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# NORTH AYRSHIRE COUNCIL

26 June 2024

## North Ayrshire Council

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**Title:** North Ayrshire Council Unaudited Annual Accounts 2023/24

**Purpose:** To submit the unaudited Annual Accounts for the year to 31 March 2024 to the Council for approval.

**Recommendation:** That Council:

- (a) Approves the Annual Accounts for 2023/24, subject to audit;
- (b) Notes that Audit Scotland plan to complete their audit of the Accounts by mid-September 2024 and will present their annual audit report to the Council's Audit and Scrutiny Committee on 26 September 2024;
- (c) Authorises the Audit and Scrutiny Committee to consider, and approve for signature, the audited annual accounts within the required timeframe.

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## 1. Executive Summary

1.1 The Council prepares its Accounts on an annual basis to 31 March and is required by the Local Authority Accounts (Scotland) Regulations 2014 to submit these Accounts to the appointed auditor by 30 June each year. Audit Scotland plan to complete their audit of the Accounts by mid-September 2024 and will present their annual audit report to the Council's Audit and Scrutiny Committee on 26 September 2024. A copy of the Council's unaudited accounts, containing the key financial statements, for the year to 31 March 2024 has been issued directly for Members' approval prior to their submission to the appointed auditor. A copy of the full set of accounts can be found by following the attached link:

<https://www.north-ayrshire.gov.uk/council/performance-and-spending/budgets-and-finance.aspx>

1.2 The 2023/24 Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (ACOP) and the requirements of the International Financial Reporting Standards (IFRS).

1.3 The Annual Accounts provide an overview of the financial performance of the various funds managed by the Council. The Management Commentary summarises the key messages in relation to the Council's financial and service performance for 2023/24 and outlines the financial plans, challenges and risks which the Council faces.

- 1.4 The detailed financial performance for both Revenue and Capital are reported to Cabinet throughout the financial year and the final Revenue Budget and Capital Programme Financial Performance reports were submitted to Cabinet on 4 June 2024.
- 1.5 At 31 March 2024 the General Fund reported a net in-year breakeven position after the earmarking of funds to support service delivery in 2024/25 and beyond.
- 1.6 The General Fund Unearmarked Balance at 31 March 2024 is confirmed as £8.445m. This is at the lowest level of the recommended range of 2% - 4% for general reserves. The balance of earmarked funds of £84.940m is detailed in paragraph 2.9.
- 1.7 At 31 March 2024 the Housing Revenue Account closed with a net underspend of £6.881m. The HRA earmarked funds of £19.013m are detailed in paragraph 2.22 with an uncommitted balance at 31 March 2024 of £1.553m.
- 1.8 Capital Expenditure for the year was £85.450m for the General Fund and £38.966m for the HRA, representing significant ongoing investment in the Council's assets.
- 1.9 The Common Good Funds closed with a balance of £2.217m and the Trust Funds closed with a balance of £0.398m. The Annual Trustees' Report and Financial statements for the charitable trusts are subject to a separate report to Council.
- 1.10 The Health and Social Care Partnership reported an in-year breakeven position after the utilisation of earmarked and unearmarked reserves.

## **2. Background**

- 2.1 The Annual Accounts provide an overview of the financial performance of the various funds managed by the Council, including:
  - North Ayrshire Council General Fund (capital and revenue);
  - Housing Revenue Account (capital and revenue);
  - Six Common Good Funds; and
  - Charitable Trusts Funds.
- 2.2 The accounts also include "Group" accounts which recognise the material interest the Council has in other organisations, including:
  - North Ayrshire Ventures Trust Ltd;
  - North Ayrshire Leisure Ltd;
  - Strathclyde Partnership for Transport;
  - Ayrshire Valuation Joint Board; and
  - North Ayrshire Integration Joint Board.
- 2.3 The financial position of the Council and its Group is presented in the core financial statements, including:
  - Comprehensive Income and Expenditure Statement (CIES) on page 45;
  - Movement in Reserves Statement (MiRS) on page 46;
  - Balance Sheet on page 47; and
  - Cash Flow Statement on page 48.

- 2.4 The Local Authority Accounts (Scotland) Regulations 2014 require various disclosures of the remuneration and pensions benefits of senior councillors and employees. These are detailed in the Remuneration Report which can be found on page 26 of the Annual Accounts.
- 2.5 The Council is legally required to make its draft accounts available for public inspection for a three-week period during the audit. A notice was published on the Council website and an advert placed in local newspapers during week beginning 3 June 2024 advising that the unaudited accounts would be available for inspection by appointment and on the Council's website between 28 June 2024 and 19 July 2024.
- 2.6 Under the Local Authority Accounts (Scotland) Regulations 2014 the Council, or a committee of the Council with a remit including audit or governance, must meet to approve the audited annual accounts for signature. Following confirmation of the completion of the audit by Audit Scotland, a meeting of the Audit and Scrutiny Committee has been arranged for 26 September 2024 to consider the audited annual accounts and approve them for signature.

## General Fund Revenue

- 2.7 The final position for the General Fund Revenue Account at 31 March 24 was a net breakeven position after the earmarking of underspends to support service delivery in 2024/25 and beyond. The following table details the final position on a service by service basis:

	Annual Budget	Actual Outturn to 31/3/24	Variance for year (Fav)/Adv	Carry Forwards	Variance After Carry Forward (Fav)/Adv
	£000's	£000's	£000's	£000's	£000's
<b>Service Expenditure</b>					
Chief Executive's	24,243	23,288	(955)	518	(437)
Communities Place	186,848	187,166	318	72	390
Other Corporate Services	61,671	62,937	1,266	386	1,652
	17,023	10,891	(6,132)	4,510	(1,622)
Sub Total	289,785	284,282	(5,503)	5,486	(17)
Health and Social Care Partnership Balance for Services	124,933	124,933	-	-	-
	414,718	409,215	(5,503)	5,486	(17)
Financing Charges	22,172	22,172	-	-	-
Contribution to Loans Fund Reserve	8,089	8,089	-	-	-
Total Planned Expenditure	444,979	439,476	(5,503)	5,486	(17)
<b>Planned Income</b>					
Aggregate External Finance	(356,579)	(356,577)	2	-	2
Council Tax	(65,533)	(65,518)	15	-	15
Contribution from Earmarked Funds	(22,867)	(22,867)	-	-	-
Total Planned Income	(444,979)	(444,962)	17	-	17
Net Expenditure/ (Income)	-	(5,486)	(5,486)	5,486	-

- 2.8 The Council's contribution to the Health and Social Care Partnership reported an in-year breakeven position after the utilisation of earmarked and unearmarked reserves.

2.9 The following table summarises the movements on each of the Council's General Fund reserves during the year:

	Balance as at 31/3/2023 £000's	Income £000's	(Expenditure) £000's	Balance as at 31/3/2024 £000's	Anticipated Expenditure £000's	Estimated Available Balance £000's
<b>General Fund - Unearmarked</b>	<b>8,053</b>	<b>392</b>	<b>-</b>	<b>8,445</b>	<b>-</b>	<b>8,445</b>
<b>Earmarked:</b>						
Affordable Housing	2,039	1,034	(1,148)	1,925	(1,925)	-
Change & Service Redesign	2,493	399	(461)	2,431	(2,431)	-
Loans Fund Reserve	18,904	8,089	(109)	26,884	(26,884)	-
Investment Fund	8,399	-	(5,425)	2,974	(2,974)	-
Renewal Fund	12,939	-	(3,816)	9,123	(9,123)	-
Energy Smart	2,720	-	(661)	2,059	(2,059)	-
Workforce Planning	6,739	-	(5,830)	909	(909)	-
Earmarked Funds	47,829	4,695	(13,889)	38,635	(38,635)	-
<b>Total Earmarked</b>	<b>102,062</b>	<b>14,217</b>	<b>(31,339)</b>	<b>84,940</b>	<b>(84,940)</b>	<b>-</b>
<b>Other Reserves:</b>						
Insurance Fund	2,998	143	(583)	2,558	(2,558)	-
Capital Fund	8,882	949	-	9,831	(9,831)	-
<b>Total General Fund</b>	<b>121,995</b>	<b>15,701</b>	<b>(31,922)</b>	<b>105,774</b>	<b>(97,329)</b>	<b>8,445</b>
Housing Revenue Account	13,685	6,881	-	20,566	(19,013)	1,553
<b>Total Reserves</b>	<b>135,680</b>	<b>22,582</b>	<b>(31,922)</b>	<b>126,340</b>	<b>(116,342)</b>	<b>9,998</b>

2.10 General Fund (Unearmarked) – Following agreement by Council, the level of unearmarked balances has been maintained at 2% of budgeted expenditure. As a result, the uncommitted balance at 31 March 2024 was £8.445m. This is equivalent to 2.0% of the Council annual budgeted expenditure, compared to the recommended level of between 2% and 4%.

2.11 Affordable Housing – 40% of Council Tax income on properties which are not a sole or main residence is earmarked for the provision of new build affordable housing.

2.12 Change & Service Redesign Fund – funds have been set aside to support the delivery of the Sustainable Change programme.

2.13 Loans Fund Reserve – funds arising from the Council's Treasury Management and Investment Strategy have been earmarked to support the Councils' Capital Investment Strategy.

2.14 Investment Fund – funds set aside to support investment in environmental projects, infrastructure investment and Community Wealth Building activity. £5.425m expenditure was incurred during the year.

- 2.15 Renewal Fund – funds earmarked to support the delivery of the Councils’ Recovery and Renewal Strategy through prioritised investment. £3.816m expenditure was incurred during 2023/24.
- 2.16 Energy Smart – funds earmarked to support the reduction of fuel poverty and increased affordable warmth. Expenditure of £0.661m was reported during the year.
- 2.17 Workforce Planning – funds earmarked to support the Voluntary Early Release (VER) programme during 2023/24. Expenditure of £5.830m has been incurred.
- 2.18 Earmarked Funds – these funds relate to specific projects for which monies have been identified prior to 31 March 2024, but for which spending plans exist in 2024/25 and beyond, including Child Poverty and Cost of Living activities and Future Budget Planning over the medium term.
- 2.19 Insurance Fund – these funds represent the amount required to deal with potential uninsured claims and Municipal Mutual Insurance (MMI) underwriting costs.
- 2.20 Capital Fund – Capital receipts and funds allocated by Council in support of the General Fund Capital Investment Programme 2024 to 2034.

### General Fund Capital

- 2.21 General Fund Capital Expenditure amounted to £85.450m, in line with the revised annual budget for 2023/24.

### HRA Revenue

- 2.22 The final position for the Housing Revenue Account at 31 March 2024 was a net in-year underspend of £6.881m. A full analysis of HRA Revenue financial performance was presented to Cabinet on 4 June 2024. The following table details the movements on the Council’s HRA Reserves for the year:

<b>HRA Reserves</b>	Balance as at 31/3/2023 £000's	Income £000's	(Expenditure) £000's	Balance as at 31/3/2024 £000's	Anticipated Expenditure £000's	Estimated Available Balance £000's
Council House Building Fund	4,709	6,881	-	11,590	(11,590)	-
Housing Transformation Prog.	-	2,000	-	2,000	(2,000)	-
Sustainability Fund	5,000	-	-	5,000	(5,000)	-
Tenant led budget	636	-	(336)	300	(300)	-
Software Licences	123	-	-	123	(123)	-
Welfare Reform	1,500	-	(1,500)	-	-	-
Infrastructure Improvements	416	-	(416)	-	-	-
Electrical Testing	270	-	(270)	-	-	-
Voids - non-programmed works	198	-	(198)	-	-	-
Major Refurbishment Works	52	-	(52)	-	-	-
Uncommitted Balance	781	772	-	1,553	-	1,553
<b>Total HRA Reserves</b>	<b>13,685</b>	<b>9,653</b>	<b>(2,772)</b>	<b>20,566</b>	<b>(19,013)</b>	<b>1,553</b>

## HRA Capital

2.23 HRA Capital Expenditure amounted to £38.966m, an underspend of £2.897m compared to the revised annual budget for 2023/24 of £41.863m.

## Common Good Funds

2.24 A summary of the revenue and capital balances on the Common Good Funds is provided below with further details provided on page 51 of the unaudited annual accounts:

Common Good Fund	Movement in		
	Balance at 1 April 2023	Year Increase / (Decrease)	Balance at 31 March 2024
	£000s	£000s	£000s
Ardrossan	325	39	364
Irvine	1,116	4	1,120
Largs	431	12	443
Millport	67	3	70
Saltcoats	15	1	16
Stevenston	185	19	204
<b>Total</b>	<b>2,139</b>	<b>78</b>	<b>2,217</b>

## Trusts

2.25 A summary of the revenue and capital balances on the charitable trusts administered by the Council is provided below with further details provided on page 52 of the unaudited annual accounts. Charitable trusts, where the Council is the sole trustee, are required to prepare their own Accounts and Trustees' annual report. These are subject to a separate external audit and a separate report to Council.

Trusts	Movement in		
	Balance at 1 April 2023	Year Increase / (Decrease)	Balance at 31 March 2024
	£000s	£000s	£000s
North Ayrshire Charitable Trust	101	9	110
Town Trusts	45	(1)	44
Douglas Sellers Trust	1	-	1
Anderson Trust	1	-	1
Margaret Archibald Trust	197	5	202
Other Bequests	40	-	40
<b>Total</b>	<b>385</b>	<b>13</b>	<b>398</b>

### **3. Proposals**

3.1 It is proposed that Council:

- (a) Approves the Annual Accounts for 2023/24, subject to audit;
- (b) Notes that Audit Scotland plan to complete their audit of the Accounts by mid-September 2024 and will present their annual audit report to the Council's Audit and Scrutiny Committee on 26 September 2024;
- (c) Authorises the Audit and Scrutiny Committee to consider, and approve for signature, the audited annual accounts within the required timeframe.

### **4. Implications/Socio-economic Duty**

#### **Financial**

4.1 The financial implications are as outlined in the report.

#### **Human Resources**

4.2 None.

#### **Legal**

4.3 Under the Local Authority Accounts (Scotland) Regulations 2014 the Council is required to submit its Unaudited Annual Accounts for external audit by 30 June each year.

#### **Equality/Socio-economic**

4.4 None.

#### **Climate Change and Carbon**

4.5 None.

#### **Key Priorities**

4.6 This report and the annual accounts directly support the Council Plan 2023 to 2028 by maximising financial flexibility to support the delivery of our priorities

#### **Community Wealth Building**

4.7 None.

## **5. Consultation**

- 5.1 Officers from across all services were consulted during the preparation of the annual accounts 2023/24.

**Mark Boyd**  
**Head of Service (Finance)**

For further information please contact **David Forbes, Senior Manager (Strategic Business Partner)**, on **01294 324551** or **DavidForbes@north-ayrshire.gov.uk**.

### **Background Papers**

N/A