Performance**

The Comhairle considers performance against the strategic outcomes of the Corporate Strategy bi-annually, in June and November. The Chief Executive and Chief Officers present a detailed update to each of the Comhairle’s principal committees on the strategic priorities relevant to their service areas, including the key areas of risk and the resource implications.

The Comhairle produces an annual Public Performance Report which is available on its [website](https://www.cne-siar.gov.uk/council-and-committees/strategy-performance-and-research/best-value/performance-reporting) (https://www.cne-siar.gov.uk/council-and-committees/strategy-performance-and-research/best-value/performance-reporting). Services also provide more comprehensive Business Plan Progress Reports throughout the year that are also available [online](https://www.cne-siar.gov.uk/council-and-committees/strategy-performance-and-research/performance) (https://www.cne-siar.gov.uk/council-and-committees/strategy-performance-and-research/performance) and include the two Statutory Performance Indicators (SPIs) that have been defined by the Accounts Commission.

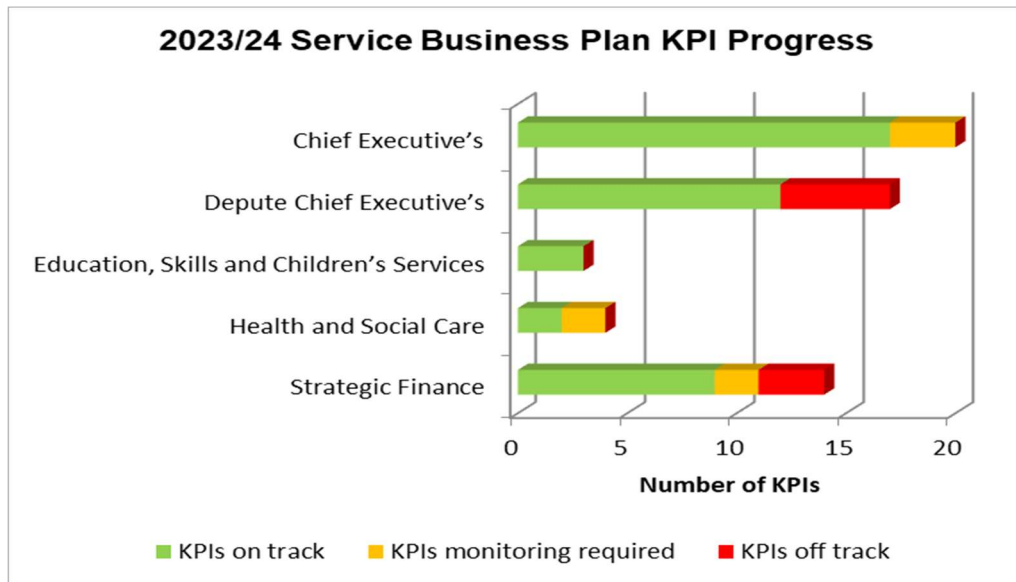
In 2023/24 the Comhairle’s five departments reported on 121 actions. During the year 68% of these were completed, 12% were largely completed and 20% were not completed. A breakdown of actions by department is shown in Figure 1.

**Figure 1: Business Plan Actions**



The Comhairle also reports on 58 Key Performance Indicators (KPIs). For the 2023/24 year 77% of these were on target, 9% were close to their target and 14% were off track. An analysis of KPIs by department is shown in Figure 2.

**Figure 2: Business Plan Key Performance Indicators**



To ensure continuous improvement the Comhairle has adopted the Public Sector Improvement Framework self-evaluation model. This supports national benchmarking activity including closer comparison through family group benchmarking forums. Further information is available on the Comhairle [website](#).

**Workforce Planning**

The Corporate Workforce Plan was approved by the Comhairle in September 2023. With recruitment to some key posts becoming more challenging, the revised plan has a focus on supporting change, through skills development opportunities for current employees. This will be facilitated using a range of approaches, including internal recruitment to posts, succession planning, the use of career grades to reward those undertaking training, and apprenticeships. This is important in ensuring that services are able to develop and retain the right mix of skills and experience to deliver their business plans.

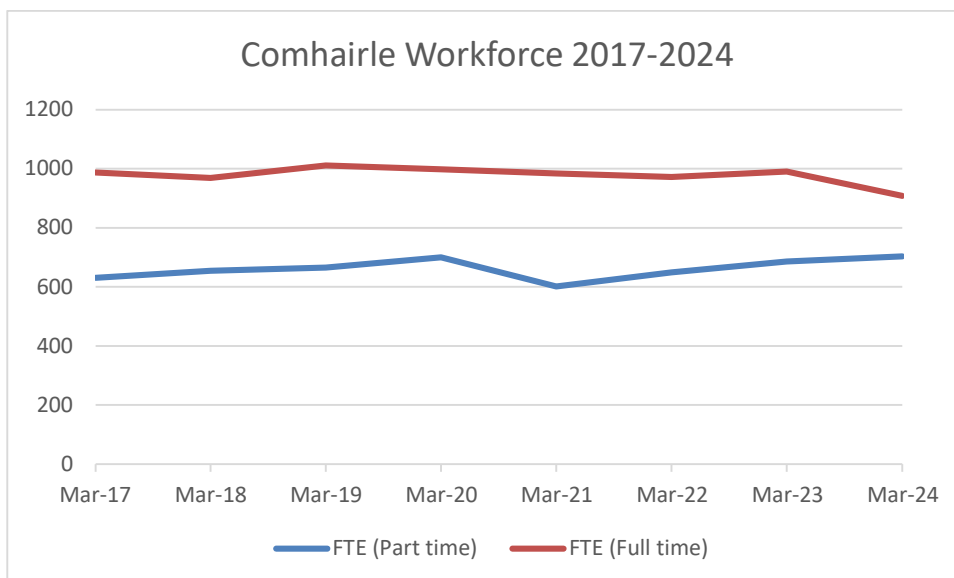
The Corporate Workforce Panel continues to have an overview of all recruitment, with all requests for posts to be released for advert scrutinised to ensure that these are aligned to business plan priorities and that budgets are in place.

The Comhairle has completed its organisational restructure which enabled savings to be achieved through a voluntary severance exercise. It is acknowledged that the opportunity to undertake a similar exercise in the future will be limited, in terms of both financial constraints and workforce capacity.

The Comhairle continues to support apprenticeships internally through the Comhairle's own apprenticeship programmes and also in the wider community by being an accredited training provider. All employability and apprenticeship programmes have been brought together to ensure young people are signposted to the programme that best meets their individual needs.

Figure 3 shows how the Comhairle's workforce has remained relatively stable over recent years.

**Figure 3: Comhairle Workforce 2017-2024**



## Islands Deal

The Islands Growth Deal is a £100m Programme, jointly funded by both the UK and Scottish Governments. It is a 10-year package of investment that will seek to drive economic growth and the creation of sustainable jobs across Shetland, Orkney and the Outer Hebrides. The Deal was developed by the Comhairle, Orkney and Shetland Island Councils, with their partners in the public, academic, business and community sectors.

The Full Deal Agreement was signed, by the three councils and both Governments, in Orkney on 20 January 2023. The Deal will provide projects across the island regions, including three pan-island Programmes, and will lever in an additional £293m of match funding. Projects are aligned to three themes: Leading the Way to a Low Carbon Future; Supporting Growth and Future Industries; and Thriving, Sustainable Communities.

As part of the Deal, the Outer Hebrides will receive £33.3m, to be invested in a number of key developments, targeted at growing the economy through the establishment of Gateway tourism infrastructure throughout the islands; pioneering renewable energy and Spaceport facilities; enabling growth of sustainable skills for our population, through the UHI Outer Hebrides Campus Redevelopment Project and TalEntEd Programme; and investment in our key Primary and Creative Industries.

Outline Business Cases for all projects have now been approved, with work now progressing on the submission and approval of Full Business Cases, in line with HM Treasury Green Book standards, where the key aim will be on achieving cost certainty through procurement and securing a full funding package to proceed to delivery stage. The early projects to proceed in the Outer Hebrides are the Island Centre for Net Zero, UHI Campus Development, Acarsaid Pier and Spaceport.

## Financial Performance

In addition to the performance reports to service committees, the Policy and Resources Committee receives quarterly reports on the overall financial position of the Comhairle, although this was not possible in the second half of 2023/24, due to the cyber-attack.

The Comprehensive Income and Expenditure Statement (CIES) shows a deficit of £3.840m on the provision of services. However, this does not reflect the true cost of service provision, or the amount required to be funded from government grant and taxation. Note 8 gives details of the accounting adjustments required to bring the accounts, prepared under proper accounting practice, into line with resources specified by statute. These adjustments generally remove the effect of non-cash items such as depreciation and revaluation of assets and replace these with the actual cost of debt repayment. Consequently, the General Fund balance has decreased by £3.734m, compared to a planned deficit/use of reserves of £3.238m.

	£'000
<b>Deficit on the Provision of Services in CIES</b>	<b>3,840</b>
<b>Reversal of Non-Cash Items included in the Service Expenditure Figures</b>	
<b>Asset Adjustments</b> – these are the accounting charges made to the service accounts for depreciation and revaluation of the assets they use during the year. These are not cash payments so do not impact on the Comhairle's funds.	(24,253)
<b>Capital Grants and Contributions</b> – these are actual funding contributions to projects being completed under the capital programme. Although these are actual cash income, as they relate to capital expenditure, they are to be excluded from the revenue figures in the CIE.	16,464
<b>Pension Adjustments</b> – accounting convention requires that the costs of pensions are charged to services when the pension is earned, not when it is actually paid out after the employee retires. This is not a real cash payment and does not impact on the Comhairle's Funds.	904
<b>Holiday Accrual</b> – this adjustment relates to payments due to employees for holidays due but not taken during the year. Again, these are not cash payments to staff (as the days are carried forward instead).	(141)
<b>Financial Instrument Charge</b> – this relates to the premium paid for repaying a loan before it was due. Whilst the cash was paid out at the time, accounting rules allow the charge to be written off over the period of the replacement loan. As the actual cash transaction has taken place in the past, there is no impact on funds.	154
<b>Addition of cash items not included in Service Expenditure Figures</b>	
<b>Loan Charges</b> – the Comhairle's capital expenditure on property, roads etc. is funded by borrowing from the Government. The asset adjustments mentioned above are the accounting charge for the assets, but the loan repayments are the actual cash spent in the year which impacts on funds.	6,766
<b>Actual Cash Deficit for the year as reported in the Reserves Statement</b>	<b>3,734</b>

There are many factors contributing to the overall deficit, including the transfer of previously earmarked reserves to services, for spend on the delivery of projects. Overspends on winter maintenance (£832k), Children's Mainland Placements (£253k) and Air Subsidy (£235k) were offset by additional investment income and a one-off gain on the change in treatment of VAT on leisure services.

Although the majority of the costs associated with rebuild and recovery from the cyber-attack will fall in 2024/25, £269k of expenditure has been incurred this financial year. A £500k budget previously earmarked for service improvement projects has been repurposed for this, but it is evident that additional funding will be required for both capital investment and the ongoing revenue costs for systems, the latter of which will be included in the budget from 2025/26.

Budget Management policy allows services to carry forward budget over and under spends of up to 1% of controllable budget (i.e. excludes depreciation and internal recharges). Use of this policy permitted the carry forward of £846k of committed funds and £592k of general funding, which will support services through the current budget pressures.

Treasury Management activities, including the operation of the Loans Fund (net of interest on revenue balances, which has a zero impact on the overall financial position), generated overall savings of £2.1m, some of which had been highlighted early in the year. There are three elements involved in the savings: the principal repayment on the debt, the interest payments on the debt and the income from investments. The budget assumes that the capital programme will progress as planned and this is reflected in the budget set. This approach reduces the risks associated with under provision, with any savings being returned to the General Reserve In 2023/24, savings of £493k were realised on the principal and interest repayments.

The income budget consists of two elements, interest on investments and the interest received for the loan to the Stornoway Port Authority, for the development of the deep-water port. At the end of the first quarter, additional income of £1m was highlighted, reflecting the high interest rates, with investments attracting rates of over 5% and the start of the cash inflows from the Loan. The final outturn showed additional income of £600k, mainly from investments, due to positive cashflow allowing the level of investments to be maintained.

There was a net transfer of £673k from the Western Isles Schools Project Lifecycle Fund during the year. Annual contributions to the fund are based on a model developed as part of the overall construction project, with these amounts incorporated into the Education, Sport and Children’s Services budget. The unspent element of this budget is transferred to the fund each year with the aim of setting aside sufficient sums for the maintenance of the building throughout their operational lives. As expected, the fund is currently increasing year on year, with the majority of the spend expected in later years.

The Council Tax Income Account, which shows the net position after allowing for discounts, Council Tax Reduction (CTR) and debt write off, showed a surplus of £397k. There are two contributing factors, annual variations in the level of CTR and other reductions, which depend on the circumstances of individual householders, and an increase in the number of properties.

The NDR Income Account represents the amount distributed by the Scottish Government from the national pool, as notified to the Comhairle as part of the financial settlement. This figure is not affected by the actual NDR collected by the Comhairle during the year.

Additional General Revenue Grant of £3.3m was received from the Scottish Government, £2.5m of which was to fund the additional cost of the pay awards, with the remainder being for other Government priorities.

The budget for 2023/24 assumed service savings of £1.7m. The financial benefits of these were realised during the year, although it is acknowledged that in some instances, the specific proposals may have been offset alternatives, where it became evident that initial options couldn’t be achieved.

The tables below show a summary of the main changes that contributed to the £3.734m deficit.

<b>Movement – Initial Budget to Actual Outturn</b>	<b>£'000</b>
Initial Planned Deficit	3,238
Add: Net Additional Resources transferred to Services/Reserves	3,804
Less: Council Tax and NDR Income	(397)
Net Department Underspend	(459)
Centrally Held Resources & Contingency not spent	(270)
Debt Repayment and Interest (net of Interest on Revenue Balance)	(493)
Investment and Other interest Income	(1,689)
<b>Deficit for the Year</b>	<b>3,734</b>



Department	Initial Budget £'000	Total Budget £'000	Outturn £'000	Over / (Under) £'000
Chief Executive Department	4,906	6,423	6,077	-346
Depute Chief Executive	24,202	24,058	24,275	217
Education Skills and Childrens' Services	49,512	52,369	51,659	-710
Health and Social Care	25,656	26,089	26,093	4
Strategic Finance	4,118	4,941	4,980	39
Investment Delivery Unit	62	55	107	52
<b>Departmental Spend</b>	<b>108,456</b>	<b>113,935</b>	<b>113,191</b>	<b>-744</b>
Interest Receivable	-1435	-1534	-2937	-1403
Interest Payable	8,009	8,654	8,351	-303
Loan Debt Repayments	6,957	6,957	6,766	-191
Contingency	200	-	-	-
Centrally Held Resources	100	270	-	-270
Capital Funded from Revenue	-	-	-	-
<b>Total Spend</b>	<b>13,831</b>	<b>14,347</b>	<b>12,180</b>	<b>-2,167</b>
General Revenue Grant	-95,846	-99,168	-99,168	0
Non-Domestic Rates	-9,106	-9,106	-9,106	0
Council Tax	-12,386	-12,966	-13,363	-397
Service Redesign Programme	-1,711	-	-	-
<b>Total Income</b>	<b>-119,049</b>	<b>-121,240</b>	<b>-121,637</b>	<b>-397</b>
<b>(Surplus)/Deficit</b>	<b>3,238</b>	<b>7,042</b>	<b>3,734</b>	<b>-3,308</b>

### General Fund Reserve

There are two main elements in the management of the General Fund Balance, a general reserve which includes a minimum balance of £3.5m, held to mitigate against the main financial risks; and a sum to support the forward budget strategy; and earmarked reserves. The level of the minimum balance held is reviewed annually as part of budget setting, taking account of the risks and challenges anticipated in the year ahead.

At the beginning of the year, there were £28.2m of earmarked reserves held for specific projects. The majority of these funds are committed to future spending or relate to government grants which are held to be spent in line with grant conditions.

As highlighted earlier, there were number of calls on the general reserve during the year, due to financial pressures, but these have been offset by increased investment income, lower than budgeted costs on utilities and a claim to HMRC in respect of the VAT exemption on Sports facilities. At the end of the year, the general reserve available to support the budget strategy amounted to £5.6m, £1.9m of which is already committed to the 2024/25 budget.

Covid Support funding of £1.8m was carried forward from 2022/23, of which £760k was to support the Comhairle Economic Recovery Strategy and £475k to support Households. At the end of 2023/24 funding of £1.3m remains, the majority of the expenditure during the year related to Economic Recovery.

Overall, the General Fund Reserve has reduced from £30m to £26.2m and Figure 5 shows how these balances are made up, the majority of which is earmarked for specific purposes.

**Figure 4: General Fund Balances**

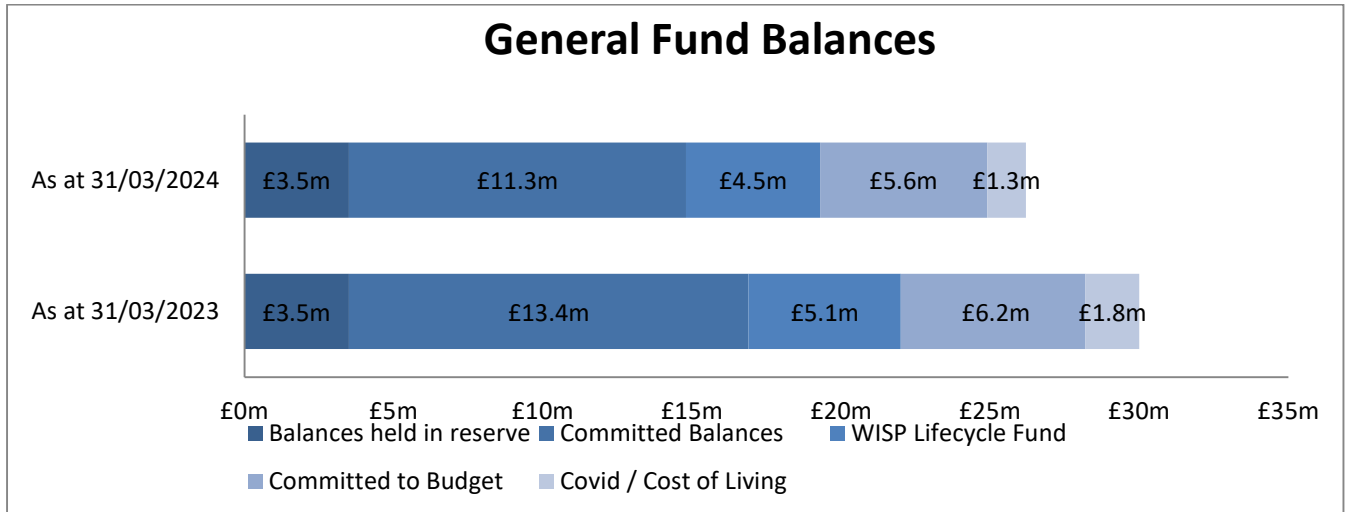


Figure 5 provides a breakdown of the Comhairle’s committed balances. Note 7 to the Accounts shows the movement in these balances during the year. Other than the funding set aside to support future budgets, the majority of the balances reflect funding received for specific government initiatives which have been set aside until required, or Comhairle decisions to support aspects of workforce development and management, such as modern apprenticeships.

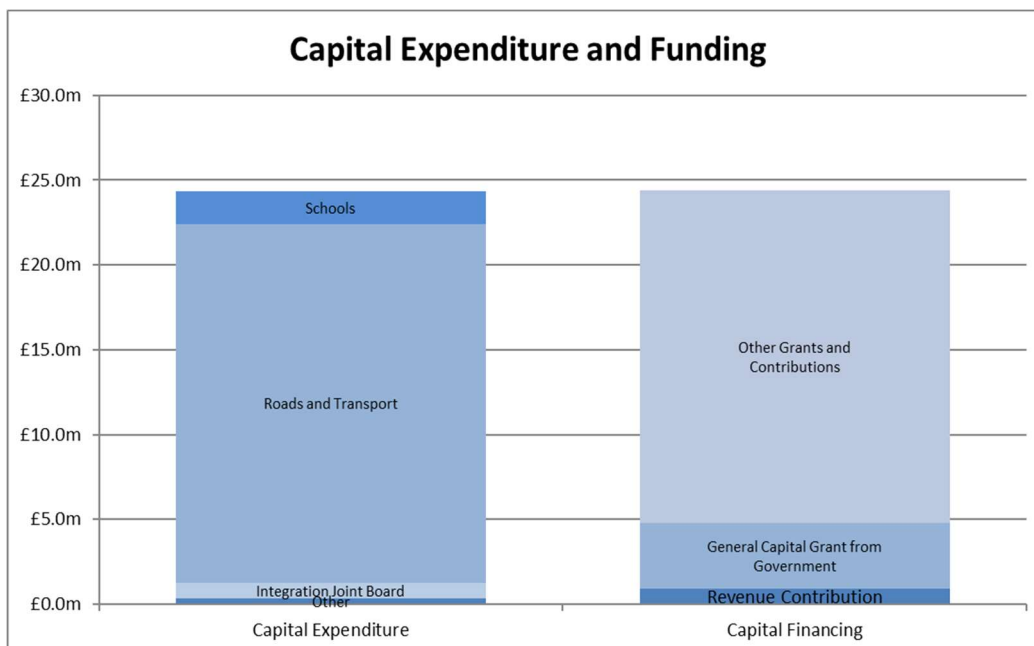
**Figure 5: Committed Balances**

	£'000		£'000
Budget strategy	5,629	Modern apprenticeships	326
Department carry forwards	1,888	Education related	1,064
COVID Recovery/Cost of Living	1,331	Business Loans Pool	772
Revenue Match Fund	139	Government Grants	1,770
WISP Lifecycle Fund	4,461	Miscellaneous	4,202
Crown Estate funding	1,137		
		<b>Total</b>	<b>22,721</b>

**Capital Expenditure**

The Comhairle spent £14.2m on capital projects (excluding community projects funded through capital grants) in 2023/24. This was financed primarily through capital grants, with any excess funds used to reduce the need for future borrowing, as detailed in Note 34 and illustrated in Figure 6.

**Figure 6: Capital Expenditure and Funding**



2023/24 saw the completion of the Goathill Development, an ambitious £46m project developed on an eight-hectare site and comprising: 74 affordable homes, Bremner Court (50 Housing with Extra Care flats) and Taigh Shiophort (52 Bed Residential Care Home). Taigh Shiophort also accommodates a daycare facility occupied by Solas (Alzheimer Scotland), a corporate training suite and a new location for the Faire Community Alarm Service. The care elements of the project achieved completion in May 2023, with all staff and service users transitioned to the facility the following month. The project was delivered in partnership with the IJB and the Hebridean Housing Partnership.

The Barra and Vatersay Community Campus which was initially planned to include school and sports facilities, together with health and social care facilities has stalled, due to the withdrawal of funding for health-related projects by the Scottish Government. The Comhairle is committed to continue with plans for the school, sport and housing aspects of the project, but the industry factors mentioned previously are already evident, with a substantial funding gap, due to location and supply factors.

Works were progressed at Lochmaddy Pier, which is being developed in partnership with other agencies, to accommodate larger vessels. The majority of the programme is a mix of smaller projects and third-party projects funded through specific capital grant, such as Regeneration Capital Grant and the Islands Deal.

### Performance against Prudential Framework Indicators

The Prudential Code for Capital Finance in Local Authorities allows greater local flexibility for investment decisions that are informed and supported by a suite of performance indicators. The indicators for 2023/24 were approved by the Policy and Resources Committee on 26 April 2023. The indicators are designed to ensure that capital investment is prudent, affordable, and financially sustainable. The indicators are lower than estimated as a consequence of capital expenditure not reaching forecast levels. The key performance indicators are shown in Figure 7.

1. **Capital Expenditure:** this indicator is set to ensure that the level of proposed investment in capital assets remains within sustainable limits.
2. **Capital Financing Requirement:** this indicator measures the underlying need to borrow for a capital purpose. In order to ensure that over the medium-term net borrowing will only be for a capital purpose, net external borrowing does not, except in the short term, exceed the Capital Financing Requirement in the preceding year plus the estimates of any additional CFR for the current and next two financial years.
3. **Operational Boundary and Authorised Limit for external borrowing:** under the Prudential Code, limits are required to be set in order to keep borrowing within an affordable range. These limits are referred to as the Operational Boundary and the Authorised Limit. The outturn figure reflects the actual sum borrowed which was contained within both the operational boundary and the authorised limit confirming that the Comhairle's external borrowing continues to be undertaken only to support planned capital investment activities.
4. **Ratio of financing costs to net revenue stream:** this is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending.

**Figure 7: Prudential Indicators**

Prudential Indicator	Estimate 2023/24 £k	Outturn 2023/24 £k
General Fund Net Capital Expenditure	14,328	-1,358
Capital Financing Requirement	149,100	147,403
External Debt at 31 March	128,980	127,266
Operational Boundary	151,000	166,602
Authorised Limit	151,000	166,602
General Fund Ratio of Financing Costs to Net Revenue Stream	7.12%	6.40%

More detailed information on capital investments, Treasury Management activities and Prudential Indicators can be found within the Treasury Management Strategy and the Annual Treasury Management Report.

### Integrated Joint Board

The Scheme of Integration for the Western Isles Integration Joint Board (IJB) was approved by the Scottish Government on 16 June 2015 and the IJB became responsible for financial and strategic oversight of the services that fall within its remit on 1 April 2016. For the Comhairle this encompasses all adult social work and community care services, criminal justice and some housing adaptation works.

The Comhairle's contribution to the IJB in 2023/24 was £26.4m. The Comprehensive Income and Expenditure Account showed an overall deficit of £2.8m, £1.8m of which was in respect of services delivered by the Comhairle. Although there were underspends in some service areas, these were not sufficient to meet the savings targets set as part of the budget setting. The transfer of residents to the new care facility meant that there were additional costs due to the new and old facilities both being operational for a period of time, as the transition took place. Funding had been set aside within earmarked reserves for this purpose, and also for the final contribution to the capital cost of the care facility.

The financial outlook for the IJB, shows an underlying deficit of £8.7m by 2025/26, attributed to flat cash settlements restricting the contributions from the Comhairle, and the ageing demographics increasing demand for services. The underlying deficit is a significant risk to the partner organisations as any shortfall will require to be funded. With IJB Reserves now reduced to £8.7m, of which £6.6m is earmarked or held for specific purposes and a balance of £2.1m in general reserves, the Chief Financial Officer recognises that transformational change which drives recurring efficiencies is required, but that this will be increasingly difficult with the workforce and population demographics. (Note 39 details how copies of the IJB Accounts can be accessed).

### **Balance Sheet**

The Balance Sheet gives details of the assets and liabilities and shows that net assets have increased by £85m over the year. As in the previous year, the balance sheet includes a pension asset of £68m. This is a divergence from recent experience, as for many years, a pension liability has been recognised. This is due to the high accounting discount rates on corporate bond yields, which place a significantly lower value on the pension obligations, compared to last year. The net value of Property, Plant and Equipment has increased by only £3m, reflecting capital investment during the year, which has been offset by property revaluations. There is a net decrease of £6m in working capital, as a result of movements in debtor and creditor balances and a decrease in short term investments, due to the use of cash balances to fund a loan to the Stornoway Port Authority. The loan, to finance the development of the deep-water port, is included on the balance sheet as a long-term debtor and has increased by £10m, to £29m.

The pension asset represents the best estimate of the current value of pension benefits that will have to be funded by the Comhairle and relates to benefits earned by existing or previous employees up to 31 March 2024. These benefits are expressed in current value terms rather than the cash that will actually be paid out. This is to allow for the time value of money, whereby the value of cash now is regarded as higher than cash received in the future. The change from the previous year reflects the current market conditions, and the financial assumptions made by the actuaries.

### **Borrowing**

There was no new borrowing undertaken during the year. Capital expenditure was funded by capital grant and other capital contributions and receipts. This has been the approach for a number of years, with the Capital Programme being largely limited to the level of the General Capital Grant and any specific project funding received from funders. With revenue budgets already under severe pressure, the additional costs associated with borrowing are prohibitive at this time.

### **Climate Change and Sustainability**

The Comhairle's Climate Change Strategy and Action Plan details the Comhairle's approach to climate change mitigation and adaptation, both in the Comhairle and throughout the Western Isles, with a Senior Researcher in post to support this work. All Directorates have a part to play in addressing climate change and managing climate-related risk through their decision-making and operations, in line with corporate policy and risk management.

Climate change is highlighted as a significant risk in the Strategic Risk Register, which also notes that the Comhairle is unprepared for such events and is working with partner agencies to address and plan for issues such as rising sea levels and flooding, which are a particular threat in island communities.

The Comhairle measures emissions annually and has set targets of Zero Direct Emissions by 2038 and minimal indirect emissions. The Comhairle's corporate emissions were 35% lower in 2022 compared to 2016, with a number of projects in place to further reduce emissions. The Comhairle has also committed to supporting na h-Eileanan Siar to work towards Net Zero by 2045 through our services and partnership-working. The Comhairle is delivering on policies and actions which support this target in sectors including transport, homes and communities, waste and resource efficiency and energy, as detailed in the Public Bodies Climate Change Duties Report. However, it is acknowledged that the funding available to the Comhairle will not make significant inroads into the level of investment required to deliver on these climate targets.

### **Financial Outlook, Risks and Future Planning**

The Comhairle budget for 2023/24 was again based on a single year settlement from the Scottish Government. A budget of £122.3m was agreed in February 2023, funded from General Revenue Grant (£95.8m), Non-Domestic Rates (£9.1m), Council Tax (£12.4m), Reserves (£3.2m) and planned savings of £1.7m. Although the General Revenue Grant increased by just under £3m, £2.1m of this was for previous commitments and Government priorities. This continues the trend of ring-fencing funds for specific government priorities, which reduces opportunities for resources to be directed to Comhairle priorities.

The Scottish Government's Medium Term Financial Strategy, *Scotland's Fiscal Outlook* was published in May 2023, and sets out how spending on public services is projected to increase at a faster rate than the funding available over the next few years, with a gap of £1bn in 2024/25, rising to £1.9bn in 2027/28. This funding gap has seen the Government implementing in-year cuts to spending, resulting in cuts to planned projects, not only centrally, but also at council level.

Work will continue on the resetting of the Comhairle's Medium-Term Financial Strategy, which indicates a budget gap of £7m in 2025/26, rising to just under £14m by 2027/28. The Comhairle has made significant levels of savings in recent years, and it is acknowledged that bridging this gap will be extremely challenging. However, an exercise has commenced to have an in depth look at the services delivered, which will consider service levels, alternative methods of delivery and how additional savings can be delivered. This will be taken forward in conjunction with the Budget Board. The Settlement for 2024/25 was again for one year, which has impacts on the development of an effective financial strategy.

In setting its budget each year the Comhairle reviews the key financial risks that it faces. The highest risk continues to be reductions in revenue funding, with the obvious implications for service delivery. The recent period of high inflation appears to have settled, although there are still areas of concern. Demographic and demand pressures on the health and social care services within the IJB are a significant risk for the Comhairle, as the reserves available to the IJB to offset deficits are diminishing. This construction sector has emerged as a significant risk and this already beginning to impact on the delivery of major construction projects.

The implications for capital projects, in terms of cost, affordability and deliverability is obvious. These are compounded by capacity issues within the local supply chain and the increasing problems of getting specialist contractors to work in remote areas, due to the additional costs of island construction, compared to central belt locations. These factors are particularly relevant to those projects currently under development, including those forming part of the Islands Growth Deal and to the development of the Comhairle's Capital Programme for 2023-28.

The Comhairle has continued to demonstrate sound financial planning and management, within the context of reducing resources and will start 2024/25 with £7.2m of reserves to support future years. A review of medium/long term financial plans will be completed in conjunction with the budget for 2025/26, to reflect current inflationary pressures and funding pressures.



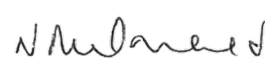
Cllr Paul F Steele  
Leader

12 December 2024



Malcolm Burr  
Chief Executive

12 December 2024



Norman Macdonald  
Chief Financial Officer

12 December 2024

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Comhairle's Responsibilities

#### The Comhairle is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In the Comhairle, that officer is the Chief Financial Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure the Annual Accounts are prepared in accordance with legislation, The Local Authority Accounts (Scotland) Regulations 2014) and the Coronavirus (Scotland) Act, 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); and
- approve the Annual Accounts for signature. The Comhairle delegates responsibility for the approval of the Annual Accounts to the Audit and Scrutiny Committee.

I confirm that these Draft Annual Accounts were approved for signature by the Audit and Scrutiny Committee at its meeting on 12 December 2024.



*Councillor Paul F. Steele  
Leader*

*12 December 2024*

### The Chief Financial Officer Responsibilities

The Chief Financial Officer is responsible for the preparation of the Comhairle'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.

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

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice; and
- complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).

The Chief Financial Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Draft Annual Accounts present a true and fair view of the financial position of the Comhairle (and its group) at the reporting date and the transactions of the Comhairle for the year ended 31 March 2024.



*Norman Macdonald CPFA  
Chief Financial Officer*

*12 December 2024*

## ANNUAL GOVERNANCE STATEMENT 2023-24

This statement aims to assure stakeholders of the adequacy of corporate governance arrangements within Comhairle nan Eilean Siar.

### 1. Scope of Responsibility

Comhairle nan Eilean Siar is responsible for and committed to ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Comhairle has a statutory duty of best value under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement in performance while maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, equal opportunities and sustainability. In discharging that overall responsibility, Members and Chief Officers are responsible for putting in place proper arrangements for the governance of the Comhairle's affairs and facilitating the effective exercise of its functions. That includes:

- setting the strategic direction, vision, culture and values of the Comhairle;
- the effective operation of corporate systems, processes and internal control;
- engaging with and leading the community;
- monitoring the achievement of strategic priorities and agreed outcomes;
- ensuring that services are delivered cost-effectively;
- maintaining appropriate arrangements for the management of risk; and
- ensuring that the Comhairle complies with the Chartered Institute of Public Finance and Accountancy's *Statement on the Role of the Chief Financial Officer in Local Government*.

The Comhairle has put in place a system of internal control designed to manage risk to a reasonable level. Such a system can never entirely eliminate risk of failure to achieve strategic priorities and outcomes but can provide reasonable assurance. The system of internal control is based on an ongoing process designed to: identify and prioritise the risks to the achievements of the Comhairle's strategic priorities and outcomes; evaluate the likelihood of those risks being realised and the impact should they be realised; and manage them efficiently, effectively and economically.

### 2. Governance Arrangements

The governance arrangements comprise the systems, processes, culture and values which direct and control the Comhairle's activities and through which it accounts to, engages with and leads the community. It enables the Comhairle to monitor the achievement of the strategic priorities and outcomes set out in the Outer Hebrides Community Planning Partnership's Local Outcomes Improvement Plan 2017-27 ("LOIP"), and to consider whether or not priorities and outcomes have led to the delivery of appropriate cost-effective services.

#### **Outer Hebrides Community Planning Partnership**

The vision of the OHCPP is to promote and realise the full potential of the Outer Hebrides as a prosperous, well-educated and healthy community enjoying a good quality of life and the benefits of our natural environment and cultural values. The three priorities for delivery are:

1. the Outer Hebrides retains and attracts people to ensure a sustainable population;
2. the islands have sustainable economic growth and all of our people have access to appropriate employment opportunities; and
3. the islands offer attractive opportunities that improve the quality of life, wellbeing and health for all of our people.

Each of those has a discrete priority group within the OHCPP. The Annual Progress Review for 2019/20 focussed on support for recovery from the Covid-19 pandemic. That has progressed but in varying degrees across the priority groups. It became apparent that demands on the limited resources which were available were too great to allow all aspects of the OHCPP's work to proceed in the manner and at the pace at which the Comhairle would have liked. There is an ongoing review of the LOIP and of the organisational structure of the OHCPP so as to ensure that its aims and objectives are met and the interests of the Outer Hebrides best served.

#### **Corporate Strategy**

The Comhairle's Corporate Strategy sets out the strategic direction for each Comhairle term, reflecting political priorities and choices, and is complementary to the LOIP. On 29 September 2021, the Comhairle approved a revised Corporate Strategy 2022-27, taking account of the post-COVID environment. A revised Corporate Strategy for 2024-27 was approved in December 2023, reflecting the priorities of the Comhairle following the Local Government Election of May 2022, and following public consultation. It deals with the priorities in the LOIP, all of which remain entirely relevant, in terms of overarching strategic priorities:

- To strengthen the local economy;
- To support children, families and young people;
- To support caring, resilient communities and quality of life; and
- To deliver community leadership.

Those priorities are cognisant of the extent of current financial and other resources, and play a pivotal role in striving to achieve continuous improvement and best value.

An online version of the Strategy and the documents which led up to it can be accessed at [Corporate Strategy – Comhairle nan Eilean Siar \(cne-siar.gov.uk\)](https://www.cne-siar.gov.uk).



The mechanism for delivering the strategic priorities is set out in departmental Service Business Plans and measured through performance reporting. The business-planning process clearly links the priorities to more specific objectives for services, teams and individuals; it is often referred to as the 'golden thread'. The 2023/24 Service Business Plans were approved in February 2023, and those for 2024/25 were submitted for approval in April 2024.

### **Policy and Decision-Making**

Policy-making and decisions are delivered through a Committee structure which was reviewed in 2022 in terms of the Comhairle's practice to review its structures and Constitution at the end of each term of the Comhairle. All decisions are made by the Comhairle other than those matters specifically delegated to other statutory or quasi-judicial committees or relating to Human Resources matters affecting individual employees.

The Audit and Scrutiny Committee forms a key part of the Comhairle's decision-making structure and is fully compliant with Audit Committee principles. Details of its responsibilities are available at: [Scheme of Administration \(cne-siar.gov.uk\)](https://www.cne-siar.gov.uk). It undertakes the core functions of an Audit Committee as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities* by providing independent and high-level assurance on the adequacy of the risk-management framework, the internal control environment and the integrity of the financial reporting and annual governance process.

The Audit and Scrutiny Committee also considers the reports and recommendations of external audit and inspection agencies, and their implications for governance and risk. It supports effective relationships between external audit and internal audit, inspection agencies and other relevant bodies and encourages the promotion of the value of the audit process and the financial statements. The Committee monitors management action in response to the issues raised by external audit. These arrangements ensure that the Comhairle has the necessary processes and procedures in place to ensure that it is able to fulfil its overall purpose, achieve its intended outcomes for service-users and operate in an economical, efficient and ethical manner in accordance with CIPFA's *Statement on the role of the Head of Internal Audit in public service organisations*.

### **Internal Control, Performance and Risk Management**

The Comhairle's system of internal control is based on a framework of regular management information, Financial Regulations, accounting policy bulletins, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Comhairle.

Each Service Committee received quarterly performance management reports with information drawn from Interplan (the Comhairle's performance management system) which includes progress against targets in the Service Business Plans.

Risk management is viewed as a continuous and evolving process that supports all strategies and service delivery of the Comhairle. A Risk Management Policy and Strategy, which was approved by the Comhairle in September 2022, adopts proactive risk management arrangements to enable decisions to be based on comprehensively-assessed risks. The Comhairle's high-level Strategic Risk Register is reported annually to Members; operational risk has been added to the Performance Management Framework, enabling updates and progress to be published on the performance webpages.

The Comhairle's Reporting Concerns at Work (Whistleblowing) policy is publicised to all employees and can be accessed on the Comhairle's intranet. The Policy was approved by the Comhairle in September 2020 and last updated in November 2022.

A Code of Conduct for Employees is also in place. High standards of behaviour are supported by employee contracts of employment and annual appraisals which identify individual training and development.

A new Councillors' Code of Conduct was introduced by the Standards Commission for Scotland in December 2021. The Comhairle maintains an annual training record for Elected Members.

There is a statutory requirement to publish a range of equality information. The Equality Outcomes & Mainstreaming Report 2021-25 was completed in 2021, and a Progress Report was prepared in 2023. An Equal Pay Audit was carried out in 2023. All have been published on the Comhairle's webpages alongside the equality monitoring statistics.

## **3. Local Code of Corporate Governance**

The Comhairle has approved a Local Code of Corporate Governance consistent with the principles and recommendations of the *Delivering Good Governance in Local Government Framework* (2016) issued jointly by the Chartered Institute of Public Finance and Accountancy ("CIPFA") and Society of Local Authority Chief Executives ("SOLACE"). The Code evidences the Comhairle's commitment to achieving good governance and demonstrates compliance with the standards recommended by CIPFA and SOLACE.

The Code and associated Action Plan are reviewed and updated annually. The latest update will be submitted to the Comhairle for approval in June 2024.

## **4. Statutory Roles**

The Comhairle's Constitutional Documents set out the decision-making structure; they include the Scheme of Administration, Scheme of Delegation, Scheme of Appointments, Standing Orders, Contract Regulations and Financial Regulations. Those documents were reviewed by the Comhairle in March 2022.

The Scheme of Delegation designates the Chief Executive as the Comhairle's Head of Paid Service in terms of the Local Government and Housing Act 1989. This requires the post-holder to carry out the specified duties associated with the statutory role including responsibility, where it is appropriate, for setting out proposals and reporting to Comhairle in relation to the following:

- the manner in which the discharge by the Comhairle of its different functions is co-ordinated;



- the number and grades of staff required by the Comhairle for the discharge of its functions;
- the organisation of the Comhairle's staff; and
- the appointment and proper management of the Comhairle's staff.

The Head of Law and Governance is the Monitoring Officer in terms of the Local Government and Housing Act 1989, and is required to report on breaches of the law by the Comhairle.

The Chief Financial Officer is the Proper Officer of the Comhairle with statutory responsibility for the administration of its financial affairs for the purposes of section 95 of the Local Government (Scotland) Act 1973. That Officer is a key member of the Corporate Management Team and one of the lead advisors to the Budget Board, helping it to develop and implement strategy and to resource and deliver the Comhairle's strategic objectives sustainably and in the public interest. As a key advisor to the Comhairle, the Officer supports all material business decisions to ensure that immediate and longer-term implications, opportunities and risks are fully considered and align with the Comhairle's financial strategy. The Officer leads the promotion and delivery of good financial management so that public money is safeguarded and used appropriately, economically, efficiently and effectively. Those arrangements ensure that the Comhairle has the necessary processes and procedures in place so as to enable it to fulfil its overall purpose, achieve its intended outcomes for service-users and operate in an economical, efficient and ethical manner as prescribed in CIPFA's *Statement on the role of the Chief Financial Officer in Local Government*.

The Head of Children's Services is the Chief Social Work Officer in terms of the Social Work (Scotland) Act 1968 and is required to carry out the specified duties associated with the statutory role by ensuring the provision of effective advice to Members and Officers in relation to the provision of social work services.

The Director for Education, Skills and Children's Services is the Chief Education Officer in terms of the Education (Scotland) Act 2016 and is required to advise the Comhairle on the carrying out of its functions in this area.

The Comhairle will shortly appoint a Chief Planning Officer in terms of the newly-implemented provisions of the Planning (Scotland) Act 2018.

## **5. Scrutiny**

There is no requirement for Local Scrutiny Plans to be prepared unless they are specifically requested by Audit Scotland. However, the Comhairle ensures that it undertakes its own scrutiny by reviewing the Local Code of Corporate Governance and associated Action Plan annually.

The Comhairle publishes benchmarking information on its performance webpages and provides a local perspective to explain the data in more detail and to inform the public about the service being provided, including trend data, costs and satisfaction with the service.

The Comhairle provides follow-up to both internal and external audit actions with a Continuous Improvement Action Plan presented to Audit and Scrutiny Committee detailing outstanding actions and progress updates. This ensures scrutiny and attention to continuous improvement activity.

## **6. Managing the Risk of Fraud and Corruption**

The Comhairle's Anti-fraud, Corruption, Bribery and Irregularity Strategy takes cognisance of the CIPFA code of practice on managing the risk of fraud and corruption. It was last updated and approved by the Comhairle in April 2023, and can be accessed at [Internal Audit Policy \(cne-siar.gov.uk\)](https://www.cne-siar.gov.uk/internal-audit-policy).

## **7. Issues and Concerns Arising Within 2023/24**

The principal governance issue that arose during the year was the cyber-attack on 7 November 2023. The attack severely affected the Comhairle's IT systems. The matter was reported to the appropriate authorities. Corporate Management Team applied its Business Continuity Plan and set up an Incident Management Team to co-ordinate and prioritise the response and recovery, and that process continues. The details have been reported elsewhere, but for the purposes of this Statement it is sufficient to note that many systems have been restored, and that it is to the credit of all employees that, as far as the Comhairle is aware, no service-user has suffered significant detriment as a result of the attack. No unauthorised personal data, or indeed any data, has so far appeared on the internet. The Comhairle's Data Protection Officer liaised with the Information Commissioner's Office in respect of their investigation. That investigation concluded in May 2024 with the ICO deciding not to take any formal regulatory action.

Nothing was brought to the Monitoring Officer's attention which required him to report to the Comhairle in terms of s5 of the Local Government and Housing Act 1989.

No concerns were reported to the Monitoring Officer under the Comhairle's Reporting Concerns at Work Policy.

There have been no incidents to which the duty of candour (Part 2 of the Health (Tobacco, Nicotine etc. and Care) (Scotland) Act 2016) has so far applied, although it seems likely that the duty will be activated in relation to an incident which occurred in the period.

No formal complaint was made against any Councillor.

During the year, the Comhairle was required to submit further documentary evidence to the Scottish Child Abuse Inquiry. No findings adverse to the Comhairle have been made. The Inquiry's work continues.

The Comhairle continues to monitor the financial risk posed by the Western Isles Integration Joint Board's lack of long-term financial sustainability, as the financing of future deficits could fall on the partner organisations.

## 8. Review of Effectiveness

The Comhairle continued to have in place appropriate management and reporting arrangements to enable it to be satisfied that its approach to Corporate Governance was both appropriate and effective.

Reporting through the Budget and Strategy Board and Policy and Resources Committee, alongside close working with the Corporate Management Team, has ensured that the Comhairle's financial management has remained robust. Evaluation of the Comhairle's financial management, through internal control, the Local Code of Corporate Governance and audit assessment demonstrates that there are good controls in place and that there is compliance with CIPFA's Financial Management Code.

Specifically, the Comhairle's governance arrangements have been reviewed and tested against the requirements of the CIPFA/SOLACE framework. Whilst this process of review is coordinated corporately, Directors and Heads of Service have a responsibility to ensure that their own governance arrangements are adequate and operating effectively. In line with framework, the Chief Executive and each Director are required to make an annual statement confirming that this is the case. Service Committees, Policy and Resources Committee and Audit and Scrutiny Committee will continue to review Audit Scotland's findings and strategic and operational plans within their remit in 2023/24.

The Internal Audit function within the Comhairle is located within the Chief Executive's Department. The Chief Internal Auditor has a direct line of accountability to the Chief Executive for the independent appraisal of the Comhairle's system of internal control. Internal Audit produce quarterly and annual reports to the Audit and Scrutiny Committee, allowing progress to be monitored. That is supplemented by participation in the CIPFA's Directors of Finance Performance Indicators benchmarking group for all Scottish Local Authorities and by departmental targets as recorded on Interplan.

Internal Audit's annual report for 2023/24 will be reported to the Comhairle's Audit and Scrutiny Committee in June 2024 and can be accessed at: [Audit and Scrutiny – Comhairle nan Eilean Siar \(cne-siar.gov.uk\)](https://www.cne-siar.gov.uk).

The Chief Internal Auditor has reported in his Annual Report and Assurance Statement 2023/24 that reasonable assurance can be placed on the adequacy and effectiveness of the Comhairle's systems of governance, risk management and internal control for the year ended 31 March 2024. The section continues to work with service departments and the Corporate Management Team around the arrangements following the cyberattack.

## 9. Improvements Proposed

A position statement in relation to progress with the Local Code of Corporate Governance Action Plan is provided above.

## 10. Conclusion

We consider that the governance and internal control environment operating during 2023/24 provided reasonable and objective assurance that any significant risks to the achievement of the Comhairle's principal strategic priorities and outcomes were identified and action was taken to avoid or mitigate their impact. The improvements to strengthen the governance arrangements further, as set out in the Local Code of Corporate Governance Action Plan, have served the Comhairle well. The Comhairle has now moved beyond the Covid-19 pandemic to recovery and renewal, and continues to provide a robust service to the community.

Systems are in place for regular review and improvement of the governance and internal control environment. The Comhairle will continue to review its corporate governance arrangements and take any additional steps as are required to enhance those arrangements further.



Councillor Paul F Steele  
Leader

12 December 2024



Malcolm Burr  
Chief Executive

12 December 2024

## REMUNERATION REPORT

### Introduction

This report is set out in accordance with the Local Authority (Scotland) Act, as amended by the Local Authority Accounts (Scotland) Amendment Regulations 2014. These Regulations require the disclosure of certain details in respect of the remuneration and pension benefits of senior councillors and senior employees, including those employed by subsidiary bodies. The term remuneration means gross salary, fees and bonuses, allowances and expenses, and compensation for loss of employment. It excludes pension contributions paid by the Comhairle. Gross salary means the annual salary for a full-time employee or councillor and for presentation purposes the salaries of part time employees or those who have been employed or served as Councillors for less than a full year are annualised.

The term pension benefits, covers the in-year contributions paid by the Comhairle for the employee or Councillor, and their accrued pension benefits at 31 March 2024.

All information disclosed in the following tables will be audited by external auditors. Additionally, the disclosure of Members' salaries, allowances and expenses will be audited by external auditors. The other sections, including the section on trade union facility time, will be reviewed by external auditors to ensure that they are consistent with the financial statements.

### Arrangements for Remuneration

#### 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 Civic Head (Convener), Senior Councillors or Councillors. The Leader of the Council and the Civic Head cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure and for the Comhairle this has been decided to be the Committee Chairpersons, the Vice-Chair of the Policy and Resources Committee, the Chair/Vice-Chair of the Integration Joint Board, the Chair of the Planning Board and the Chair of the Social Work and Social Care Board.

When determining the level of remuneration for Councillors the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). This is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by Local Authority Councillors.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2023/24 the salary for the Leader of the Comhairle was £33,503. The Regulations permit the council to remunerate one Civic Head (Convener), for 2023/24 the salary was £25,128. The regulations set out the maximum salary that may be paid to that Civic Head and Comhairle policy is to pay in accordance with national guidelines.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all of its Senior Councillors, Leader and Convener shall not exceed £255,260. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits.

Following the Local Government elections in May 2022, there were a number of changes to the Members appointed to Senior Councillor/Leader/Convener positions, and the number of positions increased to 10. In 2023/24 the remuneration paid for these ten positions totalled £235,536. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become members of the pension scheme.

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

#### Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. The majority of councils follow national guidelines whereby the salaries of the Corporate Directors and Heads of Service, are based on a fixed percentage of the Chief Executive's salary in three bandings. The Comhairle agreed to discontinue this link in 2002, to allow these officers to receive the nationally negotiated increments to the scale from that date.

### Employees whose remuneration was £50,000 or more

This table shows the number of employees whose remuneration in 2023/24 was £50,000 or more. Any starters or leavers are recorded in the band that matches their **actual** remuneration (i.e., not annualised). Where employees have accepted voluntary redundancy or early retirement during the year these redundancy and compensation payments are included in the remuneration figures.

Remuneration Band	Number of Employees	
	2023/24	2022/23
£50,000 - £54,999	133	53
£55,000 - £59,999	43	32
£60,000 - £64,999	27	19
£65,000 - £69,999	17	17
£70,000 - £74,999	13	3
£75,000 - £79,999	5	6
£80,000 - £84,999	2	2
£85,000 - £89,999	3	1
£90,000 - £94,999	1	2
£95,000 - £99,999	-	1
£100,000 - £104,999	1	-
£105,000 - £109,999	1	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	1
£120,000 - £124,999	-	-
£125,000 - £130,999	1	-
<b>Total</b>	<b>247</b>	<b>137</b>

### Exit Packages of Employees

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
£0 - £20,000	-	-	2	1	2	1	15,668	6,670
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	1	-	1	-	147,286
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>15,668</b>	<b>153,956</b>

## Remuneration of Senior Councillors and Senior Employees

The following tables provide details of the remunerations paid to the Comhairle's Senior Councillors and senior employees:

### Senior Councillors and Convenors of Joint Boards

Name and Responsibility	2023/24			2022/23
	Salary, Fees & Allowances	Taxable Expenses	Total Remuneration	Total Remuneration
	£	£	£	£
Paul Steele, Leader of the Comhairle <i>from 05/05/2022</i>	33,503	40	33,543	31,152
Kenneth Macleod, Convener of the Comhairle <i>from 05/05/2022</i>	25,128	75	25,203	23,796
Angus Morrison, Chair of Audit & Scrutiny	23,108	13	23,121	22,308
Donald Crichton, Chair of Sustainable Development <i>Note 1</i>	22,998	-	22,998	22,144
Uisdean Robertson, Chair of Transportation & Infrastructure	23,108	-	23,108	22,308
Paul Finnegan, Chair of Education, Sport & Children's Services <i>from 05/05/2022</i>	23,108	10	23,118	22,077
John N Macleod, Chair of the Social Work and Social Care Board <i>from 05/05/2022</i>	21,491	-	21,491	20,538
Ranald Fraser, Chair of the Planning Applications Board <i>from 05/05/2022</i>	21,491	-	21,491	20,538
Calum Maclean, Chair/Vice Chair of the IJB <i>from 05/05/2022</i>	20,110	-	20,110	20,899
Duncan Macinnes, Vice Chair of Policy & Resources <i>from 05/05/2022</i>	21,491	-	21,491	18,697
<b>Total</b>	<b>235,536</b>	<b>138</b>	<b>235,674</b>	<b>224,457</b>

Note 1 – Allowance for Vice-convenor of Joint Valuation Board is not included; figures published by Highland Council.

### Total Remuneration paid to Councillors

The Comhairle paid the following salaries, allowances and expenses to all Councillors (including those included above) during the year:

Type of Remuneration	2023/24 £	2022/23 £
Salaries	617,426	595,487
Allowances	9,945	11,356
Expenses	59,113	52,486
<b>Total</b>	<b>686,252</b>	<b>659,329</b>

Full details of Councillors' salaries and expenses for 2023/24 are included in Note 30 of the Annual Accounts and can also be viewed on the Comhairle website at <https://www.cne-siar.gov.uk/council-and-committees/wards-and-councillors/councillors>

### Senior Employees

A senior employee is any employee who meets one or more of the following criteria:

- 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;
- who holds a post that is politically restricted by reason of section 2(1)(a), (b) or (c) of the Local Government and Housing Act 1989; and
- whose annual remuneration, including any annual remuneration from a local authority subsidiary body is £150,000 or more.

Employees who fall into the first two categories (for the Comhairle these are the Chief Executive, those that report directly to the Chief Executive, the Chief Education Officer, the Chief Social Work Officer and the Service Directors) must be disclosed, irrespective of the value of their remuneration.

None of our subsidiaries have any remunerated employees.

Name and Responsibility	2023/24			2022/23
	Salary, Fees & Allowances	Taxable Expenses	Total Remuneration	Total Remuneration
	£	£	£	£
Malcolm Burr, Chief Executive <i>Note 1</i>	126,261	151	126,412	119,206
Calum Iain Maciver, Depute Chief Executive	107,451	-	107,451	99,974
Iain Mackinnon, Director for Investment Delivery (until 30/06/23)	25,344	-	25,344	86,643
William Macdonald, Director for Education, Skills & Children's Services and Chief Education Officer (until 11/08/23)	33,811	148	33,959	93,096
Donald Macleod, Chief Officer Education & Children's Services (from 12/08/23)	62,758 (98,852 full year equivalent)	-	62,758 (98,852 full year equivalent)	-
Jack Libby, Chief Social Work Officer	79,300	-	79,300	71,880
Emma Macsween, Depute Chief Officer IJB (from 08/06/22)	88,786	40	88,826	63,730 (82,663 full time equivalent)
Norma Skinner, Head of Human Resources and Performance (from 24/06/22)	75,705	-	75,705	51,118 (67,525 full year equivalent)
Tim Langley, Head of Law and Governance (from 24/06/22)	75,968	-	75,968	54,049 (67,525 full year equivalent)
Norman MacDonald, Chief Financial Officer, Section 95 Officer (from 24/02/2021) <i>Note 2</i>	89,199	-	89,199	91,447
<b>Total</b>	<b>764,583</b>	<b>339</b>	<b>764,922</b>	<b>731,143</b>

Note 1 - In 2023/24 the Chief Executive did not receive any payment for Returning Officer duties (in 2022/23 £2,342 was received for Returning Officer duties in the Local Government Election and the Local Government By-Elections in Barraigh agus Bhatarsaigh and Sgir' Ùige agus Carlabhagh).

Note 2 - As well as the Section 95 role the employee's remuneration is also for their role as Head of Accountancy and Exchequer Services. Remuneration in 2022/23 includes backpay of £11,881 relating to Section 95 Officer duties in previous years.

## PENSION BENEFITS

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

Councillors' pension benefits are based on career average pay. The Councillors' pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

From 1 April 2015 the pension scheme for local government employees became a Career Average Revalued Earnings (CARE) scheme. Prior to this date a final salary pension scheme that had been in place which based pension benefits on the final year's pay and the number of years that person has been a member of the scheme. In a CARE scheme the pensionable pay for each year of membership is used, in order to calculate a pension amount for that particular year. That pension amount is then revalued each year in line with inflation. These individual pension amounts are then added together to arrive at the total pension payable from the scheme. The scheme's normal retirement age for both Councillors and employees is 65.

Contributions from scheme members are based on how much pensionable pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. From April 2015 contributions are worked out based on actual pay. For employees working part-time their rate is based on the actual rate of pay for the job and contributions are only paid on the pay actually earned:

Rate of pay 2022/23	Rate of pay 2023/24	Contribution rate
Up to and including £23,676	Up to and including £26,044	5.50%
Between £23,677 and £30,765	Between £26,045 and £33,887	Between 5.6% and 6.0%
Between £30,766 and £38,635	Between £33,888 and £42,550	Between 6.1% and 6.5%
Between £38,636 and £46,520	Between £42,551 and £51,234	Between 6.6% and 7.0%
Between £46,521 and £61,386	Between £51,235 and £67,601	Between 7.1% and 8.0%
Between £61,387 and £82,194	Between £67,602 and £90,516	Between 8.1% and 9.0%
Between £82,195 and £124,346	Between £90,517 and £136,935	Between 9.1% and 10.0%
More than £124,347	More than £136,936	10.1% and over

### Senior Councillors and Convenors of Joint Boards

The pension entitlements for Senior Councillors for the year to 31 March 2024 are shown in the following table, together with the contribution made by the Comhairle to their pension during the year.

Name and Responsibility	In-year pension contributions		Accrued Pension Benefits		
	Year to	Year to	As at		Difference from March 2023
	31/03/2024	31/03/2023	31/03/2024		
	£	£		£	£
Paul Steele, Leader of the Comhairle from 05/05/2022	5,919	5,919	Pension Lump Sum	4,000	1,000
Kenneth Macleod, Convener of the Comhairle from 05/05/2022	4,521	4,521	Pension Lump Sum	5,000	1,000
Angus Morrison, Chair of Audit & Scrutiny	4,238	4,238	Pension Lump Sum	5,000	1000
Donald Crichton, Chair of Sustainable Development	4,238	4,238	Pension Lump Sum	5,000	0
Uisdean Robertson, Chair of Transportation & Infrastructure	4,238	4,238	Pension Lump Sum	6,000	1000
Paul Finnegan, Chair of Education, Sport & Children's Services from 05/05/2022	4,195	4,195	Pension Lump Sum	3,000	1000
John N Macleod, Chair of the Social Work and Social Care Board from 05/05/2022	3,902	3,902	Pension Lump Sum	4,000	1000
Ranald Fraser, Chair of the Planning Applications Board from 05/05/2022	3,902	3,902	Pension Lump Sum	3,000	1,000
Duncan Macinnes, Vice Chair of Policy & Resources from 05/05/2022	3,552	3,552	Pension Lump Sum	1,000	1000
Calum Maclean, Chair/Vice Chair of the IJB from 05/05/2022	3,708	3,708	Pension Lump Sum	3,000	1000
<b>Total</b>	<b>42,413</b>	<b>42,413</b>			

## Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2024 are shown in the table below, together with the contribution made by the Comhairle to their pension during the year.

Name and Responsibility	In-year pension contributions		Accrued Pension Benefits		
	Year to 31/03/2024	Year to 31/03/2023	As at 31/03/2024		Difference from March 2023
	£	£		£	£
Malcolm Burr, Chief Executive	23,990	22,626	Pension	65,000	6,000
			Lump Sum	88,000	5,000
Calum Iain Maciver, Depute Chief Executive	20,416	18,995	Pension	50,000	6,000
			Lump Sum	62,000	5,000
Iain Mackinnon, Director for Investment Delivery (until 30/06/23) <i>Note 1</i>	4,815	16,462	Pension	51,000	2,000
			Lump Sum	77,000	-
William Macdonald, Director for Education, Skills & Children's Services and Chief Education Officer (until 11/08/23) <i>Note 2</i>	6,424	17,688	Pension	5,000	-33,000
			Lump Sum	0	-101000
Donald Macleod, Chief Officer Education & Children's Services (from 12/08/23)	11,924	-	Pension	1,000	-
			Lump Sum	0	-
Jack Libby, Chief Social Work Officer	14,782	13,657	Pension	30,000	4,000
			Lump Sum	28,000	2,000
Emma Macsween, Depute Chief Officer IJB (from 08/06/22)	16,869	5,672	Pension	35,000	5,000
			Lump Sum	36,000	4,000
Norma Skinner, Head of Human Resources and Performance (from 24/06/22)	14,384	12,754	Pension	32,000	4,000
			Lump Sum	41,000	5,000
Tim Langley, Head of Law and Governance (from 24/06/22)	14,434	13,138	Pension	16,000	3,000
			Lump Sum	0	-
Norman MacDonald, Chief Financial Officer, Section 95 Officer <i>Note 3</i>	16,948	17,375	Pension	49,000	6,000
			Lump Sum	77,000	6,000
<b>Total</b>	<b>144,986</b>	<b>138,367</b>			

Note 1 – Employee retired 30/06/2023 (value of pension paid).

Note 2 – Employee retired on 11/08/2023 (value of deferred benefit at 31/03/2024).

Note 3 – Employee was appointed as Section 95 officer during 2021/22.

The employees shown in the tables above are members of the Local Government Pension Scheme, other than where Noted.

The benefits shown relate to the benefits the individual has accrued as a consequence of their **total local government service, and not just their current appointment.**

## TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 place a legislative requirement on public sector employers to publish, on an annual basis, a range of data on the amount and cost of facility time within the organisation. The purpose of these regulations is to promote transparency and allow for public scrutiny of facility time. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake Trade Union duties and activities as a Union representative. There is a statutory entitlement to reasonable paid time off for undertaking these duties. There is no such entitlement to paid time off for activities.



**CENTRAL FUNCTION 2023/24**

**Table 1 - Relevant union officials**

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

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
9 (inclusive of all branch officials, trade union representatives and stewards)	0.4

**Table 2 - Percentage of time spent on facility time**

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

Percentage of time	Number of Employees
0%	6
1-50%	3
51%-99%	0
100%	0

**Table 3 - Percentage of pay bill spent on facility time**

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

	Figures
Provide the total cost of facility time	£13,954
Provide the total pay bill	£50,738,237
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.03%

**Table 4 - Paid trade union activities**

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

6.3%
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**EDUCATION FUNCTION 2023/24**

**Table 1 - Relevant union officials**

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

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
7 (inclusive of all branch officials, trade union representatives and stewards)	0.2

**Table 2 - Percentage of time spent on facility time**

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

Percentage of time	Number of Employees
0%	0
1-50%	7
51%-99%	0
100%	0

**Table 3 - Percentage of pay bill spent on facility time**

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

	Figures
Provide the total cost of facility time	£18,082
Provide the total pay bill	£34,804,775
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.05%

**Table 4 - Paid trade union activities**

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

36.09%



Paul F. Steele  
Leader

12 December 2024



Malcolm Burr  
Chief Executive

12 December 2024

## ACCOUNTING POLICIES

### 1. General Principles

The Annual Accounts have been prepared on an Income and Expenditure basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. The service headings under which the expenditure is analysed in the Comprehensive Income and Expenditure Statement are those recommended by the Service Reporting Code of Practice. The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of fixed assets and the valuation of financial investments and pension liabilities.

### 2. 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 service or goods are provided;
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their use, they are carried as stock on the Balance Sheet;
- Works are charged as expenditure when completed, before which they are carried as work in progress; and
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the corresponding amount is recorded in the Balance Sheet.

### 3. Charges to Revenue for Non-Current Assets

Services are charged with the following amounts to record the cost of holding non-current assets during the year – depreciation, revaluation and impairment losses (where there are no accumulated gains in the Revaluation Reserve with which these can be offset) and amortisation of intangible assets.

The Comhairle is not required to raise council tax receipts to fund these costs. However, it is required to make an annual contribution from revenue towards Loans Fund principal repayments (The Comhairle operates a Loans Fund, under Schedule 3 of the Local Government (Scotland) Act 1975, to finance capital expenditure). The difference between the depreciation and impairment charges and the principal repayments are adjusted by way of a transaction between the Capital Adjustment Account and the Movement in the Reserves Statement.

### 4. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability for another. The extent to which this impacts on the Comhairle's accounts is as follows:

**Financial Liabilities (borrowings, creditors and guarantees)** – these are initially measured at fair value and carried at their amortised cost. Annual charges for interest payable are based on the carrying amount of the liability, multiplied by the effective interest rate. This means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement, except where repurchase has taken place as part of a restructuring that involves the modification or exchange of existing loans. In such cases, the premium or discount is reflected in the amortised cost of the new or modified loan and written down to the Comprehensive Income and Expenditure Statement over the life of the loan. Where premiums and discounts have been charged in this manner, regulations allow the impact on the General Fund to be spread over future years, through the Movement in Reserves Statement and the Financial Instruments Adjustment Account.

**Financial Assets (investment, loans, debtors)** – these are initially measured at fair value and carried at their amortised cost. Annual credits for interest receivable are based on the carrying amount of the asset, multiplied by the effective interest rate. This means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest. The long-term investment in respect of An Lanntair is valued at cost less depreciation. Due to the nature of the investment this valuation is deemed more appropriate than market value.

The Comhairle has made some loans at below market rates to a variety of borrowers, mainly for the purposes of supporting businesses. Such lending is classified as “soft” loans. These are included within Long Term Debtors in the Balance Sheet. They are initially measured at amortised cost and provision is made for any potential non-payment. The Comhairle applies de-minimus principles to low value advances or where there has not been a significant discounting of interest rates when determining whether to restate at fair value.

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

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

5. **Revenue Expenditure funded from Capital under statute**

This is expenditure incurred during the year that may be capitalised under statutory provisions, but which does not result in the creation of a fixed asset, as the costs have been charged to the relevant service revenue account. Any such charges are reversed out in the Movement in Reserves Statement so there is no impact on the level of the council tax. These are generally capital grants paid to community bodies to part fund specific projects and are permitted under Scottish Government Circular 03/2009.

6. **Capital Expenditure**

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis, providing the fixed asset yields benefit for more than one year to the Comhairle and the services it provides. Routine repairs and maintenance of fixed assets is charged directly to service revenue accounts.

7. **Government Grants and Contributions**

Grants and third party contributions are recognised as due to the Comhairle when there is reasonable assurance that conditions attached to the payments are complied with or the payment has been received amounts are not credited to the Comprehensive Income and Expenditure Statement until any conditions are met. Where conditions have not been satisfied, monies are carried as creditors in the Balance Sheet, and credited to the relevant service line (revenue grants) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and capital grants). Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out in the Movement in Reserves Statement, as these should not affect the General Fund balance.

8. **Inventory**

The Code requires stocks to be valued at the lower of cost or net realisable value. Stocks and stores held by the Comhairle at the year end are valued at average cost price. This does not have a material effect on the figures disclosed in the accounts.

9. **Property, Plant and Equipment**

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

**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 associated with the item will flow to the Comhairle 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.

**Measurement**

Assets are initially measured at cost, comprising:

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

The cost of assets acquired other than by purchase is deemed to be its fair value. The valuation of work-in-progress is based on cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

Plant, furniture and computer equipment costing less than £10,000 are not treated as fixed assets but are charged to the Comprehensive Income and Expenditure Statement. This de-minimus level does not apply where certain categories of these assets are grouped together and form part of the approved capital programme.

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

- infrastructure, community assets and assets under construction – depreciated historical cost; and
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use. Operational assets are shown at the lower of net current replacement cost or net realisable value in existing use. Non-operational assets are shown at the lower of net current replacement cost or net realisable value.

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current 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.

Where decreases in value are identified, they are accounted for by:

- 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 value of the accumulated gains); and
- 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 lines in the Comprehensive Income and Expenditure Statement.

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

### **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are 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 accumulated gains); and
- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) 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 it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in 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, if any, are credited to the same line in the Comprehensive Income and Expenditure Statement also 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 accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Comhairle's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic 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), investment properties and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the estimated useful life of the property (30 to 60 years\*);
- vehicles, plant and equipment – straight-line allocation over the useful economic life of the asset (up to 20 years);
- infrastructure – straight-line allocation over the estimated useful life of the asset (20 to 60 years);
- leased assets – straight-line allocation over the period of the lease;
- Community assets – straight-line allocation over 20 years; and
- Landfill Sites – straight-line allocation over estimated useful life.

\* For schools built as part of the Western Isles Schools Programme the estimated useful life of some of the components, such as the main structure, is 80 years.

General Fund services are charged with depreciation, where appropriate, for the use of assets no matter how they are financed. Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

10. **Heritage Assets**

The Museum's collections of Heritage Assets are held in support of the primary objective of documenting and interpreting the archaeology and history of the Outer Hebrides, its Gaelic culture, traditions and the crofting way of life. The principal collection is in the field of social history, with holdings ranging across a number of themes: agriculture, domestic life, tweed and cloth production, fishing and maritime life and island crafts. The Museum also holds strong collections reflecting the rich archaeological past of the islands, civic archive and important postal history materials. Its visual arts collections are small, reflecting the limited place of the pictorial arts of the local culture in the past.

Detailed policies and procedures for conservation, loans, collections care, security, documentation, entry, acquisition, movement & control cataloguing and exit can be found at [www.cne-siar.gov.uk](http://www.cne-siar.gov.uk). The collections are valued by a combination of cost, Insurance Values, and Market Values as determined by an external valuer. Where information on cost or value is not available, and where the cost of obtaining information outweighs the benefit to users of the Annual Accounts, these assets are not recognised in the Balance Sheet.

11. **Intangible Assets**

Expenditure on assets that do not have physical substance but are controlled by the Comhairle as a result of past events are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Comhairle. Note 14 to the Accounts gives details of the Comhairle's intangible assets which consist of software licences and Fishing Quota.

Intangible Assets are recognised initially at cost. Amounts are revalued annually where the fair value of the assets can be determined by reference to an active market. Fishing Quota meets this criterion. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. Similarly, any impairment is also charged to the relevant service. Any gain or loss on disposal is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

12. **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions on an instant access basis. Cash equivalents are investments that mature within three months from the date of commencement and that are readily convertible to known amounts of cash with insignificant risk of change in value.

13. **Provisions**

Provisions are made where an event has taken place that places an obligation on the Comhairle that is likely to require a financial settlement, but where the timing and actual value of the settlement are uncertain. Provisions are charged to the appropriate service revenue account in the year that the Comhairle becomes aware of the obligation and actual payments in settlement are charged directly to the provision in the Balance Sheet. Details are given in Note 21.

14. **Contingent Assets and Liabilities**

Contingent Assets and Liabilities are not recognised in the financial statements but are disclosed as a note to the accounts where they are deemed material.

15. **Provisions for Bad and Doubtful Debts**

Separate provisions have been made for bad and doubtful debtors under the headings:

- Council Tax
- Sundry Debtors
- Business loans
- Charges on Properties

The source for these provisions is the appropriate Income Account with regard to Council Tax, and Non-Domestic Rates and the various service accounts on the basis of throughput for sundry debtors and charges on properties.

16. **Leases**

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

**The Authority as Lessee**

**Operating Leases** - rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting 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 (eg, there is a rent-free period at the commencement of the lease). The main assets leased by the Comhairle are vehicles, plant and property. The risks and rewards of ownership, along with the title of the assets, remain with the lessor.

**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 Authority 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 incurred.

Lease payments are apportioned between:

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

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

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

### **The Authority as Lessor**

**Operating Leases** – where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is 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, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement 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.

**Finance Leases** – where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in 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. A gain, representing the Authority's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement also 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to Capital Receipts Reserve in the Movement in Reserves Statement.

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 therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **17. Employee Benefits**

**Benefits Payable during Employment** – benefits due to be settled within 12 months of the year end. These include wages and salaries, paid annual leave, sick leave and bonuses. An accrual is made for the cost of holiday entitlements due to employees but not taken before the year end. This is charged to services but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged in the year they occur.

**Termination Benefits** – these are amounts payable as a result of a decision by the Comhairle to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged to Non-Distributed Costs in the Comprehensive Income and Expenditure Statement when the Comhairle is demonstrably committed to either terminating the employment of an officer or making an offer to encourage voluntary redundancy.

Where termination benefits involve enhancement of pensions, statutory provisions require the General Fund to be charged with the amount payable to the pension fund or employee in the year, not the amount payable under relevant accounting standards.

### **Post Employment Benefits**

The Comhairle participates in two pension schemes, The Local Government Pension Scheme which is administered by The Highland Council, and the Teachers Scheme, both of which provide defined benefits to members. However, the liabilities of the Teachers Scheme cannot be identified specifically to the Comhairle, therefore the scheme is accounted for as if it were a defined contributions scheme. The Comhairle does not recognise assets or liabilities related to the scheme, as the liability for payment of pensions rests ultimately with the Scottish Government.

**Teachers' Pension Scheme** - this is an unfunded scheme administered by the Scottish Government who sets the contribution rate based on a notional fund. The amounts included in the accounts are the contributions due in the year. In addition, the cost of pension enhancements for early retirement are included in non-distributable costs. The scheme is exempt from International Accounting Standard 19 (IAS19) as the assets and liabilities of the scheme cannot be reliably attributed to participating authorities.

**Local Government Pension Scheme** - Pensions for other employees are accounted for in accordance with IAS19. The Comhairle has disclosed certain information regarding assets, liabilities, income and expenditure relating to the pension scheme. IAS 19 requires that an organisation must account for retirement benefits when it is committed to giving them, even if the giving will be many years in the future.

The liabilities of the fund attributable to the Comhairle 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 and projections of earnings for current employees. Liabilities are discounted to their value at current prices using a discount rate of 2.3% based on the indicative rate of return on high quality corporate bonds.

The assets of the fund attributable to the Comhairle are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

The change in the net pension liability is also recognised in the Comprehensive Income and Expenditure Statement. Current service costs, which represent the increase in liabilities as a result of years of service earned this year are charged to the relevant service line and past service cost, which relate to adjustments relating to previous years are charged to Non Distributed Costs. Net interest on the defined benefit liability is charged to the Financing and Investment Income line. Re-measurements, comprising of the return on scheme assets and actuarial gains and losses arising from differences in assumptions compared to actual events, are charged to the Pension Reserve as Other Comprehensive Income and Expenditure.

Statutory provisions require that the amount charged to the General Fund is the actual amount paid by the Comhairle during the year and not the amount calculated using accounting standards. This is adjusted through the Movement in Reserves Statement and the Pension Reserve.

### 18. **Significant Trading Operations**

The Local Government Scotland Act 2003 required Local Authorities to report "separately on significant trading operations". Each Significant Trading Operation must break even over a rolling three-year period. During 2023/24 none of the trading operations were classified as significant.

### 19. **Reserves**

The Comhairle has a number of Reserve Funds. The Capital Fund represents proceeds from the sale or disposal of property, plant and equipment assets and may be used to finance to meet future capital investment.

The Capital Adjustment Account and the Revaluation Reserve are used to manage the accounting processes for non-current assets and do not represent usable resources for the Comhairle. The former accounts for the timing differences arising from the accounting arrangements for the consumption of non-current assets and the financing of the acquisition, construction and enhancement of these assets, and the latter holds the gains arising from increases in the value of fixed assets.

The Financial Instruments Adjustment Account is used to account for the differences in statutory requirements and proper accounting practices in respect of borrowing. This account is used by the Comhairle mainly to manage the premiums paid of the early redemption of long-term loans.

The Pensions Reserve recognises the Comhairle's share of the actuarial gains and losses on The Highland Council Pension Fund and the change in the Comhairle's share of fund's net liability chargeable to the Comprehensive Income and Expenditure Statement.

### 20. **Events after the Reporting Period**

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. An adjustment is made to the statements where there is evidence that the event relates to the reporting period, otherwise the statements are not adjusted, and where the amount is material, a disclosure is made in the notes.



21. **Prior Period Adjustments and Changes in Accounting Policy**

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting policy are applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors identified in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

22. **VAT**

Income and Expenditure excludes any amount related to VAT, as this is payable or recoverable to/from HM Revenue and Customs.

## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Comhairle, analysed into "usable reserves" (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 services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for council tax setting purposes. The net increase/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Comhairle.

2023/24	General Fund £'000	Capital Grants Unapplied £'000	Capital Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2023</b>	<b>29,956</b>	<b>11,376</b>	<b>1,145</b>	<b>42,477</b>	<b>278,904</b>	<b>321,381</b>
<b>Movement in Reserves during 2023/24</b>						
Total Comprehensive Income and Expenditure	(3,840)	-	-	<b>(3,840)</b>	39,162	<b>35,322</b>
Adjustments between accounting basis and funding basis under regulation (Note 8)	(3,979)	1,216	963	<b>(1,800)</b>	1,800	-
Adjustments between reserves permitted by accounting standards	4,084	-	-	<b>4,084</b>	(4,084)	-
<b>Net Increase/(Decrease) during 2023/24</b>	<b>(3,735)</b>	<b>1,216</b>	<b>963</b>	<b>(1,556)</b>	<b>36,878</b>	<b>35,322</b>
Transfer between Reserves	-	-	-	-	-	-
<b>Balance at 31 March 2024</b>	<b>26,221</b>	<b>12,592</b>	<b>2,108</b>	<b>40,921</b>	<b>315,782</b>	<b>356,703</b>

2022/23 Comparative Figures	General Fund £'000	Capital Grants Unapplied £'000	Capital Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2022</b>	<b>31,670</b>	<b>6,115</b>	<b>919</b>	<b>38,704</b>	<b>164,120</b>	<b>202,824</b>
<b>Movement in Reserves during 2022/23</b>						
Total Comprehensive Income and Expenditure	(19,290)	-	-	<b>(19,290)</b>	137,847	<b>118,557</b>
Adjustments between accounting basis and funding basis under regulation (Note 8)	15,067	5,261	226	<b>20,554</b>	(20,554)	-
Adjustments between reserves permitted by accounting standards	2,509	-	-	<b>2,509</b>	(2,509)	-
<b>Net Increase/(Decrease) during 2022/23</b>	<b>(1,714)</b>	<b>5,261</b>	<b>226</b>	<b>3,773</b>	<b>114,784</b>	<b>118,557</b>
Transfers between Reserves	-	-	-	-	-	-
<b>Balance at 31 March 2023</b>	<b>29,956</b>	<b>11,376</b>	<b>1,145</b>	<b>42,477</b>	<b>278,904</b>	<b>321,381</b>

## 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. The Comhairle raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. Note 7 to the Accounts gives details on the adjustments between the statutory and funding basis.

2022/23			Service	2023/24		
Gross Expend	Gross Income	Net Expend		Gross Expend	Gross Income	Net Expend
£'000	£'000	£'000		£'000	£'000	£'000
75,990	(8,797)	67,193	Education, Skills and Children's Services	69,345	(9,415)	59,930
55,988	(12,432)	43,556	Depute Chief Executive	45,098	(11,133)	33,965
65,815	(36,484)	29,331	Health and Social Care	73,380	(38,829)	34,551
12,187	(5,762)	6,425	Chief Executive's	9,608	(2,959)	6,649
9,652	(4,766)	4,886	Strategic Finance	8,017	(4,287)	3,730
99	-	99	Investment Delivery	109	(1)	108
<b>219,731</b>	<b>(68,241)</b>	<b>151,490</b>	<b>Cost of Services</b>	<b>205,557</b>	<b>(66,624)</b>	<b>138,933</b>
	(13)	(13)	Other Operating Expenditure (Note 9)	-	49	49
11,465	(2,177)	9,288	Financing and Investment Income & Expenditure (Note 10)	8,176	(5,312)	2,864
-	(141,475)	(141,475)	Taxation and Non Specific Grant Income (Note 11)	-	(138,006)	(138,006)
<b>231,196</b>	<b>(211,906)</b>	<b>19,290</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>213,733</b>	<b>(209,893)</b>	<b>3,840</b>
		(16,511)	(Surplus)/Deficit on Revaluation of Fixed Assets (Note 22)			(13,274)
		(121,336)	Remeasurement of the Net Defined Benefit Liability (Asset) (Note 37)			(25,888)
		<b>(137,847)</b>	<b>Other Comprehensive (Income)/Expenditure</b>			<b>(39,162)</b>
		<b>(118,557)</b>	<b>Total Comprehensive (Income)/Expenditure</b>			<b>(35,322)</b>

## BALANCE SHEET

The Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the Comhairle. The net assets (assets less liabilities) are matched by the reserves, which are reported in two categories. Usable reserves, which may be used to provide services (subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt), and unusable reserves which cannot be used to fund services. The latter includes reserves that hold unrealisable 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 regulation".

31/03/2022		31/03/2023	
£'000		£'000	£'000
361,329	Property, Plant and Equipment (Note 12)	364,697	
605	Heritage Assets (Note 13)	605	
354	Intangible Assets (Note 14)	363	
19,057	Long Term Debtors (Note 15)	29,734	
<b>381,345</b>	<b>Long Term Assets</b>		<b>395,399</b>
26,254	Short Term Investments	15,288	
1,678	Assets Held for Sale (Note 19)	1,943	
1,420	Inventories	1,149	
16,471	Short Term Debtors (Note 17)	22,082	
21,809	Cash and Cash Equivalents (Note 18)	11,674	
<b>67,632</b>	<b>Current Assets</b>		<b>52,136</b>
(4,737)	Short Term Borrowing (Note 16)	(2,582)	
(31,837)	Short Term Creditors (Note 20)	(24,891)	
<b>(36,574)</b>	<b>Current Liabilities</b>		<b>(27,473)</b>
(127,391)	Long Term Borrowing (Note 16)	(126,394)	
(1,021)	Other Long Term Liabilities (Note 33)	(1,006)	
(3,964)	Long-term Provision (Note 21)	(4,105)	
41,354	Pension Asset / (Liability) (Note 37)	68,146	
<b>(91,022)</b>	<b>Long Term Liabilities</b>		<b>(63,359)</b>
<b>321,381</b>	<b>Net Assets</b>		<b>356,703</b>
29,956	General Fund	26,221	
1,145	Capital Fund	2,107	
11,376	Capital Grants Unapplied	12,593	
<b>42,477</b>	<b>Usable Reserves</b>		<b>40,921</b>
<b>278,904</b>	<b>Unusable Reserves (Note 22)</b>		<b>315,782</b>
<b>321,381</b>	<b>Total Reserves</b>		<b>356,703</b>

The unaudited Accounts were issued on 12 December 2024.



Norman Macdonald CPFA  
Chief Financial Officer

12 December 2024

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Comhairle during the reporting period. The statement shows how these are generated and used, 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 Comhairle are funded by way of taxation and grant income or from the recipients of services. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to 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 Comhairle.

2022/23 £'000		2023/24 £'000
(19,290)	Net surplus or (deficit) on the provision of services	(3,840)
31,164	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 26)	502
11,874	<b>Net cash flows from Operating Activities (Note 23)</b>	<b>(3,338)</b>
(11,073)	Investing Activities (Note 24)	(3,631)
(2,696)	Financing Activities (Note 25)	(3,166)
<b>(1,895)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(10,135)</b>
23,704	Cash and cash equivalents at the beginning of the period	21,809
21,809	Cash and cash equivalents at the end of the period (Note 18)	11,674
<b>(1,895)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(10,135)</b>

**NOTE 1 - ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED**

The code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The Code requires implementation from April 2024 and there is therefore no impact on the 2023/24 Accounts. This applies to the adoption of the following new or amended standards within the 2023/24 Code:

- IFRS 16 Leases (but only for those authorities that have not decided to voluntarily implement in 2023/24);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS1). The amendments are:
  - Specify that an entity’s right to defer settlement must exist at the end of the reporting period;
  - Clarify that classification is unaffected by management’s intentions about whether the entity will exercise its right to defer settlement;
  - Clarify how lending conditions affect classification; and
  - Clarify requirements for classifying liabilities and entity will or may settle by issuing its own equity instruments.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS16) issued in September 2022. The amendments to IFRS16 add subsequent measurement requirements for sale and leaseback transactions
- Non-current Liabilities with Covenants (Amendments to IAS1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and targeted disclosure requirements for affected entities.
- Supplier Finance Arrangements (amendments to IAS7 and IFRS7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements, to provide users of financial statements with information to enable them to assess how supplier finance arrangements affect an entity’s liabilities and cash flows; and, understand the effect of these arrangements on an entity’s exposure to liquidity risk and how the entity might be affected in the arrangements were no longer available.

It is anticipated that these changes will not have a material impact on the financial information provided in the Accounts i.e. the surplus or deficit on the Provision of Services is unlikely to change.

**NOTE 2 - ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER SOURCES OF ESTIMATION UNCERTAINTY**

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

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

Item	Uncertainties	Effect if actual results differ from assumptions
Pension Liability/Asset	Estimation of the net liability to pay pensions depends on a number of complex judgments 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 Comhairle with expert advice about the assumptions to be applied.	The effects on the net pension liability/asset of changes in individual assumptions can be measured. For example, a 0.1% change in the discount rate assumption would result in a reduction of 2% or £6.3m in the pension liability; whereas a 0.1% increase in life expectancy would increase the liability by 4% or £13.6m. In 2023/24 the actuaries advised that the net pension position was an asset of £71m, after applying a ceiling to the valuation of the asset. which is a divergence from previous results. This is attributable to updating of the assumptions and the high discount rates on corporate bond yields. Additional information of the sensitivities regarding principal actuarial assumptions are detailed in Note 37.

Item	Uncertainties	Effect if actual results differ from assumptions
Pension Liability	The Comhairle's share of the Pension Fund asset portfolio as at 31 March 2024 includes £36m of property and £28m of private equity. These Level 3 investments are the most liquid and hard to value and carry the highest valuation uncertainty.	Pension assets at 31 March 2023 were valued at £413m, £65m of which consisted of property and private equity. Given the risk associated with the valuing of these categories of assets, a reduction in value of, for example, 5% would equate to a reduction of £3.3m in the pension asset.
Arrears	At 31 March 2024 Comhairle had a balance of sundry debtors for £9.4m. An allowance for bad and doubtful debts of £3.3m of the balance outstanding has been provided using the aged debt profile as the basis. In addition, Council Tax and Non Domestic Rates debt at the end of the financial year amounted to £4m and £1.1, with provisions of £1.8m and £0.2m respectively.	Given the amount of outstanding debt which is secured against property and the current economic climate, the level of provision may not be sufficient. For example, an increase of 10% in the level of bad debts would require an additional £330k for sundry debtors and £180k for Council Tax. However, the extent of the provision means that a significant portion of the debt is covered.

### NOTE 3 - CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies, the Comhairle has had to make certain judgements about complex transactions or those involving uncertainty about future events. The main judgement made in the statements is in respect of the levels of future government funding for local government. In light of the continued funding uncertainties, the Comhairle's financial strategy and business planning processes, through service redesign and efficiency measures, have ensured that services have been maintained. The Comhairle has determined that this uncertainty is not yet sufficient to provide an indication that assets might be impaired as a result of the need to close facilities and reduce levels of service provision.

### NOTE 4 - MATERIAL ITEMS OF INCOME AND EXPENDITURE

Where material items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the nature and value of these amounts must be disclosed. There were no such items in 2022/23 or 2023/24.

## NOTE 5 EXPENDITURE AND FUNDING ANALYSIS

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

Service	2023/24		
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Education, Skills and Children's Services	51,541	8,389	59,930
Depute Chief Executive	24,166	9,799	33,965
Health and Social Care	26,093	8,458	34,551
Chief Executive's	6,192	457	6,649
Strategic Finance	5,091	-1,361	3,730
Investment Delivery	107	1	108
<b>Net Cost of Services</b>	<b>113,190</b>	<b>25,743</b>	<b>138,933</b>
Other Income and Expenditure	(109,455)	(25,638)	(135,093)
<b>(Surplus)/Deficit</b>	<b>3,735</b>	<b>105</b>	<b>3,840</b>
Opening General Fund Balance	(29,956)		
(Surplus)/Deficit for year	3,735		
<b>Closing General Fund Balance</b>	<b>(26,221)</b>		

Service	2022/23 Restated		
	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
Education, Skills and Children's Services	48,039	19,153	67,193
Depute Chief Executive	23,132	20,424	43,556
Health and Social Care	24,829	4,502	29,331
Chief Executive's	3,922	2,503	6,425
Strategic Finance	4,417	469	4,886
Investment Delivery	50	49	99
<b>Net Cost of Services</b>	<b>104,389</b>	<b>47,100</b>	<b>151,490</b>
Other Income and Expenditure	(102,676)	(29,524)	(132,200)
<b>(Surplus)/Deficit</b>	<b>1,713</b>	<b>17,576</b>	<b>19,290</b>
Opening General Fund Balance	(31,670)		
(Surplus)/Deficit for year	1,714		
<b>Closing General Fund Balance</b>	<b>(29,956)</b>		



**NOTE 6 EXPENDITURE AND FUNDING ANALYSIS ADDITIONAL INFORMATION**

Adjustments Between Funding and Accounting Basis 2023/24				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts £'000	Adjustments for Capital Purposes <sup>1</sup> £'000	Net Change for the Pension Adjustments <sup>2</sup> £'000	Other Differences <sup>3</sup> £'000	Total Adjustments £'000
Education, Skills and Children's Services	7,400	910	79	8,389
Depute Chief Executive	9,200	578	21	9,799
Health and Social Care	7,537	889	32	8,458
Chief Executive's	232	216	9	457
Strategic Finance	26	(1,392)	5	(1,361)
Investment Delivery	-	5	(4)	1
<b>Net Cost of Services</b>	<b>24,396</b>	<b>1,206</b>	<b>142</b>	<b>25,743</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(23,374)	(2,110)	(154)	(25,638)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on Provision of Services</b>	<b>1,022</b>	<b>(904)</b>	<b>(12)</b>	<b>105</b>

Adjustments Between Funding and Accounting Basis 2022/23 Restated				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts £'000	Adjustments for Capital Purposes <sup>1</sup> £'000	Net Change for the Pension Adjustments <sup>2</sup> £'000	Other Differences <sup>3</sup> £'000	Total Adjustments £'000
Education, Skills and Children's Services	15,020	4,063	69	19,152
Depute Chief Executive	17,782	2,631	11	20,424
Health and Social Care	396	4,113	(7)	4,502
Chief Executive's	1,583	913	7	2,503
Strategic Finance	28	454	(13)	469
Investment Delivery	-	49	-	49
<b>Net Cost of Services</b>	<b>34,810</b>	<b>12,222</b>	<b>67</b>	<b>47,099</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(31,197)	1,827	(154)	(29,524)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on Provision of Services</b>	<b>3,614</b>	<b>14,049</b>	<b>(87)</b>	<b>17,577</b>

**1. Adjustments for Capital Purposes**

This column adds in depreciation, impairment and revaluation gains and losses in the service 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** - capital grants are adjusted for income not chargeable under generally accepted accounting practices.

## 2. Net Charges for Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS19 pension related expenditure and income:

For **services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

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

## 3. Other Differences

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

For **services**, this represents an adjustment in respect of annual leave entitlement not used by staff during the year.

For **Financing and Investment Income and Expenditure** the other differences column recognises adjustments to the General Fund for the timing differences in premiums and discounts in the repayment of debt.

The charge under **Taxation and Non-Specific Grant Income** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Income Accounts.

## EXPENDITURE AND INCOME ANALYSED BY NATURE

The Comhairle's expenditure and income is analysed as follows:

2022/23 £'000	Income from Services	2023/24 £'000
	<b>Expenditure</b>	
94,652	Employee Benefits Expenses	88,940
110,549	Other Services Expenses	104,718
9,981	Support Service Recharges	225
26,975	Depreciation, Amortisation and Impairment	24,396
11,188	Interest Payments	8,176
377	Precepts and Levies	350
(13)	Loss/(Gain) on the Disposal of Assets	49
<b>253,709</b>	<b>Total Expenditure</b>	<b>226,854</b>
	<b>Income</b>	
(66,010)	Fees, Charges and Other Service Income	(60,566)
(2,187)	Interest and Investment Income	(5,319)
(20,646)	Income from Council Tax and Non Domestic Rates	(22,469)
(145,576)	Government Grants and Contributions	(134,660)
<b>(234,419)</b>	<b>Total Income</b>	<b>(223,014)</b>
<b>19,290</b>	<b>(Surplus)/Deficit on the Provision of Services</b>	<b>3,840</b>

## NOTE 7 MOVEMENT IN EARMARKED RESERVES

This note sets out the amounts set aside within the General Fund to provide for future expenditure plans and specific projects.

	Balance at 31 March 2023 £'000	Transfers Out 2023/24 £'000	Transfers In 2023/24 £'000	Balance at 31 March 2024 £'000
Forward Budget Strategy	6,175	(4,596)	4,051	5,630
Schools Lifecycle Fund	5,134	(1,554)	881	4,461
COVID-19 Funding	1,827	(496)		1,331
Match Fund	148	(8)		140
Education Initiatives	1,412	(434)	86	1,064
Modern Apprenticeships	326	-	-	326
Health and Social Care Funds	442	(442)		-
Economic Development Loans Pool	588	(37)	221	772
Departmental Carry Forwards	1,984	(1,573)	1,477	1,888
Scottish Crown Estate Funding	2,810	(1,673)		1,137
Scottish Government Grants	1,908	(1,908)	1,770	1,770
Miscellaneous Projects	3,702	(905)	1,405	4,202
<b>Balance at 31 March</b>	<b>26,456</b>	<b>(13,626)</b>	<b>9,891</b>	<b>22,721</b>

## NOTE 8 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Comhairle 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.

2023/24	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Balances £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
<b>Adjustments to Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory adjustments:</b>				
• <b>Pension costs (transferred to (or from) the Pensions Reserve)</b>				
Reversal of items relating to retirement benefits	(112)	-	-	112
Reversal of Teachers Pension Liability adjustment	1,016	-	-	(1,016)
• <b>Financial instruments (transferred to the Financial Instruments Adjustment Account)</b>				
Amount by which finance costs charged to CI&E are different from costs charged in accordance with statute	154	-	-	(154)
• <b>Holiday pay (transferred to the Accumulated Absences Reserve)</b>				
Amount by which remuneration charged to CI&E on an accruals basis is different from that chargeable in the year in accordance with statutory requirements	(141)	-	-	141
• <b>Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)</b>				
Depreciation of non-current assets	(12,532)	-	-	12,532
Revaluation losses and Impairment of Property, Plant & Equipment	(7,780)	-	-	7,780
Capital Grants and Contributions Applied	11,935	-	-	(11,935)
Gain/Loss on disposal of non-current assets	(142)	-	-	142
Stornoway Port Authority loan	282	-	-	(282)
Credit Losses	4	-	-	(4)
Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	3,566	-	(3,566)	-
<b>Total Adjustments to Revenue Reserves</b>	<b>(3,750)</b>	<b>-</b>	<b>(3,566)</b>	<b>7,316</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	963	(963)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	6,766	-	-	(6,766)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>7,729</b>	<b>(963)</b>	<b>-</b>	<b>(6,766)</b>
<b>Adjustments to Capital Resources</b>				
Application of capital grants to finance capital expenditure	-	-	2,350	(2,350)
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>2,350</b>	<b>(2,350)</b>
<b>Total Adjustments</b>	<b>3,979</b>	<b>(963)</b>	<b>(1,216)</b>	<b>(1,800)</b>

2022/23	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Balances £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
<b>Adjustments to Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory adjustments:				
• <b>Pension costs (transferred to (or from) the Pensions Reserve)</b>				
Reversal of items relating to retirement benefits	(14,112)	-	-	14,112
Reversal of Teachers Pension Liability adjustment	62	-	-	(62)
• <b>Financial instruments (transferred to the Financial Instruments Adjustment Account)</b>				
Amount by which finance costs charged to CI&E are different from costs charged in accordance with statute	154	-	-	(154)
• <b>Holiday pay (transferred to the Accumulated Absences Reserve)</b>				
Amount by which remuneration charged to CI&E on an accruals basis is different from that chargeable in the year in accordance with statutory requirements	(67)	-	-	67
• <b>Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)</b>				
Depreciation of non-current assets	(12,441)	-	-	12,441
Revaluation losses and Impairment of Property, Plant & Equipment	(11,752)	-	-	11,752
Capital Grants and Contributions Applied	16,494	-	-	(16,494)
Income in relation to Donated Assets	-	-	-	-
Gain/Loss on disposal of non-current assets	(95)	-	-	95
Stornoway Port Authority loan - provision	(8,111)	-	-	8,111
Credit Losses	(277)	-	-	277
Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8,263	-	(8,263)	-
<b>Total Adjustments to Revenue Reserves</b>	<b>(21,882)</b>	<b>-</b>	<b>(8,263)</b>	<b>30,145</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	226	(226)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	6,045	-	-	(6,045)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	544	-	-	(544)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>6,815</b>	<b>(226)</b>	<b>-</b>	<b>(6,589)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-
Application of capital grants to finance capital expenditure	-	-	3,002	(3,002)
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>3,002</b>	<b>(3,002)</b>
<b>Total Adjustments</b>	<b>(15,067)</b>	<b>(226)</b>	<b>(5,261)</b>	<b>20,554</b>

**NOTE 9 OTHER OPERATING EXPENDITURE**

2022/23 £'000		2023/24 £'000
(13)	Gains/Losses on disposal of non-current assets	49
(13)		49

**NOTE 10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

2022/23 £'000		2023/24 £'000
9,638	Interest payable and similar charges	10,286
1,827	Pension interest costs and expected return on pension assets	(2,110)
(2,177)	Interest receivable and similar income	(5,312)
9,288		2,864

**NOTE 11 TAXATION AND NON SPECIFIC GRANT INCOME**

2022/23 £'000		2023/24 £'000
(12,497)	Council Tax income	(13,363)
(8,149)	Non Domestic Rates	(9,106)
(95,954)	General Revenue Grant	(99,168)
(24,875)	Capital grants and contributions	(16,369)
(141,475)		(138,006)

**NOTE 12 PROPERTY, PLANT AND EQUIPMENT**

Movements in 2023/24	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE £'000
<b>Cost or Valuation</b>						
<b>At 1 April 2023</b>	228,808	33,307	1,351	58	22,165	<b>285,689</b>
Additions	1,506	2,286	3	-	1,151	<b>4,946</b>
Revaluation increases recognised in the Revaluation Reserve	7,245	-	-	-	-	<b>7,245</b>
Revaluation (decreases) in the surplus/(deficit) on the provision of services	(7,034)	-	-	-	-	<b>(7,034)</b>
Derecognition - disposals	(83)	(697)	-	-	-	<b>(780)</b>
Transfer	17,202	-	-	-	(19,857)	<b>(2,655)</b>
<b>At 31 March 2024</b>	<b>247,644</b>	<b>34,896</b>	<b>1,354</b>	<b>58</b>	<b>3,459</b>	<b>287,411</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 1 April 2023</b>	1,611	26,751	890	-	-	<b>29,252</b>
Depreciation Charge	9,733	1,362	55	-	-	<b>11,150</b>
Depreciation written out to the Revaluation Reserve	(8,249)	-	-	-	-	<b>(8,249)</b>
Depreciation written out to the surplus / deficit on the provision of services	(159)	-	-	-	-	<b>(159)</b>
Derecognition - disposals	(21)	(688)	-	-	-	<b>(709)</b>
Transfer	(56)	-	-	-	-	<b>(56)</b>
<b>At 31 March 2024</b>	<b>2,859</b>	<b>27,425</b>	<b>945</b>	<b>-</b>	<b>-</b>	<b>31,229</b>
<b>Net Book Value</b>						
Assets Owned	243,414	7,471	409	58	3,459	254,811
Assets Leased	1,371	-	-	-	-	1,371
<b>At 31 March 2024</b>	<b>244,785</b>	<b>7,471</b>	<b>409</b>	<b>58</b>	<b>3,459</b>	<b>256,182</b>
Assets Owned	218,541	6,357	505	58	24,518	249,979
Assets Leased	1,265	-	-	-	-	1,434
<b>At 31 March 2023</b>	<b>219,975</b>	<b>6,357</b>	<b>505</b>	<b>58</b>	<b>24,518</b>	<b>251,413</b>

**Note: Infrastructure Assets**

Infrastructure Assets are assets that form part of a continuous network that is maintained in a relatively steady state, though there may be distinctive components of this network, such as carriageways, structures such as bridges, street lighting, street furniture and traffic management systems. This category of asset would also include transport and fishery piers.

Infrastructure assets are measured at depreciated historical cost, rather than current value, as defined by the CIPFA Code of Practice on Local Authority Accounting. A move to a valuation process for these assets has previously been considered but as yet not implemented, partly due to deficits in the information required to follow proper accounting rules. CIPFA has provided a Statutory Override that confirms the continuation of current practices until 31 March 2024, and these have been adopted by the Comhairle:

Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024, a local authority is not required to report gross cost and accumulated depreciation for infrastructure assets.

Statutory Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken to be accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

Infrastructure Assets with a historical cost of £108.5m are included within Property, Plant and Equipment on the Balance Sheet.

Comparative movements in 2022/23	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE £'000
<b>Cost or Valuation</b>						
<b>At 1 April 2022</b>	221,303	33,289	1,340	58	24,518	<b>280,508</b>
Additions	4,958	1,589	11	-	1,610	<b>8,168</b>
Revaluation increases recognised in the Revaluation Reserve	19,325	-	-	-	-	<b>19,325</b>
Revaluation (decreases) in the surplus/(deficit) on the provision of services	(20,716)	-	-	-	-	<b>(20,716)</b>
Derecognition - disposals	(25)	(1,571)	-	-	-	<b>(1,596)</b>
Transfer	3,963	-	-	-	(3,963)	-
<b>At 31 March 2023</b>	<b>228,808</b>	<b>33,307</b>	<b>1,351</b>	<b>58</b>	<b>24,518</b>	<b>288,042</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 1 April 2022</b>	1,328	26,932	835	-	-	<b>29,095</b>
Depreciation Charge	7,934	1,390	55	-	-	<b>9,379</b>
Depreciation written out to the Revaluation Reserve	(6,490)	-	-	-	-	<b>(6,490)</b>
Depreciation written out to the surplus / deficit on the provision of services	(1,161)	-	-	-	-	<b>(1,161)</b>
Derecognition - disposals	-	(1,571)	-	-	-	<b>(1,571)</b>
<b>At 31 March 2023</b>	<b>1,611</b>	<b>26,751</b>	<b>890</b>	<b>-</b>	<b>-</b>	<b>29,252</b>
<b>Net Book Value</b>						
Assets Owned	225,932	6,556	461	58	22,165	255,172
Assets Leased	1,265	-	-	-	-	1,265
<b>At 31 March 2023</b>	<b>227,197</b>	<b>6,556</b>	<b>461</b>	<b>58</b>	<b>22,165</b>	<b>256,437</b>
Assets Owned	218,541	6,357	505	58	24,518	249,979
Assets Leased	1,434	-	-	-	-	1,434
<b>At 31 March 2022</b>	<b>219,975</b>	<b>6,357</b>	<b>505</b>	<b>58</b>	<b>24,518</b>	<b>251,413</b>

#### Note: Infrastructure Assets

Infrastructure Assets are assets that form part of a continuous network that is maintained in a relatively steady state, though there may be distinctive components of this network, such as carriageways, structures such as bridges, street lighting, street furniture and traffic management systems. This category of asset would also include transport and fishery piers.

Infrastructure assets are measured at depreciated historical cost, rather than current value, as defined by the CIPFA Code of Practice on Local Authority Accounting. A move to a valuation process for these assets has previously been considered but as yet not implemented, partly due to deficits in the information required to follow proper accounting rules. CIPFA has provided a Statutory Override that confirms the continuation of current practices until 31 March 2024, and these have been adopted by the Comhairle:

Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024, a local authority is not required to report gross cost and accumulated depreciation for infrastructure assets.

Statutory Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be

Infrastructure Assets with a historical cost of £104.9m are included within Property, Plant and Equipment on the Balance Sheet.

## Revaluations

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. 2023/24 revaluations were carried out by Graham & Sibbald in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuation is set out in the Statement of Accounting Policies. At the current time there are high levels of inflation and increasing construction costs impacting asset valuations. To ensure that the carrying amounts do not differ materially from that which would be determined using current value we have applied indexation rates, as advised by Graham & Sibbald, to assets that were not revalued in the year and whose carrying value was greater than £1m.

	Other Land & Buildings £'000	Vehicles & Plant £'000	Infrastructure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Valued at Historical Cost	-	34,896	215,453	1,354	58	3,459	255,220
Valued at Fair Value as at:							
31 March 2024	24,559	-	-	-	-	-	24,559
31 March 2023	62,518	-	-	-	-	-	62,518
30 March 2022	79,919	-	-	-	-	-	79,919
30 March 2021	40,412	-	-	-	-	-	40,412
31 March 2020	37,376	-	-	-	-	-	37,376
	<b>244,784</b>	<b>34,896</b>	<b>215,453</b>	<b>1,354</b>	<b>58</b>	<b>3,459</b>	<b>500,004</b>

## Capital Commitments

At 31 March 2024, the Comhairle had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years, at a cost of £35.9m. Similar commitments at 31 March 2023 were £34m.

## NOTE 13 HERITAGE ASSETS

Museum Nan Eilean was established in 1983 to provide the first professional museum service for the Western Isles. This service was expanded in 1989 by the introduction of an exhibition area in Sgoil Lionacleit in Benbecula. The museum operates two stores, one at Marybank in Lewis and another in Torlum in Uist. The Museum holds collections of artefacts, photographs, prints, paintings and archives including audio tracks illustrating the archaeology, social, domestic and economic history of the Western Isles.

Collections were built up following the establishment of the Museum Service in 1983 with two exceptions, The Lewis Museum Trust established in the 1950's passed collected material to Museum Nan Eilean in 1983 and in 1999 the Calbost Collection was brought into the care and management of Museum Nan Eilean. There were no additions to the collections in 2023/24

During 2022/23 high value paintings and two archive collections were valued by an independent valuer. It is proposed to revalue the Regalia in 2024/25. The Udal collection which is held under Archaeological artefacts will also be reviewed in 2024/25. In line with Accounting Policy, as a reliable up to date value for Social History Contemporary Artefacts and the remainder of the Archaeological collection and the Archive is not available they have been removed from the Balance Sheet.

	Paintings £'000	Social History Contemporary Artefacts £'000	Archaeological Artefacts £'000	Archives £'000	Regalia £'000	Total £'000
<b>Cost / Valuation At 1 April 2023</b>	270	1,045	250	50	35	605
<b>At 31 March 2024</b>	270	1,045	250	50	35	605

	Paintings £'000	Social History Contemporary Artefacts £'000	Archaeological Artefacts £'000	Archives £'000	Regalia £'000	Total £'000
<b>Cost / Valuation At 1 April 2022</b>	270	1,045	250	50	35	605
<b>At 31 March 2023</b>	270	1,045	250	50	35	605

Not included are:

- Lending library stock used for operational purposes; and
- Historic Buildings used to provide services to the Comhairle which are included in Property, Plant and Equipment.



## NOTE 14 INTANGIBLE ASSETS

The movement on Intangible Asset balances during the year is as follows:

	2022/23	2023/24
	Fishing Quota £'000	Fishing Quota £'000
<b>Balance at 1 April</b>	385	354
Revaluation increase recognised in the Revaluation Reserve	(31)	9
<b>Balance as at 31 March</b>	<b>354</b>	<b>363</b>

The intangible assets included on the Balance Sheet are in respect of Fishing Quota (quota). A quota is the right to fish species over a defined period, usually one year. Quotas are held by government and distributed to fishermen through Producer Organisations. Quotas for fish species most relevant to the Western Isles have, over a period of time, been purchased by external interests with the resulting loss of control of fishing opportunities to local fishing communities. The purchase of quota by the Comhairle enables long term access to a strategically important resource i.e. nephrops. The open market value of the quota held at 31 March 2024 was £363k.

## NOTE 15 LONG TERM DEBTORS

	Balance 31/03/23 £'000	Advanced in Year £'000	Other Movement in Year £'000	Repaid in Year £'000	Balance 31/03/24 £'000
Stornoway Port Authority	18,477	13,406	(2,322)	(751)	28,810
Community Support Loans	42	30	139	(70)	141
Charging Orders on Properties	676	-	245	-	921
Revolving Loans Pool	1,192	76	(124)	(172)	972
	<b>20,387</b>	<b>13,512</b>	<b>(2,062)</b>	<b>(993)</b>	<b>30,844</b>
Less:					
Charging Orders on Properties Provision	(138)	-	-	-	(138)
Revolving Loans Pool Provision	(1,192)	-	220	-	(972)
	<b>19,057</b>	<b>13,512</b>	<b>(1,842)</b>	<b>(993)</b>	<b>29,734</b>

During 2023/24, two of the Community Support Loans moved from short term to long term debtors, this has been reflected in other movement in the year.

## NOTE 16 FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

The definition of a financial instrument is: 'Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity'.

The term 'financial instrument' covers both financial assets and financial liabilities. These range from straightforward trade receivables and trade payables to more complex transactions such as financial guarantees, derivatives and embedded derivatives. The Council's borrowing and investment transactions are also classified as financial instruments.

### Financial Liabilities

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

The Comhairle's loan portfolio at year end consisted of loans from the Public Works Loan Board (PWLB) and market debt. Under the Code of Practice these forms of borrowing are measured at amortised cost. This form of measurement does not change the amount of cash paid under the terms of the loan but can impact on the charge made to the Comprehensive Income and Expenditure Statement.

### Financial Assets

A Financial Asset is a right to future economic benefits controlled by the Comhairle that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

The three classifications for financial assets under the Code of Practice are:

- Loans and Receivables;
- Available for Sale; and
- Fair Value through Profit or Loss

The Comhairle's portfolio of investments consists of call/notice accounts. Call accounts are classed as 'Loans and Receivables' and are measured at amortised cost. This form of measurement does not change the amount of cash received under the terms of the investment. Trade Receivables (i.e. Trade Debtors) are classified as Loans and Receivables. These have been measured at cost on the Balance Sheet.

The Comhairle does not have any investments required to be measured at Fair Value through Profit or Loss.

The following categories of financial instrument are carried in the Balance Sheet at Amortised cost:

	Long Term		Current	
	31/03/23 £'000	31/03/24 £'000	31/03/23 £'000	31/03/24 £'000
<b>Financial Assets</b>				
Investments	-	-	47,860	33,519
Debtors	19,059	29,734	1,246	4,827
	<b>19,059</b>	<b>29,734</b>	<b>49,106</b>	<b>38,346</b>
<b>Financial Liabilities</b>				
Borrowings	127,266	126,263	4,737	2,582
Creditors	-	-	3,125	2,539
	<b>127,266</b>	<b>126,263</b>	<b>7,862</b>	<b>5,121</b>

#### Material Soft Loans Made by the Authority

The Council advanced loans to the Stornoway Port Authority to carry out significant developments, including a deep water port. Two loans of £15m and £22.5m, with interest rates of 2.88% and 3% respectively, will be advanced.

	£'000
Balance at start of year	19,248
Nominal Value of loans advanced in the year	13,406
Fair value adjustment on Initial Recognition	(2,182)
Loan Repayments	(870)
Interest accrued	262
Increase in Discounted Amount	282
<b>Nominal Value at 31 March 2024</b>	<b>30,146</b>

The interest rate at which the fair value of the soft loan is based on the intrinsic value to the borrower, of the difference in interest rates on the date the facility is granted, plus the time value of the option to borrow later when interest rates may be even higher.

	Surplus/ Deficit on provision of services £'000	Other CI & E £'000
<b>Gains and Losses on Financial Instruments</b>		
Net Gains/Losses on assets carried at amortised cost	-	273
Interest Revenue on assets carried at amortised cost	-	1,192

## Fair Value of Assets and Liabilities

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instrument, using the following assumptions:

- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value

The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

	31/03/2023		31/03/2024	
	Carrying	Fair Value	Carrying	Fair Value
<b>Assets</b>				
Loans and receivables	47,860	47,860	33,519	33,519
Long term debtors	24,628	3,536	37,186	18,491
<b>Liabilities</b>				
Financial Liabilities (PWLB Loans)	127,266	145,439	126,263	140,678
Financial Liabilities (Market Loans)	125	125	132	132

Investments are stated at their carrying amount. All Comhairle investments are short-term on call, and repayment is due on demand, so there is no material difference between the carrying amount and the fair value.

The 2024 fair value of borrowing was calculated by reference to the premature repayment set of rates in force on 31 March 2024, the 2023 figure by reference to the set of interest rates in force on 31 March 2023, as calculated by the PWLB. The fair value is greater than the carrying amount because the Comhairle's borrowing figure includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. This commitment to pay interest above current market rates increases the amount that the Comhairle would have to pay if the lender requested or agreed to early repayment of the loans.

The Comhairle's PWLB loans have been categorised as Level 2 as the fair value is calculated from inputs other than quoted prices that are observable for the asset or liability e.g. interest rates or yields for similar instruments. The Comhairle's market loans are not categorised as they are assumed to be approximate to the carrying amount.

**NOTE 17 DEBTORS**

2022/23 £'000		2023/24 £'000
3,752	Central Government	2,616
117	Other Local Authorities	322
2,496	National Health Service	4,650
2,600	Public Corporations and Trade Funds	6,052
7,506	Other	8,442
<b>16,471</b>		<b>22,082</b>

**NOTE 18 CASH AND CASH EQUIVALENTS**

2022/23 £'000		2023/24 £'000
18	Cash held by the Comhairle	23
185	Bank Current Accounts	(6,579)
21,606	Short-term Deposits	18,230
<b>21,809</b>		<b>11,674</b>

**NOTE 19 ASSETS HELD FOR SALE**

2022/23 £'000		2023/24 £'000
1,718	<b>Balance at 1 April</b>	1,678
	<b>Assets newly classified as held for sale</b>	
-	Property, Plant and Equipment	2,710
30	Revaluation gain/(loss)	(2,320)
	<b>Assets declassified as held for sale</b>	
-	Property, Plant and Equipment	(55)
(70)	Assets sold	(70)
<b>1,678</b>	<b>Balance outstanding at 31 March</b>	<b>1,943</b>

**NOTE 20 CREDITORS**

2022/23 £'000		2023/24 £'000
3,418	Central Government	2,562
1,080	Other Local Authorities	1,158
3,266	National Health Service	2,837
2,706	Public Corporations and Trade Funds	1,642
21,367	Other	16,692
<b>31,837</b>		<b>24,891</b>

## NOTE 21 PROVISIONS

Impairment for Bad and Doubtful Debts	Balance at 31/03/23 £'000	Movement In Year £'000	Balance at 31/03/24 £'000
Council Tax	1,767	53	1,820
Sundry Debtors	840	53	893
Charges on Properties	2,186	164	2,350
	<b>4,793</b>	<b>270</b>	<b>5,063</b>

Notes: 1. The Debtors figure as shown in the balance sheet is net of these provisions.

2. Provisions in respect of the Revolving Loans Pool and Charging Orders on Properties are shown in Note 15, Long Term Debtors.

Other Provisions	Balance at 31/03/23 £'000	Movement In Year £'000	Balance at 31/03/24 £'000
<b>Long Term</b>			
Restoration of Landfill Sites	3,924	(200)	3,724
Decommissioning Costs	40	-	40
	<b>3,964</b>	<b>(200)</b>	<b>3,764</b>

**Landfill Sites** This provision represents the present value of restoration works required for the landfill cells at Bennadrove.

**Decommissioning** This provision represents the present value of restoration works required in 25 years time when the wind turbine at Creed Park is decommissioned at the end of its useful life.

## NOTE 22 UNUSABLE RESERVES

2022/23 £'000		2023/24 £'000
77,410	Revaluation Reserve	87,481
(563)	Financial Instruments Adjustment Account	(409)
162,332	Capital Adjustment Account	162,334
41,354	Pensions Reserve	68,146
(1,629)	Employee Statutory Adjustment Account	(1,770)
<b>278,904</b>	<b>Total Unusable Reserves</b>	<b>315,782</b>

## Revaluation Reserve

The Revaluation Reserve contains the gains made by the Comhairle arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are revalued downwards and the gains are lost or disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since April 2007, the date that the Reserve was created. Gains prior to this are consolidated in the Capital Adjustment Account.

2022/23 £'000		2023/24	
		£'000	£'000
63,319	Balance at 1 April		77,410
26,060	Upward revaluation of assets	15,503	
(9,435)	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on Provision of Services	(1,337)	
16,625	Surplus/deficit on the revaluation of fixed assets		14,166
(2,509)	Difference between fair value depreciation and historical cost depreciation		(4,083)
(25)	Remove Revaluation Reserve balance on assets disposed of		(12)
<b>77,410</b>	<b>Balance at 31 March</b>		<b>87,481</b>

## Financial Instruments Adjustments Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Comhairle uses the Account to manage premiums paid on early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Comhairle's case this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result the balance on the Account at 31 March 2018 will be charged to the General Fund in future years.

2022/23 £'000		2023/24	
		£'000	£'000
(717)	Balance at 1 April		(563)
-	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-	
154	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	154	
154	Amount by which the finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.		154
<b>(563)</b>	<b>Balance at 31 March</b>		<b>(409)</b>

## Capital Adjustments Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to historic cost basis). The Account is credited with the amounts set aside by the Comhairle as finance for the costs of acquisition, construction and enhancement.

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

Note 5 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2022/23		2023/24	
£'000		£'000	£'000
169,012	Balance at 1 April		162,332
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
(12,437)	Depreciation and impairment of Property, Plant and Equipment	(12,532)	
(8,229)	Amortisation of Investment	(587)	
(11,752)	Revaluation losses on Property, Plant and Equipment	(7,804)	
(277)	Credit Losses	4	
(95)	Amounts of non-current assets written off on disposal or sale as part of gain/loss on disposal	(142)	
(32,790)			(21,061)
25	Adjusting amounts written out of the Revaluation Reserve		12
136,247	Net written out amount of the cost of non-current assets consumed in the year		141,283
	<b>Capital financing applied in the year:</b>		
16,494	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	11,935	
3,002	Application of grants from the Capital Grants Unapplied Account	2,350	
544	Application of Revenue Balances	-	
6,045	Statutory Provision for the financing of capital investment	6,766	
26,085			21,051
162,332	Balance at 31 March		162,334

## Pensions Reserve

The Pensions Reserve absorbs the timing difference arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Comhairle accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet costs. However, statutory arrangements require benefits earned to be financed as the Comhairle makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Comhairle has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The balance includes £3.3m in respect of unfunded Teacher's Pensions.

2022/23 £'000		2023/24	
		£'000	£'000
(65,933)	Balance at 1 April		41,354
121,337	Actuarial gains and losses on pension assets and liabilities	25,888	
(14,050)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	904	
-	Employers pension contributions and direct payments to pensioners payable in the year	-	
107,287			26,792
<b>41,354</b>	<b>Balance at 31 March</b>		<b>68,146</b>

## Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from the Account.

2022/23 £'000		2023/24	
		£'000	£'000
(1,562)	Balance at 1 April		(1,629)
1,562	Settlement or cancellation of accrual made at the end of the preceding year	1,629	
(1,629)	Amounts accrued at the end of the current year	(1,770)	
(67)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(141)
<b>(1,629)</b>	<b>Balance at 31 March</b>		<b>(1,770)</b>



**NOTE 23 CASH FLOW STATEMENT - OPERATING ACTIVITIES**

The cash flows for operating activities include the following amounts of interest.

2022/23 £'000		2023/24 £'000
1,301	Interest Received	3,223
(9,366)	Interest Paid	(10,099)
<b>(8,065)</b>		<b>(6,876)</b>

**NOTE 24 CASH FLOW STATEMENT - INVESTING ACTIVITIES**

2022/23 £'000		2023/24 £'000
(24,963)	Purchase of property, plant and equipment and intangible assets	(14,690)
13,782	Purchase/(Redemption) of short-term and long-term investments	10,966
108	Proceeds from the sale of property, plant and equipment and intangible assets	93
<b>(11,073)</b>	<b>Net cash flows from investing activities</b>	<b>(3,631)</b>

**NOTE 25 CASH FLOW STATEMENT - FINANCING ACTIVITIES**

2022/23 £'000		2023/24 £'000
(2,696)	Repayments of short-term and long-term borrowing	(3,166)
<b>(2,696)</b>	<b>Net cash flows from financing activities</b>	<b>(3,166)</b>

**NOTE 26 CASH FLOW STATEMENT - NON CASH MOVEMENTS**

2022/23 £'000		2023/24 £'000
	Adjustment to net (surplus)/deficit on the provision of services for non-cash movements:	
14,945	Depreciation and Amortisation	16,615
11,752	Impairment and downward revaluations	7,781
(13)	Loss on Sale of Fixed Assets	49
(118)	Other Adjustments	(10,260)
3,396	Increase/(decrease) in Provisions	(2,381)
(733)	Increase/(decrease) in Creditors	2,951
(11,873)	(Increase)/decrease in Debtors	(15,427)
(242)	(Increase)/decrease in Stock	270
14,050	IAS19 Pension Adjustment	904
<b>31,164</b>	<b>Non Cash Movements</b>	<b>502</b>

## NOTE 27 TRADING OPERATIONS

The Comhairle operates a number of trading operations, none of which are classified as significant in terms of the Local Government Scotland Act 2003. The table below details the financial performance of each operation.

Trading Operation	2022/23 Deficit/ (Surplus) £'000	2023/24 Expenditure £'000	2023/24 Income £'000	2023/24 Deficit/ (Surplus) £'000
Building Cleaning	161	1,288	(1,348)	(60)
Schools Catering	252	2,640	(2,428)	212
Refuse Collection	170	2,745	(2,479)	266
Street Cleansing	31	329	(311)	18
Burial Grounds	28	228	(208)	20
Fleet Management	73	1,972	(1,979)	(7)
Bus na Comhairle	(9)	1,070	(987)	83
Winter Maintenance	-	403	(403)	-
Ice Plants	1	22	(11)	11
Marine Fuel	(63)	1,537	(1,660)	(123)
	644	12,234	(11,814)	420

In 2023/24, trading operation surpluses and deficits were included in the Comprehensive Income and Expenditure Statement) as below

Education, Skills and Children's Services £152k

Depute Chief Executive £268k

## NOTE 28 AGENCY SERVICES

The Comhairle has entered into agreements to provide agency services to the undermentioned bodies for which costs incurred are fully reimbursed by the body. The amounts are not included in the Comprehensive Income and Expenditure Account.

	2022/23 £'000	2023/24 £'000
Lews Castle College	5,552	703
Hebridean Housing Partnership	2,056	2,414
	7,608	3,117

The Comhairle collects and pays out monies on behalf of the following organisations. An administration fee is received for providing the services.

	2022/23 £'000	2023/24 £'000
Lews Castle College	6	5
Hebridean Housing Partnership	3	3
Scottish Water - Water Charges	94	104
	103	112

During 2022/23 the Scottish Government provided funding of £1.7m in respect of Cost of Living Awards to support low-income households and £140k towards Scottish Child Bridging Payments, no grant payments were received for this purpose in 2023/24. The amounts are not included within the Comprehensive Income and Expenditure Account.

	2022/23		2023/24	
	Income £'000	Expenditure £'000	Income £'000	Expenditure £'000
Education Related Payments	(140)	152	-	-
Business Support Payments	39	39	-	-
Self-Isolation Grants	(65)	71	-	-
Low Income Pandemic Support	-	-	-	-
Cost of Living Awards	(1,719)	1,690	-	-
	(1,885)	1,952	-	-

The Comhairle acts as the Accountable body for the Islands Growth Deal, claiming Islands Deal funding from the Scottish Government and paying it out to project partners. The amounts are not included in the Comprehensive Income and Expenditure Account. More information is in Note 30.

	2022/23	2022/23	2023/24	2023/24
Islands Growth Deal	-	-	(983)	983

## NOTE 29 EXTERNAL AUDIT COSTS

	2022/23 £'000	2023/24 £'000
Fee payable to Audit Scotland with regard to audit services carried out by the appointed auditor	240	243
Rebate in respect of previous year	-	-
	240	243

**NOTE 30 MEMBERS' SALARIES, ALLOWANCES AND EXPENSES**

Name	Salary <sup>1</sup> £	Mileage Allowance £	Other Travel Expenses £	Subsistence Expenses £	Telephone & ICT Expenses <sup>3</sup> £	Other Expenses £	2023/24 Total £	2022/23 Total £
Mr Iain A Macneil	20,135	1,505	2,392	3,005	678	97	<b>27,525</b>	21,579
Mr Kenneth J Maclean	20,145	-	464	1,415	313	-	<b>22,190</b>	19,704
Mr Paul F Steele	33,517	1,418	7,180	8,060	899	724	<b>46,565</b>	44,219
Mr Iain M Macleod	20,114	581	921	1,265	701	-	<b>23,349</b>	23,359
Ms Susan Thomson	20,099	-	1,089	1,251	313	15	<b>22,724</b>	20,255
Mr Uisdean Robertson 4	23,108	218	4,187	2,040	1,264	-	<b>29,675</b>	30,183
Mr Mustapha Hocine	20,144	90	1,049	946	673	-	<b>22,778</b>	20,443
Mr Grant Fulton	20,203	23	-	-	313	-	<b>20,430</b>	20,231
Mr Paul A Finnegan	23,129	375	9	48	693	-	<b>24,039</b>	24,717
Mr Alasdair R Fraser	21,506	390	28	-	313	50	<b>22,240</b>	21,450
Mr Norman (Misty) Macdonald	20,147	692	-	-	959	-	<b>21,565</b>	15,199
Mr Angus Morrison	23,129	573	639	336	314	-	<b>23,991</b>	23,365
Mr Robert Mackenzie	20,150	307	-	-	886	-	<b>21,077</b>	18,825
Mr Finlay M Stewart	20,099	-	-	-	313	-	<b>20,408</b>	19,818
Mr Norman Macdonald	20,099	-	-	-	313	-	<b>20,408</b>	19,818
Mr Angus McCormack	20,099	-	-	-	338	-	<b>20,433</b>	19,819
Mr Rae Mackenzie	20,099	-	37	-	315	-	<b>20,409</b>	20,059
Dr Frances Murray	20,099	-	-	-	780	-	<b>20,683</b>	18,328
Mr George Murray	20,099	-	23	-	313	-	<b>20,430</b>	18,609
Mr Duncan Macinnes	21,536	-	1,163	337	313	674	<b>23,017</b>	20,030
Mr Iain M Macaulay	20,099	-	-	-	314	-	<b>20,408</b>	19,818
Mr Gordon Murray	20,099	-	-	-	313	1,238	<b>21,607</b>	19,842
Mr Malcolm K Macdonald	20,099	-	30	-	313	-	<b>20,438</b>	17,970
Mr John A Maciver	20,113	539	332	653	313	-	<b>21,933</b>	20,324
Mr Calum Maclean	20,110	-	-	-	313	-	<b>20,418</b>	21,199
Mr Donald F Crichton 2	22,144	-	-	16	73	-	<b>23,130</b>	24,062
Mr Kenneth Macleod	25,217	2,933	964	1,095	777	1,088	<b>30,828</b>	29,526
Mr Donald Macsween	20,154	302	34	6	586	4	<b>20,776</b>	18,903
Mr John N Macleod	21,500	-	-	-	313	-	<b>21,809</b>	20,838
<b>Total</b>	<b>617,194</b>	<b>9,945</b>	<b>20,472</b>	<b>20,442</b>	<b>14,319</b>	<b>3,881</b>	<b>675,280</b>	<b>632,494</b>

<sup>1</sup> The salary figures exclude Apprenticeship Levy, Employer's National Insurance and Superannuation contributions. Variances in salaries are due to new Councillors only beginning their term in May

<sup>2</sup> Allowance for Vice-convenor of Joint Valuation Board is not included; figures published by Highland Council.

<sup>3</sup> The Telephone and ICT Expenses include telephone and computer hardware replacements as they require to be replaced, these totals also include the costs associated with an additional line where broadband is not available and is exclusive of personal calls.

<sup>4</sup> Travel and Subsistence excludes costs reimbursed by Highland Council in relation to Hi-trans Chair position.

## NOTE 31 ISLANDS GROWTH DEAL - ACCOUNTABLE BODY DISCLOSURES

The Islands Growth Deal was signed on 20th January 2023. It represents an investment in Orkney, Shetland and the Outer Hebrides jointly funded by the Scottish and UK Governments of £50 million each over a ten-year period. The Islands Growth Deal will invest in 16 projects and programmes that capitalise on the Islands' unique assets. These are built around three strategic themes of low carbon, supporting growth and future industries, and thriving sustainable communities. Comhairle nan Eilean Siar acts as the Accountable Body for the Islands Growth Deal.

As part of the Deal, the Outer Hebrides will receive £33.3m, to be invested in a number of key developments, targeted at growing the economy through the establishment of Gateway tourism infrastructure throughout the islands; pioneering renewable energy and Spaceport facilities; enabling growth of sustainable skills for our population, through the UHI Outer Hebrides Campus Redevelopment Project and TalEntEd Programme; and investment in our key Primary and Creative Industries.

During 2023/24, £1,646k drawdown of government grant had been made successfully. At the 31st March 2024, Grant due from Scottish Government was £232k and Grant payments due to projects were £232k. Full Business case approval from the Joint Committee is required ahead of any drawdown of the funding.

The analysis of funding awarded to individual projects and drawdown of grant is shown in the table below, which reflects both Capital and Revenue projects.

Project	Grant Award £'000	Funded By SG £'000	Funded By UKG £'000	2023/24 Approved Grant Offer £'000	2023/24 Grant Claimed £'000	2023/24 Grant Claims Received to 31 March £'000	2023/24 Grant Payments Made to 31 March £'000	Grant Claim and Payments Outstanding as at 31 March £'000
Islands Centre for Net Zero	16,500	500	16,000	2,118	586	436	436	150
Scapa Flow Future Fuels Hub	6,500	6,500	-	-	-	-	-	-
Outer Hebrides Energy Hub	11,000	-	11,000	-	-	-	-	-
Dales Voe Ultra Deep Water Port	9,000	9,000	-	-	-	-	-	-
Creative Islands Wellbeing	5,000	2,400	2,600	12	-	-	-	-
Outer Hebrides Destination Development	8,000	4,000	4,000	-	-	-	-	-
Orkney World Heritage Gateway	6,500	5,500	1,000	-	-	-	-	-
Orkney Vertical Farm	2,000	500	1,500	-	-	-	-	-
Shell-Volution	4,400	-	4,400	200	-	-	-	-
Outer Hebrides Food and Drink Programme	1,500	1,500	-	188	97	48	48	49
Spaceport1	1,000	1,000	-	600	-	-	-	-
TalEntEd Islands programme	1,500	-	1,500	103	-	-	-	-
Orkney Research and Innovation Campus	8,000	-	8,000	-	-	-	-	-
Shetland Campus Redevelopment	3,000	3,000	-	480	-	-	-	-
Outer Hebrides Campus Redevelopment	1,500	1,500	-	1,454	1,195	1,162	1,162	33
Knab Redevelopment	9,600	9,600	-	-	-	-	-	-
<b>Total Capital Grant Funding</b>	<b>95,000</b>	<b>45,000</b>	<b>50,000</b>	<b>5,155</b>	<b>1,878</b>	<b>1,646</b>	<b>1,646</b>	<b>232</b>
Creative Islands Wellbeing	600	600	-	37	-	-	-	-
TalEntEd Islands programme	4,400	4,400	-	208	-	-	-	-
<b>Total Revenue Grant Funding</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>	<b>245</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>100,000</b>	<b>50,000</b>	<b>50,000</b>	<b>5,400</b>	<b>1,878</b>	<b>1,646</b>	<b>1,646</b>	<b>232</b>

### Programme Management Office

	2022/23 £'000	2023/24 £'000
Expenditure	144	179
Income	(96)	(120)
<b>Net Expenditure</b>	<b>48</b>	<b>59</b>

The PMO is funded jointly by the three local authorities: Orkney Islands Council, Shetland Islands Council and Comhairle nan Eilean Siar. The Net Further information can be found at: <https://www.islandsdeal.co.uk/>

## NOTE 32 RELATED PARTIES

The Comhairle is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Comhairle or to be controlled or influenced by the Comhairle. Disclosure of these transactions allows readers to assess the extent to which the Comhairle might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Comhairle.

### Central and Scottish Government

Central Government has effective control over the general operations of the Comhairle, providing the statutory framework within which the Comhairle operates as well as providing the majority of funding in the form of grants, as detailed in Note 33.

### Companies and Joint Boards

The Comhairle is deemed to have a controlling interest in Sgoiltean Ùra LLP (SULLP), the company that was set up to manage the design, construction and lifecycle maintenance of the schools being built as part of the Western Isles Schools Project. It also has an interest in Highlands and Islands Valuation Joint Board, further details of which can be found in the group accounts which are set out within these statements.

### Members

Members of the Comhairle have direct control over the financial and operating policies of the Authority. The total of Members' allowances paid in 2023/24 is as detailed in Note 30. The Comhairle holds a Register of Members' Interests which is available on the Comhairle website. The Register details the bodies where members are represented or for which they have declared an interest. During 2023/24 no works or services were commissioned from companies Members had a financial interest and there were no outstanding balances at year end. Contracts were entered into in full compliance with the Comhairle's standing orders and transactions conducted at arms length on the same terms and conditions as other transactions.

	Relationship	2023/24 £'000 Income	2023/24 £'000 Expenditure	2023/24 £'000 Debtors	2023/24 £'000 Creditors
		-	-	-	-
		-	-	-	-

### Officers

There were no material related parties declared by officers in the Register of Employee Interests.

### Pension Fund

The Comhairle is a member of the Local Government Pension Scheme administered by Highland Council and has made payments as shown in Note 37.

### Other Public Bodies

The Comhairle and Western Isles NHS work together on a number of projects: mainly receiving income for care and services in the community, and paying expenditure towards community occupational therapy equipment and services. The total income received from Western Isles NHS was £5,362k in 2023/24 (£6,826k in 2022/23) and total expenditure of £3,466k was paid to Western Isles NHS in 2023/24 (£7,730k in 2022/23).

### Integrated Joint Board

The Western Isles Integrated Joint Board is deemed to be a related party of the Comhairle, mainly through the Comhairle's ability to exert influence over the entity through its representation on the Board. The relevant transactions and balances with the Integrated Joint Board are:

	2023/24 £'000 Income	2023/24 £'000 Expenditure	2023/24 £'000 Debtors	2023/24 £'000 Creditors
Western Isles Integration Joint Board	26,386	28,235		8,722

### NOTE 33 GRANT INCOME

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement during 2023/24:

	2022/23 £'000	2023/24 £'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
General Revenue Grant	95,954	99,168
Scottish Government - Capital Grants	6,819	9,066
Other Capital Grants and Contributions	17,938	7,303
Non Domestic Rates	8,149	9,106
	<b>128,860</b>	<b>124,643</b>
<b>Credited to Services</b>		
DWP Grants	3,872	3,652
Specific Grants for Gaelic Education	993	1,182
Community Service Order Grant	369	338
European funding	609	70
HHP Reimbursement	1,654	86
Contributions from NHS	4,469	4,574
Scottish Government - Local Housing Strategy	485	745
Scottish Government - Regeneration	1,463	1,048
Scottish Government - Other Revenue Grants	12,168	5,907
Scottish Government - COVID 19	1,672	1,522
Scottish Crown Estate Payments	1,536	-
	<b>29,290</b>	<b>19,124</b>
	<b>158,150</b>	<b>143,767</b>

### NOTE 34 LEASES

#### Finance Lease

The Comhairle acquired a finance lease for the Stornoway Library in 2012/13. The Library was valued at £1.265m in 2022/23 by the Graham & Sibbald. It is carried as Property, Plant and Equipment in the Balance Sheet. The Comhairle is committed to making minimum payment under this lease comprising settlement of the long term liability for the interest of the property, and finance costs that will be payable by the Comhairle in future years while the liability remains outstanding.

The minimum lease payments are made up of the following amounts:

Asset:	Minimum Lease Payment at 31/03/23 £'000	Minimum Lease Payment at 31/03/24 £'000
<b>Stornoway Library</b>		
Finance Lease Liability	1,034	1,021
Finance Costs	2,414	2,314
<b>Minimum Lease Payment</b>	<b>3,448</b>	<b>3,335</b>

The minimum lease payments will be payable over the following periods:

Asset:	Minimum Lease Payment £'000	Finance Lease Liability £'000	Finance Cost £'000
<b>Stornoway Library</b>			
Within one year	202	15	187
Between 2 and 5 years	859	101	758
Greater than 5 years	2,274	905	1,369
	<b>3,335</b>	<b>1,021</b>	<b>2,314</b>

#### Operating Leases

Comhairle as a Lessor	Actual Income From Leases 2023/24 £'000	Income due 2024/25 £'000	Income due 2025/26 to 2027/28 £'000	Amounts Due 2028 and after £'000
Land and Buildings	(472)	(252)	(634)	(2,298)
	<b>(472)</b>	<b>(252)</b>	<b>(634)</b>	<b>(2,298)</b>

Comhairle as a Lessee	Actual Spend 2023/24 £'000	Committed 2024/25 £'000	Expiring 2024/25 £'000	Amounts due 2026/27 to 2027/28 £'000	Amounts Due 2028 and after £'000
Land & Buildings	674	435	7	1111	9,190
Vehicles & Equipment	223	76	-	84	-
	<b>897</b>	<b>511</b>	<b>7</b>	<b>1,195</b>	<b>9,190</b>

## NOTE 35 CAPITAL EXPENDITURE AND 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. Where capital expenditure is to be financed in future years, by charges to revenue as assets are used by the Comhairle, the expenditure results in an increase in the Capital Financing Requirement (CFR). This is a measure of the capital expenditure incurred historically by the Comhairle that has yet to be financed. The CFR is analysed below.

	2022/23 £'000	2023/24 £'000
<b>Opening Capital Financing Requirement</b>	117,581	143,194
Capital Investment		
Property, Plant and Equipment	24,397	14,036
SPA loan	24,792	13,406
	<b>166,770</b>	<b>27,442</b>
<b>Sources of Finance</b>		
Capital Income		
Government Grants and Other Capital Contributions	(16,494)	(11,935)
Prior Year Government Grants	(3,002)	(2,350)
SPA loan Provision	2,522	(2,182)
Change in Finance lease liability	(13)	-
Sums Set Aside from Revenue		
Loans Fund Principal	(6,045)	(6,766)
Capital Financed From Current Revenue	(544)	-
	<b>(23,576)</b>	<b>(23,233)</b>
<b>Closing Capital Financing Requirement</b>	<b>143,194</b>	<b>147,403</b>
<b>Movement in Year - represented by an increase in underlying need to borrow</b>	<b>(25,613)</b>	<b>(4,209)</b>

## NOTE 36 IMPAIRMENT LOSSES

The Comhairle recognised no impairment losses in 2023/24 or in 2022/23.

## NOTE 37 TERMINATION BENEFITS

During 2023/24 the Comhairle granted early retirement or redundancy to 0 teachers and 2 other members of staff (0 teachers and 2 other staff in 2022/23), incurring liabilities of £16k (£154k in 2022/23). Of this total, none (£0k in 2022/23) is payable to teachers in the form of compensation for loss of office and enhanced pension benefits. The total cost incurred in respect of the 2 other staff members was £16k (£154k in 2022/23).

## NOTE 38 DEFINED BENEFIT PENSION SCHEMES

### Participation in Pension Schemes

The post-employment scheme for employees other than teachers is the Local Government Pension Scheme and is administered by Highland Council. The Local Government Pension Scheme is a multi-employer, defined benefit scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. This is a "funded" defined benefit career average revalued earnings (CARE) scheme, meaning that Comhairle nan Eilean Siar and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liability with investment assets.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts due by statute as described in the accounting policies note.

### Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by the Comhairle's employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made against the Council Tax is based upon the pension contributions payable by the Comhairle in the year, and an adjustment is made in the Movement in Reserves Statement to achieve this.

## Post-Employment Benefits

Comprehensive Income and Expenditure	2022/23 £'000	2023/24 £'000
<b>Cost of Services</b>		
Current Service Cost	20,470	11,383
Past Service Costs	623	244
<b>Financing and Investment</b>		
Net Interest Expense	1,827	(2,110)
<b>Net Charge to the Surplus/Deficit on Provision of Services</b>	<b>22,920</b>	<b>9,517</b>
<b>Other Costs to CIE</b>		
Expected return on assets in the scheme	21,575	(23,007)
Actuarial (gains) or losses arising on changes in demographic assumptions	(6,642)	-
Actuarial (gains) or losses arising on changes of financial assumptions	(165,569)	(12,840)
Other Experience	29,230	9,709
<b>Total Charges to Comprehensive Income and Expenditure Statement</b>	<b>(98,486)</b>	<b>(16,621)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made for retirement benefits in accordance with IAS19	107,301	26,032
<b>Amount Charged to General Fund: Employers' Contributions</b>	<b>8,815</b>	<b>9,411</b>

## Assets and Liabilities in Relation to Post-employment Benefits

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

Pensions Assets & Liabilities Recognised in the Balance Sheet	31/03/2023 £'000	31/03/2024 £'000
Present value of the defined benefit obligation*	(327,303)	(341,133)
Fair value of pension fund assets	372,948	412,554
<b>Net Liability arising from Defined Benefit Obligation</b>	<b>45,645</b>	<b>71,421</b>
*Unfunded liabilities included in the figure for present value of liabilities		
Unfunded liabilities for Pension Fund	(2,243)	(1,977)

Reconciliation of Present Value of Scheme Liabilities:	Funded Liabilities: Local Government Pension Scheme £'000	
	2022/23	2023/24
1 April	443,760	327,303
Current Service Cost	20,470	11,383
Interest Cost	12,161	15,579
Contributions by Pension Fund participants	2,547	2,728
Re-measurement gains and (losses)		
actuarial gains/(losses) from changes in demographic assumptions	(6,642)	-
actuarial gains/(losses) arising from changes in financial assumptions	(165,569)	(12,840)
other experience	29,550	9,709
Benefits paid	(9,597)	(12,973)
Past Service Costs	623	244
<b>Closing Value at 31 March</b>	<b>327,303</b>	<b>341,133</b>



Reconciliation of Fair Value of Scheme Assets:	Local Government Pension Scheme	
	£'000	
	2022/23	2023/24
1 April	382,180	372,948
Interest income	10,334	17,689
Re-measurement gains and (losses)		
Expected rate of return on pension fund assets	(21,651)	22,751
Other Experience	320	
The effect of changes in foreign exchange rates	-	
Contributions from employers	8,815	9,411
Contributions from employees into the scheme	2,547	2,728
Benefits paid	(9,597)	(12,973)
<b>Closing Value at 31 March</b>	<b>372,948</b>	<b>412,554</b>

The net pension position at 31 March 2024 is an asset of £71.4m, in 2022/23 it was an asset of £45.6m. This is a divergence from previous years, whereby a net pension liability has been recognised. This is due to the high accounting discount rates on corporate bond yields, which place a significantly lower value on the pension obligations. Under FRS 102 an asset can only be recognised when there is an unconditional right of refund or where the authority expects to benefit from reduced contributions. The position on future contributions is not yet known, so a ceiling has been applied to the valuation. The ceiling calculation is based on the net present value of future service costs over the future working lifetime, less the net present value of future contributions over the future working lifetime.

Analysis of Pension Fund's Assets	31/03/23		31/03/24	
	£'000	%	£'000	%
Cash and cash equivalents	20,286	5%	24,653	6%
Equity instruments [by industry type]				
Consumer	36,585	10%	43,055	10%
Manufacturing	16,437	4%	26,797	6%
Energy & utilities	-	-	-	-
Financial institutions	22,258	6%	19,660	5%
Health & care	17,082	5%	15,124	4%
Information Technology	9,286	3%	15,514	4%
Other	2,143	1%		0%
Sub-total equity	103,791	29%	120,150	29%
Bonds				
Corporate (investment grade)	25,264	7%	23,034	6%
UK Government	7,014	2%	10,051	2%
Other	19,705	5%	24,399	6%
Sub-total bonds	51,983	14%	57,484	14%
Property				
UK Property	36,691	10%	36,361	9%
Overseas Property	11	-	-	-
Sub-total property	36,702	10%	36,361	9%
Private equity	29,044	8%	28,387	7%
Other investment funds - Equities	78,676	20%	90,620	22%
Other investment funds - Bonds	6,911	2%	6,127	1%
Other investment funds - Hedge Funds	-	-	-	-
Other investment funds - Commodities	-	-	-	-
Other investment funds - Infrastructure	23,835	6%	24,940	6%
Other investment funds - Other	21,720	6%	23,833	6%
<b>Total assets</b>	<b>372,948</b>	<b>100%</b>	<b>412,555</b>	<b>100%</b>

## Basis for Estimating Pension Fund Assets and Liabilities

The Comhairle's share of the liabilities of the Local Government Pension Scheme has been assessed on an actuarial basis using the projected unit method, that estimates the pension that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Funds liabilities have been assessed by Hyman Robertson LLP, an independent firm of actuaries, and the estimates are based on the latest full valuation of the fund at 31 March 2024.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2022/23	2023/24
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners:		
Men	20.4	20.4
Women	23.3	23.3
Longevity at 65 for future pensioners:		
Men	21.6	21.6
Women	24.9	24.9
<b>Rate of inflations:</b>		
Rate of increase in prices	3.0%	2.8%
Rate of increase in salaries	3.8%	3.6%
Rate of increase in pensions	3.0%	2.8%
Rate for discounting scheme liabilities	4.8%	4.8%
Take-up of option to convert annual pension into retirement lump sum	65%	65%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based in reasonably 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 methods and types of assumption 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 Fund	% Increase in Assumption %	Monetary Amount £'000
1 year increase in member life expectancy	4%	13,092
0.1% increase in Salary Increase Rate	0%	402
0.1% increase in Pension Increase Rate	2%	5,986
0.1% decrease in Real Discount Rates	2%	6,282

The Local Government Pension Fund has an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The Fund has matched assets to the pensions' obligations by investing in long-term fixed interest securities and index linked gilt edged investments with maturities that match the benefits payments as they fall due. A large proportion of the assets relate to equities (58%) and bonds (15%). The comparative year's figures were 72% and 13%. The scheme also invests in properties (9%), other investment funds (12%) and in cash (6%). The ALM strategy is monitored annually or more frequently if necessary.

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy with the scheme's actuary to achieve a funding rate of 100%. Funding levels are monitored on an annual basis. The latest triennial valuation was completed on 31 March 2023.

The total contributions expected to be made by the Comhairle to the Local Government Pension Fund in the year to 31 March 2025 is £8.1 million.

The weighted average duration of the defined benefit obligation for Fund members is 17 years.

## Teachers' Pension Scheme

(a) Comhairle nan Eilean Siar participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from September 2019 and an anticipated yield of 9.4% employees contributions

(b) Comhairle nan Eilean Siar has no liability for other employers' obligations to the multi-employer scheme.

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme

(d)(i) The scheme is an unfunded multi-employer defined benefit scheme.

(ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Comhairle nan Eilean Siar is unable to identify its share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate for the period from 1 April 2024 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

(iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

(v) Comhairle nan Eilean Siar's level of participation in the scheme is 0.60% based on the proportion of employer contributions paid in 2023/24.

In 2023/24, the Comhairle paid £4.2m (£4.0m in 2022/23) to the Scottish Government in respect of teachers' retirement benefits. In addition, the Comhairle is responsible for all pension payments arising from added years awards to staff taking early retirement. In 2023-24 these amounted to £542,341 (£532,931 in 2022-23). In 2023-24 there were no new added years awards (£0 in 2022/23). Similarly there were no lump sum payments in 2023/24 (£0 2022/23).

The Comhairle is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis. An estimate of £3.3m in respect of discretionary unfunded pension awards has been included in the net pension liability in the balance sheet.

## NOTE 39 INTEREST IN COMPANIES

The Comhairle wholly owns Sgoiltean Ùra LLP, an arms length limited liability partnership responsible for the management of the design, construction, facilities management and lifecycle maintenance of the schools to be built as part of the Western Isles Schools Project. The LLP is a partnership between the Comhairle (99.99%) and Sgoiltean Ùra Investments Ltd (0.01%), with the latter being a company limited by shares having the Comhairle as sole share holder.

Copies of the accounts are available from Sgoiltean Ùra LLP, Council Offices, Sandwick Road, Stornoway, Isle of Lewis, HS1 2BW.

The Comhairle also holds 20% voting rights on the Highland and Western Isles Joint Valuation Board, which is included in the group accounts as an associate.

Copies of the accounts are available from Highland Council, Glenurquhart Road, Inverness, IV3 5NX.

Cùram is Slàinte nan Eilean Siar, the Integration Joint Board for health and social care services for Comhairle nan Eilean Siar and NHS Western Isles was formally established on 1 April 2016. The IJB has four voting members from each of these organisations. The IJB is included in the group as a joint venture with a 50% share.

Copies of the accounts are available from the Chief Officer, Health and Social Care, Council Offices, Sandwick Road, Stornoway, Isle of Lewis, HS1 2BW.

Although the Comhairle has an interest in Scotland Excel, the centre of procurement excellence for Scottish Local Authorities, the entity has not been included in the group on the grounds of materiality.

## NOTE 40 SIGNING OF ACCOUNTS

The Chief Financial Officer, being the officer responsible for the Comhairle's financial affairs, signed the Draft Annual Accounts on 12 December 2024. Events after the date of the Balance Sheet (31 March 2024), up to the date of signing, have been considered in the preparation of the 2023/24 Annual Accounts.

## NOTE 41 CONTINGENT LIABILITIES/ASSETS

A contingent liability or asset arises where an event has taken place that results in a possible obligation or benefit, the existence of which will only be confirmed by future events not wholly within the control of the Comhairle. These are not recognised on the Balance Sheet but disclosed in a Note to the Accounts where they are deemed material.

There are no contingent liabilities or assets.

## NOTE 42 TRUST FUNDS

The Comhairle acts as sole trustee for twelve educational, social welfare and miscellaneous trusts. They relate principally to legacies left by individuals with Western Isles connections over a period of years. The balance held at 31 March 2024 was £132k (2022/23 £125k). The income from the trusts is used to provide educational grants and prizes, comforts for the elderly, handicapped and various community facilities. During 2023/24 the Comhairle elected to merge the W C Mackenzie Trust and the Dr J L Robertson Bequest to form the Stornoway Welfare Fund. The funds are held in the Comhairle's Loans Fund and are included in the Balance Sheet.

### Summary Income and Expenditure Account

2022/23 £'000		2023/24 £'000
122	Opening Balance 1 April	125
9	Income	8
(6)	Expenditure	(1)
<b>125</b>	<b>Closing Balance 31 March</b>	<b>132</b>

2022/23 £'000		2023/24 £'000
	<b>Current Assets</b>	
125	Short Term Deposits	130
-	Bank Deposits	2
<b>125</b>	<b>Total Assets</b>	<b>132</b>
	<b>Represented by :</b>	
125	Capital & Revenue Reserves	132
<b>125</b>	<b>Net Worth</b>	<b>132</b>

Only the undernoted trusts have closing values in excess of £10,000.

Value at 31/03/23 £'000		Value at 31/03/24 £'000
53	Donald A Ferguson Bequest (Social Work - Ardseileach Residents)	57
30	W C Mackenzie Trust (for non-council projects in Stornoway)	-
28	Dr J L Robertson Bequest (for residents hardship)	-
-	Stornoway welfare Fund	61
<b>111</b>		<b>118</b>

#### NOTE 43 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Comhairle's management of treasury risks actively works to minimise the Comhairle's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Comhairle has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

##### Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Comhairle's customers. In accordance with Investment Regulations issued by the Scottish Government and best practice, the Comhairle's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Comhairle's investments followed by the yields earned on the investments are important but are secondary considerations. Institutions are independently assessed as sufficiently secure by the Comhairle's treasury advisors and deposits are restricted to a prudent maximum amount for each institution.

The assessment criteria in respect of financial assets held by the Comhairle are as detailed below:

	Relevant factors used in analysis	Maximum Investment
Deposits	Published credit ratings	RBS-CnES Banker £5m
	Credit default SWAPS	Other banks and building societies £5m
	Economic fundamentals	Debt Management Account Deposit £100m
	Sovereign support mechanisms	Facility (DMADF)
	Share Prices	Local Authorities £5m
	Corporate developments, news articles, Market sentiment and momentum.	
	Subjective Overlay	

The following analysis summarises the Comhairle's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Comhairle expects full repayment on the due date of deposits placed with its counterparties.

	Amount at 31/03/24	Estimated maximum exposure to default and uncollectibility
	£'000	£'000
Deposits with banks, building societies and local authorities	33,519	-
Customers (council tax, sundry income, loans)	48,164	6,512

The Comhairle does not generally allow credit for customers, such that £12.3m of the £48m balance is past its due date for payment (a significant portion of this relates to care charges debt, some of which is secured on property). The past due amount can be analysed by age as follows:

	31/03/23	31/03/24
	£'000	£'000
Less than three months	1,167	1,275
Three to six months	949	1,057
Six months to one year	1,660	1,877
More than one year	8,145	8,057
	11,921	12,266

Provision is made for trade and lease receivable bad debts. The credit ratings of banks/building societies that the Comhairle invests with are such that a provision for expected losses would not be material. The Comhairle makes loans to community groups but the amounts outstanding are not significant (£246k at 31 March 2024) and all are repaying to agreed terms, or have extended terms by agreement.

##### Liquidity Risk

The Comhairle's main source of borrowing is the Treasury's Public Works Loans Board. There is no significant risk that the Comhairle will be unable to raise finance to meet its commitments under financial instruments. The Comhairle endeavours to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future, to reduce the financial impact or of re-borrowing at a time of unfavourable interest rates. This is achieved through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of financial liabilities in respect of borrowings and Trust Funds is as shown below. All trade and other payables are assumed to be due within one year.

	£'000
Less than one year	1,337
Between one and two years	6,298
Between two and five years	6,275
More than five years	112,486
	126,396

## Market Risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charged on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in the cost for the taxpayer.

Changes in market rates also affect the notional "fair value" of lending and borrowing. For example, a rise in interest rates would reduce the fair value of both lending and borrowing at fixed rates. Changes in the fair value of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the accounts.

The Comhairle has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Comhairle.

It is the policy of the Comhairle to limit its exposure to variable rate borrowing to a maximum of 40% of what it borrows.

Where it is economically advantageous to do so, the Comhairle will consider the repayment and restructuring of fixed interest rate debt.

The Comhairle takes regular advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructurings of existing borrowings.

Any potential for a financial impact on the Comhairle is also significantly limited by the Scottish Government's grant distribution mechanism that automatically adjusts for changes in interest rates in the government grant support the Comhairle receives for "loan charges".

To illustrate the impact of changes in interest rates upon the Comhairle, the following table shows the financial effect if rates had been 1% higher at 31 March 2024, with all other variables held constant.

	£'000
<b>Impact on tax-payer &amp; rent-payers</b>	
Increase on interest payable on variable rate borrowings	1,304
Increase in interest receivable on variable rate lending	443
Increase in government grant receivable for "loan charges"	73
<b>Net effect on Comprehensive Income &amp; Expenditure Account</b>	<b>1,820</b>
<b>Other accounting presentational changes</b>	
A decrease in the "fair value" of fixed rate lending	-
A decrease in the "fair value" of fixed rate borrowing	16,174

The impact of a 1% fall in interest rates would be as above but with the changes being reversed.

## Foreign Exchange Risk

The Comhairle has no significant assets or liabilities denominated in foreign currencies, other than a Euro Bank Account with a balance of £1k at 31 March 2024, and thus has no exposure to loss arising from movements in exchange rates.

## NOTE 44 EVENTS AFTER THE REPORTING PERIOD

The Draft Accounts were issued on 12 December 2024. 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 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## INCOME ACCOUNTS

### COUNCIL TAX INCOME ACCOUNT

The Council Tax Income Account shows the gross income raised from council taxes levied and deductions made under statute. The resultant net income is transferred to the Comhairle's Comprehensive Income and Expenditure Statement.

2022/23 £'000		2023/24 £'000
(15,734)	Council Tax Levy and Contributions in lieu	(16,629)
	<b>Less:</b>	
1,310	Council Tax Reduction Scheme	1,382
1,833	Other Discounts and Reductions	1,770
94	Write off of Uncollectable Debts and allowance for impairment	114
<b>(12,497)</b>	<b>Council Tax Income per the Comprehensive Income and Expenditure Statement</b>	<b>(13,363)</b>

### NON DOMESTIC RATE INCOME ACCOUNT

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

2022/23 £'000		2023/24 £'000
(13,539)	Gross Rates Levied and Contributions in Lieu	(15,409)
	<b>Less:</b>	
4,951	Reliefs and Other Deductions	5,385
31	Write-off of Uncollectable Debts and allowance for impairment	124
<b>(8,557)</b>	<b>Net Non-Domestic Rate Income</b>	<b>(9,900)</b>
(45)	Adjustment to Previous Years' National Non-Domestic Rates	-
-	Non-Domestic Rates Retained by Comhairle (BRIS)	-
<b>(8,602)</b>	<b>Contribution to Non-Domestic Rate Pool</b>	<b>(9,900)</b>
(8,149)	Distribution from Non-Domestic Rate Pool	(9,106)
-	Non-Domestic Rates Retained by Comhairle (BRIS)	-
<b>(8,149)</b>	<b>Income credited to the Comprehensive Income and Expenditure Statement</b>	<b>(9,106)</b>

## NATURE OF THE COUNCIL TAX CHARGE

Properties which fulfil certain criteria are exempt from Council Tax and no payments are due. Second homes and long-term empty properties are charged 90% (40% being paid over to Registered Social Landlords for investment in housing related projects). The Council Tax is reduced by 25% where a dwelling has only one occupant and by 50% if the property is empty. If a property has features which meet the needs of a disabled occupant then relief is given by a reduction of one band.

### Calculation of the Council Tax Base

2022/23		DISABLED								2023/24	
		A	A	B	C	D	E	F	G		H
15,046	Properties	4808	3950	2863	1858	1384	198	31	5	15,097	
644	Exemptions	304	184	100	41	21	2			652	
98	Disabled Relief	12	16	27	23	17	1			96	
98	Effective Disabled	12	16	27	23	17	1			96	
5,227	Discounts (25%)	6	2171	1423	878	449	269	38	3	1	5,238
1,555	Discounts (50%)		623	474	271	109	71	6	3	1	1,558
1,418	Council Tax Reduction	3	726	387	193	58	33	3	1		1,404
10,901	Total equivalent	8	2928	2797	2211	1586	1211	180	27	4	10,952
	Ratio	5/9	6/9	7/9	8/9	9/9	473/360	583/360	705/360	882/360	
9,582	Band D equivalents	4	1952	2175	1965	1587	1591	292	54	10	9,630
3	Contributions in lieu										3
9,585											9,633
(184)	Bad Debt Provision										(189)
9,401	<b>Council Tax Base</b>										<b>9,444</b>

### Number of Effective Properties per Band and Council Tax Levels 2023/24

Band	Properties	£
A (Disabled)	8	717.08
A	2,928	860.50
B	2,797	1,003.92
C	2,211	1,147.33
D	1,586	1,290.75
E	1,211	1,695.90
F	180	2,097.47
G	27	2,527.72
H	4	3,162.34
	<b>10,952</b>	



## NATURE AND AMOUNT OF NON DOMESTIC RATE CHARGES

Non-Domestic Rates are a tax levied by local authorities on the occupiers of commercial property. The amount paid is determined by the rateable value placed on the property by the Assessor, multiplied by the rate per pound (the "rate poundage"). The rate poundage is set each year by the First Minister for Scotland. For 2023/24 the charge was 49.8 pence in the pound (49.8 pence in 2022/23). Two additional rates are levied on properties with a rateable value over £51,000 (a supplement of 1.3 pence in the pound - the Intermedite Rate) and £100,000 (a supplement of 2.3 pence in the pound - the Higher Rate), up from £95,000 in 2022/23. and this contributes towards the cost of the Small Business Bonus Scheme.

The Small Business Bonus Scheme introduced on 1 April 2008 progressively reduces the rates burden for businesses with properties of which the combined rateable value is £35,000 or less. The relief rates for 2023/24 are detailed below:

	Relief available 2023/24
<b>Combined rateable value of all business properties in Scotland:</b>	
Up to £12,000	100%
From £12,001 to £15,000 (one property)	Scales from 100% to 25%
From £15,001 to £20,000 (one property)	Scales from 25% to 0%
From £12,001 to £15,000 (multiple properties)	25%
From £15,001 to £20,000 (multiple properties)	Scales from 25% to 0%

Rates collected by the Comhairle are paid into the National Non-Domestic Rates Pool and the money is redistributed by the Scottish Government according to need.

### Analysis of Rateable Values 1 April 2023

	Number of Properties	Rateable Value £'000
Care Facilities	16	942
Telecommunication	14	1,293
Cultural	32	588
Education and Training	70	3,946
Garage and Petrol Stations	93	785
Health Medical	30	1,303
Hotels, boarding Houses etc.	832	3,819
Industrial including Factories and Warehouses	414	5,500
Leisure, Entertainment Caravans and Holiday Sites	132	1,118
Offices including Banks	227	2,846
Other	54	374
Petrochemical	2	22
Public Houses	6	145
Public Service Subjects	359	3,546
Quarries, Mines etc.	20	187
Religious	133	728
Shops	248	2,489
Sporting Subjects	109	719
	<b>2,791</b>	<b>30,350</b>

## GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Comhairle, analysed into "usable reserves" (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 services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for council tax setting purposes. The net increase/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Comhairle.

2023/24	General Fund £'000	Capital Grants Unapplied £'000	Capital Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Comhairle Reserves £'000	Share of Reserves of Associates & Subsidiaries £'000	Total Reserves £'000
<b>Balance at 1 April 2023</b>	<b>29,956</b>	<b>11,376</b>	<b>1,145</b>	<b>42,477</b>	<b>278,904</b>	<b>321,381</b>	<b>6,053</b>	<b>327,434</b>
<b>Movement in Reserves during 2023/24</b>								
Total Comprehensive Income and Expenditure	(3,840)	-	-	(3,840)	39,162	35,322	(1,236)	34,086
Adjustments between accounting basis and funding basis under regulation	(3,979)	1,216	963	(1,800)	1,800	-	-	-
Adjustments between reserves permitted by accounting standards	4,084	-	-	4,084	(4,084)	-	-	-
<b>Net Increase/(Decrease) in Year</b>	<b>(3,735)</b>	<b>1,216</b>	<b>963</b>	<b>(5,640)</b>	<b>40,962</b>	<b>35,322</b>	<b>(1,236)</b>	<b>34,086</b>
<b>Balance at 31 March 2024</b>	<b>26,221</b>	<b>12,592</b>	<b>2,108</b>	<b>36,837</b>	<b>319,866</b>	<b>356,703</b>	<b>4,817</b>	<b>361,520</b>

2022/23	General Fund £'000	Capital Grants Unapplied £'000	Capital Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Comhairle Reserves £'000	Share of Reserves of Associates & Subsidiaries £'000	Total Reserves £'000
<b>Balance at 1 April 2022</b>	<b>31,670</b>	<b>6,115</b>	<b>919</b>	<b>38,704</b>	<b>164,120</b>	<b>202,824</b>	<b>7,558</b>	<b>210,382</b>
<b>Movement in Reserves during 2022/23</b>								
Total Comprehensive Income and Expenditure	(19,290)	-	-	(19,290)	137,847	118,557	(1,505)	117,052
Adjustments between accounting basis and funding basis under regulation	15,067	5,261	226	20,554	(20,554)	-	-	-
Adjustments between reserves permitted by accounting standards	2,509	-	-	2,509	(2,509)	-	-	-
<b>Net Increase/(Decrease) in Year</b>	<b>(1,714)</b>	<b>5,261</b>	<b>226</b>	<b>3,773</b>	<b>114,784</b>	<b>118,557</b>	<b>(1,505)</b>	<b>117,052</b>
<b>Balance at 31 March 2023</b>	<b>29,956</b>	<b>11,376</b>	<b>1,145</b>	<b>42,477</b>	<b>278,904</b>	<b>321,381</b>	<b>6,053</b>	<b>327,434</b>

## GROUP 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. It also shows the Comhairle's share of the operating results of associates and subsidiaries. The Comhairle raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2022/23			Service	2023/24		
Gross Expend £'000	Gross Income £'000	Net Expend £'000		Gross Expend £'000	Gross Income £'000	Net Expend £'000
75,990	(8,797)	67,193	Education, Skills and Children's Services	69,345	(9,415)	59,930
55,988	(12,432)	43,556	Depute Chief Executive	45,098	(11,133)	33,965
65,815	(36,484)	29,331	Health and Social Care	73,380	(38,829)	34,551
12,187	(5,762)	6,425	Chief Executive's	9,608	(2,959)	6,649
9,652	(4,766)	4,886	Strategic Finance	8,017	(4,287)	3,730
99	-	99	Investment Delivery	109	(1)	108
<b>219,731</b>	<b>(68,241)</b>	<b>151,490</b>	<b>Cost of Services</b>	<b>205,557</b>	<b>(66,624)</b>	<b>138,933</b>
-	(13)	(13)	Other Operating Expenditure (Note 9)	-	49	49
11,465	(2,177)	9,288	Financing and Investment Income & Expenditure (Note 10)	8,176	(5,312)	2,864
-	(141,475)	(141,475)	Taxation and Non Specific Grant Income (Note 11)	-	(138,006)	(138,006)
<b>231,196</b>	<b>(143,665)</b>	<b>19,290</b>	<b>Deficit on Provision of Services</b>	<b>213,733</b>	<b>(209,893)</b>	<b>3,840</b>
		2,727	Share of Operating Results of Associates			1,380
		<b>22,017</b>	<b>Group (Surplus)/Deficit</b>			<b>5,220</b>
		(16,511)	Surplus on Revaluation of Fixed Assets			(13,274)
		(121,336)	Actuarial (Gains)/ Losses on Pension Fund Assets and Liabilities			(25,888)
		(1,222)	Share of Other Comprehensive Income and Expenditure of Associates (Note G3)			(144)
		<b>(139,069)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(39,306)</b>
		<b>(117,052)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(34,086)</b>

## GROUP BALANCE SHEET

The Group Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the Comhairle and its share of the assets and liabilities of its associates and subsidiaries. The net assets (assets less liabilities) are matched by the reserves, which are reported in two categories. Usable reserves, which may be used to provide services (subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt), and unusable reserves which cannot be used to fund services. The latter includes reserves that hold unrealisable 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 regulation".

31/03/2023		31/03/2024	
£'000		£'000	£'000
361,329	Property, Plant and Equipment (Note 12)	364,697	
605	Heritage Assets (Note 13)	605	
354	Intangible Assets (Note 14)	363	
-	Long Term Investments	-	
19,548	Long Term Debtors (Note 15)	29,734	
6,054	Investment in Associates and Joint Ventures	4,816	
<b>387,890</b>	<b>Long Term Assets</b>		<b>400,215</b>
26,254	Short Term Investments	15,288	
1,678	Assets Held for Sale (Note 19)	1,943	
1,418	Inventories	1,149	
15,981	Short Term Debtors (Note 17)	22,082	
21,809	Cash and Cash Equivalents (Note 18)	11,674	
<b>67,140</b>	<b>Current Assets</b>		<b>52,136</b>
(4,737)	Short Term Borrowing (Note 16)	(2,582)	
(31,837)	Short Term Creditors (Note 20)	(24,891)	
<b>(36,574)</b>	<b>Current Liabilities</b>		<b>(27,473)</b>
(127,391)	Long Term Borrowing (Note 16)	(126,394)	
(1,021)	Other Long Term Liabilities (Note 33)	(1,006)	
(3,964)	Long Term Provision (Note 21)	(4,105)	
41,354	Pension Liability (Note 37)	68,146	
<b>(91,022)</b>	<b>Long Term Liabilities</b>		<b>(63,359)</b>
<b>327,434</b>	<b>Net Assets</b>		<b>361,519</b>
42,477	Comhairle Usable Reserves	40,921	
278,904	Comhairle Unusable Reserves (Note 22)	315,782	
6,053	Share of Reserves of Associates and Joint Ventures	4,815	
<b>327,434</b>	<b>Total Reserves</b>		<b>361,518</b>

The unaudited Accounts were issued on 12 December 2024.



Norman Macdonald CPFA  
Chief Financial Officer

12 December 2024

## GROUP CASH FLOW STATEMENT

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Comhairle's group during the reporting period. The statement shows how these are generated and used, 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 Comhairle are funded by way of taxation and grant income or from the recipients of services. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to 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 Comhairle. The Comhairle's share of the cash flows of its associates is disregarded for the purposes of this statement as the group reserves are all unusable and cannot be used to fund services.

2022/23 £'000		2023/24 £'000
(22,017)	Net surplus or ( deficit) on the provision of services	(5,220)
33,891	Adjustments to net surplus or deficit on the provision of services for non-cash movements	1,882
<b>11,874</b>	<b>Net cash flows from Operating Activities</b>	<b>(3,338)</b>
(11,073)	Investing Activities	(3,631)
(2,696)	Financing Activities	(3,166)
<b>(1,895)</b>	<b>Net increase/(decrease in cash) and cash equivalents</b>	<b>(10,135)</b>
21,809	Cash and cash equivalents at the beginning of the period	21,809
21,809	Cash and cash equivalents at the end of the period	11,674
<b>-</b>	<b>Net increase/(decrease in cash) and cash equivalents</b>	<b>(10,135)</b>

## RECONCILIATION OF THE SINGLE ENTITY SURPLUS OR DEFICIT FOR THE YEAR TO THE GROUP SURPLUS OR DEFICIT

2022/23 £'000		2023/24 £'000
19,290	(Surplus)/Deficit on Single Entity I & E Account for Year	3,840
-	Less: Adjustment for transactions with other Group entities	-
<b>19,290</b>	<b>(Surplus)/Deficit in Group CI &amp; E Attributable to Comhairle</b>	<b>3,840</b>
2,727	Add: (Surplus)/Deficit in Group I & E Account attributable to Associates	1,380
<b>22,017</b>	<b>(Surplus)/Deficit for the Year on the Group CI &amp; E Statement</b>	<b>5,220</b>

## NOTE G1 DISCLOSURE OF INTEREST IN OTHER ENTITIES

The code of practice on Local Authority Accounting requires local authorities to consider their interest in other organisations, including private companies and other statutory bodies. Where the interest is deemed to be material, the authority is required to prepare a set of Group Accounts.

## NOTE G2 COMBINING ENTITIES

The Comhairle has a "controlling interest" in Sgoiltean Ùra LLP (SULLP) and this company has been included in the Group Accounts as a subsidiary.

The accounting period for this entity is 31 March 2024 and copies of the individual accounts are available from Sgoiltean Ùra LLP, Council Offices, Sandwick Road, Stornoway, Isle of Lewis, HS1 2BW.

For the purposes of consolidation and incorporation in the Group Accounts, recognition has been made of the Comhairle's interest in the Highland and Western Isles Joint Valuation as an Associate of the Comhairle. Cùram is Slàinte nan Eilean Siar, the Integration Joint Board for health and social care services has been recognised as a Joint Venture.

The accounting period for both entities is 31 March 2024. Copies of the Valuation Board accounts are available from Highland Council, Glenurquhart Road, Inverness, IV3 5NX and those for Cùram is Slàinte nan Eilean Siar from the Chief Officer, Health and Social Care, Council Offices, Sandwick Road, Stornoway, Isle of Lewis, HS1 2BW.

Although the Comhairle has an interest in Scotland Excel, the centre of procurement expertise for Scottish Local Authorities, the entity has not been included in the group on the grounds of materiality.

**Highland and Western Isles Joint Valuation Board** administers the Rating and Council Tax valuation service and Electoral Registration on behalf of The Highland Council and Comhairle nan Eilean Siar. Operational control of the service lies with the Assessor who receives administrative, financial and computing support from The Highland Council. During 2023/24 the Comhairle contributed £0.355m or 10.7% of the Board's running costs. Other than a small General Fund balance and the Pension Asset, of which the Comhairle's share is £0.424m, the Board has no other fixed assets or reserves on the Balance Sheet.

The following table gives details of the Group's share of the Board's finances, based on the Comhairle's 20% share.

2022/23 £'000	HIGHLAND AND WESTERN ISLES JOINT VALUATION BOARD	2023/24 £'000
677	Gross Income	693
110	(Surplus)/Deficit on Provision of Services	(7)
131	Current Assets	112
(105)	Short Term Liabilities	(82)
277	Pension (Liability)/Asset	424

**Sgoiltean Ùra LLP (SULLP)** is an arms length limited liability partnership, responsible for the management of the design, construction, facilities management and lifecycle maintenance of the schools to be built as part of the Western Isles Schools Project. The LLP is a partnership between the Comhairle (99.99%) and Sgoiltean Ùra Investments Ltd (0.01%), with the latter being a company limited by shares having the Comhairle as sole share holder.

With the building works on the Schools Project completed in 2013, SULLP effectively ceased trading on 31 March 2013 and consequently there were no transactions through the Accounts during 2023/24. The process to novate the Schools Project contracts and transfer the assets and liabilities of SULLP to the Comhairle has been ongoing for some time but due to delays in the legal process, this has not yet been finalised. Dormant accounts are in the process of being filed with Companies House.

**Cùram is Slàinte nan Eilean Siar** is the Integration Joint Board established to deliver health and social care services for Comhairle nan Eilean Siar and NHS Western Isles. The integration scheme was agreed by the Scottish Parliament on 24 September 2015 and the Board was formally established on 1 April 2016. During the year the Comhairle contributed £26.4m, representing 33.4% of the Board's running costs. The Board does not hold any cash or other assets, other than the £8.722m surplus generated over the 6 years, which has been transferred to a reserve for use in future years.

The following table gives details of the Group's share of the Board's finances, based on the Comhairle's 50% share of the Joint Venture.

2022/23 £'000		2023/24 £'000
44,263	Gross Income	45,773
2,617	(Surplus)/Deficit on Provision of Services	1,387
5,748	Net Current Assets	4,361

### **NOTE G3 NATURE OF COMBINATION**

The Comhairle is deemed to have an interest in its associates by virtue of its ability to direct operating and financial policies in conjunction and with the consent of the other participants in the entity. Associates and Joint Ventures are accounted for using the equity method, whereby an opening investment has been recognised in the Balance Sheet and adjusted in each year for the Comhairle's share of the operating results. Subsidiaries are fully consolidated into the Group Accounts on a line by line basis.

### **NOTE G4 FINANCIAL IMPACT OF CONSOLIDATION**

The effect of including the associates and the subsidiary on the Balance Sheet is to increase net worth by £4.8m, as a result of inclusion of a share of the Integration Joint Board's reserves, and the Valuation Joint Board's pension asset.

### **NOTE G5 COMHAIRLE SHARE OF GROUP CONTINGENT LIABILITIES**

The Contingent Liabilities of the Comhairle are detailed in Note 39. Neither the Valuation Joint Board or Cùram is Slàinte nan Eilean Siar have identified any contingent liabilities.

### **NOTE G6 GROUP ACCOUNTING POLICIES**

The Group Accounts are prepared in accordance with the policies set out in the Statement of Accounting Policies.