



Annual Accounts

2024-25

SUBMITTED FOR AUDIT 30 JUNE 2025

Contents	Page No.
Management Commentary	3
Explanatory and Assurance Statements	
Annual Governance Statement	15
Remuneration Report	28
Statement of responsibilities for the Financial Statements	35
Expenditure and Funding Analysis	36
Principal Financial Statements for Fife Council Group	
Movement in Reserves Statement	37
Comprehensive Income and Expenditure Statement	38
Balance Sheet	39
Cash Flow Statement	40
Notes to Financial Statements of Fife Council and its Group	
General Accounting Policies & Assumptions	
1 General Accounting Policies	41
2 Accounting Standards Issued, Not Yet Adopted	42
3 Critical Judgement in Applying Accounting Policies	42
4 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	42
Movement in Reserves Statement	
5 Adjustments between Accounting Basis and Funding Basis under Regulations	44
6 Usable Reserves and Earmarked Balances	45
7 Unusable Reserves	47
Comprehensive Income & Expenditure Statement	
8 Analysis of Income and Expenditure by Segment/Nature	49
9 Other Income and Expenditure	50
10 Grant and Contribution Income	50
Balance Sheet	
11 Property, Plant and Equipment	51
12 Heritage Assets	53
13 Assets Held for Sale	53
14 Intangible Assets	54
15 Capital Expenditure and Capital Financing	54
16 Leases	55
17 Public Private Partnerships (PPP)	57
18 Inventories	58
19 Short Term Debtors and Creditors	58
20 Provisions	58
21 Financial Instruments	59
22 Nature and Extent of Risks Arising from Financial Instruments	60
23 Defined Benefit Retirement Schemes	61
Other notes	
24 Pension Schemes Accounted for as Defined Contribution Schemes	63
25 Agency Income and Expenditure	63
26 Financial Guarantees	63
27 Group and Related Parties	64
28 Contingent Assets and Liabilities	66
29 Prior Period Adjustments / Restatements	66
30 Events after the Reporting Period	66
Supplementary Accounts	
Housing Revenue Account	67
Non-Domestic Rate Income Account	69
Council Tax Income Account	70
Common Good Accounts	71
Charities and Trust Funds	73

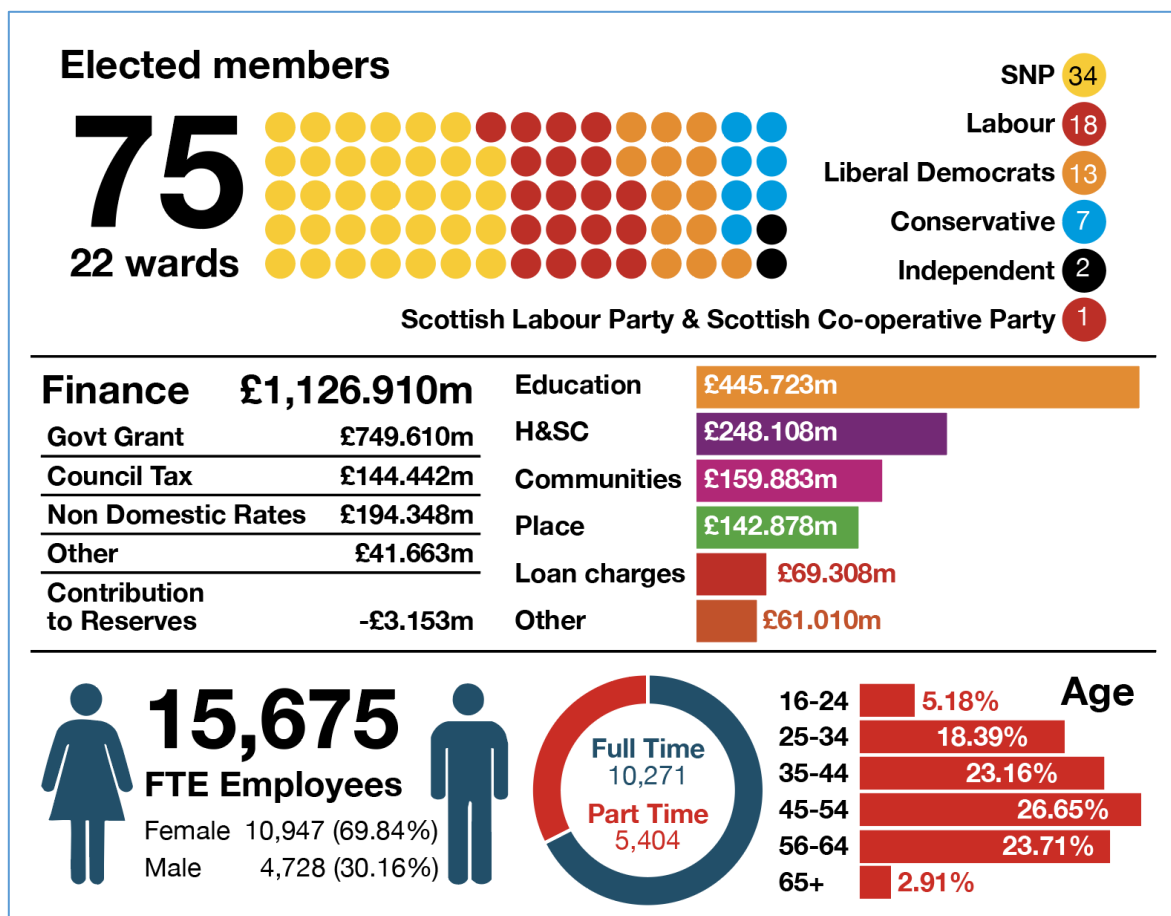
1. Introduction

Welcome to the financial statements for Fife Council and its group for the year ended 31 March 2025. The statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This commentary outlines the key messages regarding the performance of the Council over the 2024-25 financial year as well as providing an indication of risks and issues which may impact upon the Council in the future.

2. Profile of Fife Council

Fife Council was constituted under the Local Government (Scotland) Act 1994 in April 1996 bringing together the work of the previous regional council and 3 district councils and is Scotland's third largest area by population. Fife has a decentralised structure, with 7 area committees (based on groupings of multi-member wards). Fife has a population of 371,390 residents, ranging from North East Fife Area (72,191), Kirkcaldy Area (60,276), City of Dunfermline Area (59,545), South and West Fife Area (50,739), Glenrothes Area (48,461), Cowdenbeath Area (41,579), to Levenmouth Area (38,599). Each area is distinct in terms of its mix of urban and rural areas, which has implications in relation to both delivery and the costs of providing services.

The last council elections were held on 5 May 2022. The SNP group hold the most seats on the Council but fall short of a majority. The councillors voted to elect Cllr David Ross (Labour) as Council Leader and to create a Cabinet structure of governance.



The Council provides a range of essential public services throughout Fife. The Council is structured into 5 main Directorates and during the year was led by the Chief Executive, Ken Gourlay who was responsible for ensuring the Council delivers high quality services to Fife residents.

DIRECTORATES



The Integration Joint Board is a partnership with both Fife Council and NHS Fife and is responsible for the planning and operational oversight of Integrated Services, and through the Chief Officer, known as the Director of Health and Social Care, is responsible for the operational management of those services delegated, including Health & Social Care and managed by the Board.

The Council has a number of Arms' Length subsidiary organisations who provide services on behalf of Fife Council – Fife Cultural Trust, Fife Sports and Leisure Trust, Fife Golf Trust, Fife Coast and Countryside Trust and Fife Resource Solutions. Section 4 contains more details about these and the other entities in the Fife Council Group.

3. Objectives and Strategy of the Council

Fife Council and its community planning partners (the Fife Partnership) have a clear vision and strategic ambition to build a fairer Fife. This is set out in the [Plan for Fife](#) - the ten-year local outcome improvement plan (LOIP) published in November 2017.

A three-year update was published in 2021: [Plan for Fife: Recovery and Renewal Plan](#), capturing an additional ambition and goals in relation to the climate emergency declared in Fife in 2019. The targets and actions relating to that ambition are set out in the [Climate Fife strategy](#)*.

Following three-year review work in 2023-24, Fife Partnership concluded that the recovery and renewal priorities should remain the focus for action 2024-27 - in the context of the Plan for Fife's 10-year ambitions. Three priorities drive the council's strategic planning: tackling poverty and preventing crisis; leading economic recovery and building community wealth; addressing the climate emergency.



Fife Council recognises that transformation is required to achieve these ambitions amidst social and financial pressures. It is committed to delivering quality, sustainable public services that are fit for the future, and is progressing organisational change and reform to support the whole system change required.

This is reflected in three-year change plans for each council service. These set out a range of work aimed at: shifting to earlier intervention, prevention and targeted support; joining things up to work as one team around the needs of communities and places; simplifying systems and processes to improve efficiency and effectiveness.

At a partnership level this agenda is supported by a programme of public service collaboration and reform work. Ongoing strategy development with community planning partners is preparing the ground for the next 10-year plan for Fife in 2027.

Strategic plans are supported by local community plans in each of Fife's seven local committee areas. These plans, and wider information about how Fife works alongside communities, can be found [Let's Talk Local](#)

4. Finance and Performance

Performance Reporting

Under the Local Government in Scotland Act 2023, Fife Council has a statutory duty to deliver Best Value. Public Performance Reporting (PPR) plays a crucial role in achieving this, with a strategic approach to public communication. Fife Council has implemented several improvements to provide more up-to-date, timely, and accessible performance information online, including performance data and Local Government Benchmarking Framework (LGBF) information.

An integrated approach to planning and reporting is being adopted to enhance strategic management capabilities and scrutiny. This approach involves aligning the Plan for Fife strategy, change planning, and service change plans with improved policy-based and service-driven performance analysis. This analysis is linked to operational management plans in key areas such as risk management, finance, workforce, and digital development. Performance information is used internally to ensure sound governance and management.

From 2025 onwards, our Annual Service Review Reports (ASRR) will be the one place where members and the public can see a complete picture of statement of service, context for delivery, improvement priorities and progress and outcomes in relation to strategic objectives.

Fife Council has also introduced self-assessments of its performance against each of the Best Value themes. These assessments include 16 Best Value Performance Indicators (BVPs) which help to evaluate how well the council is doing in delivering Best Value. Having initially used existing information already gathered for audit purposes, future work will draw on wider reviews and more actively involve leaders and partners. Our approach was highlighted as a good example for self-assessment by Audit Scotland.

Since 2010-11 (base year), Fife has improved its overall performance on 63 (59%) of LGBF indicators. Between 2022-23 and 2023-24, overall, Fife's performance has improved on 38 (36%), stayed the same on 18 (17%) and deteriorated on 49 (47%) of LGBF indicators. While there has been an improvement in performance and cost indicators over time, recent performance is more mixed.

<p>Corporate Services 86% of Corporate Services indicators have improved and 14% have deteriorated since the base year</p> <ul style="list-style-type: none"> • The cost of collection of Council Tax has improved and an increase in statutory penalties income has helped Fife to remain the top performing Council in Scotland. • Sickness absence levels continue to increase and remain significantly worse than the Family Group and Scotland. 	<p>Economic Development 69% of Economic Development indicators have improved since base year and 31% have deteriorated</p> <ul style="list-style-type: none"> • The Percentage of unemployed people assisted into work from programmes supported or funded by the council has increased from last year. • Fife's average Town Centre Vacancy Rate continues to increase and sits higher than both the Family Group and Scotland.
<p>Children's Services 50% of children's Services indicators have improved, 6% have stayed the same and 44% have deteriorated since the base year.</p> <ul style="list-style-type: none"> • The percentage of Pupils Gaining 5+ Awards at Level 5 and 6 from the 20% most deprived areas has increased slightly from the previous year. These figures continue to lag behind their Family Group and Scotland as a whole. • While attendance rates have been consistent, pupil exclusion rates have increased significantly from the previous year. • The participation rate for 16–19-year-olds has decreased compared to the previous year and continues to be lower than the Family Group and Scottish Average. 	<p>Adult Social Work Services 27% of Adult Social Work indicators have improved since the base year and 73% have deteriorated.</p> <ul style="list-style-type: none"> • Over time, there has been a notable decline in the percentage of adults supported at home who agree that their services and support have positively impacted their quality of life and helped them live as independently as possible. • Delayed discharge rates have improved from the previous year and remain above Family Group and Scotland. • Residential costs per week, per resident for People 65+ and the rate for readmission to hospital within 28 days has increased slightly from the previous year and is worse than Family Group and Scotland.

<p>Culture and Leisure Services 75% of Culture & Leisure Services indicators have improved and 25% have deteriorated since the base year.</p> <ul style="list-style-type: none"> • The cost of sports facilities and library visits has increased compared to last year, whereas the cost per museum visit, as well as parks and open spaces, has decreased and is now more aligned with the Scottish Average. • Satisfaction levels with libraries are declining although remain higher than Scotland as a whole. 	<p>Financial sustainability 40% of Financial Sustainability indicators have improved, 20% have stayed the same and 40% have deteriorated since the base year</p> <ul style="list-style-type: none"> • Over the past two years, total usable reserves as a percentage of the council's annual budgeted revenue have decreased, falling below Family Group and the Scottish Average • The uncommitted General Fund balance as a percentage of annual budgeted net revenue is significantly lower than the previous years, Fife is below Family Group and Scotland.
<p>Environmental Services 79% of Environmental Services indicators have improved since the base year and 21% have deteriorated</p> <ul style="list-style-type: none"> • Net Cost of Waste Collection per premises is rising, however, it remains better than the Family Group and Scotland. • Cost of Trading Standards and Environment Health has reduced from the previous year and sits below Family Group and Scotland. 	<p>Housing Services 60% of Housing Services indicators have improved, 20% have stayed the same and 20% have deteriorated since the base year.</p> <ul style="list-style-type: none"> • Gross Rent arrears and Average number of days taken to complete non-emergency repairs remain similar to last year and are better than Family Group and Scotland. • Council Dwellings meeting Scottish Housing Quality Standards has improved from last year and is performing better than Family Group and Scotland overall.
<p>Tackling Climate Change 100% of climate change indicators have improved since the base year.</p> <ul style="list-style-type: none"> • Fife has continued to improve performance since the base year with a slight dip for Transport and Electricity in the latest year 2022-23. 	<ul style="list-style-type: none"> • Fife has continued to maintain performance in terms of rent lost through properties being empty, matching the Family Group and better than the Scottish Average.

Finance Reporting

Reporting of Financial Performance includes regular budget monitoring reports for both Revenue and Capital expenditure and these provide a forecast of the financial position of the Council for the year with the Revenue reports detailing the level of reserves held by the Council and including recommendations for committing/decommitting reserves when appropriate. The style of reporting ensures a focus on strategic oversight by the Cabinet Committee of the Council with more detailed financial performance reports being considered by the Scrutiny Committees. Commentary on the single entity that is Fife Council are provided below, and details of Group information are provided on page 13.

The revenue outturn position was reported to the Cabinet Committee on 26 June 2025, and a comparison of the final outturn to the primary statements of these accounts, is detailed in the table below: -

2024-25 Financial Year	General Fund Outturn				Annual Accounts			
	Outturn	Budget	Variance		General Fund	HRA	Transfers	Total
	£m	£m	£m	%	£m	£m	£m	£m
Education	445.723	446.142	(0.419)	(0.09%)	445.723		121.851	567.574
Health & Social Care	248.108	234.638	13.470	5.74%	248.108		1.038	249.146
Place	142.878	145.290	(2.412)	(1.66%)	142.878		35.866	178.744
Communities	159.883	164.962	(5.079)	(3.08%)	159.883		47.062	206.945
Finance & Corporate	60.709	64.921	(4.212)	(6.49%)	60.709		8.725	69.434
Chief Executive	0.301	0.328	(0.027)	(8.23%)	0.301		0.000	0.301
Housing Revenue Account						(54.512)	68.327	13.815
Service Expenditure	1,057.602	1,056.281	1.321	(13.81%)	1,057.602	(54.512)	282.869	1,285.959
Loan Charges & CFCR	69.308	69.719	(0.411)	(0.59%)	69.308	61.244	(130.552)	0.000
Contingencies	0.000	4.695	(4.695)					
Total Expenditure	1,126.910	1,130.695	(3.785)	(0.33%)	1,126.910	6.732	152.317	1,285.959
General Revenue Grant	(749.610)	(749.610)	0.000	0.00%	(749.610)			(749.610)
Non-Domestic Rates	(144.442)	(143.486)	(0.956)	0.67%	(144.442)			(144.442)
Council Tax Income	(194.348)	(195.936)	1.588	(0.81%)	(194.348)			(194.348)
Other Inc & Exp							(53.718)	(53.718)
Transfer of Balances	(41.663)	(41.663)	0.000					
Movement in Balances	(3.153)	(0.000)	(3.153)		38.510	6.732	98.599	143.841
Reserve Transfers							(97.578)	(97.578)
- Unusable Reserves								
- Usable Reserves	45.324				3.661	(4.010)	(1.021)	(1.370)
(Increase) / Decrease in Reserves	42.171				42.171	2.722	0.000	44.893

Note – The Transfers column represents adjustments between accounting basis and funding basis under regulations (detailed further in the Expenditure & Funding Analysis Statement on page 36).

General Fund Revenue

2024-25 proved to be another exceptional year in local government with the Council facing significant cost pressures in terms of inflation on both pay and non-pay costs. The Council approved the General Fund Revenue budget for 2024-25 on 22nd February 2024. Financial monitoring reports were provided to the Cabinet Committee throughout the financial year. No service savings were required to close the budget gap in 2024-25, meaning that tracking of savings delivered was not required during the year. The budget gap was closed by increasing fees and charges by 5% and by Scottish Government funding received for the Council Tax freeze. In most areas, there have been no difficulties in the delivery of the increase in fees and charges with the exception of Halls and Centres income targets. These continue to be a challenge, however, underspends elsewhere within the service mitigated this under-recovery. Further details are provided below in the Communities section. The following commentary provides some context to the final outturn position at the end of the financial year.

2024-25 Provisional Outturn

Within Service Expenditure there is an overspend of £1.321m against budget, an underspend of £0.411m on Loan charges and an underspend on corporate budgets of £4.695m. Combined, this generates an overall underspend in the General Fund of £3.153m against budget (0.28% of Budget).

Health and Social Care continues to be a significant risk in terms of the overall financial position for the Council, with an overspend reported of £13.470m. The significant contributory factors to be considered in the context of the provisional level of underspend include:

Pay Award

The Council made budgetary provision for pay in line with the Medium-Term Financial Strategy. The level of negotiated pay award for 2024-25 did end up higher than budgeted, however it was partially funded by the Scottish Government.

Economic Conditions

The current economic conditions are concerning in terms of the legacy repercussions of high inflation for the Council. These inflationary pressures mean the Council continues to experience increased costs, most notably, energy costs along with others such as fuel and other commodities. Although the level of inflation has eased, there are ongoing repercussions from the period when inflation was high, meaning continued pressure in some areas.

Turning to specific commentary in relation to directorates:

Education reported an overall underspend of £0.419m.

Devolved Education reported an underspend of £4.420m, of which Pupil Equity Funding (PEF) is underspent by £2.747m which is ring-fenced and carried forward per the conditions of the Attainment Funding awarded by Scottish Government, and devolved school budgets also underspent by £1.244m. Under the Devolved School Management (DSM) scheme schools are able to carry forward their underspends up to 2.5% of their devolved budget.

Overall, non-Devolved Education reported an overspend of £4.001m. This was as a result of a number of different factors. Long-term absence and maternity cover for teachers had an overspend of £4.178m in schools. Overspend of £1.227m in Nursery Education mainly due to long-term absence and maternity cover for early years staffing groups (non-teachers) and £1.487m in staffing under Special Education. Premises related expenditure was overspent by £1.721m. Special Education transport was overspent by £1.303m which was partially offset by an over-recovery of income of £0.929m. These overspends were partially offset by a general Education underspend of £4.375m as budgets were adjusted in October to reflect the new teaching complement. Childcare also reported an underspend of £0.478m due to an over-recovery of income.

Health & Social Care reported an overspend of £13.470m.

Fife Council had an overspend of £18.198m, of which £9.236m was due to a greater than anticipated volume of Adult Placements being commissioned. Care at Home also reported an overspend of £4.878m due to the volume of care packages provided. The total overspend of £18.198m is partially offset by a risk share payment of £4.728m from Fife NHS to Fife Council. Health and Social Care continues to be a significant risk for the Council given the ongoing increase in demand and the level of savings to be achieved in 2025-26 and in the future.

Place reported a total underspend of £2.412m.

Assets, Transportation and Environment have reported an underspend of £1.114m. The main reason for this relates to Property Services with an underspend of £1.919m on the Energy Management Revolving Fund as a result of a number of projects where commitments have been made and spend is now expected to take place in 2025-26. This has been partially offset by an overspend of £0.599m in Sustainability as the management fee paid by Fife Council to Fife Resource Solutions has increased due to cost pressures within the service.

Property Repairs and Maintenance reported an underspend of £0.832m. In accordance with build function conditions Dunfermline Learning Campus has an annual £1m ringfenced budget which was underspent in 2024-25. The underspend of £0.832m will be carried forward and utilised in future years when repairs are required to ensure conditions of grant are met.

Communities reported an underspend against budget of £5.079m.

Overall, Children and Families are underspent by £1.736m, with the main contributors being pay costs, underspent by £3.042m due to staff turnover and a reduction in residential staffing absences. Underspends of £1.053m on family placements (foster care and kinship) and £1.506m on Whole Family Wellbeing funding will be carried forward into 2025-26 for future spend. Underspends were partially offset by an overspend of £3.208m on Purchased placements, due to full year effect of placements made during the previous year.

Communities & Neighbourhoods reported an underspend of £1,019m. Area Budget spending was £1.402m under budget due to lower than anticipated funding requests, and Fairer Fife was £0.748m under budget due to a reduction in the level of funding required. These underspends were partially offset by an under-recovery of £0.674m income for Community Use, Halls and Centres. As part of the Community Use Plan, there is work being done to develop and implement a more targeted approach to marketing and consultation with communities to ensure they are offering what communities want, and that there are no barriers preventing the community from accessing these services.

Customer & Online Services was underspent by £0.814m, mainly due to increased income from other funds.

Housing & Neighbourhood Services reported an underspend of £0.715m, mainly due to lower than planned expenditure for Rapid Rehousing Transition Plan (RRTP) project funding.

Finance & Corporate Services reported an underspend of £4.212m.

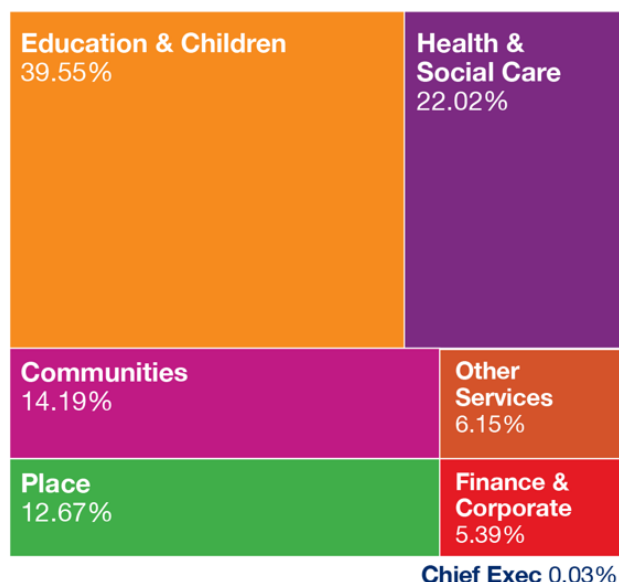
The underspend relates to increased levels of staff turnover and non-filling of vacancies across all Services in the Directorate as well as increased income from other funds. There is also an underspend on Empty Property Relief due to a change in policy which changed the criteria for awarding non-domestic rates relief on empty properties.

Corporate Budgets reported a total underspend of £5.106m. There is an underspend on contingencies of £4.695m, which is relating to funding received either not yet allocated or not required in year, for example, funding relating to Children's Social Care Pay Uplift (this was already built into the service budget) and Kinship Care (spend lower than anticipated). Loan Charges are also showing an underspend of £0.411m which is relating to both a reduction in the borrowing requirement plus a change in timing of anticipated borrowing.

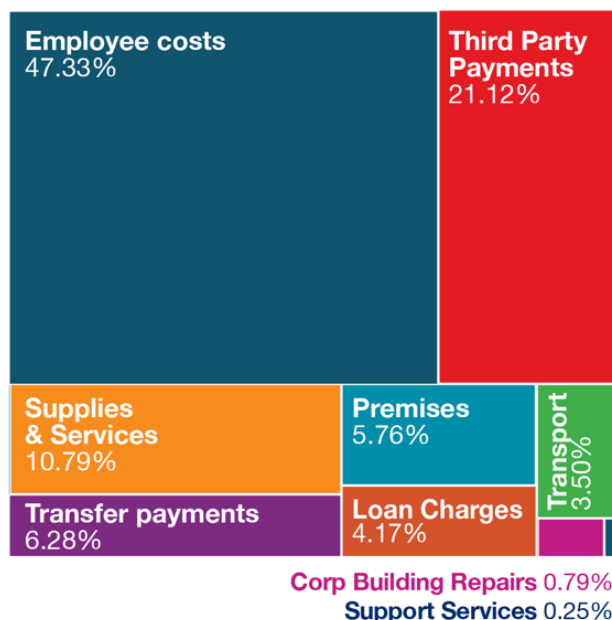
An overspend of £1.588m for Council Tax income relates to an error with the contribution for 2nd homes council tax over a number of years and is a one-off pressure. There is an underspend of £0.956m relating to the Non-Domestic Rates Incentivisation Scheme (NDRIS) where benefits from growing the non-domestic rates tax base in excess of the government target can be retained.

Net revenue expenditure for 2024-25 was £1,126.912m (Net Service expenditure £1,057.613m and Loan Charges £69.309m) and is categorised by Directorate below. Gross expenditure by Type is also shown below:

Expenditure by Directorate



Expenditure by Type



Reserves

The General Fund balance decreased during the year from £157.282m to £115.111m. This net movement of £42.171m was a combination of a contribution to balances of £3.153m plus transfers to other statutory reserves of £3.661m less £41.663m of budgets transferred from balances brought forward and used by Services in year, as shown on Note 6 page 45. These mainly included honouring previously agreed commitments in respect of funding the Capital Investment Plan (£17.973m), Grants Received & Carried Forward (£8.062m), Cost of Living Crisis (£4.589m), contribution from balances for items approved during the budget process (£6.480m) and Secondary School Rolls (£4.204m).

The General Fund balance as at 31 March 2025 was £115.111m. Of this, a total of £65.549m is earmarked and includes planned amounts which underpin the investment in the capital plan, principally Service Concessions totalling £24.539m and CFCR contributions £12.495m. There are also additional earmarked amounts for Second Homes Council Tax income allocated to Affordable Housing £8.503m and Service Carry Forwards £7.407m. In addition, there are commitments totalling £26.083m and include £9.126m for changing demographics, £9.694m for Change Programmes as they develop. Further information on all earmarked balances and commitments is provided on Page 45.

With all existing commitments taken into consideration the level of uncommitted balances beyond 2025-26 is forecast to be £23.479m or 2.08%. The Council's policy is to retain a minimum of 2% of annual turnover over a three-year period which is considered appropriate in the context of the Council's financial and ongoing risk profile. The level of uncommitted reserves is actively kept under review, particularly when the forecast moves below 2%. During 2024-25, actions were taken to de-commit balances of £11.474m, to ensure that the level of uncommitted balances remained above the policy limit of 2%.

Housing Revenue Account

There is a statutory requirement for Local Authorities to maintain a Housing Revenue Account (HRA) separate from the General Fund. The HRA must break even in its own right. All expenditure incurred, and income received in the provision of rented accommodation must be included in the HRA. The bulk of income to the HRA is derived from rents from tenants, and this must be sufficient to cover the expenditure on the HRA.

The financial position for the HRA for the year was a breakeven position. Repairs and Maintenance was underspent by £1.737m due to a refund from Building Services and interest costs were £1.330m underspent due to lower than anticipated levels of borrowing and lower interest rates. As a result of an overall underspend of £0.989m the level of CFCR (capital from current revenue) was increased by the same amount. After taking into account current commitments totalling £2.722m the level of uncommitted HRA Fund balances remains at £2.593m. Details of the financial position for 2024-25 are included within these financial statements.

Capital Expenditure

The gross Capital Expenditure for 2024-25 was £258.096m, a variance of £67.850m (20.82%) against budget. Comparable expenditure for the previous 3 years was £242.073m (2023-24), £189.362m (2022-23) and £163.805m (2021-22). Expenditure variances exist across all Themes within the Capital Programme, the nature of capital expenditure being large, complex projects involving a number of stakeholders and dependencies can lead to differences in the profile of expenditure within any particular year. However, the capital budget is not restricted to an annual profile in the same way as the revenue budget.

Full detail of material capital expenditure variances was regularly reported to the Cabinet Committee and the relevant sub-committees. The major elements of expenditure are analysed as follows:

Project Spend 2024-25	£m
Affordable Housing Programme	62.975
Maintaining Our Assets - Rolling Programmes	49.771
Secondary Schools West Fife	35.065
Scottish Housing Quality Standards	34.552

Assets and Liabilities

The Balance Sheet summarises the Council's assets and liabilities at 31 March 2025 as shown in the table below.

	2024-25 £m	2023-24 £m	Movement £m
Long Term Assets	4,319.008	4,041.994	277.014
Current Assets	225.936	198.069	27.867
Current Liabilities	(391.073)	(292.605)	(98.468)
Long Term Liabilities	(1,112.407)	(1,064.516)	(47.891)
Defined Benefit Pension Asset / (Liabilities)	(85.892)	49.218	(135.110)
Net Assets/(Liabilities)	2,955.572	2,932.160	23.412
Usable Reserves			
-General Fund	(115.111)	(157.282)	42.171
-Housing Revenue Account (HRA)	(2.593)	(5.315)	2.722
-Capital Grants & Receipts Unapplied	(0.113)	(1.134)	1.021
-Insurance Fund	(17.234)	(17.583)	0.349
Unusable Reserves			
-Defined Benefit Pension Reserve	(1,109.307)	(1,145.969)	36.662
-Other Unusable Reserves	(1,711.214)	(1,604.877)	(106.337)
Total Reserves	(2,955.572)	(2,932.160)	(23.412)

Net assets have increased by £23.412m to £2,955.572m and the movements in Assets, Liabilities and Reserves are detailed in the relevant Notes to these Accounts.

The Council's Defined Pension Asset or Liability is measured using an approach that is common across all entities by applying international accounting standards (IAS19), this involves the Pension Fund actuary updating the technical assumptions applied at the time of the triennial valuation to calculate the impact on future assets and liabilities and provide a point in time comparison across organisations. The actuary calculated that the Council has a Defined Benefit Pension Asset on its Funded Scheme (LPGS) of £997.608m (2023-24 £403.472m), and a Defined Benefit Pension Liability on its Unfunded Scheme (discretionary post-retirement benefits awarded on early retirement) of £85.892m (2023-24, £99.337m). Accounting Standards however do make provision for employers who are part of the LGPS scheme to apply an asset ceiling and effectively "cap" the amount of asset recorded on the balance sheet. Following additional calculations the Council applied an asset ceiling which reduced the Funded Scheme Pension Asset to zero leaving the Unfunded Scheme Liability of £85.892m recognised on the Balance Sheet.

Other Long-Term assets reflects the level of capital expenditure in the current year as well as the revaluation of non-current assets actioned in year offset by other capital accounting entries such as depreciation. Revaluations are carried out on a quinquennial basis. The corresponding entries are recorded in Other Unusable Reserves and represents the increase from last year.

Accounting for Leases is subject to a new accounting standard, known as IFRS 16 from 1 April 2024. Due to the complexities of the new standard the Council made the decision to contract with their professional Treasury Adviser to calculate and provide the revised accounting entries and the disclosure notes in order to implement the new standard. At the time of completion of the Unaudited Accounts the data is not yet available from the adviser and the Council has been unable to fully implement IFRS 16. Based on the information received, the Council has been able to partially adopt IFRS 16 in that all previous operating leases have been accounted for fully in line with the new standard and the service concession arrangements have been partially accounted for in line with IFRS16. However, information is still outstanding, and this relates to some remaining assets (not previously deemed an operating lease), and some entries for service concession arrangements which are yet to be accounted for fully in line with the new standard. Additional work is still to be carried out in order to allow the Council to make the necessary adjustments to the accounts during the audit process. The intent is that these further IFRS 16 accounting entries will be concluded during the audit and for the final audited accounts. Both the Council's external auditors and Audit Scotland have been made aware of the issue. It should be noted that the Council's position is not unique in Scotland in terms of being unable to fully implement IFRS 16.

Treasury Management Activity

In July 2016, the Scottish Government issued Regulations which set out new statutory arrangements for local authority borrowing and lending. The Regulations state that any repayment of Loans Fund advances should be reasonably commensurate with the period and pattern of the benefits provided to the community from the capital expenditure. Councils were given scope to determine what is prudent for their organisations including consideration of reprofiling of previous years' advances.

The Council's loan fund policy is in line with the regulations in that:

- For the Housing Revenue Account, it is not considered prudent for the Council to reprofile previous years' advances which will continue to apply the existing annuity method. All future advances will be repaid using the Asset Life method, by which the loans fund advance is repaid in line with the expected life of the asset to which the capital expenditure relates to.
- For General Fund it is considered prudent to use the Asset Life method for both future years Loans Fund advances, and to reprofile previous years' advances. The Council has also opted to make use of the Funding/Income Profile method by which loans fund advances will be repaid by reference to an associated income stream where it is considered appropriate to do so.

The Capital Plans for both the HRA and General Fund are tested for affordability to ensure that any borrowing remains affordable, sustainable and prudent. Prudential Indicators are produced and approved by Fife Council as part of the revenue budget process. These are updated and reported to the Cabinet Committee in each of the regular Capital Monitoring reports.

The Council has a treasury management strategy which ensures that all decisions taken on treasury management activity give primary importance to minimising and managing potential risk. Detailed reports in relation to Capital investment and the Treasury Management strategy are considered by the Council's Cabinet Committee and can be found at [Treasury Management Strategy](#)

Going Concern

The future financing of the Council and its Group's liabilities will be met by future grants and the application of future income. The approval of core income for 2025-26 has already been given and there is no reason to believe that future approvals will not be forthcoming. As the Council moves into 2025-26, financial planning as underpinned by a service change planning process and resulting proposals were used to close the budget gap along with an increase in Council Tax. The scale of savings approved in February 2025 was a total of £13.796m by 2027-28 reflecting the significant programme of change to be undertaken by the Council. All approved savings approved were recurring in nature. Monitoring of progress of savings will be carried out throughout the year as part of financial monitoring updates to committee. A significant scale of balances is held to manage some commitments and also to manage short-term uncertainties and risk.

It is recognised that there continues to be financial challenges moving forward. Current economic conditions are likely to have a continued impact on the financial position of the Council and its Group, both in terms of increased additional costs and increasing demand for services. In addition, Services will be entering 2025-26 with reduced budgets and the Health & Social Care Partnership reported a substantial overspend position in 2024-25 and has significant savings to achieve going forward. In the coming year, work on the Equal Value Assessment project for Equal Pay will also come to a conclusion. Whilst the level of uncommitted reserves is forecast to be above the policy minimum of 2% over the next 3 years, given the financial risk, this will be kept under continual review. It is recognised and supported by CET that strong financial management will be required across the organisation to ensure financial sustainability in the longer term. In relation to the significant risk relating to Health and Social Care financial performance, there is an escalation process in place.

These risks can be contained in the short term; however the medium-term position is less certain and will likely be challenging, but the Council's continuing approach to change planning is looking at wide ranging future change to enable the Council to deal with those future challenges. Continued financial evaluation of the Council and its subsidiaries is ongoing, and a medium-term financial strategy is in place and is continually reviewed to ensure it remains fit for purpose. All options and all funding streams continue to be identified to ensure the continued financial sustainability of the organisation. Accordingly, it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Key Financial Ratios

Some key financial ratios are shown below to assist the reader to assess the performance of the Council over the financial year and the affordability of its ongoing commitments. The reserves position has improved over the last year, with uncommitted reserves now being above the policy minimum of 2%. The financial position of the Council is becoming more challenging, with the level of underspend decreasing since 2023-24 and with the requirement for service savings to close the budget gap in 2025-26, it is anticipated that this trend could continue. The level of debt is increasing over time, which reflects the ambitious capital programme over the next 10 years. This will continue to be reviewed to ensure the capital plan remains affordable for the Council.

Financial Indicator	2024-25	2023-24	Commentary
Reserves			
Uncommitted General Fund reserve as a proportion of Annual Budgeted Net Expenditure	2.08%	1.32%	Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's policy is a minimum of 2% of annual turnover over a three-year period which is considered appropriate in the context of the Council's financial and ongoing risk profile.
Increase/(decrease) in the Uncommitted General Fund Balance	£9.849m	(£23.379m)	Reflects the extent to which the Council is using Uncommitted General Fund Reserves.
Council Tax			
In-year Collection Rate	95.25%	95.19%	Reflects the Council's effectiveness in collection Council Tax debt and financial management. This level is consistent with the last 3 financial years.
Ratio of Council Tax Income to Overall Level of Funding	17.19%	18.35%	Reflects the Council's capacity to vary expenditure by raising Council Tax income, the only principal source of finance within the Council's Control. Fife Council increased Council Tax by 5% for 2023-24 and there was a Council Tax freeze for 2024-25.
Financial Management			
Actual Outturn Compared to Budgeted Expenditure	(0.28%)	(0.68%)	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. The indicator is based on the format of budget monitoring as reported throughout the year.
Actual Contribution to/(from) Unallocated General Fund Balance compared to Budget	£3.153m	£7.033m	

Debt/Long-term Borrowing				
Capital Financing Requirement (CFR) for the Current Year		£1,352.461m	£1,268.513m	External debt levels remain lower than the CFR which reflects the borrowing requirements
External Debt Levels for the Current Year		£1,322.107m	£1,173.130m	
Ratio of Financing Costs to Net Revenue Stream	General Fund	5.22%	5.14%	These two ratios provide an indication of the scale of financing costs compared with the level of funding available to the Council. Given the nature of the HRA business, it is expected that the debt costs are higher.
	HRA	27.27%	24.14%	

Fife Council Group Accounts

Local Authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council and its other entities. The Group comprises of the following:

Subsidiary bodies

- Fife Sports and Leisure Trust
- Fife Cultural Trust
- Fife Coast and Countryside Trust
- Fife Golf Trust
- Fife Resource Solutions LLP
- CIRECO (Scotland) Ltd
- Business Gateway Fife

Other Subsidiaries

- Common Good Funds
- Charities & Trusts

Joint Venture

- Fife Integration Joint Board

The Fife Integration Joint Board and all Subsidiaries of Fife Council have an accounting period to 31 March and for the purposes of consolidation and disclosure their Accounts to 31 March 2025 have been used.

The table below shows the Operating Surplus or Deficit in the 2024-25 financial year and the net asset position at 31 March 2025 for the Council's subsidiaries and the Council's share of the Integration Joint Board. The figures below include any impact arising from changes in Defined Pension Assets and Liabilities.

Subsidiary	Operating (Surplus) / Deficit to 31 March 2025 £m	Net Assets / (Liabilities) at 31 March 2025 £m
Fife Sports and Leisure Trust	0.118	0.862
Fife Cultural Trust	0.373	1.104
Fife Coast and Countryside Trust	0.121	1.272
Fife Golf Trust	(0.120)	0.414
Fife Resource Solutions	0.103	(0.486)
CIRECO (Scotland) Ltd	0.000	0.000
Business Gateway Fife	(0.111)	0.600
Common Good Fund	(1.075)	267.217
Charities & Trusts	(0.084)	4.651
Fife Integration Joint Board	1.509	0.856
Total	0.834	276.490

The Common Good Assets above include assets which are owned by the Common Good but used and actively managed by Fife Council.

Our Plans for the Future: Principal Risks and Uncertainties

Over the last few years, the Council has significantly underspent on its general fund revenue budget and 2024-25 sees a further underspend position of around £3.153m. However, the value of underspend has been steadily reducing and whilst the position for 2025-26 looks favourable, some specific items of unspent funding provided in 2024-25 must be made available next year and commitments have been made in balances for these. Taking account of this the underlying position is an overspend of £6.917m. Health & Social Care reported a significant overspend of £13.470m. This continues to be a risk for the Council going forward. Other General Fund Services also have savings to achieve in 2025-26 and beyond, which will be monitored, and progress will be reported throughout the year. As finances are becoming tighter, going forward the Council will have to take hard decisions in order to balance the budget.

The level of funding that the Council will receive from the Scottish Government for its core activities is very uncertain given the commitments that are in place and the financial challenge that exists nationally. The legacy of higher inflation continues to exacerbate the challenge as any increase in costs will need to be managed internally within the Council. There is the scope to increase council tax, fees and charges in order to close the future budget gap it is likely that further change across Council Services will be required. The Council has developed service change plans to help address the financial challenge and these will likely need to go further in future years in order for the Council to remain financially sustainable. The medium-term financial strategy and the budget assumptions used in February 2025 have been updated based on all known intelligence and an updated budget gap was reported to Cabinet Committee in June 2025. The level of future budget gap will be an influencing factor in terms of the level of future change required.

An update on change planning was also reported to Cabinet Committee in June 2025 with a holistic approach being undertaken, considering transformation programmes alongside service change plans. Significant work on change was advanced throughout 2024-25 and this will continue through 2025 and beyond.

There is still a level of uncertainty as a consequence of the economic circumstances over the last few years. Inflationary pressures, increasing demand for services and constraints on funding from the UK and Scottish Governments could increase the scale of the financial challenge the Council has to deal with. Whilst the Council has strong financial management with a Medium-Term Financial Strategy and a financial Risk Register in place to support future budget decisions, the largest financial risk is likely to be the financial position of the IJB where strong financial management and additional financial controls will be essential.

Consideration is also being given to other pressures the Council is facing, for example, equal pay claims, achieving savings, and the impact of strategic growth. The recurring core budget is where the main concern and risk exists going forward. The level of reserves that the Council holds provides a means to address financial pressures on a one-off basis and the Council has managed to avoid placing reliance on using these for recurring expenditure, rather, only making commitments for one off or temporary costs.

As we move forward Directorates will need to consider all options to reconfigure services and potentially use alternative operating models to provide services in a different, more cost-effective way to ensure best value to the Council. This is being integrated to the strategic change work that is being undertaken around service change planning and people, place and digital.

4. Acknowledgements

Thanks to all elected members and officers of the Council for their active support and co-operation in the effective management of the Council's finances during what has been another considerably challenging year.

The production of these statements is very much a team effort and once again the accounts were completed by the statutory deadline. We would like to thank all employees who were involved in the preparation of the accounts, both within Finance & Corporate Services and other Directorates, for their effort in achieving this deadline.

1.0 Annual Governance Statement – introduction

- 1.1 Fife Council is accountable to the public and other stakeholders for ensuring it has a sound system of governance. The Council is required to prepare and publish an annual governance statement (AGS) in accordance with statutory regulations.
- 1.2 The AGS is consistent with the principles of good governance set out in Delivering Good Governance in Local Government: Framework (Governance Framework) (CIPFA and Solace, 2016). Fife Council's Code of Corporate Governance is based on this framework. This AGS includes the result of a review of the effectiveness of the Council's system of governance and internal control and provides assurance on whether the authority's arrangements are fit for purpose.
- 1.3 Why is governance important? CIPFA states that the quality of governance arrangements is of paramount importance to enable councils to make decisions with high-quality information, and with a good understanding of risk. Robust and trusted decisions are built from engagement with communities and stakeholders and with a focus on the public interest. In addition, councils need confidence that their governance supports the effective implementation of those decisions, and that they have sufficient assurance to inform their understanding. Ensuring adequate capacity, capability and leadership are fundamental, together with a focus on longer-term planning rather than short-term fixes.
- 1.4 Why prepare an AGS? In addition to the statutory requirements, the AGS process is an opportunity to undertake a rigorous annual assessment of governance and consider whether it truly is fit for purpose. There is benefit to the review taking into account not just current demands, but also anticipated challenges and Fife Council has included that consideration in this AGS.

2.0 Fife Council structure

- 2.1 The Council is made up of 75 elected members across 22 wards with the Scottish Labour Party forming a minority administration. Cllr David Ross is the Leader of the Council. Six strategic spokespeople cover broad portfolios of Council services, linking with Executive Directors who oversee the following directorates: Education, Communities, Place and Finance & Corporate Services. The Directors and Chief Executive, together with the Chief Officer for the Health & Social Care Partnership, meet as the Corporate Leadership Team. The Council's structure of governance is based on a Cabinet Committee and four Council service area themed scrutiny committees. The Cabinet Committee plays a key role in governance and decision making. The function of the Cabinet Committee is to set the strategic and policy direction of the Council and take all major policy and resource decisions on its behalf. The Council also constituted a Standards, Audit and Risk Committee (SARC) which has the delegated authority to support the Council in its responsibilities for risk management, governance, and control. The SARC seeks assurance that an effective system of risk management and internal control is maintained. The SARC also has a role in the application of standards matters across the Council, and the Council's performance in complaints and freedom of information.

3.0 Fife Council's Code of Corporate Governance (the Code)

- 3.1 CIPFA and Solace recommend that authorities adopt a local code of governance which sets out their governance arrangements, showing how governance principles are put into practice at their authority. Fife Council's Code can be found [here](#). The Code clearly aligns to the principles in Delivering Good Governance in Local Government Framework, by including the diagrammatic representation of the Framework at the start of the Code. The Code also adopts the structure of the Framework, summarising the Council's approaches to each of the core principles and sub principles. Where possible the supporting evidence set out for each sub-principle is dated and also hyperlinked to a copy of the particular document. The Code is kept up to date and a review is currently underway to ensure that it has taken account of changes since it was last approved by SARC in June 2024. The current review will take account revised CIPFA guidance on the content of codes and also a recent internal audit of the Council's approach to governance. The approach to the review of the Code has been considered by the Council's corporate governance working group and the revised draft will be considered by the group.

4.0 Executive Summary

- 4.1 While 2024-25 has been another challenging year for the Council, the focus remained on delivery of the Plan for Fife, ensuring that support was provided to communities, individuals and businesses whilst safeguarding the Council's financial sustainability and maintaining operational service delivery. We consider that the governance, risk management and internal control environment in place within 2024-25 operated effectively and that the AGS process can provide reasonable assurance to the public that the governance arrangements supported the delivery of the Council's outcomes.
- 4.2 We have continued to improve our approach to the AGS process to ensure that it is fit for purpose and we have made good progress in delivering on the improvement actions identified in last year's improvement plan. There are some themes of improvement that are continuing, and some new themes and improvement actions that have been identified. These actions, around the themes of change, workforce, leadership, performance, fraud governance, financial management, data and business continuity, are planned to ensure continued good governance across the Council. We are satisfied that the actions highlighted in this Statement reflect the Council's commitment to continuous improvement and once implemented, will further enhance our corporate governance, risk management and internal control arrangements

5.0 Key Statement

- 5.1 We have been advised on the result of the review of the effectiveness of the governance framework by the processes and procedures outlined in this AGS and that the Council's governance arrangements continue to be regarded as fit for purpose and in accordance with the Code and good practice. We are also clear that the Council's financial management arrangements conform to the governance requirements of the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer in Local Government (2016).

6.0 AGS – the process

- 6.1 Fife Council has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance and the AGS is both adequate and effective in practice.
- 6.2 The Executive Director of the Finance and Corporate Services Directorate has been appointed to oversee the implementation, and monitor the operation, of the Code and to review the operation of the Code in practice. In addition, the Executive Director chairs the Corporate Governance Group which has responsibility to input to and review the AGS assurance process and to consider the improvement themes.
- 6.3 Fife Council's approach to conducting its annual review of the effectiveness of its governance framework including risk management and the system of internal control is informed by a number of different perspectives. This includes
- the work of the executive directors and managers within the authority who have responsibility for the development and maintenance of the governance environment which they report on through their annual assurance statements – further detail provided below.
 - the ALEOs/Trust Assurance Framework, which has been enhanced and is now the same as the approach followed by the council
 - any comments made by external auditors, other review agencies and external scrutiny bodies.
 - The work of the risk management group
 - The assurance available through other boards and governance structures, such as the ICT Governance Board, Digital Portfolio Board and Change Board
 - feedback from elected members and committees carrying out their scrutiny role.
 - issues considered by the Standards, Audit and Risk Committee
 - best value assessments
 - the internal audit review of the corporate governance framework – reported to the Standards Audit and Risk Committee in June 2025
- 6.4 The current approach to the annual assurance process which informs the AGS was agreed by the Standards and Audit Committee in 2019 but has been developed significantly since then. A key factor in developing the process was to encourage a more rounded, qualitative approach. The Corporate Governance Group was established within 2021 to review corporate governance arrangements on an ongoing basis and this group has continued to develop its approach, including maintaining an action plan of improvement to the assurance process.

- 6.5 The approach was further enhanced during 2024-25, with the introduction of a new Local Code of Corporate Governance Checklist comprising 91 statements directly linked to the CIPFA Delivering Good Governance Framework and related Scottish Guidance with the Council's evidence framework mapped across onto the template. In the Council, checklists are considered / completed by Executive Directors in conjunction with their Directorate Leadership Teams. This new approach has also been rolled out to Council ALEOs, each of which completed and returned their checklists as part of the 2023-24 year end process and they have done so again this year, embedding the new process. The approach is intended to consider the views of Directorates along with a more corporate assessment of the way in which the Council's governance arrangements are operating. Completion of the Checklists by each directorate and the ALEOs provides a comprehensive source of assurance, helping to identify areas of good practice that can be shared, as well as areas requiring improvement (at a directorate and corporate level). The corporate governance improvement themes captured as part of this process have been included in this statement.
- 6.6 Once considered by the group, the themes reviewed by the Corporate Leadership Team (this was a new part of the process for 2024-25) and then the Standards, Audit and Risk Committee. The Corporate Governance group has representatives from every directorate across the Council and also officers from the internal audit and risk management team.
- 6.7 Audit and Risk Management Services provide another important source of information to inform that AGS. The internal audit function for Fife Council operates in accordance with the Public Sector Internal Audit Standards (PSIAS), which apply to Local Government. Conformance with the PSIAS has been confirmed independently, through the completion in 2023 of a formal External Quality Assurance process. The Service undertakes a risk-based annual programme of audit work approved by the Standards, Audit and Risk Committee. The Service Manager, Audit and Risk Management Services provides an annual report to the Members of Fife Council, Chief Executive and Executive Director of Finance and Corporate Services, including the internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework. The overall audit opinion for the year to 31 March 2025 is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.
- All internal audit reports are issued to the:
- Standards, Audit and Risk Committee and, from 2023-24, convenors of the Council's Scrutiny Committees
 - Chief Executive, Executive Director of Finance and Corporate Services, appropriate Executive Director and the wider Council Executive Team
 - Head of Finance and other relevant Head(s) of Service
 - Head of Legal & Democratic Services and Service Manager - Change & Improvement
 - External Auditor, Azets.
- 6.8 The AGS is subject to external audit review to consider whether the AGS is prepared in accordance with the Delivering Good Governance in Local Government Framework and the CIPFA Accounting Code of Practice. New CIPFA guidance on the recommended approach to the preparation of an AGS was published in 2025 for the preparation of the 2025-26 process. This AGS has taken into account some of that guidance where possible and the process will be further developed this year to take into account all of the recommendations from CIPFA from when they come into force in 2025-26. This could include developing the Council's approach in these areas:
- assurance from members, for example reports from committee chairs,
 - performance and data reports (including benchmarking) that demonstrate how well the authority has met its objectives and managed its resources;
 - self-assessments against best practice guidance that underpin the core arrangements, such as the Code of Practice on Good Governance for Local Authority Statutory Officers or the Financial Management Code
 - outcomes from relevant stakeholder engagement exercises
- 6.9 However, it should be noted that a sound system of Corporate Governance, risk management and internal control provides only reasonable, but not absolute, assurance that the Council will not be hindered in achieving its objectives or in the orderly and legitimate conduct of its business. A system of Corporate Governance, risk management and internal control cannot provide protection with certainty against material errors, losses, fraud, or breaches of laws or regulations, however it can greatly mitigate the risk(s).

7.0 Evaluation

Our assessment of effectiveness

- 7.1 The review of effectiveness is an important process in considering whether the Council's arrangements are adequately aligned to support the authority's delivery of planned outcomes and meet its responsibilities for value for money and best value and whether arrangements are in place and operating effectively, to support and deliver each of the principles of good governance. The Council has a good process in place to undertake that review, through the corporate governance group and also with the addition of the CET review process this year. The process continues to improve year on year.
- 7.2 The Council has considered the operation of the Code as part of its evaluation. The Council intends to identify, as part of the review of the Code, the core governance documents that sit within the Code so that evaluation against the Code can be undertaken more effectively. The Council has also just had the benefit of an internal audit into its corporate governance arrangements and one area for future focus will be a better assessment of the results of external assurance providers.

How we have improved our governance arrangements in 2024-25

- 7.3 In addition to those themed areas of improvement set out in the action plan below, there have been a number of governance developments during the course of the year 2024-25

Budget

- 7.4 The Council set its budget in February 2025 but it was noted that it continues to operate in a climate of financial uncertainty, the enduring impacts of which remain unknown. A review of the Council's budget assumptions has been undertaken and it is clear that the financial impacts of expenditure increasing at a faster rate than income could continue for some time to come. The Council has been able to balance its budget in recent years despite challenging settlements and the future financial sustainability of the Council is of significant concern given the potential risk to core funding and the overall financial outlook.
- 7.5 Budget setting builds on the Council's Medium Term Financial Strategy and its refreshed Capital Plan and this approach will continue to be important given the challenge to the Council's financial position during the year as economic conditions meant the organisation was dealing with the lingering impacts of high inflation and impact on increased demand for Council Services. It is clear that the Council finances will be more challenged going forward as Service overspends have begun to emerge in some areas and some of the corporate mitigations applied over the last few years are no longer be available. Strong financial management will be required in order to control and contain costs where possible. In particular, the Health & Social Care Partnership faces particular financial challenges.

Council decision making

- 7.6 Full Council has considered and approved a review of its Financial Regulations, List of Officer Powers, List of Committee Powers. This review was led by an elected member working group. Consequential changes to the latter documents were approved in December 2024. Full Council has also completed a review of polling districts and polling places in December 2024 and commenced a review of the scheme of establishment for community council in March 2025. These approaches will ensure openness and stakeholder engagement through the community council process.
- 7.7 Cabinet Committee continued to meet regularly – taking all strategic decisions not reserved to full Council. It also continued to monitor and control the Council's capital and revenue expenditure, approving the Treasury Management Strategy and receiving regular budget updates throughout the course of the year. Cabinet Committee also approved a number of policies and strategies, including the Common Good policy and the Procurement Strategy 2023-30, which will allow for transparent decision making and also performance reporting.
- 7.8 There was a focus on responding to the Housing Emergency as this has been identified as a high risk for the Council, with papers including an action plan and subsequent update and also the Strategic Housing Investment Plan 2025-30. The HRA budget consultation was also approved.
- 7.9 Cabinet Committee received papers on Change Planning, focussing on four key areas of no wrong door, place based approach, digital and transforming learning. The Change Planning paper reflecting on the Audit Scotland's report on Councils and Transformation. The Change Planning approaches places particular emphasis on the strategic change and reform required to support the design and development of future

services and the changes required to respond to Fife priorities, national shifts, and social and financial pressures. Fife's public services need to be fit for the future, sustainable and delivered with communities if inequalities are to be addressed and life chances boosted for all. The current three-year programme of public service collaboration and reform, together with further Leadership Summit engagements with partners, will continue to prepare the ground for the next 10-year plan for Fife in 2027. Cabinet Committee also considered a paper on the governance of ALEOs given some member concerns about how the work of ALEOs links to the Council's outcomes.

- 7.10 The Scrutiny committees benefitted from a revised approach to performance reporting as well as continuing to consider inspection outcomes., such as from the Care Inspectorate and Education Scotland . The committees continued to develop their workplans, using horizon scanning approaches and considering how they might best consider areas where performance improvement could make the biggest impact.
- 7.11 Standards Audit and Risk Committee continued to received reports on areas appropriate to its remit across audit, fraud, complaints, information requests, data protection and risk. The Committee also received a comprehensive report on whistleblowing following the introduction of the Council's revised process.
- 7.12 Finally, the important work of the seven Area Committees assists the Council in maintaining its focus on local decision making.

Best value self-assessment

- 7.13 In September 2024 the Council produced a Best Value self-assessment [FC-Delivering-Best-Value-2324a.pdf](#) It was intended to pull together learning from the more detailed best value thematic audits that were undertaken under the new best value regime, and to provide an overview of key developments in the last year in relation to the 7 best value themes, to help take stock of where Fife Council assessed itself ahead of the Controller of Audit report being produced in February 2025.
- 7.14 As part of this work the Council developed a new set of Best Value Performance Indicators to provide quantitative measures that could be tracked over time in relation to the best value themes. This drew on a range of reference material including:
 - Best Value thematic review of leadership 2022-23
 - Best Value thematic review of leadership 2023-24
 - Updates on any outstanding actions from Best Value thematic reviews and from 2018 Best Value Audit
 - Survey insights – views on council services
 - The annual governance review, financial planning and sustainability, Audit and improvement actions
 - LGBF
 - Best Value performance indicators

Best Value Report – Accounts Commission February 2025

- 7.15 In February 2025 the Accounts Commission published its Best Value Report on Fife Council. It recognised that Fife Council has been able to deliver services without having to make significant reduction in service costs in recent years, but that there is now change required. It also recognised that performance in delivering services is mixed, with service deterioration in key services such as social care, together with large overspends in this area. Whilst the Best Value report emphasised the significance of the scale of future financial pressure, the Council took a medium-term approach to setting the revenue budget in February 2025, including recurring savings which brought the assumed budget gap for 2027-28, down from £46m to £16m. The HRA was also under financial pressure at the time the report was published and the Council subsequently set a balanced HRA budget that supported an increase in capital investment in affordable housing.
- 7.16 The Commission recognised that the Council has strong foundations, including strong engagement with local communities. The Council's innovative approach to workforce challenges was recognised, as was its developing three-year change plan process. Further work will now take place responding to the Commission's findings. The report has already been presented to full Council and a detailed action plan will be drawn up.

Update on Action plan for 2024-25:

- 7.17 Last year the Council set out an action plan to address the governance issues identified in the previous year's statement. The action plan has now been updated with a summary of the activity undertaken in the year 24/25 and each action also notes whether the theme will continue to be addressed in the action plan for 24/25 as further work is required. The action plans are themed at a high level and the "planned" actions are not all designed to be tracked through the AGS, however where there are specific actions which have arisen as a result of the self-assessment process these are tracked by the corporate governance group. This group will

review and monitor progress on a quarterly basis throughout the year to ensure appropriate actions are taken forward. A detailed action plan, containing all directorate actions, along with responsible officers and implementation dates will assist the corporate governance group with the monitoring process.

Embedding Risk Management

Issue: The Council's risk management arrangements have improved significantly during the last two years; however further development is planned for 2024/25.

Responsible Officer: Service Manager – Audit & Risk Management Services

Planned for 2024-25: Further improvements surrounding the Council's risk management arrangements are planned for 2024-25, including the following:

- Full implementation of the Roll Out Plan.
- Finalisation and launch of a formal training and awareness programme, including e-learning solutions.
- Establish Risk Management Trainee post and fill the position.
- Development and implementation of risk management methodology to be utilised in strategic decision-making.
- Review and revise the Risk Management Maturity Model.
- Provision of risk management advice and guidance to Council ALEOs.

Progress update within 2024-25: Driven by the implementation of the Risk Management Improvement Plan and Risk Management Strategy Group, which met regularly as planned, the Council's corporate risk management arrangements continued to mature during 2024-25. Key improvements include:

- Implementation of the Roll Out Plan has been progressed significantly during the year and will be fully implemented by 31 July 2025, with all services across the Council having risk registers.
- Following full implementation of the Roll Out Plan, the Risk Management Team will provide risk management advice and guidance to Council ALEOs.
- In consultation with HR, the Risk Management Team has developed an e-learning package on risk management that will be launched during 2025-26.
- Ideagen training sessions were developed during the year 2024-25 and all staff responsible for updating risks have received the training.
- Process maps providing a step by step guide on how to review and update both strategic and service-level risks have been developed and are readily accessible via the document section for each risk in Ideagen.
- Insurance and Risk Management Trainee post was established and a successful appointment was made in November 2024.
- A corporate cross Council working group lead by Communities is developing an Integrated Impact Assessment process, which will be used to inform strategic-level decision making.
- The Risk Management Team is represented on the group and strategic risk is being incorporated into the process.
- The CIPFA maturity model has been agreed as a starting point for all Scottish local authorities and will be tailored during 2025-26 for utilisation in Fife Council.
- Risk Appetite assessed and agreed for the Council's strategic risks.
- Horizon scanning and risk escalation through RMSG continued during 2024-25.
- Evidence identified by directorates via the Annual Governance Statement assurance checklists are being mapped to the internal controls in Ideagen and this will also inform the review of the Code.
- Representation on the national SLACIAG (Scottish Local Authorities Chief Internal Auditors' Group) Risk Management Sub-group.

This theme will not continue in the next action plan given the substantial amount of work that has been carried out and the positive impact that this work is starting to have.

Workforce

Issue: Ensure an effective workforce plan is in development to enhance the strategic allocation of resources and develop and enhance the regular performance reviews with staff.

In our response to the recent SPDS Local Government Workforce Planning Survey 2023 we identified our maturity in terms of the Audit Scotland Workforce Planning Maturity Matrix as being between basic and developing. We recognise the improvements needed and are focussing on deployment of our workforce planning approach with stronger links to service change planning and delivery of the workforce strategy.

The Council's Workforce Strategy, Our People Matter describes our workforce agenda and sets the framework for how we recruit, manage, develop and support our workforce to support delivery of the Plan for Fife. Actions within the strategy support our workforce planning activities. The OPM works in a complimentary way with our workforce planning approach to ensure that our workforce capacity and capability meets current and future organisational needs. Our Service People Plans set out the workforce planning people priorities for Services, the actions they plan to take to address their priorities and the anticipated outcome of their actions. The data from the Service People Plans has enabled the development of corporate workforce planning priority themes. These themes direct corporate activities to support strategic workforce planning activities.

Talking Points is the Council's good practice approach to improving performance. It is about encouraging regular discussions that suit the needs of the service, the team and individuals. It is expected that managers have regular 1-2-1 meetings. In addition, managers are expected to make time, once a year, for a more structured discussion on performance and development needs.

Responsible Officer: Head of Human Resources

Action Planned within 2024-25: A Corporate People Plan is being developed for the period 2025-28 using the insight from Service workforce planning themes, it will set out the strategic actions we will take to address gaps in our workforce capacity and capability.

- A range of activities will be undertaken to develop the maturity of both our corporate and service approach to workforce planning, including understanding and scoping future workforce needs.
- Delivery of our recruitment strategy will continue with a focus on innovative approaches to recruitment such as Life Chances and 'grow your own' initiatives funded by the Workforce Youth Investment Fund.
- Directorates and Services have been asked to review how well 1-2-1 supervision meetings are being undertaken. This is to include the quality and impact of the conversations.
- The First Line Managers Development Programme will include input on managing team performance and highlight Talking Points as good practice.
- Talking Points guidance will be reviewed and updated from an improvement perspective.

Progress update within 2024-25: A Corporate People Plan has been developed alongside our refreshed Workforce Strategy, both are contained in the document entitled Our People Matter 2025-28 (OPM). The OPM sets out the workforce planning priorities and actions required to address any gaps in workforce capability and capacity. The OPM will be presented to the Cabinet Committee in June 2025 for agreement.

It was identified that resources were required to progress the required workforce planning actions. Alignment with our resourcing and talent management approaches are key to ensuring a joined-up approach. As a result, a new Talent Management Team has been created. The team has responsibility for workforce planning, recruitment and retention, progressive talent approaches such as Workforce Youth Investment and Life Chances, protection and registration, induction/exit and redeployment.

We continue to support Services to develop innovative approaches with hard to fill roles. During 2024-25, 49 life chances placements were offered by Fife Council across 11 service areas. In addition, 9 placements were offered in partnership with Fife Gingerbread to Pupil Support roles in schools. By 31/03/2025, 23 life chances participants had been employed by Fife Council and 18 had their placements extended to allow more time to assess their readiness for work.

Our Workforce Youth Investment Funding supported the creation of 29 Apprenticeships and Traineeships during 2024-25.

During 2024 we launched the First Line Manager's (FLM) Development Programme, and 60 Managers participated in the programme. Evaluation data shows improvements in the participants' leadership skills, confidence, self-awareness.

A more focused theme on workforce absence will be taken forward into the next action plan. This reflects the recognition of the positive and innovative general workforce approaches the Council has been taking, while also still taking into account the high levels of staff absence.

Leadership

Issue: Development of leadership skills and capacity of officers to ensure effective leadership to respond successfully to changing demands and risks

Responsible Officer: Head of Human Resources

Action Planned within 2024-25: Support the identification and development of leadership development activities within Services.

- Identification of opportunities to develop senior leadership capabilities through Council Leadership Team sessions, for example on Artificial Intelligence.
- Explore leadership development offerings, aligning with work to support succession planning/talent management.

Progress update within 2024-25: Work has been ongoing within different Services to identify and support leadership development activities. Leadership development activities including coaching have included topics such as strategic leadership and leading in a blended working environment.

Through our Dive into Digital annual event, leaders had the opportunity to participate in a range of sessions to expand their knowledge on all things digital, enhance their digital literacy, and develop their awareness of developing technology.

Through our Organisational Development work with Services, we have been exploring leadership development needs and options have been developed for corporate leadership development activities beyond the FLM Programme. Proposed activities will support succession planning/talent management.

This theme will continue in the next action plan.

Performance

Issue: Best Value audit report recommendations in 2023 noted scope for improvement in the Council's approach to planning and performance.

Responsible Officer: Manager, Policy & Communications

Action Planned within 2024-25: The Planning & Performance Improvement Plan was approved in April 2024 to deliver improvements in the use of research, data and insight, a remodelled approach to Service scrutiny reporting, joining up service planning and change planning processes, updating the corporate monitoring approach, making use of digital and improving public performance reporting.

Progress update within 2024-25: In the autumn of 2024, remodelled service performance reports – called Annual Service Review Reports (ARRs) were introduced providing a clearer statement of service and operating conditions, priorities, performance and change intent ahead. Case studies were introduced to bring the story of service delivery and progress to life.

Processes and procedures around LGBF have been strengthened and the improved timeliness of LGBF data (monthly releases) coming from the Improvement Service will assist in more timely reporting for Fife.

More current, timely and accessible performance information is available online now including service performance data and Local Government Benchmarking Framework information via an improved performance section on fife.gov.uk "[Council plans and performance | Fife Council](#)". The website and its connected Best Value planning and performance sections now provide easy access to service performance reports, with trend and RAG status and improved alignment to Plan for Fife strategy and earlier upload of current data for reporting year – in advance of presentation to scrutiny committee. "[Best Value | Fife Council](#)". New approaches to performance and improvement monitoring have been developed and dashboards are being trialled with Directorates. Staff have been upskilling and digital tools developed. The dashboards and support provided behind them is strengthening the performance culture and supporting more consistent performance measures to be set and tracked against strategic objectives and service plans at corporate, directorate and service levels.

This theme will continue in the next action plan.

Fraud Governance

Issue: The Council's fraud governance arrangements have improved during 2023-24, however further development is required during 2024-25.

Responsible Officer: Service Manager – Audit & Risk Management

Action Planned within 2024-25: Further improvements surrounding the Council's fraud governance arrangements planned for 2024-25, including the following:

- Establish new Corporate Fraud Lead Officer post and recruit / fill position.
- Finalise Corporate Fraud Improvement Plan.
- Develop and launch, in conjunction with Workforce Strategy & Organisational Development Team, alternative resources to support the mandatory Corporate Fraud learning e.g. Managers Talk, Video and Information Sheet.
- Further promote the Council's new Whistleblowing Policy and develop arrangements for reporting statistics, outcomes and learnings relating to whistleblowing concerns.
- Develop and implement fraud reporting arrangements.
- Deliver further corporate fraud awareness raising sessions throughout the organisation.
- Review and refresh all fraud-related policies and procedures.
- Engage with Council ALEOs to consider how best to support the provision of related advice and guidance.

Progress update within 2024-25: The following improvements were made during 2024-25.

- New Corporate Fraud Lead Officer post established and advertised.
- Corporate Fraud Improvement Plan refreshed and under continuous review.
- In conjunction with Workforce Strategy & Organisational Development Team, new resources to support the mandatory Corporate Fraud learning were developed and launched e.g. Managers Talk, Video and Information Sheet.
- Promotion of the Council's Whistleblowing Policy has progressed
- Tailored training surrounding procurement-related fraud was delivered to relevant staff in Procurement, Building Services and Property Services.
- Fraud reporting arrangements were developed during the year with the first annual Corporate Fraud Team Activity and Performance Report, including whistleblowing, reported to Standards, Audit and Risk Committee in November 2024.
- The Fraud Strategy has been reviewed

While some improvements were made in this theme there is still important work to do and therefore this theme will continue in the next action plan.

Programme and Project Assurance

Issue: Given the level of change anticipated throughout the organisation, Programme and Project governance and assurance will be strengthened

Responsible Officer: Executive Director of Finance & Corporate Services

Action Planned within 2024-25: Training will be developed to assist newly appointed Senior Responsible Officers (SRO) to assist understanding of the role and with a focus on governance, assurance and gateway reviews. Further training videos will be developed covering membership of programme/project boards and specifically the differing roles of board members.

A maturity model assessment will be carried out in order to assess areas of strength and weakness. Aligned to this, an assessment of the available skills and resources will be carried out to determine whether there are any resource gaps and an action plan will be developed.

An assessment will be made as to how best to fulfil a Programme Management Office within the Council. Options will be reviewed including an assessment of the most appropriate model, costs and benefits.

Progress update within 2024-25: The project framework has been updated with work on the role of SRO further defined. Support has been given to newly appointed SRO's, for example Asset Management legacy replacement programme SRO has been given direct support and guidance.

During 2024/25 a broader piece of work was initiated to assess gaps and strengths. Work progressed on pulling toolkits together for Service Redesign which includes a fuller refresh of project and programme guidance and templates with a consistent approach to layout, guidance and videos. As part of this, work progressed on an organisation wide lessons learned repository:

The Reform Board has assessed and considered the resourcing requirements across change projects, including PMO support throughout 2024/25 and will continue to monitor the situation.

Financial Management

Issue: Increasing financial risk and Service overspend

Responsible Officer: Executive Director of Finance & Corporate Services

Action Planned within 2024-25: Financial Management will be strengthened across the organisation and will include review of financial controls and processes in place.

Given the financial risk emerging within the Health & Social Care partnership, the Council, as partner, will work in partnership with the Chief Finance Officer to strengthen controls and reduce the risk where possible. Monthly meetings with senior Finance staff across the partnership will be held and a recovery plan is likely to be required by the Partnership.

Where overspends are emerging, mitigating actions will be required and these will be reported within the regular financial reports presented to both Cabinet and Scrutiny Committees.

Increased emphasis on budget holder accountability and responsibility will be achieved through enhanced availability of financial information through self-service access to financial information directly from the Council's core financial systems. This is an improvement that will respond to customer feedback. Training for budget holders will be provided early in the year.

Progress update within 2024-25: A significant overspend was forecast initially and Directorates were instructed through Cabinet and Scrutiny committees to manage their budgets within the available resource and to reduce any overspends. During 2024-25, strong financial management was required, and forecast expenditure reduced over the course of the year. As at the end of March, the provisional outturn shows a marked improvement in each Directorate's position, with the exception of Health & Social Care. Even with tight financial management, there is a risk that overspend within Health & Social Care could continue to impact on 2025-26.

Forecasting information was also made available for the first time through a system enabling self-service for budget holders during 2024-25, enabling them to access their own data rather than relying on spreadsheets being shared by Finance, although Finance staff continued to be available to support budget holders in accessing financial data, advice and support.

As the Council moves into 2025-26, continuing strong financial management will be crucial, particularly as service savings were approved as part of the budget for 2025-26 and the risk of overspend remains within Health & Social Care and Education non-devolved budgets.

Specifically in relation to the Health & Social Care Partnership, monthly finance meetings were held throughout the year and will continue to take place with senior Finance staff across the council, IJB and Health. For 25/26 these meetings will focus on volatile budgets and grip and control measures ensuring the continued scrutiny of care packages. Delivery of savings will be a key priority and a recruitment panel will continue to scrutinise the filling of vacant posts.

This theme will continue in the next action plan.

8.0 Suggested areas for improvement for 2025-26

- 8.1 When developing the action plan for the new year, the Corporate Governance Group considered the responses completed by Directorates and ALEOs and cross referenced this to the Delivering Good Governance Framework. The action plan was considered and approved by CET. One consideration that was noted by CET is that there is alignment between the themes identified in the improvement plan for the Council and the plan identified for the Health & Social Care Partnership.
- 8.2 The key themes that are continuing from the last action are workforce (with a particular focus on absence), leadership, performance, fraud governance and financial management. Progress has been made in the last year against these themes, however given their importance it is considered necessary to continue the emphasis on improvement within these themes. The new themes added to the improvement plan this year include change (linking to the best value audit work), data and governance.
- 8.3 The following action plan is proposed for 2025-26.

Workforce (absence)

Issue: Reduce working days lost and our position as a local authority against the Statutory Performance Indicators.

Responsible Officer: Head of Human Resources

Action Planned within 2025-26:

- Integrated Attendance Procedure
- Early engagement with absent employees (targeted pilot areas)
- Enhancing managers' knowledge and understanding of absence procedures, as well as increasing their skills and confidence in managing employee absence
- Data Reporting & Insights, developing reports from Oracle Fusion Data Intelligence to access previously inaccessible data, enabling hotspot identification and targeted interventions
- Continue to promote wellbeing initiatives
- Physical Wellbeing Pilot Review
- Develop and deploy new wellbeing learning inputs (Neurodivergence, Resilience & Healthy Ageing)
- Manage Mentally Healthy Workplace Trainers and the deployment of training for managers
- Grow Fife Wellbeing forum to include third sector representation
- Work with directorates to understand and improve employee engagement barriers
- Review of occupational health referrals and updated guidance for managers
- Long-term sickness strategy development
- Working with the research team and our NHS partners to consider population health across Fife and contributing factors impacting current absence levels
- Working Group to be established with Fife GP Practices to look at ways to reduce timeframes in obtaining FME
- Collaborative occupational health contract agreed for all LAs - implementation to be considered at the end of the current contract term

Leadership

Issue: Development of leadership skills and capacity of officers to ensure effective leadership to respond successfully to changing demands and risks

Responsible Officer: Head of Human Resources

Action Planned within 2025-26:

- Quarterly Council Leadership Team and Extended Council Leadership Team Meetings.
- Continued delivery of the First Line Managers (FLM) Development Programme (120 places in both calendar years of 2025 and 2026).
- Coach approach training.
- Leadership for Change Development Programme – places for 100 Service Managers/Heads of Service.
- Executive coaching/mentoring offering for Chief Officers.
- Digital Mindset Training for Leaders.
- Insights Discovery sessions for First Line Managers (who have completed the FLM Programme) and teams/leaders.
- Support as required for the development and commissioning of bespoke leadership development for Services/Directorates.
- Explore with partners organisational development opportunities.
- Continued participation in national groups exploring options for collaborative leadership development activities across Councils.

Performance

Issue: Integrate service planning, change planning and annual reporting through scrutiny committees and further improve performance management practice, assessment and analysis.

Responsible Officer: Communications and Customer Insight Manager

Action Planned within 2025-26:

- Developing the integrated planning and performance model into a whole system approach focussed on outcomes
- Improving performance analysis, assessment and reporting to support strategic decision-making
- Simplifying and bringing existing processes together to align corporate timetabling and integrate key business processes
- Further improve reporting formats to integrate planning and performance monitoring with change projects and key business processes from budget and workforce through to risk management
- Further develop the revised Annual Review Report approach
- Extending engagement with elected members and encouraging involvement in the design of the emerging new systems
- Developing tools and dashboards to inform live, strategic performance management and facilitate cross-cutting analysis
- Review and implement new SPI direction building on improvements already delivered
- Link Plan for Life more strongly to the integrated whole system as part of Plan 2027 development
- Explore opportunities to strengthen self-assessment practice across the organisation

Fraud Governance

Issue: The Council's fraud governance arrangements have improved during 2024/25, however further development is required during 2025-26.

Responsible Officer: Service Manager – Audit & Risk Management

Action Planned within 2025-26:

- New Corporate Fraud Lead Officer to be appointed.
- Monitoring arrangements for the Corporate Fraud Improvement Plan will be established.
- Continued promotion of the Council's Whistleblowing Policy.
- Delivery of further corporate fraud awareness raising sessions, including whistleblowing.
- Finalisation of the Fraud Strategy and review of other fraud-related policies and procedures.
- Engage with Council ALEOs and provide corporate fraud advice and guidance as appropriate.

Financial Management

Issue: Focus on delivering agreed savings and managing overspends

Responsible Officer: Head of Finance

Action Planned within 2025-26: As savings were approved as part of the budget for 2025-26, Directorates will be responsible for ensuring that the savings are delivered and that overall budgets are managed. Budget holders now have access to self-service forecasts, which was rolled out during 2024-25. This enables budget holders to review their own financial data rather than relying on spreadsheets being sent from Finance. A savings tracker will also be used throughout 2025-26 which will allow reporting on delivery of savings to both Cabinet and Scrutiny committees.

Executive Directors will again be asked to work within the resource envelope provided in the budget and forecasts and any necessary mitigating actions will be scrutinised by both the Cabinet Committee and in more detail by Scrutiny Committees.

It is recognised that there is a higher level of inherent financial risk within the Health and Social Care Partnership. As a result, monthly finance meetings will continue to take place with senior staff across the council, IJB and Health. For 2025-26 there will be a focus on volatile budgets and the levels of demand in the system. In addition, grip and control measures ensuring the continued scrutiny of care packages will be in place. Delivery of savings will be a key priority, and a recruitment panel will continue to scrutinise the filling of vacant posts.

Change

Issue: Improvements in change planning and reporting are required

Responsible Officer: Corporate Development Service Manager

Action Planned within 2025-26: To support the evolution of the single system for strategic planning, change, performance improvement and reporting, Cabinet Committee will continue to scrutinise strategic change progressed by Directorates through existing reporting arrangements. Where business cases and more specific updates are required, these will be reported separately to Cabinet where appropriate. E.g. examples of these being the work progressing on the Digital Programme business cases and the Children and Families Strategy.

Progress against previous programmes of change has been assessed in this way via regular update reporting to Cabinet with ongoing review and monitoring through the Council's Executive Team (Reform Board). These arrangements have worked well, and a similar approach will be put in place going forward.

Data

Issue: the Council does not have a defined corporate approach to managing its data assets and this is essential if progress is to be made on digital transformation

Responsible Officer: Head of Legal and Democratic Services

Action Planned within 2025-26:

- Development and approval of a Data Strategy
- Continued focus on preparing an Information Asset Register
- Development of digital skills across the Council
- Increasing the Council's data maturity level

Governance

Issue: the Council will need to comply with revised guidance issued by CIPFA and recommendations made by internal audit regarding the AGS process

Responsible Officer: Head of Legal and Democratic Services

Action Planned within 2025-26:

- Review the AGS process to ensure that the Council takes into account the approach set out by CIPFA, with a particular emphasis on CIPFA's suggested approach to evaluation
- Comply with internal audit recommendations to include an improved approach to considering third party regulatory assessments and the provision of training

1. The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No 2011/64) amended the Local Authority Accounts (Scotland) Regulations 1985 (SI No 1985/267) requires local authorities in Scotland to prepare a Remuneration Report as part of their annual accounts. All information disclosed in the Tables A to F of this Remuneration Report will be audited by the Council's external auditors. The other sections of the Report will be reviewed by Council's external auditors to ensure that they are consistent with the financial statements.

Remuneration Arrangements

2. Senior Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183), and The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2023 (SSI 2023/21). The Regulations provide for differing levels of remuneration for councillors depending on the positions they hold i.e. the Council Leader, the Civic Head (Provost), Senior Councillors or Councillors. The Council Leader and the Provost 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.

The maximum salary that is to be paid to the Council Leader and Provost is set out in the Regulations. Fife Council policy is to pay the Provost at 75% of the maximum salary for the Council Leader.

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% of the total yearly amount payable to the Council Leader. The total yearly amount payable by the Council for remuneration of its senior councillors shall not exceed £557,674. The Council is able to exercise local flexibility in the determination of the precise number of senior councillors (up to a maximum of 19) and their salary within these maximum limits.

Table A details remuneration paid by the Council to its 19 senior councillors (totalling £556,706), and to the Leader and Provost. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of councillors who elect to become councillor members of the pension scheme. Fife Council's governance arrangements structure and positions of responsibility, which encompasses the salaries of the Council Leader, Provost and Senior Councillors, was agreed at a meeting of the full Council on 19 May 2022.

The Regulations also set out remuneration payable to councillors with the responsibility of a Convenor or Vice Convenor of a Joint Authority. For those members, the Regulations require the remuneration to be paid by the Council of which they are a member which includes any pension contributions to LGPS. The Council is reimbursed by the Joint Authority for any additional remuneration paid to those members.

3. Senior Employees

A senior employee is defined as being any local authority employee who meets at least one of these criteria:-;

- has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
- holds a post politically restricted by reason of section 2(1)(a),(b)or(c) of Local Government & Housing Act 1989
- has annual remuneration, including remuneration from a local authority subsidiary body, of £150,000 or more.

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee for Local Authority Services sets the salaries for Chief Executives of Scottish local authorities. Industrial Relations Circular10-24b sets the salary for the Chief Executive of Fife Council for the period 1 April 2024 to 31 March 2025.

Executive Director pay is based on a Fife Council review of senior manager salaries by Sir Neil McIntosh following his review of Chief Executives' salaries at national level on behalf of COSLA (Convention of Scottish Local Authorities). The review took market forces, salaries in comparable authorities and reductions in overall Chief Official numbers into consideration. Posts at Executive Director level are only agreed by Committee.

Heads of Service and Senior Manager salaries are determined using Fife Council role criteria. The salary for each role is fixed at a point on the national spinal column. Any new Chief Officer posts below Executive Director level are evaluated and assessed by the Head of HR, approved by the Chief Executive under delegated Officer Powers and reported to Committee through Directorate Performance Reports. Appointment to Chief Officer posts at Tier 1 and 2 are subject to a recruitment process by the Council's Appointments Committee, unless there is a legal obligation to redeploy for redundancy or other statutory reason.

Remuneration policy of one of Fife Council's subsidiary bodies Business Gateway Fife is set by its own Board of Directors. Fife Council is represented on this board of five members by two officers. Fife Council has no direct influence on the determination of the remuneration policy. The other subsidiary bodies are encouraged to maintain grading links with Fife Council which evaluates posts for the Trust Boards when requested.

Details of senior employees for Fife Council and Subsidiary bodies are shown in Tables A & B.

4. Pensions Benefits

Pension benefits for employees and Councillors are provided through the Local Government Pension Scheme (LGPS), a funded scheme made up of contributions from employees and councillors and the employer. The LGPS in Scotland changed on 1 April 2015 from a final salary scheme to a career average revalued earnings (CARE) scheme. The scheme year runs from 1 April to 31 March. and all members, both employee and councillor, now build up a pension based on 1/49th of pensionable pay received in each scheme year. The normal pension age of the new scheme is linked to State Pension Age but with a minimum age of 65.

Pension benefits for employee members built up before 1 April 2015 are protected which means that membership built up to that date will continue to be based on final salary when the member retires or leaves.

Pension benefits for councillor members built up before 1 April 2015 will continue to be calculated using average pay over the whole period of scheme membership, including both pre and post 2015 membership. The councillor's pay for each year or part year ending 31 March (other than the pay in 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 revalued pay is then divided by period of membership to calculate career average pay for the pre 2015 benefits.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members based on how much pay falls into each tier. It is designed to give more equality between costs and benefits of scheme membership. Prior to 2009 contribution rates were set at 6% for all non-manual employees. From 1 April 2015, part time members' contribution rates are now based on actual pensionable pay as opposed to whole time pay.

Actual Pay 2023-24	Contribution Rate 2023-24	Actual Pay 2024-25	Contribution Rate 2024-25
Up to and including £25,300	5.50%	Up to and including £27,000	5.50%
Above £25,301 and up to £31,000	7.25%	Above £27,001 and up to £33,000	7.25%
Above £31,001 and up to £42,500	8.50%	Above £33,001 and up to £45,300	8.50%
Above £42,501 and up to £56,600	9.50%	Above £45,301 and up to £60,400	9.50%
Above £56,601	12.00%	Above £60,401	12.00%

The calculation of pension benefits for employee and Councillor members is as follows:

- For membership from date of joining the pension scheme to 31 March 2009 the accrual rate is 80ths
- For membership from 1 April 2009 to 31 March 2015 the accrual rate is 60ths
- For membership under the new CARE scheme from 1 April 2015 to date of retirement the accrual rate is 49ths

A pension lump sum is only automatically paid for scheme membership up to 31 March 2009 at an accrual rate of 3/80ths. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

Value of accrued benefits is calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without adjustment for the effects of future inflation.

The pension figures shown in Tables A & B relate to the benefits that the person has accrued as a consequence of; for councillors, their service as a councillor with Fife Council and any appropriate transfers into the scheme; for employees, their local government service, and not just their current appointment. These pension figures do not include McCloud Remedy provisional underpin amounts.

5. Trade Union Facility Time

The Council is required to publish details of Trade Union facility time, which is the provision of paid or unpaid time off from employees normal roles to undertake Trade Union duties and activities. Details are in Table C and also at: [Fair Work First](#)

Table A- Fife Council

Name	Responsibility	Remuneration (Note 1)		Pension Benefits (Note 2)				
		Salary, Fees & Allowances		Employer's pension contributions		Accrued Pension Benefits	Change from 31/03/24	
		2023-24 £	2024-25 £	2023-24 £	2024-25 £	at 31/03/25 £		
Senior Councillors								
David Ross	Leader of Council	46,773	49,810	-	-	Pension Lump Sum	- -	- -
Jim Leishman	Provost	35,083	37,360	8,595	8,032	Pension Lump Sum	13,000 -	2,000 -
Craig Walker	Leader of Opposition (from 19.09.24) Convener: Glenrothes Area Committee (until 19.09.24)	27,562	29,352	6,753	6,311	Pension Lump Sum	6,000 -	1,000 -
David Alexander	Leader of Opposition (until 18.09.24)	27,562	13,848 (fy 29,352)	6,753	2,977	Pension Lump Sum	6,000 -	1,000 -
Tom Adams	Chair Regulation & Licensing	27,562	29,352	6,753	6,311	Pension Lump Sum	2,000 -	1,000 -
David Barratt	Convener: South & West Fife Area Committee and West & Central Planning Committee	27,562	29,352	6,753	6,311	Pension Lump Sum	4,000 -	1,000 -
John Beare	Convener: Glenrothes Area Committee (from 02.10.24)	-	15,719 (fy 29,352)	-	3,380	Pension Lump Sum	9,000 2,000	1,000 -
Eugene Clarke	Convener: People & Communities Scrutiny Committee (until 29.08.24)	27,562	12,272 (fy 29,352)	6,753	2,638	Pension Lump Sum	2,000 -	- -
James Calder	Convener: City of Dunfermline Area Committee	27,562	29,352	6,753	6,311	Pension Lump Sum	4,000 -	1,000 -
Ian Cameron	Convener: Kirkcaldy Area Committee	27,562	29,352	6,753	6,311	Pension Lump Sum	4,000 -	1,000 -
Alex Campbell	Convener: Cowdenbeath Area Committee	27,562	29,352	-	-	Pension Lump Sum	- -	- -
Altany Craik	Spokesperson: Finance, Economy & Strategic Planning	27,562	29,352	6,753	6,311	Pension Lump Sum	8,000 -	2,000 -
Colin Davidson	Convener: Levenmouth Area Committee	27,562	29,352	6,753	6,311	Pension Lump Sum	4,000 -	1,000 -
Dave Dempsey	Convener: Standards, Audit and Risk Committee, Convener: Pensions Committee	27,562	29,352	6,753	6,311	Pension Lump Sum	15,000 2,000	3,000 -
Linda Erskine	Spokesperson: Communities & Leisure	27,562	29,352	6,753	6,311	Pension Lump Sum	10,000 -	2,000 -

Name	Responsibility	Remuneration (Note 1)		Pension Benefits (Note 2)				
		Salary, Fees & Allowances		Employer's pension contributions		Accrued Pension Benefits		Change from 31/03/24
		2023-24 £	2024-25 £	2023-24 £	2024-25 £	at 31/03/25 £		
Senior Councillors (continued)								
Judy Hamilton (note 3)	Spokesperson: Housing & Building Services	30,268	31,000	7,416	6,671	Pension Lump Sum	11,000 5,000	1,000 -
Cara Hilton	Spokesperson: Education	27,562	29,352	6,753	6,311	Pension Lump Sum	2,000 -	1,000 -
Gary Holt	Convener: People & Communities Scrutiny Committee (from 26.09.24)	-	15,883 (fy 29,352)	-	3,415	Pension Lump Sum	2,000 -	1,000 -
Allan Knox	Convener: Finance, Economy & Corporate Services Scrutiny Committee	27,562	29,352	6,753	6,311	Pension Lump Sum	2,000 -	1,000 -
Jane Ann Liston	Convener: Environment, Transportation & Climate Change Scrutiny Committee	27,562	29,352	6,753	6,311	Pension Lump Sum	4,000 -	1,000 -
Kathleen Leslie	Convener Education Scrutiny Committee	27,562	29,352	6,753	6,311	Pension Lump Sum	4,000 -	1,000 -
Jan Wincott	Spokesperson: Environment & Climate Change	27,562	29,352	6,753	6,311	Pension Lump Sum	6,000 -	1,000 -
Jonny Tepp	Convener: North East Area Committee & North East Planning Committee	27,562	29,352	6,753	6,311	Pension Lump Sum	4,000 -	- -
	Total Senior Councillors (incl Council Leader & Provost)	608,240	645,524	130,812	121,778	Pension Lump Sum	122,000 9,000	24,000 -
Senior Employees								
Ken Gourlay (note 4)	Chief Executive (from 03.07.23) Executive Director Enterprise & Environment (until 02.07.23)	170,524 (fy 180,183)	198,657	41,778	41,269	Pension Lump Sum	99,000 148,000	13,000 17,000
Carol Connolly	Executive Director Place (from 11.12.23)	43,552 (fy 141,545)	147,044	10,670	31,614	Pension Lump Sum	4,000 -	3,000 -
Michael Enston	Executive Director Communities	141,545	147,044	34,679	31,614	Pension Lump Sum	90,000 136,000	7,000 5,000
Donald Macleod	Executive Director Education (from 12.08.24)	-	93,464 (fy 147,044)	-	20,095	Pension Lump Sum	2,000 -	2,000 -
Eileen Rowand	Executive Director Finance & Corporate Services	141,545	147,287	34,679	31,614	Pension Lump Sum	72,000 79,000	6,000 3,000
James Ross	Head of Children & Families & Criminal Justice (Chief Social Work Officer from 27.05.24)	-	98,167 (fy 115,958)	-	21,106	Pension Lump Sum	2,000 -	2,000 -
Chris Moir	Head of Children & Families & Criminal Justice (Chief Social Work Officer from 01.05.23 until 23.06.24)	103,571 (fy 111,622)	26,722 (fy 115,958)	25,340	5,738	Pension Lump Sum	53,000 69,000	2,000 1,000
	Total Senior Employees	600,737	858,385	147,146	183,050	Pension Lump Sum	322,000 432,000	35,000 26,000

Table B- Joint Initiative and Subsidiary Bodies - Senior Employees

Senior Employees	Responsibility	Organisation	Remuneration (Note 1)		Pension Benefits (Note 2)				
			Salary, Fees & Allowances		Employer's pension contributions		Accrued Pension Benefits		Change from 31/03/24
			2023-24 £	2024-25 £	2023-24 £	2024-25 £	at 31/03/25 £		
Lynne Garvey	Director-Health & Social Care	Health & Social Care Partnership (from 04.11.24) (Note 5)	-	51,883 (fy 112,210)	-	11,541	Pension Lump Sum	34,000 84,000	5,000 10,000
Fiona McKay	Interim Director-Health & Social Care	Health & Social Care Partnership (from 05.07.24 until 03.11.24) (Note 5)	-	48,529 (fy 147,044)	-	10,428	Pension Lump Sum	55,000 65,000	8,000 10,000
Nicky Connor	Director-Health & Social Care	Health & Social Care Partnership (until 23.07.24) (Note 5)	111,590	36,335 (fy 115,356)	23,126	8,175	Pension Lump Sum	41,000 107,000	2,000 4,000
Heather Stuart	Chief Executive	Fife Cultural Trust	113,752	118,171	25,594	23,043	Pension Lump Sum	30,000 -	4,000 -
Emma Walker	Chief Executive	Fife Sport & Leisure Trust	105,510	109,441	19,462	16,939	Pension Lump Sum	11,000 -	3,000 -
Paul Murphy	Chief Executive	Fife Golf Trust	72,016	78,239	15,195	14,161	Pension Lump Sum	40,000 40,000	4,000 3,000
Jeremy Harris	Chief Executive	Fife Coast & Countryside Trust	73,557	77,879	16,418	14,669	Pension Lump Sum	9,000 -	2,000 -
Robin Baird	Chief Executive	Fife Resource Solutions LLP & CIRECO (Scotland) LLP	105,198	109,285	23,459	21,092	Pension Lump Sum	38,000 23,000	4,000 1,000
Fraser McKee	Senior Growth Adviser	Business Gateway	44,550	47,254	-	-	see Note 6		
	Total Joint Initiative and Subsidiary Bodies		626,173	677,016	123,254	120,048	Pension Lump Sum	258,000 319,000	32,000 28,000

Notes - Table A & Table B

Note 1 - Full year equivalent (fy) salaries are shown in brackets for those who started or left in the year.

Note 2 - The pension figures shown relate to benefits accrued as a consequence of total local government service and not just for the current post. Benefits for persons who have left during the year are shown as the benefits accrued at the time of leaving.

Note 3 - Remuneration for Cllr Hamilton includes £1,648 (2023-24, £2,706) for her role as Chair of APSE (Association for Public Service Excellence).

Note 4 - Remuneration for Ken Gourlay, Chief Executive includes payments made in respect of his role as Returning Officer in 2024-25 of £5,708 (2023-24 NIL)

Note 5 - The Director of Health & Social Care Joint Initiative is employed by the NHS, the Interim Director of Health & Social Care was employed by Fife Council.

Note 6 - Business Gateway Fife employees are members of a defined contribution pension scheme therefore disclosure of pension benefits accrued in year is not possible.

Table C - Trade Union Facility Time

2023-24 Non Education staff	Education staff		2024-25 Non Education staff	Education staff
60	38	Number of employees who were relevant union officials in the year	44	45
56.4	36.0	Number of full time equivalent employees	38.8	39.2
		Number of employees analysed by % of time spent on facility time		
29	7	0%	16	8
22	28	1% - 50%	20	35
1	2	51% - 99%	0	0
8	1	100%	8	2
£0.343m	£0.365m	Total cost of Facility Time	£0.339m	£0.369m
0.1%	0.1%	% of Total pay bill spent on Facility Time	0.1%	0.1%
5%	5%	Time on paid Activities as % of total paid Facility Time	5%	5%

Table D - Members Expenses

Details of the salaries, allowances and expenses paid to all councillors (including senior councillors in Table A).

2023-24 £m	Type of Remuneration	2024-25 £m
1.688	Salaries	1.791
0.031	Travel and Subsistence	0.023
0.006	Training/ Conference and Meeting Expenses	0.009
0.006	Telephone and Information Technology Expenses met by Council	0.004
0.004	Cost of Provision of Council Cars met by Council	0.004
0.000	Other Expenses and Allowances	0.000
1.735	Total	1.831

The annual return of councillors' salaries and expenses for 2024-25 is available for any member of the public to view at all Fife Council libraries and public offices during normal working hours. It is also available on the Fife Council website at the following link; [Councillors' Salaries & Expenses](#)

Table E - Fife Council Employees Analysis by Pay Band

The figures below are the total number of Council employees receiving more than £50,000 remuneration for the year (including any associated redundancy or early retirement payments).

2023-24	Remuneration Bands	2024-25	2023-24	Remuneration Bands	2024-25
653	£50,000 - £54,999	790	9	£105,000 - £109,999	9
349	£55,000 - £59,999	367	11	£110,000 - £114,998	5
212	£60,000 - £64,999	198	0	£115,000 - £119,999	9
163	£65,000 - £69,999	207	0	£120,000 - £134,999	0
101	£70,000 - £74,999	131	1	£135,000 - £139,999	0
81	£75,000 - £79,999	116	2	£140,000 - £144,999	0
12	£80,000 - £84,999	30	0	£145,000 - £149,999	3
10	£85,000 - £89,999	8	0	£150,000 - £169,999	0
7	£90,000 - £94,999	16	1	£170,000 - £174,999	0
9	£95,000 - £99,999	7	0	£175,000 - £194,999	0
3	£100,000 - £104,999	3	0	£195,000 - £199,999	1
			1,624	Total	1,900

Table F - Exit Packages

Termination benefits are defined as amounts payable as a result of either an employer's decision to terminate an employee's employment before normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits, as agreed by the Council. Exit packages detailed below include redundancy payments, compensatory lump sums, pension strain and estimated capitalised compensatory added years' (CAY) costs for Fife Council and its group. These estimated values are based on an assessment of the present value of future payments to the retiree until death. Exit packages relating to ill health retirements are not classified as termination benefits therefore amounts paid to individuals on this basis are not included in the table.

Exit Package Cost Band £	No. of Compulsory Redundancies	No. of Other Agreed Departures	Total No. of Exit Packages	Cash Value £m	Estimated CAY £m	Total Exit Packages Cost
2024-25						
0 - 19,999	1	17	18	0.125	0.000	0.125
20,000 - 39,999	0	5	5	0.125	0.000	0.125
40,000 - 59,999	0	0	0	0.000	0.000	0.000
60,000 - 79,999	0	1	1	0.077	0.000	0.077
80,000 - 99,999	0	1	1	0.093	0.000	0.093
100,000 - 149,999	0	0	0	0.000	0.000	0.000
Over 150,000	0	0	0	0.000	0.000	0.000
Total	1	24	25	0.420	0.000	0.420
2023-24						
0 - 19,999	3	10	13	0.098	0.000	0.098
20,000 - 39,999	0	0	0	0.000	0.000	0.000
40,000 - 59,999	1	0	1	0.045	0.000	0.045
60,000 - 79,999	0	0	0	0.000	0.000	0.000
80,000 - 99,999	0	1	1	0.084	0.000	0.084
100,000 - 149,999	1	0	1	0.123	0.000	0.123
Over 150,000	0	0	0	0.000	0.000	0.000
Total	5	11	16	0.350	0.000	0.350

The total cost of exit packages £0.420m in the table for 2024-25 above includes £0.420m cash value and nil estimated CAY for exit packages that have been agreed, accrued for and charged to Fife Council's Comprehensive Income and Expenditure Statement in the current year.

Of the 2024-25 total cost of £0.420m, £0.019m relates to statutory redundancy payments, £0.107m to compensation for loss of office, £0.294m for enhanced pension benefits and nil for estimated CAY.

As a consequence of the delivery of the 2024-25 savings each directorate has incurred termination payments. The Directorate incurring the largest cost is Education £0.269m.

The Council's Responsibilities

The Council is required to:-

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Council has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In Fife Council, that officer is the Executive Director Finance and Corporate Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014 and so far as is compatible with that legislation, in accordance with proper accounting practices (**see footnote) (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

The Executive Director Finance and Corporate Services Responsibilities

The Executive Director Finance and Corporate Services is responsible for the preparation of Fife Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code),

In preparing the Annual Accounts, the Executive Director Finance and Corporate Services has :-

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation)**see footnote

The Executive Director Finance and Corporate Services has also:-

- Kept adequate accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of Fife Council and its group at the reporting date and the transactions of Fife Council and its group for the year ended 31 March 2025.

****footnote:** As disclosed within these Unaudited Accounts, due to data not yet being available, the Council has partially implemented IFRS 16 Leases within these accounts. As a result all previous operating leases have been accounted for fully in line with the new standard and the service concession arrangements have been partially accounted for in line with IFRS 16. At the time of completion of the Unaudited Accounts the data is not yet available from the adviser. This has been an issue experienced across a number of Scottish Councils for 2024-25. The intent is that further IFRS 16 accounting entries will be concluded during the audit and for the final audited accounts.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

The objective of this Analysis is to demonstrate to council tax and rent payers how funding available to the Council (i.e. government grants, rents, fees and charges, council tax and business rates) for the year has been used in providing services in comparison with resources consumed or earned by authorities in accordance with generally accepted accounting practices under accounting standards or statutory provisions, and shows how net expenditure is allocated for decision making purposes between Council directorates. Expenditure under generally accepted accounting practices is presented more fully in Comprehensive Income & Expenditure Statement (CIES). It should be noted that this analysis is not a principal financial statement of the accounts.

2023-24				2024-25		
Net Expenditure chargeable to Balances £m	Adjustments between Funding & Accounting Basis £m	Net Expenditure in the CIES £m		Net Expenditure chargeable to Balances £m	Adjustments between Funding & Accounting Basis £m	Net Expenditure in the CIES £m
385.901	30.355	416.256	Education	445.723	121.851	567.574
220.914	3.789	224.703	Health & Social Care	248.108	1.038	249.146
141.891	26.960	168.851	Place	142.878	35.866	178.744
162.646	4.912	167.558	Communities	159.883	47.062	206.945
59.259	10.274	69.533	Finance & Corporate	60.709	8.725	69.434
0.302	0.004	0.306	Chief Executive	0.301	0.000	0.301
(52.271)	36.564	(15.707)	Housing Revenue Account	(54.512)	68.327	13.815
107.798	(107.798)	0.000	Loan Charges & CFCR	130.552	(130.552)	0.000
1,026.440	5.060	1,031.500	Net Cost of Services	1,133.642	152.317	1,285.959
(968.763)	(61.052)	(1,029.815)	Other Income & Expenditure	(1,088.400)	(53.718)	(1,142.118)
57.677	(55.992)	1.685	Total (Surplus)/Deficit on Provision of Services	45.242	98.599	143.841
(1.989)	0.662	(1.327)	Subsidiaries	(1.184)	0.509	(0.675)
(0.277)	0.277	0.000	Less Intercompany transactions	(0.865)	0.865	0.000
55.411	(55.053)	0.358	Group (Surplus)/Deficit on Provision of Services	43.193	99.973	143.166

(223.434)	Opening General Fund & HRA Balance	(162.597)
57.677	(Surplus) / Deficit for the year	45.242
3.160	Transfers to / (from) Other Reserves	(0.349)
(162.597)	Closing General Fund & HRA Balance (see Movement in Reserves Statement)	(117.704)

Adjustments between funding & accounting basis (above) is comprised of the following 3 items which are detailed by Council directorate in Note 8-Analysis of Income and Expenditure by Segment/Nature.

- **Adjustments for Capital Purposes** in Net Cost of Services reflect impairment & revaluation gains/losses and depreciation charged to CIES. Adjustments outwith Net Cost of Services include gains/losses on disposal of assets and capital grants receivable in the year.

- **Net change for Pension Adjustments** in Net Cost of Services are the removal of employer pension contributions made by the Council, replaced with current & past service costs calculated under IAS19. Adjustments outwith Net Cost of Service includes net interest on defined benefit asset / liability under IAS19.

- **Other Adjustments** in Net Cost of Services include an accrual for costs of holiday entitlement earned by employees not taken before year end, and other transfers between services to recognise differences between the reporting structure of the Council and the accounting basis. Adjustments outwith Net Cost of Services include timing differences for premiums and discounts relating to Financial Instruments.

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Total Comprehensive Income & Expenditure line shows the true economic cost of providing the Council's services, details of which are shown in the CIES. These are different from the amounts charged to General Fund Balance and Housing Revenue Account for council tax setting and dwellings rent setting purposes under accounting standards and statutory regulations. The Transfers (to)/from Other Statutory Reserves shows charges made to the CIES to be financed from a reserve. The Balances at 31 March are before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund £m	HRA £m	Insurance Fund £m	Capital Fund £m	Capital Grants and Receipts and Unapplied £m	Total Usable Reserves £m	Unusable Reserves £m	Total Fife Council Reserves £m	Subsidiary Reserves & Share of Joint Venture £m	Total Group Reserves £m
Opening Balance 1 April 2023	(216.054)	(7.380)	(14.423)	0.000	(0.859)	(238.716)	(2,453.999)	(2,692.715)	(180.995)	(2,873.710)
<u>Movement in Reserves during 2023-24</u>										
Total Comprehensive Income & Expenditure	27.266	(25.581)	0.000	0.000	0.000	1.685	(241.720)	(240.035)	(47.648)	(287.683)
Adjustments between accounting & funding basis:										
- permitted by accounting standards	(33.244)	(4.727)	0.000	0.000	0.000	(37.971)	37.971	0.000	0.000	0.000
- required by statutory regulations	61.569	32.394	0.000	0.000	(0.275)	93.688	(93.688)	0.000	0.000	0.000
Transfers to/(from) Other Statutory Reserves	3.181	(0.021)	(3.160)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer to/(from) Common Good Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.590	0.590	(0.590)	0.000
(Increase)/Decrease in Year	58.772	2.065	(3.160)	0.000	(0.275)	57.402	(296.847)	(239.445)	(48.238)	(287.683)
Balance at 31 March 2024	(157.282)	(5.315)	(17.583)	0.000	(1.134)	(181.314)	(2,750.846)	(2,932.160)	(229.233)	(3,161.393)
<u>Movement in Reserves during 2024-25</u>										
Total Comprehensive Income & Expenditure	138.407	5.434	0.000	0.000	0.000	143.841	(168.915)	(25.074)	(45.595)	(70.669)
Adjustments between accounting & funding basis:										
- permitted by accounting standards	(66.850)	(3.737)	0.000	0.000	0.000	(70.587)	70.587	0.000	0.000	0.000
- required by statutory regulations	(33.047)	5.035	0.000	0.000	1.021	(26.991)	26.991	0.000	0.000	0.000
Transfers to/(from) Other Statutory Reserves	3.661	(4.010)	0.349	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer to/(from) Common Good Reserves	0.000	0.000	0.000	0.000	0.000	0.000	1.662	1.662	(1.662)	0.000
(Increase)/Decrease in Year	42.171	2.722	0.349	0.000	1.021	46.263	(69.675)	(23.412)	(47.257)	(70.669)
Balance at 31 March 2025	(115.111)	(2.593)	(17.234)	0.000	(0.113)	(135.051)	(2,820.521)	(2,955.572)	(276.490)	(3,232.062)

Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services and managing the Council during the year and includes, on an accruals basis, all of the Council's day-to-day expenses and related income but excludes any amounts relating to VAT, as VAT collected is payable to HM Revenue & Customs and VAT paid is recoverable from them.

The statement shows the accounting cost in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover net expenditure in accordance with statutory regulations which may be different from the accounting cost and the taxation position is shown in the Movement in Reserves Statement.

2023-24					2024-25			
Gross Expenditure £m	Gross Income £m	Fife Council Net Expenditure £m	Group Net Expenditure £m		Gross Expenditure £m	Gross Income £m	Fife Council Net Expenditure £m	Group Net Expenditure £m
478.845	(62.589)	416.256	416.256	Education	596.201	(28.627)	567.574	567.574
563.086	(338.383)	224.703	224.703	Health & Social Care	609.918	(360.772)	249.146	249.146
212.679	(43.828)	168.851	168.851	Place	227.877	(49.133)	178.744	178.744
207.113	(39.555)	167.558	167.558	Communities	248.108	(41.163)	206.945	206.945
158.508	(88.975)	69.533	69.533	Finance & Corporate	156.426	(86.992)	69.434	69.434
0.306	0.000	0.306	0.306	Chief Executive	0.301	0.000	0.301	0.301
123.392	(139.099)	(15.707)	(15.707)	Housing Revenue Acc.	161.201	(147.386)	13.815	13.815
103.940	(104.311)	0.000	(0.371)	Subsidiaries	119.221	(118.229)	0.000	0.992
		1,031.500	1,031.129	Net cost of Services (note 8)			1,285.959	1,286.951
				Other Income & Expenditure (note 9)				
		(0.387)	(0.305)	- Other Operating Expenditure			(0.339)	(0.503)
		43.748	43.274	- Financing & Investment			43.728	43.090
		(1,073.176)	(1,073.740)	- Taxation & Non-Specific Grant Income			(1,185.507)	(1,186.372)
		1.685	0.358	(Surplus)/Deficit on Provision of Services			143.841	143.166
				Other Comprehensive Income & Expenditure				
		(108.268)	(116.187)	-(Gain)/Loss-non-current asset revaluation			(331.286)	(332.935)
		8.520	8.520	-(Gain)/Loss-non-current asset impairment			21.906	21.906
		0.000	0.000	-(Gain)/Loss-financial asset revaluation			(0.608)	(0.608)
		(141.972)	(146.319)	-Remeasurement of net pensions liability			141.073	146.284
		0.000	(50.550)	-Movement in Common Good lease assets			0.000	(49.991)
		(241.720)	(304.536)				(168.915)	(215.344)
		0.000	16.495	Share of Joint Venture			0.000	1.509
		(240.035)	(287.683)	Total Comprehensive Income & Expenditure			(25.074)	(70.669)

Material Items of Income and Expenditure

Fife Integration Joint Board (IJB)

Fife Council made contributions of £247.516m to the IJB, £245.883m from Health & Social Care and £1.633m from Housing. Fife Council received amounts from the IJB totalling £232.760m. The Council's share of IJB reserves decreased by £1.509m in 2024-25 and is included in the Group figures above.

The Balance Sheet: shows the value of the assets and liabilities held by the Group which are matched by reserves (Usable and Unusable). Usable reserves are those the Group may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves cannot be used by the Group to provide services and include reserves that hold unrealised gains and losses which only become available to provide services if assets are sold, and reserves that hold timing differences detailed in the Movement in Reserves Statement line 'Adjustments between accounting basis & funding basis under regulations'.

31 March 2024			Notes	31 March 2025	
Fife Council £m	Group £m			Fife Council £m	Group £m
4,003.423	4,213.116	Property, Plant & Equipment	11	4,282.339	4,546.377
31.132	31.582	Heritage Assets	12	29.537	31.735
0.000	0.004	Intangible Assets	14	0.000	0.003
4.683	4.683	Long Term Debtors	21	4.032	4.032
2.756	10.904	Long Term Investments	21	3.100	11.382
49.218	54.338	Defined Benefit Pension Asset	24	0.000	0.000
0.000	2.365	Investment in Joint Venture	27	0.000	0.856
4,091.212	4,316.992	Long Term Assets		4,319.008	4,594.385
65.646	76.877	Cash and Cash Equivalents	Cash Flow	79.610	89.949
0.705	0.705	Assets held for sale	13	7.116	7.116
5.112	5.387	Inventories	18	5.254	5.449
126.606	126.044	Short Term Debtors	19	133.956	133.993
198.069	209.013	Current Assets		225.936	236.507
(25.711)	(25.711)	Short Term Receipts in Advance	10	(24.233)	(24.233)
(110.800)	(118.133)	Short Term Creditors	19	(110.386)	(119.226)
(0.150)	(0.150)	Short Term Provisions	20	0.000	0.000
(155.944)	(155.944)	Short Term Borrowing	21	(256.454)	(256.454)
(292.605)	(299.938)	Current Liabilities		(391.073)	(399.913)
(20.656)	(20.656)	Long Term Receipts in Advance	10	(20.660)	(20.660)
(15.002)	(15.002)	Long Term Provisions	20	(14.311)	(14.311)
0.000	(0.158)	Long Term Creditors	21	0.000	(0.098)
(966.702)	(966.702)	Long Term Borrowing	21	(1,017.473)	(1,017.473)
(62.156)	(62.156)	Other Long Term Liabilities	21	(59.963)	(59.963)
0.000	0.000	Defined Benefit Pension Liability	23	(85.892)	(86.412)
(1,064.516)	(1,064.674)	Long Term Liabilities		(1,198.299)	(1,198.917)
2,932.160	3,161.393	Net Assets/(Liabilities)		2,955.572	3,232.062
(181.314)	(393.561)	Usable Reserves	6	(135.051)	(397.208)
(2,750.846)	(2,767.832)	Unusable Reserves	7	(2,820.521)	(2,834.854)
(2,932.160)	(3,161.393)	Total Reserves		(2,955.572)	(3,232.062)

The unaudited accounts were issued on 30th June 2025.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

The statement: shows the changes in cash and cash equivalents by operating, investing and financing activities. Net cash flows from operating activities is a key indicator of the extent to which operations are funded by taxation, grants or charges for services. Investing activities represent the extent to which cash outflows have been made for resources intended to contribute to future service delivery. Cash flows from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

2023-24			2024-25	
Fife Council £m	Group £m		Fife Council £m	Group £m
(1.685)	(0.358)	Net surplus or (deficit) on the provision of services	(143.841)	(143.166)
		Adjustments for non cash movements		
121.200	121.963	Depreciation charges	170.052	171.406
7.335	8.147	Downward/(upward) revaluations & Impairments	115.643	115.567
0.000	0.001	Amortisation of intangibles	0.000	0.001
0.000	(0.007)	Movement in Fair Value of Investments	0.000	0.239
(45.873)	(38.430)	Increase/(decrease) in creditors	(2.689)	3.564
(15.115)	(18.924)	(Increase)/decrease in debtors	(2.333)	(7.735)
(0.441)	(0.601)	(Increase)/decrease in inventories	(0.142)	(0.062)
(9.714)	(9.947)	Movement in pension asset / liability	(5.963)	(5.534)
0.454	0.454	Contributions to/(from) provisions	(0.841)	(0.841)
3.182	3.786	Carrying amount of assets sold	3.299	10.243
		Adjustments for investing & financing activities		
(104.413)	(104.977)	Capital Grants in surplus/(deficit) on provision of services	(97.107)	(97.972)
(3.569)	(4.092)	Proceeds from the sale of assets	(3.638)	(10.958)
0.000	(0.087)	Other receipts and payments from investing activities	0.000	0.000
(48.639)	(43.072)	Net cash flows from Operating Activities	32.440	34.752
(236.411)	(238.982)	Purchase of non-current assets	(257.155)	(261.231)
(0.009)	(0.548)	Purchase of investments	0.000	(7.313)
3.569	4.092	Proceeds from the sale of assets	3.638	10.958
100.718	101.360	Other receipts from investing activities	99.661	100.526
(132.133)	(134.078)	Net cash flows from Investing Activities	(153.856)	(157.060)
184.474	184.474	Cash receipts and repayments of short & long term borrowing	149.521	149.521
(6.938)	(6.938)	Cash payments reducing liabilities on Leases & PPP	(7.193)	(7.193)
(1.467)	(1.467)	Other financing activities	(6.948)	(6.948)
176.069	176.069	Net cash flows from Financing Activities	135.380	135.380
(4.703)	(1.081)	Net increase or (decrease) in cash & cash equivalents	13.964	13.072
70.349	77.958	Cash & cash equivalents at beginning of reporting period	65.646	76.877
65.646	76.877	Cash & cash equivalents at end of reporting period	79.610	89.949
0.049	0.062	Cash in Hand	0.050	0.062
2.658	10.275	Bank	3.768	10.027
66.540	66.540	Short Term Investments	79.860	79.860
(3.601)	0.000	Advances from other accounts	(4.068)	0.000
65.646	76.877		79.610	89.949
		Net cash flows for Operating Activities include:-		
1.109	1.738	Interest received	(0.022)	0.398
(36.014)	(36.014)	Interest paid	(49.087)	(49.087)
(34.905)	(34.276)	Total	(49.109)	(48.689)

Movement in Liabilities held in the Balance Sheet recognised as Financing Activities (£m)

	1 April 2023	Movement 2023-24 Cash	Non-Cash	1 April 2024	Movement 2024-25 Cash	Non-Cash	31 March 2025
Long & Short Term Borrowing	(919.364)	(184.474)	0.000	(1,103.838)	(149.521)	0.000	(1,253.359)
PPP & Lease Liabilities	(76.230)	6.938	0.000	(69.292)	7.193	(6.649)	(68.748)
EIR Loan Liability	(5.069)	0.000	0.044	(5.025)	0.000	2.842	(2.183)

Notes to the Accounts

1. General Accounting Policies

General Principles

The Annual Accounts summarise the Fife Council and its Group transactions for the 2024-25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires that these accounts be prepared in accordance with proper accounting practices. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 (the Code) and supported by International Financial Reporting Standards (IFRS), with the exception of IFRS 16 which has been partially implemented. At the time of submission of the 2024-25 Unaudited Annual Accounts the data was not available to fully make all the necessary accounting entries and disclosures relating to IFRS 16.

The accounting concepts of materiality, accruals, going concern and primacy of legislative requirements have been considered in the application of accounting policies. The materiality concept is an expression of the relative significance of a matter in the context of the annual accounts as a whole and items of income and expenditure are material if individually or collectively they could influence the decisions or assessments of users of the financial statements. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that the Council will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict, the latter shall apply.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The group accounting policies are materially the same as those specified above.

Accruals of Income and Expenditure

The accounts and related statements are compiled on an accruals basis for both revenue and capital. The accruals basis requires that activity is accounted for in the year it takes place, not simply when cash payments are made or received. Accruals are made for all material debtors and creditors within the accounts. Accruals are made for payroll costs where pay has been earned but not paid, for supplies & services where received or consumed within the financial year, for interest due and payable on external borrowings and for customer & client receipts due and receivable in the period to which they relate. The main accrual & estimation techniques used are:

- Payroll Costs: Estimate of salaries & wages based on number of days relating to the period to 31 March 2025
- Energy Costs: Information held by Energy Management Unit and Service records.
- Supplies & Services: Purchase ordering and goods receipting information held in the Council's financial systems.
- Interest: Based on the Council's Investment Team records of internal and external loans.
- Pensions: Estimate of future asset / liability calculated by the Council's actuaries in accordance with IAS19.
- Holiday Pay: Based on employees holiday leave earned in 2024-25 but not taken by 31 March 2025.

Reserves

Reserves are created by appropriating amounts out of the General Fund Balance into the Movement in Reserves Statement (MIRS). When expenditure to be financed from a reserve is incurred, it is charged to Surplus/Deficit on Provision of Services in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in MIRS so that there is no net charge against council tax for the expenditure.

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

Fair Value

The Council values some of its non-financial assets and financial instruments at Fair Value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The levels of the fair value are:

- Level 1 - quoted prices (unadjusted) in active markets for
- Level 2 - inputs other than quoted prices included within Level 1
- Level 3 - unobservable inputs

Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries and a Joint Venture and is therefore required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

2. Accounting Standards Issued, 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 following Standards do not require adoption before 31 March 2025 and therefore have no impact on the 2024-25 financial statements;

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

There will be limited application of items a) and b) for the Council.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made, this is referred to in the relevant note to the financial statements. The most significant of these for the Council is;

- **Public Private Partnership (PPP)** The Council is deemed to control the Services provided under the agreement for the provision of educational establishments. The accounting policies for PPP schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant & Equipment on the Council's Balance Sheet with further details shown in a separate note to the accounts.

- **Adoption of IFRS 16 Leases** The Council has been unable to fully implement IFRS 16. At the time of submission of the 2024-25 Unaudited Annual Accounts the data was not available to make all the necessary accounting entries and disclosures relating to IFRS 16.

4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are below:-

- **Property, Plant & Equipment:** The Net Book Value of assets subject to depreciation is £2,386.548m. These are depreciated over useful lives dependent on assumptions about future levels of repairs & maintenance that will be incurred for individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

The Council has reviewed the potential for indexation of Other, Land & Buildings Assets valued on a Depreciated Replacement Cost basis. It was deemed by the Council's Estates professionals that an indexation increase should be applied to build cost components for the period 01/04/24 - 31/03/25 to reflect conditions in the external market. This indexation was adjusted to the date of the last valuation. For all other assets not valued on a Depreciated Replacement Cost basis, the Council's Estates professionals carry out an annual review to determine any significant changes in the external market which may impact on the current valuations and adjust as appropriate.

Council dwellings are valued using the Beacon Method under which the values of groups of similar properties are calculated by assessing the capital value of one of them (a beacon) then extrapolating the value across the rest of the group. Current values for Council dwelling assets (valued to Economic Use Value-Social Housing) at 31 March 2025 were calculated by applying an adjustment factor of 37.18% to the underlying vacant possession value.

The Council has also reviewed the potential for indexation of Council Dwellings. The District Valuer undertakes an annual review to advise if there is likely to have been a change in value of the housing stock since the last full valuation at 31 March 2023. The outcome of this review concluded that the value of the housing stock is likely to have decreased in the region of 4.5%. The Council Dwellings value was adjusted to reflect at 31 March 2025.

All Asset Valuations are recorded with two components – land and buildings. Where the building component is greater than £10 million, the building element is further componentised to provide a value for the Mechanical & Electrical services within the asset. The percentage used for this further split varies by property type and is included with the build cost information provided by the Council Quantity Surveyors.

No estimations and assumptions about the estimated cost of dismantling, removing or restoring items of property, plant and equipment have been included in the Capital Expenditure in the Accounts.

Effect if Actual Results Differ from Assumptions: If the useful life of assets is reduced, depreciation increases and carrying amount of assets fall. It is estimated that for every year that useful lives are reduced, the annual depreciation charge for buildings would increase by approximately £7.093m. If the beacon adjustment factor is increased by 1%, this would lead to a corresponding reduction in the total value of council dwellings of £28.583m.

• **Adoption of IFRS 16 Leases** Assets included within the Right-of-Use asset are those valued at greater than £10,000. Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Council's incremental borrowing rate where the implicit interest could not be determined in the lease contract. Where contracts were on a tacit or rolling basis, the Council has considered other policies and procedures to provide an estimated end date. The Right-of-Use Assets have been charged depreciation from the commencement date to the lower of the assets useful life or lease term. The Council has made no estimations or assumptions about the estimated cost of dismantling, removing or restoring leased items therefore the lease liability has not been adjusted. For service concession arrangements, the balance on 2 PPP contracts has been remeasured to reflect the carrying amount of the liability as if an IFRS 16 approach had always been in place. All other IFRS 16 accounting entries relating to service concession arrangements remain outstanding. The Council has been unable to fully implement IFRS 16.

• **Defined Pensions Liability:** Estimation of the Council's net liability to pay pensions depends on a number of complex judgements including the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

Effect if Actual Results Differ from Assumptions: Changes to individual assumptions will have an effect on the defined benefit obligation. e.g. a 0.1% decrease in the discount rate would increase the liability by £41m, a 0.1% increase in Pension Increase rate (CPI) would increase the liability by £39m and a 1 year increase in life expectancy assumptions would increase the liability by 4%.

• **Fair Value Measurements:** If fair value of a financial asset or liability cannot be measured based on quoted prices in active markets (Level 1), it is measured using valuation techniques (e.g. quoted prices for a similar asset or liability in active markets). Where possible, the techniques are based on observable data, but if not, judgement is required to establish fair values, typically including considerations such as uncertainty and risk. Where Level 1 inputs are unavailable, the Council employs relevant experts to identify the most appropriate valuation techniques.

Effect if Actual Results Differ from Assumptions: Significant changes in any of the unobservable inputs would result in a significantly lower or higher value for the Council's assets which are measured at fair value.

5. Adjustments between Accounting Basis and Funding Basis under Regulations

These are adjustments made to the comprehensive income & expenditure statement (CIES) recognised by the Council in accordance with proper accounting practice to the resources that are specified by accounting standards or statutory regulations as being available to the Council to meet future capital and revenue expenditure.

2023-24							2024-25					
Usable Reserves				Unusable Reserves	Total Reserves		Usable Reserves				Unusable Reserves	Total Reserves
General Fund £m	Housing Revenue Account £m	Capital Fund £m	Capital Grants & Receipts & Unapplied £m				General Fund £m	Housing Revenue Account £m	Capital Fund £m	Capital Grants & Receipts & Unapplied £m		
						Accounting Standards Adjustments						
						Adjustments for Capital Purposes						
(33.244)	(4.727)	0.000	0.000	37.971	0.000	Revaluation element of depreciation in CIES	(66.850)	(3.737)	0.000	0.000	70.587	0.000
(33.244)	(4.727)	0.000	0.000	37.971	0.000	Total Accounting Standards Adjustments	(66.850)	(3.737)	0.000	0.000	70.587	0.000
						Statutory Adjustments						
						Adjustments for Capital Purposes						
(58.256)	(32.308)	0.000	0.000	90.564	0.000	Depreciation, Impairment & Revaluations	(150.360)	(64.748)	0.000	0.000	215.108	0.000
0.000	0.000	0.000	0.000	0.000	0.000	Right-of-use assets lease liability	0.057	0.000	0.000	0.000	(0.057)	0.000
82.011	22.402	0.000	(0.275)	(104.138)	0.000	Capital grants & contributions	73.696	23.411	0.000	1.021	(98.128)	0.000
0.372	0.015	(3.569)	0.000	3.182	0.000	Gains/(Losses) on disposal of assets	0.278	0.061	(3.638)	0.000	3.299	0.000
0.000	0.000	3.554	0.000	(3.554)	0.000	Capital Fund applied to capital investment	0.000	0.000	3.607	0.000	(3.607)	0.000
0.000	0.000	0.015	0.000	(0.015)	0.000	Capital Fund applied to HRA debt repayment	0.000	0.000	0.031	0.000	(0.031)	0.000
23.684	18.469	0.000	0.000	(42.153)	0.000	Statutory provision-financing capital investment	23.506	20.671	0.000	0.000	(44.177)	0.000
0.000	23.752	0.000	0.000	(23.752)	0.000	Capital expenditure charged to revenue	11.377	23.420	0.000	0.000	(34.797)	0.000
						Pensions Adjustments						
9.513	0.201	0.000	0.000	(9.714)	0.000	Difference in pension costs charged to CIES from those chargeable under regulations	6.027	(0.064)	0.000	0.000	(5.963)	0.000
						Financial Instruments Adjustments						
2.660	(0.026)	0.000	0.000	(2.634)	0.000	Difference in finance costs charged to CIES from those chargeable under regulations	3.238	2.186	0.000	0.000	(5.424)	0.000
						Employee Statutory Adjustments						
1.585	(0.111)	0.000	0.000	(1.474)	0.000	Difference in officer remuneration charged to CIES from those chargeable under regulations	(0.866)	0.098	0.000	0.000	0.768	0.000
61.569	32.394	0.000	(0.275)	(93.688)	0.000	Total Statutory Adjustments	(33.047)	5.035	0.000	1.021	26.991	0.000

6. Usable Reserves and Earmarked Balances

2023-24 £m	Usable Reserves	2024-25 £m
(157.282)	General Fund	(115.111)
(5.315)	Housing Revenue Account (HRA)	(2.593)
(17.583)	Insurance Fund	(17.234)
0.000	Capital Fund	0.000
(1.134)	Capital Grants and Receipts Unapplied Account	(0.113)
(181.314)	Total Usable Reserves	(135.051)

Movements in usable reserves are outlined in the Movement in Reserves Statement (MIRS) which also shows movements in amounts set aside from General Fund balances in statutory reserves for the following purposes:-

- Insurance Fund

The Council purchases insurance cover and manages risk through its Insurance Fund with the exception of theft, malicious damage and accidental damage which are charged to the cost of services in the year they arise.

- Capital Fund

Capital receipts are transferred to this fund which is used to finance capital expenditure or set aside to repay HRA debt.

- Capital Grants and Receipts Unapplied Account

This account holds capital grants and receipts credited to Surplus / Deficit on Provision of Services but not yet applied to fund expenditure. When applied to fund capital expenditure these are transferred in MIRS to Capital Adjustment Account.

Legislation in Scotland does not allow for creation of separate non-statutory earmarked reserves, however the Council has areas where funds are earmarked or committed but remain part of usable reserves. The table shows net transfers between committed balances and Service budgets, either to increase committed balances or to augment Service expenditure, and also other transfers between committed and uncommitted balances.

2024-25	Balance 1 April 2024 £m	Net Transfers to / (from) Services £m	Other Balance Transfers £m	Movement in Reserves (MIRS) £m	Balance 31 March 2025 £m
General Fund					
<u>Earmarked Balances:</u>					
Energy Management Fund	(1.371)	1.371	0.000		0.000
Council Tax - Second Homes	(8.926)	0.423	0.000		(8.503)
Earmarked Grants	(5.348)	0.554	0.150		(4.644)
Grants Received & Carried Forward	(5.750)	8.062	(3.423)		(1.111)
Service Carry Forwards	(1.472)	1.472	(7.407)		(7.407)
Cost of Living Crisis Commitments	(18.930)	4.589	10.406		(3.935)
Capital Investment Plan	(66.780)	17.973	9.158		(39.649)
<u>Committed Balances:</u>					
Change Fund	(9.906)	0.211	0.001		(9.694)
Demographics/Pay/Pensions	(13.330)	4.204	0.000		(9.126)
Workforce Change	(6.123)	0.000	2.123		(4.000)
Kirkcaldy Car Parks	0.000	0.000	(2.500)		(2.500)
Contribution from Balances	(3.900)	6.480	(2.880)		(0.300)
Other Commitments	(1.818)	(3.676)	4.729		(0.765)
Total Commitments	(143.654)	41.663	10.357	0.000	(91.634)
Uncommitted Balances	(13.628)	(41.663)	(10.357)	42.171	(23.477)
	(157.282)	0.000	0.000	42.171	(115.111)
Insurance Fund					
Insurance Fund - Earmarked	(10.935)	0.000	2.193		(8.742)
Insurance Fund	(6.648)	0.000	(2.193)	0.349	(8.492)
	(17.583)	0.000	0.000	0.349	(17.234)

Explanatory Note

General Fund Balance

The General Fund Services balance decreased by £42.171m as planned commitments were allocated throughout 2024-25, leaving a balance at the end of the year of £115.111m. Once the commitments of £91.634m shown above are set against this, an uncommitted balance of £23.477m remains as at 31 March 2025. The level of uncommitted reserves is above the policy minimum of 2% and is kept under continuous review.

Council Tax - Second Homes

Scottish Government legislation requires that income collected from council tax for second homes is utilised to fund Affordable Housing. This reserve represents the remaining balance of funds to be used for that purpose.

Earmarked Grants

The balance held for earmarked grants relates to situations where the paying agency allows any unspent grant to be retained without imposing any conditions. In order to recognise that the grant is ring-fenced the element of the balance relating to the unspent grant has been earmarked for use in the future.

Grants Received & Carried Forward

The balance is held for Grants Received which are expected to be finalised in the following financial year and monies have been carried forward for this purpose.

Service Carry Forward

The Council operates a devolved school management scheme which allows an element of budget carry forward in the Education Service.

Cost of Living Crisis Commitments

The committed balance represents mainly unused GRG (General Revenue Grant) provided during the pandemic and has been committed to the ongoing financial consequences.

Capital Investment Plan

Funding earmarked for the approved Capital Plan 2023-33. The funding is available from previous years service underspends identified and earmarked for investment, along with the benefit released from the application of revised Statutory Guidance (Finance circular 10/2022) in respect of Service Concession arrangements.

Change Fund

In order to address the scale of the financial challenge the Council is facing in the coming years, Services will be required to change the way they operate. To facilitate this change, investment is required to enable major change initiatives within the Council and balances have been identified for this purpose.

Demographics/Pay/Pensions

There is a known temporary demographics pressure arising in the coming years within secondary school rolls which will be challenging to contain within the resources available. In addition, there is uncertainty over future pay settlements that have yet to be agreed.

Workforce Change

The balance represents the costs in relation to the Council's future strategy of workforce change.

Kirkcaldy Car Parks

Funding for the demolition of 2 Multi Storey Car Parks in Kirkcaldy.

Contribution from Balances

Fife Councils approved Revenue Budget 2024-27 included a commitment of £6.000m which has been used for one-off temporary investment in both 2023-24 and 2024-25.

Other Commitments

This represents a number of other minor commitments against balances.

Insurance Fund - Earmarked

The earmarked balance is held to cover own damage claims and anticipated incurred but not reported (IBNR) claims. In addition, £2.519m is held relating to a settlement received for fire damage incurred at Woodmill High School, Dunfermline which is earmarked as a contribution to the new Dunfermline Learning Campus.

7. Unusable Reserves

2023-24 £m		2024-25 £m
(1,623.598)	Revaluation Reserve	(1,859.775)
0.064	Financial Instruments Revaluation Reserve	(0.550)
(49.218)	Pensions Reserve	85.892
(1,145.969)	Capital Adjustment Account	(1,109.307)
45.950	Financial Instruments Adjustment Account	40.526
21.925	Employee Statutory Adjustment Account	22.693
(2,750.846)	Total Unusable Reserves	(2,820.521)

Revaluation Reserve

The reserve contains unrealised gains arising from increases in the value of Property, Plant & Equipment and Heritage Assets, and gains accumulated for assets disposed in year transferred to Capital Adjustment Account. The reserve contains only revaluation gains accumulated since 1 April 2007, the date the reserve was created.

2023-24 £m		2024-25 £m
(1,563.236)	Balance at 1 April	(1,623.598)
	Revaluation of non-current assets not posted to Surplus/Deficit on Provision of Services	
(268.943)	Upward revaluation & reversal of impairment losses	(427.690)
169.195	Downward revaluation & impairment losses	118.310
(99.748)		(309.380)
37.971	Revaluation element of depreciation charged to CIES	70.587
0.858	Transfer to Capital Adjustment Account - accumulated gains on assets disposed	1.028
0.557	Transfer to/(from) Common Good Reserves	1.588
(1,623.598)	Balance at 31 March	(1,859.775)

Financial Instruments Revaluation Reserve

The reserve contains unrealised gains or losses made by the Council arising from changes in the fair value of its financial assets which includes the Council's employment land investments with Scottish Enterprise. The balance is reduced when investments are impaired, revalued downward or disposed of and the gains realised.

2023-24 £m		2024-25 £m
0.064	Balance at 1 April	0.064
0.000	(Surplus)/Deficit on Financial Instruments Revaluation	(0.608)
0.000	Transfer to Capital Adjustment Account - accumulated gains/(losses) on disposals	(0.006)
0.064	Balance at 31 March	(0.550)

Pensions Reserve

The reserve absorbs timing differences arising from the different arrangements for accounting for post employment benefits (pension costs) and for funding pensions in accordance with statutory provisions. The Council accounts for pensions in the CIES as the benefits are earned by employees (e.g. accruing years of service, updating inflation assumptions and investment returns), whereas statutory arrangements require benefits to be financed as the Council makes its contributions to pension funds or pays any pensions for which it is directly responsible. The Pensions Reserve therefore shows the difference in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside should the benefits come to be paid.

2023-24 £m		2024-25 £m
102.468	Balance at 1 April	(49.218)
(141.972)	Actuarial (gains) or losses on pensions assets and liabilities	141.073
85.125	Reversal of items relating to retirement benefits charged to CIES	83.366
(94.839)	Employer's pensions contributions & direct payments to pensioners payable	(89.329)
(49.218)	Balance at 31 March	85.892

Capital Adjustment Account

The account absorbs timing differences from accounting for consumption of long-term assets (e.g. depreciation, impairment) and financing the acquisition, construction or enhancement of those assets under statutory provisions.

2023-24 £m		2024-25 £m
(1,065.278)	Balance at 1 April	(1,145.969)
	Reversal of items relating to capital expenditure charged to the CIES:-	
83.229	Depreciation of non-current assets	99.465
7.335	Revaluation & Impairments losses/(gains) on non-current assets	115.643
0.000	Movement in Right-of-use assets lease liability	(0.057)
(0.387)	(Gains)/Losses on disposal of assets	(0.339)
	Capital financing applied in the year:-	
(104.138)	Capital grants & contributions applied to finance capital expenditure	(98.128)
(42.153)	Statutory provision for the financing of capital investment	(44.177)
(23.752)	Capital expenditure charged to General Fund and HRA balances	(34.797)
(0.858)	Adjusting amounts written out of the Revaluation Reserve	(1.028)
0.000	Adjusting amounts written out of the Financial Instruments Revaluation Reserve	0.006
0.033	Transfer to/(from) Common Good Reserves	0.074
(1,145.969)	Balance at 31 March	(1,109.307)

Financial Instruments Adjustment Account

The account absorbs timing differences for certain financial instruments between the different rates at which gains and losses are recognised under the Code and those to be met from General Fund and Housing Revenue Account balances under statutory requirements. The Council uses the account to manage effective interest rate adjustments and also premiums paid in prior years for the early redemption of loans over the unexpired term outstanding on those loans when they were redeemed - the longest of these terms being up to 2065-66.

2023-24 £m		2024-25 £m
48.584	Balance at 1 April	45.950
	Amount by which costs charged to the CIES are different from costs chargeable in the year in accordance with statutory requirements:-	
(0.044)	Effective Interest Rate - Borrowings Loan Interest	(2.841)
(0.002)	Effective Interest Rate - Soft Loans	(0.004)
(2.588)	Proportion of prior year early redemption premiums	(2.579)
45.950	Balance at 31 March	40.526
5.025	Borrowing where the loan is a stepped interest rate loan.	2.184
0.083	Loans to third parties granted at less than market interest rates	0.079
40.842	Premiums and discounts associated with the refinancing of loans	38.263
45.950	Balance at 31 March	40.526

Employee Statutory Adjustment Account

The account absorbs the differences that would otherwise arise on the General Fund and HRA balances from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund and HRA balances are neutralised by transfers to or from the account.

2023-24 £m		2024-25 £m
23.399	Balance at 1 April	21.925
(23.399)	Settlement or cancellation of accrual at previous financial year end	(21.925)
21.925	Amounts accrued at the end of the current year	22.693
21.925	Balance at 31 March	22.693

8. Analysis of Income and Expenditure by Segment/Nature

	Employee Expenditure £m	Other Service Expenditure £m	Adjustments between funding & accounting basis			Total Expenditure £m	Fees, Charges & Service Income £m	Grants & Contribution Income £m	Total Income £m	Net Expenditure in the CIES £m
			For Capital Purposes £m	For Pensions £m	Other £m					
2024-25										
Education	375.936	98.414	127.887	0.873	(6.909)	596.201	(2.786)	(25.841)	(28.627)	567.574
Health & Social Care	110.010	498.870	0.877	0.815	(0.654)	609.918	(287.672)	(73.100)	(360.772)	249.146
Place	161.339	30.672	37.555	1.236	(2.925)	227.877	(31.721)	(17.412)	(49.133)	178.744
Communities	86.977	114.069	46.684	0.670	(0.292)	248.108	(20.832)	(20.331)	(41.163)	206.945
Finance & Corporate Services	51.865	95.836	4.145	(7.284)	11.864	156.426	(6.494)	(80.498)	(86.992)	69.434
Chief Executive	0.294	0.007	0.000	0.002	(0.002)	0.301	0.000	0.000	0.000	0.301
Housing Revenue Account	20.254	72.620	68.485	0.156	(0.314)	161.201	(147.129)	(0.257)	(147.386)	13.815
Loan Charges & CFCR	0.000	130.552	(78.969)	0.000	(51.583)	0.000	0.000	0.000	0.000	0.000
Other Income and Expenditure (note 9)	0.000	0.000	(97.446)	(2.431)	46.159	(53.718)	(195.319)	(893.081)	(1,088.400)	(1,142.118)
Fife Council-(Surplus)/Deficit for the year	806.675	1,041.040	109.218	(5.963)	(4.656)	1,946.314	(691.953)	(1,110.520)	(1,802.473)	143.841
Subsidiaries	36.476	80.569	0.251	0.429	(0.171)	117.554	(113.268)	(4.961)	(118.229)	(0.675)
Less Group Intercompany transactions	0.000	(91.095)	0.865	0.000	0.000	(90.230)	90.230	0.000	90.230	0.000
Group-(Surplus)/Deficit for the year	843.151	1,030.514	110.334	(5.534)	(4.827)	1,973.638	(714.991)	(1,115.481)	(1,830.472)	143.166
2023-24										
Education	358.268	90.222	38.856	(2.045)	(6.456)	478.845	(2.596)	(59.993)	(62.589)	416.256
Health & Social Care	105.374	453.923	6.787	(1.900)	(1.098)	563.086	(255.999)	(82.384)	(338.383)	224.703
Place	155.750	29.969	33.490	(2.913)	(3.617)	212.679	(30.293)	(13.535)	(43.828)	168.851
Communities	85.589	116.612	6.857	(1.608)	(0.337)	207.113	(19.834)	(19.721)	(39.555)	167.558
Finance & Corporate Services	49.431	98.803	5.510	(5.359)	10.123	158.508	(6.586)	(82.389)	(88.975)	69.533
Chief Executive	0.295	0.007	0.000	(0.005)	0.009	0.306	0.000	0.000	0.000	0.306
Housing Revenue Account	19.719	67.109	37.035	(0.373)	(0.098)	123.392	(138.861)	(0.238)	(139.099)	(15.707)
Loan Charges & CFCR	0.000	107.798	(65.905)	0.000	(41.893)	0.000	0.000	0.000	0.000	0.000
Other Income and Expenditure (note 9)	0.000	0.000	(104.800)	4.489	39.259	(61.052)	(189.605)	(779.158)	(968.763)	(1,029.815)
Fife Council-(Surplus)/Deficit for the year	774.426	964.443	(42.170)	(9.714)	(4.108)	1,682.877	(643.774)	(1,037.418)	(1,681.192)	1.685
Subsidiaries	33.237	69.085	1.093	(0.233)	(0.198)	102.984	(99.223)	(5.088)	(104.311)	(1.327)
Less Group Intercompany transactions	0.000	(77.360)	0.277	0.000	0.000	(77.083)	77.083	0.000	77.083	0.000
Group-(Surplus)/Deficit for the year	807.663	956.168	(40.800)	(9.947)	(4.306)	1,708.778	(665.914)	(1,042.506)	(1,708.420)	0.358

9. Other Income and Expenditure

2023-24 £m		2024-25 £m
	Other Operating Expenditure	
(0.387)	(Gains)/losses on the disposal of assets	(0.339)
(0.387)		(0.339)
	Financing and Investment Income and Expenditure	
40.370	Interest payable and similar charges	46.141
(1.109)	Interest receivable and similar income	0.022
4.489	Pensions interest cost & expected return on pensions assets	(2.431)
(0.002)	Income & expenditure related to financial instruments and changes in their fair value	(0.004)
43.748		43.728
	Taxation and Non Specific Grant Income	
(189.591)	Council tax income	(194.348)
(172.108)	Non-domestic rates (contribution from National Non Domestic Rates Pool)	(143.471)
(0.014)	Non-domestic rates (Tax Incremental Financing projects)	(0.015)
0.000	Non-domestic rates (Non Domestic Rates Incentivisation Scheme)	(0.956)
(607.050)	Non ring-fenced government grants	(749.610)
(104.413)	Capital grants and contributions	(97.107)
(1,073.176)		(1,185.507)

10. Grant and Contribution Income

Whether paid by instalments or in arrears, government grants and third party contributions & donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and that the grant or contribution will be received. They are only credited to Comprehensive Income & Expenditure Statement (CIES) when any conditions are met, but if conditions are not met at financial year end they are held as Receipts in Advance in the Balance sheet. When capital grants are credited to CIES, they are reversed out of General Fund or HRA Balances in Movement in Reserves Statement.

2023-24 £m	Grants and Contributions credited to the CIES (excl non ring-fenced Government Grants)	2024-25 £m
	Credited to Services	
(80.024)	Government Grant: Housing Benefit Subsidy	(78.335)
(83.075)	Government Grants and Contributions: NHS	(73.036)
(90.976)	Government Grants and Contributions: Other	(62.690)
(4.185)	Non-Government Grants and Contributions	(3.378)
(258.260)		(217.439)
	Credited to Taxation and Non Specific Grant Income	
(98.238)	Government Grants and Contributions	(83.466)
(6.175)	Non Government Grants and Contributions	(13.641)
(104.413)		(97.107)

31 March 2024 Short Term £m	Long Term £m	Receipts in Advance (balances at year end)	31 March 2025 Short Term £m	Long Term £m
		Receipts in Advance - Revenue		
(5.585)	(5.581)	Government Grants and Contributions	(5.806)	(6.031)
(0.326)	0.000	Non Government Grants and Contributions	(0.129)	0.000
(5.911)	(5.581)		(5.935)	(6.031)
		Receipts in Advance - Capital		
(19.800)	(2.069)	Government Grants and Contributions	(18.298)	(1.713)
0.000	(13.006)	Non Government Grants and Contributions	0.000	(12.916)
(19.800)	(15.075)		(18.298)	(14.629)
(25.711)	(20.656)	Total Receipts in Advance	(24.233)	(20.660)

11. Property, Plant and Equipment

Property, Plant and Equipment (PPE) are 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. The Council has applied Statutory Override 1 in the Local Government Circular 9/2022 which allows Infrastructure assets to be presented as Net Book Value only, and this is reflected below.

Property, Plant & Equipment movements	Council Dwellings £m	Other Land & Buildings £m	Vehicles, Plant & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Right of Use Assets £m	Infrastructure Assets £m	Total PPE £m	PPP/NPD Assets included in Total PPE £m
2024-25										
Net Book Value at 1 April 2024	1,126.297	2,248.811	43.338	5.480	26.235	206.209	0.000	347.053	4,003.423	274.741
Additions	75.513	47.120	17.363	0.961	0.334	94.745	0.529	28.180	264.745	6.984
Revaluation & Impairment to Net Cost of Services	(30.335)	(79.911)	0.000	0.000	0.008	0.000	0.000	0.000	(110.238)	0.000
Revaluation & Impairment to Revaluation Reserve	(81.558)	394.193	0.000	(0.103)	(0.145)	0.000	0.000	0.000	312.387	62.232
Depreciation	(36.030)	(107.262)	(12.077)	(0.345)	(0.246)	0.000	(0.053)	(14.039)	(170.052)	(8.289)
Disposals	0.000	(2.060)	(0.866)	0.000	0.000	0.000	0.000	0.000	(2.926)	0.000
Other Movements	27.993	127.530	0.000	0.677	(3.998)	(167.203)	0.000	0.001	(15.000)	0.000
Net Book Value at 31 March 2025	1,081.880	2,628.421	47.758	6.670	22.188	133.751	0.476	361.195	4,282.339	335.668
Gross Book Value	1,081.880	2,675.616	160.351	8.084	22.578	138.895	0.529			335.668
Accumulated Depreciation & Impairment	0.000	(47.195)	(112.593)	(1.414)	(0.390)	(5.144)	(0.053)			0.000
Net Book Value at 31 March 2025	1,081.880	2,628.421	47.758	6.670	22.188	133.751	0.476	361.195	4,282.339	335.668
2023-24										
Net Book Value at 1 April 2023	1,108.610	2,148.732	44.898	4.207	30.042	125.634	0.000	330.834	3,792.957	241.644
Additions	50.778	24.348	10.854	1.482	1.507	122.702	0.000	30.393	242.064	0.146
Revaluation & Impairment to Net Cost of Services	0.236	(7.094)	0.000	(0.012)	0.003	0.000	0.000	(1.220)	(8.087)	0.000
Revaluation & Impairment to Revaluation Reserve	(21.945)	122.239	0.000	(0.071)	(0.410)	0.000	0.000	(0.065)	99.748	40.212
Depreciation	(35.464)	(60.172)	(12.067)	(0.262)	(0.322)	0.000	0.000	(12.913)	(121.200)	(7.261)
Disposals	0.000	(0.126)	(0.347)	(0.028)	(0.021)	(0.010)	0.000	0.000	(0.532)	0.000
Transfer (to)/from Common Good	0.000	(0.590)	0.000	0.000	0.000	0.000	0.000	0.000	(0.590)	0.000
Other Movements	24.082	21.474	0.000	0.164	(4.564)	(42.117)	0.000	0.024	(0.937)	0.000
Net Book Value at 31 March 2024	1,126.297	2,248.811	43.338	5.480	26.235	206.209	0.000	347.053	4,003.423	274.741
Gross Book Value	1,126.297	2,279.676	160.936	6.452	26.695	215.470	0.000			274.741
Accumulated Depreciation & Impairment	0.000	(30.865)	(117.598)	(0.972)	(0.460)	(9.261)	0.000			0.000
Net Book Value at 31 March 2024	1,126.297	2,248.811	43.338	5.480	26.235	206.209	0.000	347.053	4,003.423	274.741

Recognition and De-Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. 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. 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.

When assets are disposed or decommissioned, the carrying values of those assets in the balance sheet are reduced accordingly and any proceeds from those disposals (less costs of sale) are treated as a capital receipt.

Measurement

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

- Council House Dwellings

Existing Use Value for Social Housing using Beacon approach (adjusted vacant possession)

- Surplus Assets

Fair Value, based on the market approach using current market conditions, recent sales prices and information for similar assets in the Fife area. In estimating fair value, highest and best use of the properties is current use.

- Dunfermline Museum and Art Gallery (included in Other Land & Buildings Assets)

Carnegie Library is an historic building with special features and is the first "Carnegie Library" built with donations from Dunfermline born philanthropist Andrew Carnegie. As such it is valued using reproduction valuation method.

- Other Land & Buildings / Harbours (included in Infrastructure Assets)

Current Value, determined as the amount that would be paid for the asset in its existing use, in accordance with methodologies & bases for estimation in RICS (Royal Institution of Chartered Surveyors) Professional Standards.

- Vehicles, Plant & Equipment / Infrastructure (excl Harbours) / Community Assets / Assets Under Construction

Historic Cost, net of Depreciation

Revaluations

The Council's rolling valuation programme, undertaken by RICS qualified in-house and external valuers, ensures assets requiring valuation are valued at least every 5 years. Gross Book Values analysed by year of valuation are;

Effective valuation date / Historic Cost (HC)	HC £m	2019-20 £m	2020-21 £m	2022-23 £m	2023-24 £m	2024-25 £m	Total £m
Council Dwellings	0.000	0.000	0.000	0.000	0.000	1,081.880	1,081.880
Surplus Assets	1.163	0.335	5.940	14.738	0.200	0.202	22.578
Other Land & Buildings	13.810	0.070	2.768	47.383	78.589	2,532.996	2,675.616

Land and buildings are two distinct components of individual assets and accounted for separately. If the building component of an asset has a carrying value of over £10 million it is separated into further significant components.

Depreciation

Depreciation and amortisation is applied on a straight line basis on 1 April asset values over their remaining useful lives with significant components depreciated separately. Exceptions are made for assets without a determinable finite useful life (i.e. land) and not yet available for use (i.e. assets under construction). Typical useful lives are:-

Buildings	1 - 99 years	Determined by the valuer
Vehicles, Plant & Equipment	3 - 25 years	Determined by suitably qualified officers
Infrastructure	10 - 99 years	Determined by suitably qualified officers

Impairment

Impairment reviews are undertaken at the end of each financial year to identify if the value of any asset has materially changed in the year and the reasons for that change. Where this is the case, the recoverable amount of the asset is estimated and, if this is less than the carrying amount of the asset, an impairment loss is recognised.

There were 21 impairments made to assets in year with a value of £35.084m. The most significant of these related to 2 High Schools in Dunfermline which have been demolished, 2 Multi Storey Car Parks in Kirkcaldy which are earmarked for demolition and Cowdenbeath Leisure Centre which is not in use.

A review of the Common Good Leasehold Asset Additions has also been carried out in year following the 31 March revaluation of Leasehold Assets. This has resulted in 25 impairments with a value of £25.616m

Accounting Treatment

The CIES is charged with the following amounts relating to Property, Plant & Equipment during the year:

- depreciation and amortisation attributable to the assets used by the relevant service
- revaluation/impairment losses where no accumulated gains in Revaluation Reserve exist to write losses against
- revaluation/impairment gains to extent of previous losses charged to CIES, balance to Revaluation Reserve
- gain or loss arising from de-recognition of an asset

The Council is not required to raise council tax or HRA rents to cover these charges so these are a reconciling item in Movement in Reserves Statement (MIRS) with adjusting transactions in the capital adjustment account.

12. Heritage Assets

Heritage assets are those that are intended to be preserved in trust for future generations, held and maintained principally for their contribution to knowledge and culture. Accounting treatment is the same as for Property, Plant & Equipment assets however they are deemed to have indeterminate lives and high residual values and as such it is considered inappropriate to charge depreciation. The Council has identified Heritage Assets which include works of art, museums collections, historical buildings and archaeological sites.

- The Council has Heritage Assets which have been valued and recognised in the balance sheet, namely; the Council's fine art collections mainly comprising 19th and 20th century oil paintings, and a substantial number of works on paper and a small number of pieces of sculpture were valued in November 2022 by historic and contemporary fine arts specialists, the Scottish Gallery of Edinburgh and; the Council's Provost chains which were valued in December 2022 by leading auction house Lyon & Turnbull of Edinburgh.
- The Council's museums collections were mainly built up in the 20th century by gifts from the public, are diverse in nature with information on individual items variable and are recognised in the balance sheet at insurance value.
- The Council owns a small number of historical buildings and sites however these are not included on the balance sheet as valuation of these assets is neither practicable nor useful to potential users of the accounts.

Individual museums are fully accredited under the Accreditation Scheme administered by Museums Galleries Scotland (An application was made in 2024 for accredited status for Dunfermline Carnegie Library & Galleries, which has Working Towards Accreditation Status). This sets minimum standards for collections care (including storage, documentation, handling and access). Various plans, such as the Museum Documentation Manual, Collections Care Plan and Document Plans govern the management and preservation of collections. The Museums Collections Development Policy 2024-28, agreed in February 2024 by Cabinet Committee, governs acquisitions and disposals. The Plans and Policy form part of the services agreement between Fife Council and Fife Cultural Trust.

2023-24			Heritage Asset movements during the year	2024-25		
Fine Art £m	Other £m	Total £m		Fine Art £m	Other £m	Total £m
22.504	8.628	31.132	Balance at 1 April	22.504	8.628	31.132
0.000	0.000	0.000	Revaluations	0.000	0.067	0.067
0.000	0.000	0.000	Transfers to Common Good	(0.930)	(0.732)	(1.662)
22.504	8.628	31.132	Balance at 31 March	21.574	7.963	29.537

13. Assets Held for Sale

Current Assets Held for Sale are those that the Council has identified as surplus to requirements, are being actively marketed and it is expected that the sale will be realised within 12 months of the balance sheet date. During 2024-25 there were a number of properties transferred in, the significant ones being Woodmill High School, St Columbas High School and 2 multi storey car parks. The Council has no non-current Assets Held for Sale (sale expected to be realised over 12 months).

The assets are measured at lower of carrying value and fair value (less costs to sell). If assets no longer meet the Held for Sale criteria, they are classified as Property, Plant & Equipment and valued at lower of; carrying value immediately before being classified as Held for Sale; and recoverable amount at date of the decision not to sell.

Accounting treatment is the same as Property, Plant & Equipment with exceptions that no depreciation is charged, and **all** revaluation gains/losses are charged to CIES (gains limited to extent of previous losses to CIES).

2023-24 £m	Assets Held for Sale movements during the year	2024-25 £m
1.666	Balance at 1 April	0.705
0.752	Revaluation & Impairment to Net Cost of Services	(5.405)
0.000	Revaluation & Impairment to Revaluation Reserve	(3.074)
0.937	Assets transferred (to)/from Property, Plant & Equipment	15.000
(2.650)	Assets sold	(0.110)
0.705	Balance at 31 March	7.116

14. Intangible Assets

Intangible assets are non-monetary assets that do not have a physical substance but are controlled by the Council. The Council's Intangible assets are software assets which are not an integral part of IT systems within Property, Plant & Equipment (PPE). Accounting treatment of Intangible assets is the same as for PPE assets.

2023-24 £m	Intangible Assets movements during the year	2024-25 £m
	Balance at 1 April	
1.302	Gross carrying amounts	1.302
(1.302)	Accumulated amortisation	(1.302)
0.000	Net carrying amount at 1 April	0.000
0.000	Movements in year	0.000
0.000	Net carrying amount at 31 March	0.000
1.302	Gross carrying amounts	1.302
(1.302)	Accumulated amortisation	(1.302)
0.000	Balance at 31 March	0.000

15. Capital Expenditure and Capital Financing

The Capital Financing Requirement (CFR) is a measure of the capital expenditure incurred historically that has yet to be financed. Shown below is capital expenditure in the year, the resources used to finance that expenditure and repayment of Loans Fund principal (relating to outstanding debt from prior years), which all impact on the CFR. Also shown are material capital contract commitments at 31 March which will impact on future year's CFR.

2023-24 £m	Capital Financing Requirement movements during the year	2024-25 £m
1,200.052	Balance at 1 April	1,268.513
	Capital investment:-	
242.064	Property, Plant and Equipment	264.745
0.009	Financial Instrument Investments	0.000
	Sources of finance:-	
(3.569)	Capital receipts	(3.638)
(104.138)	Government grants and other contributions	(98.128)
(23.752)	Direct revenue contributions	(34.797)
(42.153)	Loans Fund principal repayments	(44.177)
0.000	Lease liability repayments	(0.057)
1,268.513	Balance at 31 March	1,352.461
830.523	Capital Financing Requirement - General Fund	863.216
437.990	Capital Financing Requirement - Housing Revenue Account	489.245
1,268.513	Balance at 31 March	1,352.461
126.229	Capital Contract Commitments at 31 March - Property, Plant & Equipment	130.271

16. Leases

In 2024-25 the Code mandated the adoption of International Financial Reporting standard IFRS 16 for local authorities. IFRS 16 replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The main effect of the standard is to introduce a single lessee accounting model where right-of-use assets are recognised for all leases and the financing obligation is recognised as a lease liability.

At the time of submission of the 2024-25 Unaudited Annual Accounts the data was not available to make all the necessary accounting entries and disclosures relating to IFRS 16. This means Fife Council has been able to partially adopt as there are some categories of leases that have been accounted for in line with IFRS 16.

Finance Leases

• Leased in Assets

Assets acquired under finance leases are included in non-current assets at the lower of the fair value or the present value of the minimum lease payments. The capital element of the lease is included as obligations under finance leases / creditors. The lease rentals comprise capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the Comprehensive Income & Expenditure Statement (CIES) on a straight line basis over its useful life, or the lease term if this is shorter.

Fife Council has a lease agreement with Common Good to manage various land and buildings assets which are used and actively managed by the Council but whose ownership has been confirmed as Common Good. The agreement is on a full repairs basis by the Council at a peppercorn rental (i.e. a rent at very low or nominal value). These lease arrangements are reflected in the Common Good balance sheet as a long term debtor representing the net investment in these leases which is equivalent to the value of the assets at the balance sheet date. At 31 March 2025 this value was £241.983m, (31 March 2024, £219.886m).

There are no other finance lease agreements included in the Council's balance sheet at 31 March 2025.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on finance lease assets and these are therefore a reconciling item in the Movement in Reserves Statement with the Capital Adjustment Account. Instead, a prudent annual provision is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

• Leased out Assets

The Council has no finance leases agreements as a lessor in place at 31 March 2025.

Operating Leases

• Leased in Assets

The Council is accounting for operating leases in line with IFRS 16 from 1 April 2024. Properties and other vehicles, plant and equipment that fall under the scope of IFRS 16 are now to be reclassified as right-of-use assets on the balance sheet.

2023-24 £m	Future minimum lease payments due at 31 March under non-cancellable leases in future years:-	2024-25 £m
0.719	Not later than one year	0.215
1.085	Later than one year and not later than five years	0.749
7.086	Later than five years	0.200
8.890	Total	1.164

2023-24 £m	Expenditure charged to the CIES during the year in relation to these leases:-	2024-25 £m
1.409	Minimum lease payments	0.088
0.000	Contingent rents	0.000
1.409	Total	0.088

• Leased out Assets

The Council has operating leases in place for a number of properties. These mainly support economic growth by providing industrial and commercial lets at affordable levels for local business and to facilitate the provision of community, arts and tourism facilities within local communities. Rental income received under operating leases is credited to the relevant service in accordance with the terms specified in the lease agreement.

2023-24 £m	The future minimum lease payments at 31 March receivable in future years are:-	2024-25 £m
3.737	Not later than one year	3.981
8.384	Later than one year and not later than five years	9.320
72.015	Later than five years	71.562
84.136	Total	84.863

Right of Use Assets

IFRS 16 is an accounting standard adopted by the Code from 1 April 2024 that recognises all right-of-use assets. IFRS 16 will mean the majority of leases where the Council acts as lessee will come onto the balance sheet and lessor accounting is effectively unchanged. Where IFRS 16 has been accounted for, the right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied. The right-of-use assets and lease liabilities have been recognised in the accounts from 2024-25 and prior year figures have not been adjusted.

IFRS 16 is also applied to service concession arrangements i.e. Public Private Partnerships (PPP) and similar schemes. The main impact of the new requirements is that, for arrangements previously accounted for as service concessions, a right-of-use asset and a lease liability are now on the balance sheet at 1 April 2024. The contractual arrangements continue to be disclosed in note 17.

As a lessee, the Council has previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS 16, the Council recognises right-of-use assets and lease liabilities for most leases.

The Council has been unable to fully implement IFRS 16. At the time of submission of the 2024-25 Unaudited Annual Accounts the data was not available to make all the necessary accounting entries and disclosures relating to IFRS 16. Additional work is still to be carried out in order to allow the Council to make the necessary adjustments to the accounts during the audit process. The table below does not include any closing PPP valuations adjusted for IFRS 16 but the intent is that further entries will be concluded during the audit and for the final audited accounts.

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

Right of Use Assets	2024-25 £m
Value at 1 April	0.000
Additions during the year	0.529
Principal repaid in year	(0.057)
Value at 31 March	0.472
Vehicles, plant & equipment	0.472
Value at 31 March	0.472
Analysed By:	
Current	0.104
Non-Current	0.368
	0.472
Finance Lease Liabilities	
Within one year	0.104
Between 2 and 5 years	0.368
Over 5 years	0.000
Total Liabilities	0.472

17. Public Private Partnerships (PPP) and Non-Profit Distribution (NPD) contracts

PPP and NPD contracts are agreements to receive services where responsibility for making assets available to provide the services passes to the PPP/NPD operator. As the Council is deemed to control the services provided and as ownership of the assets passes to the Council at the end of the contract periods for no additional charge, assets are carried on the Council Balance Sheet and are detailed in the Property, Plant & Equipment Note to these accounts. Fife Council has three such contracts in place for construction and servicing of certain facilities.

- **PPP1 (A New Way Forward)**-replacement of 2 secondary schools, a new primary school, sports hall and all weather pitch, which were fully operational from August 2003 under contract operator Pinnacle Schools Fife Ltd.
- **PPP2 (Expanding Horizons)**-construction of 3 new primary schools and a community facility, replacement of 3 primary schools and a new combined campus to replace 2 further primary schools. These were fully operational in June 2007 under contract operator Emblem Consortium.
- **NPD (Levenmouth Academy)**-construction of a new school which was operational in August 2016 under contract operator HUB East Central Scotland Ltd. Unlike PPP, the funding of the NPD project is entirely from borrowing, there is no equity element and therefore no distribution of surpluses at the contract end to investors.

The contracts allow the Council to use the facilities for Education and Community use and gives the right for the Council to vary the contracts in terms of changes to facilities, services to be provided and hours of use, they also include refinancing and termination mechanisms. The contract operators have obligations to maintain the assets to a high standard, to undertake any lifecycle replacement and to hand back the assets in a good condition. The facilities are passed back to the Council at the end of the contract periods (in 2028, 2032 and 2042 respectively).

For all three contracts, annual unitary charges (calculated to compensate operators for fair value of services provided, capital expenditure and interest charges) are payable by the Council to the operator over the contract period and are subject to annual indexation uplifts but can be reduced if the operator fails to meet availability and performance standards. The charges are partly offset by annual Scottish Government Grant support. The Council holds the outstanding capital expenditure element of the contracts as a liability on its Balance sheet.

2023-24 Unitary charge £m	Grant support £m	Annual Unitary Charge payments and Scottish Government Grant support	2024-25 Unitary charge £m	Grant support £m
9.527	(3.680)	PPP1	9.468	(3.680)
9.645	(4.168)	PPP2	9.952	(4.168)
4.102	(3.212)	NPD	4.159	(3.212)
23.274	(11.060)		23.579	(11.060)
Outstanding Liability on Balance Sheet				
76.230		1 April		69.292
(6.938)		Capital Repayments during the year		(7.136)
69.292		31 March		62.156

The annual unitary charge payments are analysed into elements which determine the accounting treatment.

Service costs are Fair Value of Services received charged to Cost of Services in the Comprehensive Income and Expenditure Statement (CIES) and Lifecycle Replacement Costs posted as additions to Property, Plant & Equipment when work is undertaken; **Capital Repayment** is applied to write down the outstanding Balance Sheet liability; **Finance costs** are Interest Charges (on outstanding liability) and Contingent Rent (contract increases arising during the contract period) both charged to CIES (Financing and Investment Income & Expenditure).

Contract payments remaining to be made at 31 March 2025 (using 2.5% indexation excl availability/performance deductions)	Service Costs £m	Capital Repayment £m	Finance Costs £m	Total £m
Payable in 2025-26	9.851	7.618	5.738	23.207
Payable within two to five years	39.121	24.820	14.042	77.983
Payable within six to ten years	20.245	17.274	8.920	46.439
Payable within eleven to fifteen years	9.625	9.593	2.548	21.766
Payable within sixteen to twenty years	2.611	2.851	0.218	5.680
Total	81.453	62.156	31.466	175.075

Scottish Government Service Concession Arrangements flexibilities were applied by the Council in 2022-23. This allowed capital debt repayments on PPP & NPD contracts to be reprofiled resulting in a £43.576m one-off benefit in 2022-23 and ongoing annual savings until the end of each contract. Unitary charge repayments to contractors are made until the end of the contract periods however, after the contract end dates, reprofiled debt repayments continue to be charged to General Fund annually until the debt liability has been extinguished.

18. Inventories

Stores / Raw Materials £m	2023-24		Movement in Inventories (measured at lower of cost and net realisable value)		2024-25	
	Equipment Stock £m	Total £m			Equipment Stock £m	Total £m
4.167	0.504	4.671	Opening Balance 1 April		4.637	5.112
23.005	1.798	24.803	Purchases		21.948	24.007
(22.915)	(1.827)	(24.742)	Recognised as in-year expense		(22.179)	(24.194)
0.380	0.000	0.380	Stock adjustments-write on/(off)		0.329	0.329
4.637	0.475	5.112	Balance 31 March		4.735	5.254

19. Short Term Debtors and Creditors

31 March 2024		Short Term Debtors and Creditors (after provision for impairment)	31 March 2025	
Debtors £m	Creditors £m		Debtors £m	Creditors £m
40.041	(19.160)	Central Government bodies	47.809	(20.888)
33.298	(0.671)	Local Taxation (Council Tax & Non-Domestic Rates)	35.814	(0.663)
0.341	(22.535)	Employees (Pay & Holiday Pay Accruals)	1.213	(24.760)
18.877	(29.683)	Financial Assets and Liabilities (see Note 21)	18.789	(27.550)
0.000	(2.495)	Integration Joint Board (IJB)	3.536	0.000
34.049	(36.256)	Other Entities and Individuals	26.795	(36.525)
126.606	(110.800)		133.956	(110.386)
		Local Taxation Debtors (analysed by age of debt)		
7.884		Up to 1 Year	8.338	
13.750		1-5 Years	14.667	
11.664		Greater than 5 Years	12.809	
33.298			35.814	

Total Debtors at 31 March 2025 is after provision for impairment of £73.431m (31 March 2024, £70.717m).

20. Provisions

Provisions are based on the Council's obligations arising from past events, probability that transfer of economic benefit or service potential will take place and reliable estimate of the obligation. Provisions are charged to the relevant service in the CIES when the obligation becomes known and reviewed at each balance sheet date.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. insurance claims) this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be made if the Council settles the obligation. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Where it becomes less than probable that a provision is required (or lower settlement than anticipated is made), it is reversed and credited back to the relevant service.

	Expenses Awards £m	Insurance Claims £m	Asset Decomm. £m	Total £m
1 April 2024	(0.150)	(8.543)	(6.459)	(15.152)
Additional provisions made	0.000	(1.292)	(0.181)	(1.473)
Amounts used	0.150	2.356	0.000	2.506
Unwinding of discounting	0.000	(0.192)	0.000	(0.192)
31 March 2025	0.000	(7.671)	(6.640)	(14.311)
Short-Term Provisions	0.000	0.000	0.000	0.000
Long-Term Provisions	0.000	(7.671)	(6.640)	(14.311)
31 March 2025	0.000	(7.671)	(6.640)	(14.311)

- Expenses Awards - expected awards against the Council as a result of legal decisions.
- Insurance Claims - all known outstanding third party claims.
- Asset Decommissioning - expected future obligations for landfill site aftercare at Lochhead and Lower Melville Wood (when they reach the point of closure) and for the closed site at Balbarton.

21. Financial Instruments

Financial instruments are contracts which create a financial asset in one entity and a financial liability in another.

31 March 2024		Financial Instruments in the Balance Sheet	31 March 2025	
Short Term £m	Long Term £m		Short Term £m	Long Term £m
		Investments		
0.000	2.756	Employment Land	0.000	3.100
0.000	2.756		0.000	3.100
		Other Financial Assets		
1.065	4.583	Loan Debt - Police and Fire Authorities	0.633	3.950
0.011	0.100	Loan Advances - Soft Loans	0.010	0.082
17.801	0.000	Trade Debtors	18.146	0.000
18.877	4.683		18.789	4.032
		Borrowings		
(12.079)	(779.309)	Loans - Public Works Loan Board (PWLB)	(18.055)	(876.254)
0.000	(182.450)	Loans - Money Market	0.000	(139.050)
(130.000)	0.000	Loans - Temporary Short Term	(220.000)	0.000
(13.783)	0.000	Loan Interest	(18.385)	0.000
(0.082)	(4.943)	Loan Liability - Effective Interest Rate (EIR)	(0.014)	(2.169)
(155.944)	(966.702)		(256.454)	(1,017.473)
		Other Financial Liabilities		
(7.136)	(62.156)	PPP, NPD and finance lease liabilities	(7.618)	(54.538)
0.000	0.000	Right of Use Assets lease liabilities	(1.167)	(5.425)
(22.547)	0.000	Trade Creditors (at contract amount)	(18.765)	0.000
(29.683)	(62.156)		(27.550)	(59.963)

Employment Land Investments and Soft Loans advances (above) are held in the Balance sheet at fair value. Other assets and liabilities are held at amortised cost or, where no reliable measurement exists, measured at cost.

Investments

The Council is party to Employment Land investments with Scottish Enterprise. Market conditions show that similar assets are actively sold so these are valued at Level 2 of the Fair Value hierarchy. Valuation changes are shown in Comprehensive Income & Expenditure Statement (CIES) & Financial Instruments Revaluation Reserve.

Other Financial Assets

The Council has loan debt due from Scottish Police & Fire Authorities, recognised in 2013 when the services were transferred from the Council, repayable annually until 2037; soft loans (below market rate of interest) to employees valued using observable inputs and therefore at Level 2 of the Fair Value Hierarchy; and trade debtors.

Interest receivable is based on an effective rate of interest for each instrument and credited to CIES. For soft loans, a higher rate of interest is credited (reflecting interest foregone over the life of the loan) with transfers to Financial Instruments Adjustment Account to ensure only interest receivable impacts on Council Balances. Any gains and losses from de-recognition or impairment of loans & receivables are also charged to CIES.

Borrowings

Borrowing from the PWLB, Money Market & Temporary Loans is held at amortised cost. Fair Value of these loans was assessed and is lower than amortised cost, as the Council's portfolio of loans includes fixed rate loans where interest payable was lower than market rates available on similar loans in the market at the balance sheet date.

2023-24 £m	PWLB and Money Market Loans	2024-25 £m
973.838	Carrying Value (amortised cost) at balance sheet date	1,033.359
810.338	Fair Value at balance sheets date	809.359
32.763	Interest on borrowings charged to CIES in the year	39.101

The Council has modified the structure of its Loan Debt in previous years and costs of this restructuring are added to amortised cost as an EIR liability written down over the life of the debt. The Impact on Balances is spread over the life of the debt by an annual transfer between General Fund and Financial Instruments Adjustment Account.

Other Financial Liabilities

Liabilities include PPP, NPD & finance lease liabilities (see Note 17), PPP Right of Use Assets (see Note 16) and trade creditors. As stated in note 16, the Council did not have sufficient information at the time of submission of the 2024-25 Unaudited Annual Accounts to make the necessary disclosures relating to IFRS16. The table above Right of Use Assets lease liabilities contains partial information.

22. Nature and Extent of Risks Arising from Financial Instruments

The Council's treasury management policies operate to minimise exposure to the unpredictability of the financial markets and protects the financial resources available to fund services. The Council has formally adopted the CIPFA Code of Practice on Treasury Management and, in accordance with the Prudential Code for Capital Finance in Local Authorities, approved annually prudential and treasury indicators for the following three years.

Liquidity and Re-Financing Risk

There is no significant risk that the Council will be unable to raise finance to meet its commitments, as borrowing is readily available from PWLB, but there is a risk that it will be bound to replenish a significant proportion of debt in a time of unfavourable interest rates. The Council's treasury management indicators provide maximum limits for maturity structure of borrowings and investments maturing beyond one year, and its Borrowing & Investment Strategy addresses the main risks by monitoring maturity profiles of financial liabilities and investments, and amending (by new borrowing or rescheduling debt) to ensure sufficient liquidity is available for daily cash flow.

Maturity Analysis of Financial Liabilities	PWLB & Money Market £m	Temp Loans & Interest £m	EIR Loan Liability £m	Total £m	Maturity Profile %
Less than one year	18.055	238.385	0.014	256.454	20.13%
Between one and two years	21.105	0.000	0.025	21.130	1.66%
Between two and five years	91.916	0.000	0.057	91.973	7.22%
Between five and ten years	119.915	0.000	0.114	120.029	9.42%
Ten years or more	782.368	0.000	1.973	784.341	61.57%
Total	1,033.359	238.385	2.183	1,273.927	100.00%

All trade and other payables are due to be paid in less than one year.

Credit Risk

Credit risk from financial instruments arises from the deposits placed with banks and financial institutions, loans to other Local Authorities and credit exposures to the Council's customers. The Council's policy for managing credit risk is outlined in the its Treasury Management Policy. Deposits are not made with banks and financial institutions unless they satisfy a minimum rating set by each of three leading credit agencies.

Loss allowances from credit risk, based on experience of default and uncollectability is shown below. The majority of debt is past its due date for payment as the Council's payment policy is 14 days from the invoice date.

Analysis of Trade Debtors	Under 3 months £m	3 - 6 months £m	6 - 12 months £m	Over 12 months £m	Total £m	Loss Allowance £m	Net Total £m
31 March 2025	7.088	2.017	5.264	10.786	25.155	(7.009)	18.146
31 March 2024	9.360	1.800	3.732	8.962	23.854	(6.053)	17.801

Market risk

The Council is exposed to interest rate movements on borrowings and investments which have a direct impact on General Fund or HRA balances. e.g. an increase in interest rates would increase interest payable on variable borrowings and increase interest receivable on investments (if rates reduce the reverse applies). Borrowings are held at amortised cost, so gains and losses to fair value from a change in interest rates will not have an impact.

The Council's Treasury Management Policies manage interest rate exposure by limiting the amount of borrowing held at variable rates to 75% of it's total portfolio. In previous years loans have been restructured into "variable structure" debt and risk is managed within the contracts as they are Lender Option Buyer Option (LOBO) loans where interest rates can only be reviewed on certain anniversary dates. If the Lender wishes to exercise their option to increase the rate on those dates, the Borrower can exercise their option to repay the loan.

2023-24 £m	Impact of 1% increase in interest rate (assuming all other variables are constant)	2024-25 £m
0.890	Increase in Interest Payable	1.149
(0.884)	Increase in Interest Receivable	(1.603)
0.006	Net impact on the CIES	(0.454)

The Council does not invest in equity shares and has no financial asset or liabilities denominated in foreign currencies and therefore is not exposed to losses from share price or exchange rate movements.

23. Defined Benefit Retirement Schemes

As part of the terms and conditions of employment of its workforce, the Council and its Group bodies make contributions towards the cost of post employment benefits. Although these benefits are not actually payable until employees retire, there is a commitment to make the payments which is disclosed at the time that employees earn their future entitlement. The Council and its Group participate in the following employment schemes:-

- Local Government Pension Scheme (LGPS) - a funded defined benefit final salary scheme when employers and employees pay contributions into a fund at a level intended to balance pension liabilities with investment assets.
- Discretionary post retirement benefits awarded upon early retirement– this is an unfunded defined benefit final arrangement, where liabilities are recognised when awards are made. There are no investment assets built up to meet these pensions liabilities and cash has to be generated to meet actual pensions payments as they fall due.

Liabilities for LGPS and Discretionary Benefits are assessed by independent actuaries Hymans Robertson on an actuarial basis using the projected unit credit method, an estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Estimates are based on the 2024 valuation and assumptions vary depending on age profile of scheme members for each employer within the Council Group.

2023-24		Principal Assumptions used	2024-25	
Fife Council	Group bodies (range)		Fife Council	Group bodies (range)
		Mortality-Longevity at age 65 (years)		
20.0	18.9 - 20.6	Men (current pensioners)	20.0	18.8 - 20.5
21.1	20.1 - 21.3	Men (future pensioners)	20.6	20.0 - 21.2
22.9	23.1 - 23.9	Women (current pensioners)	22.8	22.8 - 23.9
24.9	23.2 - 25.0	Women (future pensioners)	24.6	23.1 - 24.9
		Financial		
2.80%	2.75% - 2.80%	Rate of increase in pensions	2.80%	2.75% - 2.80%
3.30%	3.25% - 3.30%	Rate of increase in salaries	3.30%	3.25% - 3.30%
4.80%	4.80% - 4.85%	Rate for discounting scheme liabilities	5.80%	5.80%

A commutation allowance is also included for all employers for 70% (2023-24, 70%) of future retirements to exchange pension for additional tax-free cash up to HMRC limits.

Transactions relating to post employment benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, in accordance with accounting regulations, the amount to be funded by council tax or HRA rents is based on benefits payable in the year, so an adjustment is made to General Fund / HRA balances in the Movement in Reserves Statement.

2023-24			2024-25	
Fife Council £m	Group £m		Fife Council £m	Group £m
		Post Employment Benefit charged to the CIES		
		Cost of Services:-		
77.637	82.442	Current Service Cost	85.787	91.096
2.999	2.999	Past service costs (incl. Curtailments)	0.010	0.109
		Financing and Investment Income and Expenditure:-		
119.276	125.072	Interest cost	129.810	136.266
25.577	27.884	Interest on the effect of the Asset Ceiling	19.367	21.538
(140.364)	(148.743)	Interest Income on plan assets	(151.608)	(160.702)
85.125	89.654	Total charged to (Surplus)/Deficit on Provision of Services	83.366	88.307
(141.972)	(146.319)	Total remeasurements recognised in Other Expenditure	141.073	146.284
(56.847)	(56.665)		224.439	234.591
		Movement in Reserves Statement		
(85.125)	(89.654)	Reversal of charges to CIES under accounting regulations	(83.366)	(88.307)
		Amounts charged for pensions in the year against Balances		
87.332	92.066	Employers' contributions payable to plan	81.671	86.152
7.507	7.535	Contributions in respect of unfunded benefits	7.658	7.689
9.714	9.947		5.963	5.534

Contributions expected to be made to the funded plan in financial year 2025-26

81.161	85.580
--------	--------

Value of Plan Assets and Liabilities

2023-24			2024-25	
Fife Council £m	Group £m		Fife Council £m	Group £m
2,943.504	3,118.331	Fair Value of Plan assets at 1 April	3,155.268	3,342.459
140.364	148.743	Interest Income on Plan Assets	151.608	160.702
21.286	22.635	Participants Contributions	22.351	23.795
87.332	92.066	Employers contributions	81.671	86.152
(97.848)	(101.441)	Benefits paid	(93.011)	(96.522)
(7.507)	(7.535)	Unfunded benefits paid	(7.658)	(7.689)
7.507	7.535	Contributions in respect of unfunded benefits paid	7.658	7.689
60.630	62.125	Return on assets excluding amounts included in net interest	(26.375)	(29.210)
3,155.268	3,342.459	Balance at 31 March	3,291.512	3,487.376
(2,507.511)	(2,628.026)	Present Value of Plan liabilities at 1 April	(2,702.578)	(2,834.645)
(77.637)	(82.442)	Current Service Cost	(85.787)	(91.096)
(2.999)	(2.999)	Past Service Cost (including curtailments)	(0.010)	(0.109)
(119.276)	(125.072)	Interest Cost on defined benefit obligation	(129.810)	(136.266)
(21.286)	(22.635)	Participants Contributions	(22.351)	(23.795)
97.848	101.441	Benefits paid	93.011	96.522
7.507	7.535	Unfunded Benefits paid	7.658	7.689
99.285	106.632	Remeasurement: Change in financial assumptions	425.528	448.343
53.739	56.630	Remeasurement: Change in demographic assumptions	4.525	4.740
(232.248)	(245.709)	Remeasurement: Other experience	30.018	31.151
(2,702.578)	(2,834.645)	Balance at 31 March	(2,379.796)	(2,497.466)
(538.461)	(592.233)	Unrecognised Pension Surplus at 1 April	(403.472)	(453.476)
134.989	138.757	Movement in Unrecognised Pension Surplus	(594.136)	(622.846)
(403.472)	(453.476)	Balance at 31 March	(997.608)	(1,076.322)
49.218	54.338	Net Asset / (Liability)	(85.892)	(86.412)
3,155.268	3,342.459	Fair value of Plan Assets	3,291.512	3,487.376
(2,603.241)	(2,734.669)	Present value of funded liabilities	(2,293.904)	(2,411.017)
(99.337)	(99.976)	Present value of unfunded liabilities	(85.892)	(86.449)
(403.472)	(453.476)	Unrecognised Pension Asset	(997.608)	(1,076.322)
49.218	54.338	Net Asset / (Liability)	(85.892)	(86.412)

31 March 2024				Fair Value of Plan Assets at bid value (under accounting standard IAS19)	31 March 2025			
Prices Quoted in Active Markets £m	Prices not Quoted in Active Markets £m	Total £m	%		Prices Quoted in Active Markets £m	Prices not Quoted in Active Markets £m	Total £m	%
569.998	0.000	569.998	19%	Equity Securities	808.613	0.000	808.613	25%
				Debt Securities				
0.000	63.360	63.360	2%	• Corporate Bonds	0.000	70.765	70.765	2%
0.000	452.262	452.262	14%	• UK Government	0.000	393.706	393.706	12%
0.000	0.229	0.229	0%	• Other	0.000	0.188	0.188	0%
				Real Estate				
146.861	22.679	169.540	5%	• UK Property	146.861	31.032	177.893	5%
				Investment Funds & Unit Trusts				
984.116	0.000	984.116	31%	• Equities	798.274	0.000	798.274	24%
291.220	0.000	291.220	9%	• Bonds	301.584	0.000	301.584	9%
0.000	527.910	527.910	17%	• Infrastructure	0.000	588.908	588.908	18%
(0.001)	0.000	(0.001)	0%	Derivatives	0.070	0.000	0.070	0%
96.634	0.000	96.634	3%	Cash & Cash Equivalents	151.511	0.000	151.511	5%
2,088.828	1,066.440	3,155.268	100%	TOTAL	2,206.913	1,084.599	3,291.512	100%

Only Fife Council figures are shown above as other Group bodies are prepared using accounting standard FRS102

24. Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme, an unfunded scheme administered by the Scottish Public Pensions Agency. The scheme is accounted for as a defined contribution scheme as it is a national scheme which does not allow for the identification of pension liabilities consistently and reliably between participating authorities. The accounts, therefore, include the payments made by the Council to the scheme in year but do not reflect estimated pension assets or liabilities. The Council is however responsible for additional benefits awarded upon early retirement outwith the terms of the teachers' scheme which are accounted for on a defined benefit basis and included in the Defined Benefit Retirement Schemes Note.

2023-24 £m	Teachers' Retirement Benefits	2024-25 £m
44.297	Amounts due to Scottish Public Pensions Agency for Teachers' Pensions	48.515
4.686	Early Retirement Benefits outside the terms of the Teachers' Scheme	4.834

25. Agency Income and Expenditure

Agency arrangements operate in some services where the Council undertakes work on behalf of other Local Authorities, Government or other public bodies. Expenditure and income relating to this work is excluded from the Comprehensive Income and Expenditure Statement because it is not part of the Council's responsibilities.

- The Council bills and collects domestic water and sewerage charges on behalf of Scottish Water along with its own Council Tax. During 2024-25 the Council transferred £76.426m (2023-24 £69.661m) to Scottish Water.

26. Financial Guarantees

The Council has formal guarantees and arrangements in place for subsidiary bodies within the Council's Group;

- A pension guarantee, approved by the Council in September 2015, with Business Gateway Fife which ensures that if the company were unable to continue as active members of the pension scheme and their assets and liabilities would be pooled with Fife Council's within the Pension Fund.
- Two financial guarantees which relate to CIRECO Scotland Ltd in respect of any defaults on energy from waste agreements which enable the diversion of waste from landfill. These are, Earlsgate site £5.280m (approved by the Council in April 2018) and Westfield site £11.899m (approved by the Council in May 2019).
- The Council also issued letters of comfort to Fife Sports & Leisure Trust, Fife Cultural Trust and Fife Resource Solutions LLP to confirm the Council's commitment to the ongoing financial sustainability of those bodies.

In addition, the Council agreed in January 2020 to provide a pensions arrangement for small employers who wished to exit the Fife Pension Fund. Six employers elected to take advantage of this proposal and subsequently ceased participation in the Fund. The Council, as an Employer, has taken on the pension assets and liabilities of these employers which could result in increased liabilities depending on the future performance of the Fund.

27. Group & Related Parties

Group accounts are required to be prepared where the Council has material interests in other organisations which can be classified as subsidiaries, joint ventures or associates in line with the level of control that the Council exerts.

Subsidiaries

Subsidiaries are independent bodies over which the Council is considered to have control. The following Subsidiaries have been identified and are included in the Group accounts where material.

2023-24				2024-25		
Payments from Fife Council £m	Fife Council balances at 31 March Debtors £m	Creditors £m		Payments from Fife Council £m	Fife Council balances at 31 March Debtors £m	Creditors £m
			Included in Group Accounts			
5.831	0.260	0.274	Fife Sports and Leisure Trust	6.844	0.290	0.884
9.846	0.132	0.029	Fife Cultural Trust	12.666	0.100	0.000
2.772	0.027	0.424	Fife Coast & Countryside Trust	3.300	0.022	0.576
0.807	0.087	0.000	Fife Golf Trust	1.106	0.010	0.000
25.300	5.615	1.606	Fife Resource Solutions LLP	28.006	6.815	0.422
0.000	0.000	0.000	CIRECO (Scotland) Ltd	0.002	0.000	0.000
1.583	0.003	0.007	Business Gateway Fife	2.867	0.746	0.193
46.139	6.124	2.340		54.791	7.983	2.075
			Not included in Group Accounts (due to materiality levels)			
0.000	0.000	0.000	Sustainability Fife Ltd	0.000	0.000	0.000

Fife Sports & Leisure Trust is a company limited by guarantee with charitable status set up on 1 April 2008 to provide sport & leisure activities in Fife through 14 leisure facilities leased from the Council. The Council pays a management fee to the Trust and is represented on the Board of Directors by 6 board members.

Fife Cultural Trust is a company limited by guarantee with charitable status set up on 1 October 2012 to provide arts, culture and entertainment across Fife, through library and museum services, an Arts Development service and management & operation of 4 theatre facilities, which are owned by the Council and leased to the Trust. The Council pays a management fee to the Trust and is represented on the Board of Directors by 4 board members.

Fife Coast & Countryside Trust is a company limited by guarantee with charitable status set up on 31 July 2006 providing countryside activities in Fife for the Council and partners including Scottish Natural Heritage. The Council pays a management fee to the Trust and is represented on the Board of Directors by 4 board members.

Fife Golf Trust is a company limited by guarantee with charitable status set up on 1st April 2011. The Trust provides golf across Fife through 7 golf courses which are owned by the Council and leased to the Trust. The Council pays a management fee to the Trust and is represented on the Board of Directors by 4 board members.

Fife Resource Solutions Limited Liability Partnership was established on 1 April 2014 between Fife Council and Sustainability Fife Ltd to provide Waste Treatment & Disposal, Collection of Commercial & Industrial Waste, Waste Haulage & Transfer, Recycling Facilities, Energy Generation & Supply and related Consultancy Services. The Council pays a management fee and is represented on the Board of Directors by 4 board members.

CIRECO (Scotland) Ltd was established (as Resource Efficient Solutions Limited Liability Partnership) on 1 April 2014 as a partnership between Fife Council and Fife Resource Solutions LLP to develop new income streams predominantly from provision of waste disposal, collection of commercial & industrial waste to external customers and provision of consultancy services. The Council is represented on the Board of Directors by 4 board members.

Business Gateway Fife is a company limited by guarantee established as a joint venture between Fife Council and Scottish Enterprise to deliver support to start up and existing small businesses in Fife. The Council is now the sole owner, providing funding for financial assistance to small businesses, operational funding and a contribution to the Business Gateway delivery contract, and is represented on the Board of Directors by 2 board members.

Sustainability Fife Ltd is wholly owned by the Council and established to form a partnership with the Council to create Fife Resource Solutions LLP. The Council is represented on the Board of Directors by 4 board members.

Joint Ventures

Joint ventures are arrangements where the parties who have joint control of the arrangement have rights to its net assets. The Council has one Joint Venture, the **Fife Integration Joint Board (IJB)**.

The IJB, established on 3 October 2015 as a Joint Venture with NHS Fife, is responsible for planning, operational oversight and management of Integrated Health & Social Care services. The Council's share of IJB reserves at 31 March 2025 is £0.856m (31 March 2024 £2.365m) which is included in the Council's accounts on an equity basis. Further details are shown under material items in the Comprehensive Income & Expenditure Statement.

Associates

Associates are bodies which the Council has significant influence over, but do not meet criteria of Joint Ventures or Subsidiaries. The following Associate was identified but not included in Group accounts due to materiality.

Fife Environment Trust is a company which distributes locally generated landfill tax monies to environmental and community projects eligible under Scottish Landfill Communities Fund requirements. The Council has 2 of the 6 Board members and in 2024-25 the Council and its Group contributed £0.521m (2023-24 £0.591m).

Other Related Parties

The Council transacts with 'related parties' on a regular basis i.e. bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party to bargain freely with the Council.

Scottish Government

The Scottish Government has effective control over the general operations of the Council. It provides the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties (e.g. council tax, housing benefits). Grants received from government departments are shown in the Grant Income note to these accounts.

Members and Officers of the Council

In addition to Subsidiaries and Associates, elected members have registered interests in other bodies where the Council does not have significant influence over their operations. In 2024-25 the Council and its Group made material payments (>£0.100m) to 16 of these bodies totalling £12.107m. The members' register of interests can be found here: [Fife.gov.uk / politicians and committees / your local councillors](https://fife.gov.uk/politicians-and-committees/your-local-councillors)

The Council's senior officers (detailed in Remuneration Report) have control over its financial & operating policies. There were no material payments to bodies where senior officers have a registered interest but members do not.

Other Organisations

The Council has interests in other bodies in collaboration with other local authorities, but are not Associates as the Council either has no significant influence, or does not invest in those bodies. These include SESTran (South East of Scotland Transport Partnership), Tay Bridge Joint Board and Scotland Excel. Payments made to these bodies are included in Members and Officers section above where material.

Local Government Pension Fund

Fife Council acts as the administering Authority for the Fife Pension Fund which is a Local Government Pension Scheme and a statutory scheme established by the Superannuation Act 1972. The Fund covers employees and pensioners of Fife Council and also a number of scheduled and admitted bodies but does not include Teachers. The Fife Pension Fund accounts are not part of the Council's accounts but subject to separate audit, and can be found here: [Fife.gov.uk / Budgets and Finance / Annual Accounts](https://fife.gov.uk/budgets-and-finance/annual-accounts)

2023-24 £m		2024-25 £m
2.063	Charges to the Pension Fund for support services related to administration	1.778
88.747	Employers' contribution paid to the Pension Fund	82.486
21.473	Employee's contributions collected and paid to the Pension Fund	22.379

External Audit

The agreed external audit fee for 2024-25 was £0.716m for work undertaken in accordance with the Code of Audit Practice (2023-24, £0.688m).

28. Contingent Assets and Liabilities

Contingent assets or liabilities arise where an event occurs that gives the Council a possible asset or obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within control of the Council. Contingent liabilities also arise where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of obligation cannot be measured reliably.

At 31 March 2025 the Council has no contingent assets but has the following contingent liabilities: -

- **Workforce Change:** The Council has developed a strategy which would result in an FTE staff reduction of approximately 2,500 at an estimated cost of £74.000m over the 19 year period (2010-11 to 2028-29). Included in the 2024-25 accounts are costs totalling £0.420m for 25 staff. There is significant uncertainty over the extent of employee reductions required over the next 4 years although it is estimated at approximately £13.000m for under 400 staff and no provision has been made for this contingency.
- **Scottish Child Abuse Inquiry:** This Inquiry was set up in October 2015 to examine the abuse of children in care from the 1930's to the present day. Fife Council have 4 establishments included in the list of Institutions being investigated along with investigations into Foster Care, Child Migrant, and a few individuals. The Council have received claims for £3.760m, however there is potential for more as the time bar has been removed for cases where the abuse occurred post September 1964. The introduction of Qualified One-Way Cost Shifting in 2021 removed the risk of the claimant having to pay defenders expenses if their claim is unsuccessful and therefore this will further open the possibility of new cases or re-submissions of those which were rejected due to the time bar. It is not possible to determine exact timing or value of any future claims.
- **Equal Pay:** An Employment Tribunal which sat in January 2023 published their judgment in July 2023. Their view is that Fife Council's Job Evaluation Scheme does not meet the requirement set out in section 131 (6)(b) of the Equality Act 2010 in respect of the named evaluations. This has been determined on the basis that the Tribunal has reasonable grounds for suspecting that the claimant and comparator evaluations are unreliable. There are further stages of the legal process yet to be progressed which may result in an equal value assessment of those posts. There may be a possible obligation on the Council in future, but this will not be confirmed until the legal processes have concluded. It is not feasible to place any reliable value on any possible outcome at this stage.

29. Prior Period Adjustments / Restatements

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or to provide more reliable or relevant information on the Council's financial position. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are also corrected retrospectively.

There are no items which have required a restatement in these Accounts.

30. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date the Statement of Accounts is authorised for issue. There are two distinct types:- those that existed at the balance sheet date where the accounts should be adjusted to reflect these; and those which arose after the balance sheet date which require disclosure in the notes to the accounts if material.

Fife Council had no such events in 2024-25

Housing Revenue Account (HRA) Income and Expenditure Statement

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

2023-24 £m		2024-25 £m
	Income	
(131.901)	Dwelling Rents	(139.396)
1.875	Rent Voids	1.708
(3.507)	Non-dwelling Rents	(3.699)
(2.244)	Hostels - Accommodation Charges	(2.441)
(3.322)	Other Income	(3.558)
(139.099)	Total Income	(147.386)
	Expenditure	
53.165	Repairs and Maintenance	58.528
27.498	Supervision and Management	29.345
0.272	Rents, rates, taxes and other charges	0.230
37.035	Depreciation, impairment and revaluation losses of non-current assets	68.485
4.573	Impairment of Debtors	3.598
0.849	Other Expenditure	1.015
123.392	Total Expenditure	161.201
(15.707)	Net Expenditure or (Income) of HRA Services as included in the Comprehensive Income and Expenditure Statement	13.815
0.175	Share of Corporate and Democratic Core	0.181
0.034	HRA share of other amounts included in the whole Council Net Expenditure of Continuing Operations but not allocated to specific services	0.035
(15.498)	Net (Income) or Expenditure for HRA Services	14.031
	HRA Share of operating income and expenditure included in the whole Council Comprehensive Income and Expenditure Statement	
(0.015)	(Gain) or Loss on sale of HRA Non Current Assets	(0.061)
14.222	Interest Payable and Similar Charges	16.135
(2.060)	Interest and Investment Income	(1.168)
0.172	Pension Interest Cost and Expected Return on Pension Assets	(0.092)
(22.402)	Capital Grants and Contributions Receivable	(23.411)
(25.581)	(Surplus) or Deficit for the Year on HRA Services	5.434

Movement on the Housing Revenue Account Statement

2023-24 £m		2024-25 £m
(25.581)	(Surplus) or Deficit for the Year on HRA Income and Expenditure Statement	5.434
	Adjustments between accounting & funding basis:	
(4.727)	- permitted by accounting standards	(3.737)
32.394	- required by statutory regulations	5.035
(0.021)	Transfers to/(from) Other Statutory Reserves	(4.010)
2.065	Net (Increase) or Decrease In Year on HRA	2.722
(7.380)	Balance on the HRA at the end of the Previous Year	(5.315)
(5.315)	Balance on the HRA at the end of the Current Year	(2.593)

Housing Revenue Account Disclosures

1. Adjustments between Accounting Basis and Funding Basis under Regulations

2023-24 £m		2024-25 £m
	Accounting Standards Adjustments	
	Adjustments for Capital Purposes	
(4.727)	Revaluation element of depreciation in CIES	(3.737)
(4.727)	Total Accounting Standards Adjustments	(3.737)
	Statutory Adjustments	
	Adjustments for Capital Purposes	
(32.308)	Depreciation, Impairment and Revaluations	(64.748)
22.402	Capital Grants and Contributions	23.411
0.015	Gain or (loss) on sale of HRA non-current assets	0.061
18.469	Repayment of Debt	20.671
23.752	Capital expenditure funded by the HRA	23.420
0.201	HRA share of contributions to/(from) the Pensions Reserve	(0.064)
(0.026)	HRA Share of Transfer (to)/from Financial Instruments Adjustment Account	2.186
(0.111)	HRA adjustment for compensated absences	0.098
32.394	Total Statutory Adjustments	5.035

2. Housing Stock

31 March 2024 Number	Council housing stock analysed by number of bedrooms	31 March 2025 Number
254	0	257
7,440	1	7,430
14,662	2	14,733
7,497	3	7,582
1,209	4 - 8	1,241
31,062		31,243

3. Rent Arrears

31 March 2024 £m		31 March 2025 £m
10.488	Rent Arrears	9.504
(8.325)	Provision made in respect of uncollectable debt	(7.519)
2.163		1.985

The Non-Domestic Rate Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows gross income from rates, deductions made under statute and income retained by the Council for amounts identified under the Scottish Government's Non Domestic Rates Incentivisation scheme (NDRIS) and approved Tax Incremental Financing (TIF) projects. The net income is paid to Scottish Government as a contribution to the national non-domestic pool.

2023-24 £m		2024-25 £m
(218.499)	Gross Rates Levied & Contributions in Lieu	(227.928)
37.835	Reliefs & Other Deductions	38.607
0.098	Payment of Interest	0.199
2.141	Debts Written Off and Allowance for Impairment	1.694
(178.425)	Net Non-Domestic Rate Income	(187.428)
34.469	Adjustment to previous years National Non-Domestic Rates	8.943
0.014	Non-domestic rate income retained by the Council (TIF)	0.015
0.000	Non-domestic rate income retained by the Council (NDRIS)	0.956
(143.942)	Contribution to Non-Domestic Rate Pool	(177.514)
(172.108)	Distribution from Non-Domestic Rate Pool	(143.471)
(172.108)	Non-Domestic Rate Income to the CIES	(143.471)

Analysis of Rateable Values at 1 April 2024	Number of Subjects	Total £m	%
Type of Subject			
Shops	3,320	74.028	17.65
Public Houses	247	5.288	1.26
Offices (including banks)	2,246	26.710	6.37
Hotels, Boarding Houses etc	163	10.336	2.46
Industrial and Freight Transport Subjects	3,425	88.781	21.16
Leisure, Entertainment, Caravans and Holiday sites	1,355	16.245	3.87
Garages and Petrol Stations	180	2.199	0.52
Education and Training	222	34.598	8.25
Public Service Subjects	488	18.895	4.50
Communications (Non Formula)	26	2.955	0.70
Quarries, Mines etc.	32	1.253	0.30
Petrochemical	11	13.735	3.27
Religious	322	4.322	1.03
Health/Medical	61	10.326	2.46
Care Facilities	331	10.659	2.54
Undertaking (including Scottish Water)	58	87.876	20.95
Cultural	68	1.699	0.40
Sporting Subjects	672	1.456	0.35
Advertising	39	0.236	0.06
Other	1,424	7.953	1.90
Total all Non-Domestic Subjects	14,690	419.550	100.00%

The valuation of all Scottish Water utilities are valued by the Fife Assessor and is shown on the Fife Assessment roll. This income is included within the Net Non-Domestic Rate Income shown above.

Explanatory Note

Non-Domestic Rates is a tax on the occupation of non-domestic land and property which is entered in the Valuation Roll. The amount levied is calculated by multiplying the Rateable Value by the Rate Poundage, which is prescribed by Scottish Government. For 2024-25 this rate was 49.8p (2023-24, 49.8p) which is uniform throughout Scotland. A rate poundage of 55.5p (2023-24, 51.1p) applies to properties with a rateable value between £51,001 and £100,000. A rate poundage of 55.9p (2023-24, 52.4p) applies to properties with a rateable value of more than £100,000. There are several types of rate reliefs which are available in certain circumstances.

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 Comprehensive Income and Expenditure Statement.

By law, the Council is required to bill and collect water and sewerage charges for Scottish Water however these are excluded from the Council's accounts except for any cash collected not yet paid over at the financial year end.

2023-24 £m		2024-25 £m
	Gross Tax Levied	
(251.083)	Council Tax	(256.209)
(0.414)	Council Tax - Prior Year Income	(0.520)
(0.594)	Contributions in lieu	(0.592)
(252.091)		(257.321)
	Deductions	
23.696	Council Tax Reduction	23.873
33.317	Discount and Exemptions	33.435
4.277	Debts Written Off and Allowance for Impairment	4.234
1.210	Prior Years Adjustments	1.431
62.500		62.973
(189.591)	Council Tax Income to CIES	(194.348)

Charges Levied

Council Tax payable is dependent on the valuation band of a dwelling and is payable on any dwelling which is not determined as Exempt. Discounts and exemptions as specified in legislation can be applied to the gross charge.

Valuation Band (£)	A Up to 27,000	B 27,000 -35,000	C 35,001 -45,000	D 45,001 -58,000	E 58,001 -80,000	F 80,001 -106,000	G 106,001 -212,000	H Over 212,000
2024-25 charges (£)	923.45	1,077.36	1,231.27	1,385.18	1,819.97	2,250.92	2,712.64	3,393.69
2023-24 charges (£)	923.45	1,077.36	1,231.27	1,385.18	1,819.97	2,250.92	2,712.64	3,393.69

Band D equivalent properties

The table below shows an analysis of properties at 31 March 2025 across valuation bandings. Certain prescribed dwellings are exempt and discounts are given to eligible taxpayers (e.g. single occupants) with reductions also granted to properties with certain attributes that are the sole and main residence of permanently disabled persons. The table converts the total number of properties into band D equivalents including a provision for non-payment.

Number of Dwellings	Total	A(Dis)	Band							
			A	B	C	D	E	F	G	H
Total Dwellings	184,374	0	40,421	48,745	24,783	22,543	25,242	14,954	7,162	524
Disabled Relief	0	79	132	(46)	18	83	(123)	(64)	(74)	(5)
Exemptions	(7,962)	0	(2,219)	(1,852)	(1,181)	(975)	(964)	(470)	(212)	(89)
Discounts	(20,181)	(9)	(6,528)	(5,566)	(2,813)	(2,125)	(1,860)	(823)	(412)	(45)
	156,231	70	31,806	41,281	20,807	19,526	22,295	13,597	6,464	385
Band D Ratio			240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360
	156,363	39	21,204	32,107	18,495	19,526	29,293	22,096	12,659	944
Non-payment provision-2.1%	(3,283)	(1)	(445)	(674)	(388)	(410)	(615)	(464)	(266)	(20)
Band D Equivalent	153,080	38	20,759	31,433	18,107	19,116	28,678	21,632	12,393	924

Introduction

The May 2023 LASAAC guidance "Accounting for the Common Good Fund: Guidance for Practitioners", sets out the disclosure requirements for Common Good funds and requires that authorities prepare an Explanatory Foreword, a Comprehensive Income and Expenditure Statement (CIES) and a Balance Sheet. The statements are prepared in accordance with Fife Council's accounting policies.

History and Background

The Common Good Fund relates to particular former Burghs and is administered by Fife Council who, as required by the Local Government (Scotland) Act 1973 must have regard to interests of inhabitants of the area to which the common good formerly related. There are 22 common good funds consolidated into the financial statements.

Common Good Funds consist of a number of assets and properties, these being land & buildings, investments and cash balances. These assets provide sources of income to the fund such as rent, interest and investment income. The first call on this income is the maintenance and up-keep of Common Good properties. Thereafter the income is available for distribution in the interests of the inhabitants of the area where the fund was originally established. All expenditure of this nature is subject to a grant application and an approval process.

The Common Good policy statement and asset register can be found [here](#).

Financial Statements

The CIES records the income generated from rents, interest, investment income and any profit from sale of assets. Expenditure represents the costs incurred in relation to the Common Good Fund, such as repairs and maintenance, depreciation and disbursements. The valuation of investments increased by £0.029m due to market movements.

The Balance sheet includes land & building assets which are owned by Common Good but used in the provision of Fife Council services. Assets of this nature are leased by the Council, on a full repairs basis at a peppercorn rental, and are recognised in the Balance Sheet as a long term debtor representing the net investment in these leases, which is equivalent to the value of the assets at the balance sheet date.

Common Good Comprehensive Income and Expenditure Statement

2023-24 £m		2024-25 £m
	Expenditure	
0.034	Property Costs	0.053
0.175	Donations	0.107
0.892	Depreciation and Revaluations	0.223
0.001	Other Expenditure	0.004
1.102	Total Expenditure	0.387
	Income	
(0.256)	Interest on investments	(0.245)
(0.296)	Rents	(0.274)
(0.005)	Other Income	(0.049)
(0.557)	Total Income	(0.568)
0.000	Losses / (Gains) on Disposal of Assets	(0.165)
0.026	Movement in Fair Value of Investments	0.136
(0.556)	Capital Grant Received	(0.865)
(0.530)	Other Operating Income and Expenditure	(0.894)
0.015	(Surplus)/Deficit for year	(1.075)
(7.919)	Asset revaluations recognised in Revaluation Reserve	(1.651)
(7.919)	Other Comprehensive Expenditure & Income	(1.651)
(7.904)	Total Comprehensive Expenditure & Income	(2.726)

2023-24 £m		2024-25 £m
14.515	Property, Plant & Equipment	16.724
0.450	Heritage Assets	2.198
3.477	Investments	3.506
219.886	Long Term Debtor - Leasehold Property	241.983
238.328	Long Term Assets	264.411
2.369	Cash and Cash Equivalents	2.806
0.035	Sundry Debtors	0.000
2.404	Current Assets	2.806
240.732	Net Assets / (Liabilities)	267.217
	Financed by:	
(228.868)	Usable Reserves: Common Good Fund	(252.364)
(11.864)	Unusable Reserve: Revaluation Reserve	(14.853)
(240.732)	Total Reserves	(267.217)

The unaudited accounts were issued on 30th June 2025.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

Note to the Common Good Fund Accounts

1. Analysis of movement in Common Good Fund Reserve

2023-24 £m		2024-25 £m
(172.165)	Balance at 1 April	(228.868)
0.015	(Surplus) / Deficit for year	(1.075)
(56.075)	(Gains) / Losses on valuation of Long Term Debtor-Leasehold property	(22.097)
(0.053)	Adjusting amounts written out of the Revaluation Reserve	(0.250)
(0.590)	Transfers to / (from) Fife Council Reserves	(0.074)
(228.868)		(252.364)

Introduction

The Council is Trustee for 81 Charitable Trusts consolidated into these financial statements, comprising of an Explanatory Foreword, a Movement in Reserves Statement, a Comprehensive Income & Expenditure Statement (CIES) and a Balance Sheet. The statements are prepared in accordance with Fife Council's accounting policies.

The Council has 44 Trusts registered as charities and governed by the rules of the Office of Scottish Charities Regulator (OSCR), for which separate consolidated financial statements have also been prepared, with the remaining 37 Trusts non-registered charities. The Council also prepares separate financial statements for those charities where the Council, or some members of the Council, are sole trustees of the charity, which can be found here; [Fife.gov.uk / Budgets and Finance / Annual Accounts](https://fife.gov.uk/Budgets-and-Finance/Annual-Accounts)

History and Background

Charities and Trust funds have been set up from donations made by various individuals and organisations over many years and consist of a number of assets such as land & buildings, investments and cash balances. These assets provide income from rent, interest and investments which is available for distribution in the interests of the beneficiaries of the trusts, subject to approval, ensuring that resources are available to meet continuing future requirements. In accordance with the Local Government (Scotland) Act 1973, Fife Council, as administrator of the funds, must have regard to the interests of beneficiaries for which each fund was established. The major trust administered by the Council is Fife Educational Trust whose main purpose is to promote education and reward educational achievement, through providing prizes, bursaries, scholarships, grants and equipment.

Financial Statements

The CIES records income generated and any profit from sale of assets. Expenditure represents costs incurred in relation to disbursements from the various Charities and Trust funds in accordance with individual trust conditions. The valuation of investments increased by £0.084m due to market movements.

2023-24 Total £m	Summary of balances held at 31st March	Registered Charities £m	Other Trust Funds £m	2024-25 Total £m
(2.086)	Fife Educational Trust	(2.157)	0.000	(2.157)
(0.039)	Community Fund	0.000	(0.039)	(0.039)
(2.444)	Other Trusts/Charities	(1.590)	(0.865)	(2.455)
(4.569)		(3.747)	(0.904)	(4.651)

Charities and Trust Funds Movement in Reserves Statement

	Usable Reserve £m	Unusable Reserve £m	Total Reserves £m
Opening Balance 1 April 2023	(4.553)	(0.002)	(4.555)
Movement in Reserves during 2023-24			
(Surplus) or deficit on provision of services	(0.014)	0.000	(0.014)
Other Comprehensive Expenditure and Income	0.000	0.000	0.000
Total Comprehensive Income & Expenditure	(0.014)	0.000	(0.014)
Balance at 31 March 2024 carried forward	(4.567)	(0.002)	(4.569)
Movement in Reserves during 2024-25			
(Surplus) or deficit on provision of services	(0.084)	0.000	(0.084)
Other Comprehensive Expenditure and Income	0.000	0.002	0.002
Total Comprehensive Income & Expenditure	(0.084)	0.002	(0.082)
Balance at 31 March 2025 carried forward	(4.651)	0.000	(4.651)

Charities and Trust Funds Comprehensive Income and Expenditure Statement

2023-24 Total £m		Registered Charities £m	2024-25 Other Trust Funds £m	Total £m
	Expenditure			
0.150	Disbursements	0.098	0.066	0.164
0.007	Other Expenditure	0.012	0.000	0.012
0.157	Total Expenditure	0.110	0.066	0.176
	Income			
(0.200)	Interest on investments	(0.140)	(0.035)	(0.175)
0.000	Other Income	0.000	0.000	0.000
(0.200)	Total Income	(0.140)	(0.035)	(0.175)
0.000	Losses / (Gains) on Disposal of Assets	(0.178)	(0.031)	(0.209)
0.029	Movement in Fair Value of Investments	0.101	0.023	0.124
0.029	Other Operating Income and Expenditure	(0.077)	(0.008)	(0.085)
(0.014)	(Surplus)/Deficit for year	(0.107)	0.023	(0.084)
0.000	Asset revaluations recognised in Revaluation Reserve	0.002	0.000	0.002
0.000	Other Comprehensive Expenditure & Income	0.002	0.000	0.002
(0.014)	Total Comprehensive Income and Expenditure	(0.105)	0.023	(0.082)

Charities and Trust Funds Balance Sheet

2023-24 Total £m		Registered Charities £m	2024-25 Other Trust Funds £m	Total £m
0.002	Property, Plant & Equipment	0.000	0.000	0.000
3.304	Investments	2.640	0.748	3.388
3.306	Long Term Assets	2.640	0.748	3.388
1.232	Cash and Cash Equivalents	1.107	0.156	1.263
0.031	Sundry Debtors	0.000	0.000	0.000
1.263	Current Assets	1.107	0.156	1.263
4.569	Net Assets/(Liabilities)	3.747	0.904	4.651
	Financed by:			
(4.567)	Usable Reserves	(3.747)	(0.904)	(4.651)
(0.002)	Unusable Reserve - Revaluation Reserve	0.000	0.000	0.000
(4.569)	Total Reserves	(3.747)	(0.904)	(4.651)

The unaudited accounts were issued on 30th June 2025.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

Annual Accounts 2024/25

This publication contains information about Fife Council's General Fund, Housing Revenue Account and Capital Plan.

This publication is available online at www.fife.gov.uk/councilfinances



Alternative Formats

Information about Fife Council can be made available in large print, braille, audio CD/tape and Gaelic on request by calling **03451 55 55 00**



British Sign Language

Text (SMS) 07781 480 185

Via contact **SCOTLAND-BSL**



BT Text Direct:

18001 01592 55 11 91

Language lines

خط هاتف اللغة العربية:

03451 55 55 77

বাংলায় আলাপ করার জন্য টেলিফোন লাইন:

03451 55 55 99

中文語言熱線電話:

03451 55 55 88

Polskojęzyczna linia telefoniczna:

03451 55 55 44

اُردو زبان کے لیے ٹیلیفون نمبر

03451 55 55 66