Second Draft Annual Accounts

For year ended 31 March 2026

MORAY COUNCIL

moray council

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إذا كنتم في حاجة إلى معلومات من قبل مجلس موراي وتكون بلغة مختلفة أوعلى شكل مختلف مثل البراي، أسطوانة أوديو أو أن تكون مطبوعة باستعمال حروف غليظة فالرّجاء الإتّصال ب

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اگرآپ کو مورے کونسل سے کسی دیگر زبان یا صورت میں معلومات درکار ہوں مثلاً" بریلے، آڈیو ٹیپ یا بڑے حروف، تو مہربانی فرما کر رابطہ فرمائیں:

Chief Financial Officer, High Street
Elgin, IV30 1BX

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Contents

Management Commentary

Introduction

Local authority accounting is extremely complex, reflecting the range of services we deliver and the regulations under which we operate. Trends in spending and income are reported regularly but our day-to-day financial position changes constantly. The annual accounts are a snapshot of our position at the end of the financial year. How we present our Annual Accounts is governed by the Code of Practice on Local Authority Accounting in the United Kingdom.

The Annual Accounts are presented in four core statements:

Comprehensive Income and Expenditure Statement (CIES): What we spent on delivering services to the public during the year and how that expenditure was funded; any other changes in our net worth (for example as a result of revaluation of council assets).

Movement in Reserves Statement (MIRS): The balance of funding held for various purposes and how that has changed since last year.

Balance Sheet: The value of our assets and liabilities.

Cash Flow Statement: The movement of cash for the year.

The Annual Accounts also include the accounts of the charitable trusts and Common Goods funds which we administer.

We have interests in other organisations which, under accounting regulations, have to be incorporated into the group accounts. These include the charitable trusts, Common Good funds, Grampian Valuation Joint Board, Moray Integration Joint Board and Moray Leisure Limited.

This management commentary is to help those reading the Annual Accounts understand our financial performance in 2025/26. It summarises the key facts from the accounts, illustrates our main achievements in the past year, and highlights some of the risks and challenges we face in the coming years.

The management commentary also contains a high level summary of the Council's capital expenditure during the year. We need to invest in assets to carry out our day-to-day business and to meet the infrastructure requirements of a changing population in Moray. The basis for investment in the Council's assets is the Council's Capital Strategy. The principles used to manage our day-to-day finance requirements and longer term borrowing requirement to fund capital investment are captured in the Treasury Management Strategy and performance against targets reported in the annual Treasury Management report All these documents are approved by councillors.

The commentary also looks at the Council's performance during the year and Key Performance Indicators relating to the Council's Corporate Priorities for 2025/26 can be found on our website as well as detailed performance information. http://www.moray.gov.uk/moray_standard/page_92320.html

The management commentary gives some context to the way in which we deliver our services and relate to our local businesses and communities as well as identifying other significant influences on the Council as an organisation.

About us

Moray is a largely rural area covering a land mass of 2,238km². It has a long coastline on the Moray Firth with harbours, fishing villages and world-class beaches. The area's population for 2024 was projected to be 95,010. The main centre of population is Elgin, which is home to more than one quarter of the people living in Moray. Other towns of population between 5,000 and 10,000 are Forres, Buckie, Lossiemouth and Keith.

Current Party Balance

- 10 Scottish Conservatives and Unionist Party
- 7 Scottish National Party
- 3 Independent
- 3 Scottish Labour
- 2 Scottish Greens
- 1 Scottish Conservative / Non Aligned

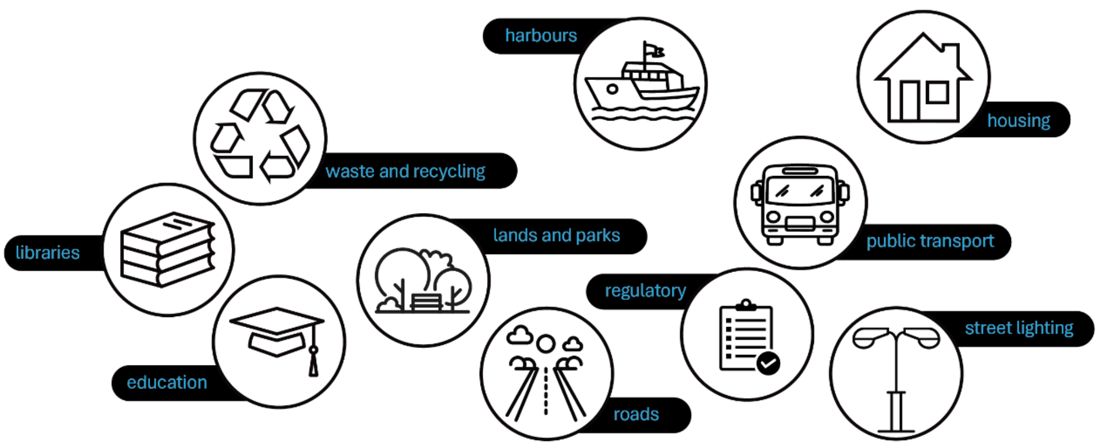
Our Structure

The Council is structured into four main directorates and is led by the Chief Executive who is responsible for ensuring the Council delivers its services efficiently and effectively to the residents of Moray.

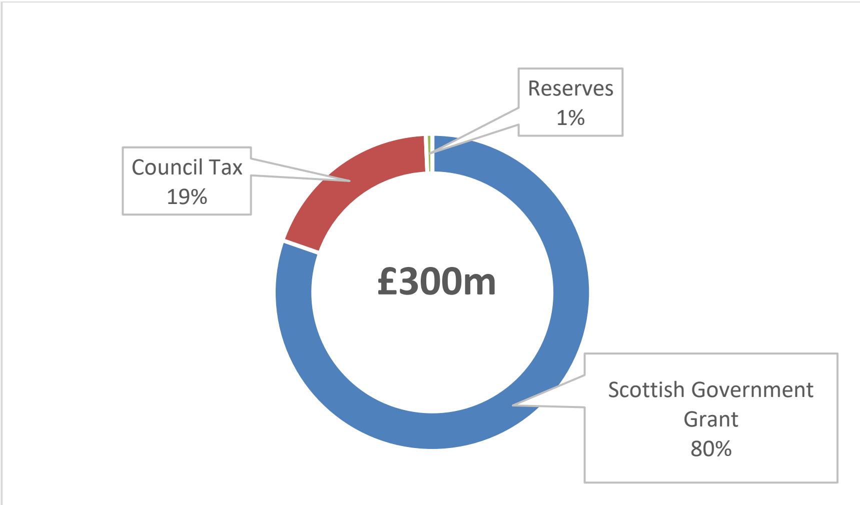
Karen Greaves BEM
Chief Executive

- Jon Matthews, Executive Director, Finance, Strategy & Transformation
- Denise Whitworth, Executive Director, Education, Housing & Communities
- Rhona Gunn, Executive Director, Economy, Enterprise & Operations
- Judith Proctor, Chief Officer, Moray Integrated Joint Board

Our Services

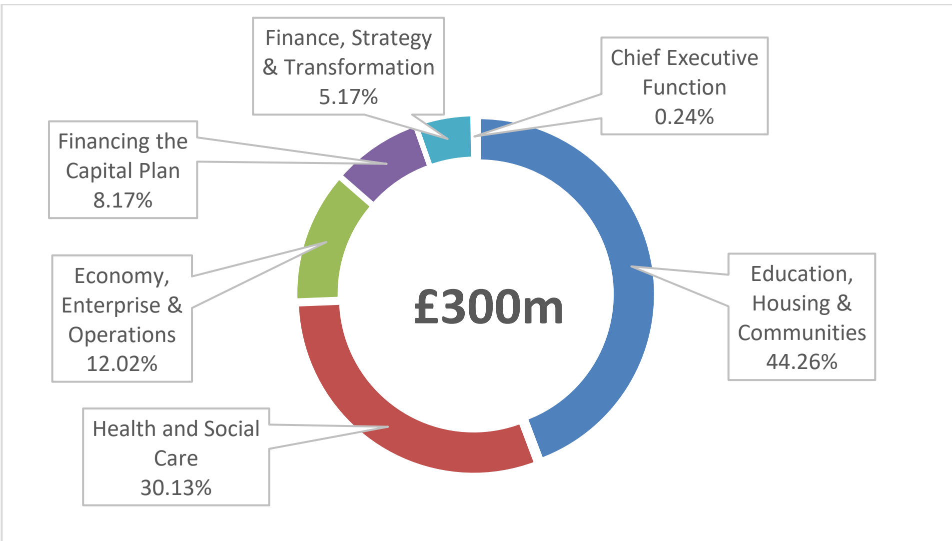


How we funded our services in 2025/26



We receive the majority of our funding from Scottish Government grant, which includes Non-Domestic Rates. For the financial year ended 31 March 2026, 80% of our funding was from this grant. The rest comes from the Council's ability to raise council tax (19%) as well an any money it has set aside from previous years, known as reserves (1%). We also get a separate grant from Scottish Government to fund capital expenditure, which in turn lowers our borrowing requirement.

How our funding was allocated in 2025/26



Much of the Council's funding goes towards Education, Housing & Communities with the next largest allocation being on Health & Social Care. The amount we spend on financing our borrowing cost for the capital plan – our borrowing costs - is also an integral part of how our funding is allocated, as council's can only borrow to fund the purchase and improvement of assets. The council also generates income from some of its service (business premises rents, garden waste permits, etc) so the data above is the position of net expenditure in the year.

Strategy, planning and performance

We agree priorities for public services in Moray with our Community Planning Partners, and these priorities are set out in our Local Outcome Improvement Plan (LOIP). Our own priorities – specific to council services – are set out in our Corporate Plan. The latest version of the Corporate Plan (for 2024 – 2029) was approved by Council on 28 February 2024 and identifies the top three priorities:

The Council's strategic approach to financial planning is set out in its Medium to Long Term Financial Strategy, which supports delivery of the Corporate Plan. The Strategy, last approved by Council on 25 February 2026, consolidates the key financial assumptions, cost pressures and risks that will influence the Council's financial position over the next decade. In addressing longer-term financial sustainability, the Council has identified transformation as the primary mechanism for closing the recurring budget gap. This will require a more strategic and planned approach to both service delivery and the management of the Council's asset base. An increasing amount of our funding from Scottish Government is directed in terms of how it is spent, and this creates additional commitments for the Council. This puts pressure on our ability to delivery other core services. In 2025/26, we have made savings of £5.381m (2024/25: £11.240m), demonstrating the Council's ongoing strive to seek cost savings to deliver services more efficiently and effectively. In addition, we have planned the use of reserves to partially limit the effect on services of reduced funding. However, this is not sustainable. Recent planning has focused also on our vision for the Council of the future. These elements are brought together in the Council's Transformation Strategy, the first iteration of which was approved by Council on 24 April 2024. The Transformation Strategy is now aligned under the newly formed Executive function of Finance, Strategy and Transformation. The transformation programme is governed by an internal Board, including all members of the corporate leadership team and is reported to Corporate Committee on a quarterly basis. These structures, reporting and governance practices will ensure that the Council remains committed to transforming its services and ways of working which deliver against its corporate objectives in a sustainable manner.

Although our financial planning process in normal times focuses on the medium term, successive single-year settlements from the Scottish Government have resulted in annual budgets being approved. The revenue budgets for 2025/26 (General Fund revenue and HRA revenue and capital) were approved by Council on 26 February 2025. The General Fund capital budget was approved by Council on 21 January 2025.

We operate two main funds within the council: the General Fund and the Housing Revenue Account (HRA).

The HRA is self-funding, with all expenditure covered by income raised, primarily from council house rent. We have a programme of affordable house-building, supported by grant from the Scottish Government.

The General Fund is mainly funded by grants from the Scottish Government. Council Tax meets less than 20% of general revenue expenditure. Council Tax increases have been constrained by Scottish Government policy since 2017/18, including freezes in 2021/22 and 2024/25, reducing the share of funding from Council Tax over time. In response, Moray Council increased its Council Tax by 10% in 2025/26 as part of a three-year strategy, aiming to reverse some of the inflationary funding-gap caused by the previous freezes and caps.

In addition to general grant funding, we receive specific grant funding for certain services. Increasingly, general grant funding is linked to Scottish Government priorities such as teacher numbers. The effect of this is to increase the pressure on those services not identified as a priority by Scottish Government, as they have to bear the brunt of the reduction in core funding. Expenditure is driven by legislative requirements, government priorities and local priorities, as set out in the LOIP and in the Council's Corporate Plan.

We can charge for some of the services we deliver and income generation is seen as an important means of protecting service delivery.

We measure our performance using the Council's Performance Management Framework. Performance is reported to the appropriate service committee on a six monthly basis. Quarterly reports on our financial performance against the budget for the Council's general fund are reported to the Corporate Committee or (depending on the committee cycle) to the full Council.

Successes and Challenges

Highlights of successes and challenges for strategic objectives are summarised below (these have been extracted from final 2025/26 performance reports to committees, which also include service level performance information).

People, Change and Community Strategy

Successes: Completion of tier 1 corporate restructure, performance management embedded.

Challenges: Managing leadership capacity during a period of organisational change and senior leadership vacancies. These posts are now filled, providing increased stability and capacity to drive ongoing transformation.

Customer Services, ICT & Digital Services

Successes: Strategic digital approach progressing well and key projects completed.

Challenges: External dependencies limiting progress on some infrastructure projects.

Financial Services

Successes: Stonger capital monitoring and completion of 24/25 audit actions.

Challenges: Work to progress the Strategic Procurement Action Plan has been affected by staff absence.

Education

Successes: Improvements across key education priorities such as literacy, attendance, exclusions and staff absence.

Challenges: Challenges remain in numeracy and positives destinations.

Housing, Property and Communities

Successes: Partnership working with IJB to strategically allign allocation to meet needs of older people.

Challenges: Operational pressures and resourcing causing delays to projects.

Leisure and Culture and School Estate

Successes: New libararies operating model has been implemented

Challenges: Resource pressures delaying progress on several strategic actions.

Operations and Environment

Successes: Bus revolution project phase 2 complete. Winter Service Operational Plan updated to improve service delivery.

Challenges: Service demand pressures causing delayed actions.

Growth, Planning & Climate

Successes: Moray Growth Deal work on track. All climte Change actions complete.

Challenges: Community Wealth Building milestones are slipping beyond target timescales.

Governance

Successes: Low absence levels.

Challenges: Business continuity plans from services remain outstanding.

Key Performance Indicators (KPIs)

The Performance Report for 2025/26 can be found on our website.

Short term trend					
↑	Improving	–	No Change	↓	Getting Worse

Tackling Poverty and Inequality

Key Performance Indicators	Target	Benchmarking Comparator Averages	2023/24	2024/25	2025/26 (See Note 3)	Short term trend
Proportion of children living in poverty (after housing costs)	12.2%	13.7% Family Group	14.9%	15.1%	Mar 2026	↑
Literacy Attainment Gap (P1,4,7 Combined) – percentage point gap between the least deprived and most deprived pupils	23.7%	23.7% Family Group	See Note 1	See Note 1	Dec 2026	–
Numeracy Attainment Gap (P1,4,7 Combined) – percentage point gap between the least deprived and most deprived pupils	20.3%	20.3% Family Group	See Note 2	See Note 1	Dec 2026	–
Percentage of pupils achieving expected level in Literacy (P1,4,7 Combined)	79.1%	74.2% Family Group	70.6%	72.7%	Dec 2026	↑
Percentage of pupils achieving expected level in Numeracy (P1,4,7 Combined)	83.4%	79.4% Family Group	76.5%	76.9%	Dec 2026	↑
Percentage of pupils gaining 5+ awards at Level 5	72%	66% Family Group	62%	64%	Feb 2027	↑
Percentage of pupils gaining 5+ awards at Level 6	44%	37% Family Group	30%	31%	Feb 2027	↑
Overall Average Total Tariff	938	869 Family Group	826	829	Oct 2026	↑
Average Total Tariff SIMD Quintile 1	666	543 Family Group	378	720	Oct 2026	↑
Average Total Tariff SIMD Quintile 2	835	685 Family Group	625	639	Oct 2026	↑
Average Total Tariff SIMD Quintile 3	968	833 Family Group	780	768	Oct 2026	↓
Average Total Tariff SIMD Quintile 4	1,149	991 Family Group	917	902	Oct 2026	↓
Average Total Tariff SIMD Quintile 5	1,258	1,131 Family Group	970	993	Oct 2026	↑
Percentage of pupils entering Positive Destinations	95.2%	95.3% Family Group	93.8%	93.5%	Feb 2027	↓

Tackling Poverty and Inequality indicators: are showing improved results with children achieving higher levels of numeracy and literacy and a slight narrowing of the attainment gap between the least and most deprived pupils, whilst slight increases in children living in poverty and the percentage of children moving on to positive destinations is evident.

Note 1: Attainment Gap is calculated by taking the percentage point difference in achievement of Curriculum for Excellence (CFE) levels in between those pupils from Scottish Index of Multiple Deprivation (SIMD) quartiles 1 and 5. 2023/24 and 2024/25 values are suppressed to protect against the risk of disclosure of personal information or cases where the value is zero. In the source data those values were suppressed for SIMD Quintile 1 (most deprived).

Note 2: Numeracy Gap is calculated by taking the percentage point difference in achievement of CFE levels in between those pupils from SIMD quartiles 1 and 5. 2023/24 and 2024/25 values are suppressed to protect against the risk of disclosure of personal information or cases where the value is zero. In the source data those values were suppressed for SIMD Quintile 1 (most deprived).

Note 3: In many cases the 2025/26 data have not been published. The dates noted are when the data is expected to be published.

Build stronger, greener vibrant economy

Key Performance Indicators	Target	Benchmarking Comparator Averages	2023/24	2024/25	2025/26	Short term trend
Proportion of 16-29 year olds within Moray	Data only	17.1% Scotland	14.6%	14.7%	Aug 2026	↑
Moray median weekly earnings – for full-time employee jobs by place of work (ONS – ASHE based on revised data but provisional 2025 data for 2025/26 – aligned with SLAED indicator)	Data only	£773.80 Scotland	£667.10	£698.70	£658.80	↓
Moray median weekly earnings – for full-time employee jobs by place of residence (ONS – ASHE based on revised data but provisional 2025 data for 2025/26 – aligned with SLAED indicator)	Data only	£740.01 Scotland	£666.50	£639.80	£658.80	↑
Proportion of people earning less than the living wage	11.4%	9.4% Family Group	14.4%	16.2%	Oct 2026	↓
Gender Pay Gap – Moray ALL employee jobs being place of work (ONS – ASHE based on revised data but provisional 2025 data for 2025/26 - aligned with SLAED indicator)	Data only	9.4% Scotland	12.5%	16.3%	9.9%	↑

Build stronger, greener vibrant economy indicators – are showing a general increase with the median weekly earnings by place of residence improving and the gender pay gap closing.

Build thriving, resilient, empowered communities

Key Performance Indicators	Target	Benchmarking Comparator Averages	2023/24	2024/25	2025/26	Short term trend
Town Vacancy Rates	9.0%	13.1% Family Group	14.1%	14.0%	Oct 2026	↑
Number of new Community Action Plans in place	3	N/A	3	3	3	–
Participatory Budgeting activity – 1% target of Council budget	100%	N/A	23.12%	13.78%	38.52%	↑
Number of affordable housing completions at end of current financial year	Data only	N/A	97	110	91	↓
Percentage of schools that are rated B or better for condition	50.9%	N/A	41%	41%	46%	↑
Percentage of schools that are rated B or better for suitability	100%	N/A	100%	100%	100%	–
CO2 emissions area wide per capita (in tonnes)	3.62t	5.18t Family Group	4.10t	Jul 2026	Jul 2027	↑
CO2 emissions within scope of LA per capita (in tonnes)	3.53t	4.90t Family Group	6.54t	Jul 2026	Jul 2027	↑

Build thriving, resilient, empowered communities indicators – in the main a gradual improvement in lower town vacancy rates, participatory budgeting activity and school estate condition. Lower delivery of new affordable houses but likely that completions will span across reporting periods.

Highlights of the year

A selection of highlights taken from Moray Council's News Room.

23 APR 2026

Keith Primary celebrates playground improvements with fun community event

Keith Primary School was full of energy and excitement on Saturday 18 April as pupils, families and the local community came...

01 MAY 2025

Construction begins on Moray's Early Year's STEM project at Elgin Library

The Moray Growth Deal's flagship Early Years STEM project is taking a significant step forward, with renovation works at Elgin Libra...

17 JUN 2025

Moray Council approves Buckie Harbour Masterplan

Moray Council has officially agreed a new Masterplan for Buckie Harbour, setting the stage for major developments that will suppo...

30 JUN 2025

Change of direction for Moray Council corporate leadership

Moray Council has approved a new internal management structure designed to strengthen strategic leadership and improve service...

07 JUL 2025

Moray Council re-opens grant scheme supporting town centres

Moray Council has launched a new round of funding through the Town Centre Capital Grant Scheme to support regeneration and busines...

26 AUG 2025

Major regeneration projects progress across Moray

Moray Council has confirmed continued progress on two of the region's most significant regeneration programmes, the...

10 SEP 2025

MBLA appointed to deliver Cooper Park Masterplan

Moray Council and the Elgin Neighbourhood Board are pleased to announce the appointment of MBLA Design, landscape...

10 OCT 2025

Taylor and Fraser appointed for Elgin Town Hall redevelopment

Moray Council has appointed Taylor and Fraser as the main construction contractor to deliver the redevelopment of Elgin Town Hall.

27 NOV 2025

Moray Council's Building Standards team celebrates double national success

Moray Council's Building Standards team has achieved outstanding national recognition, securing two top honours at this year's...

17 DEC 2025

Planning application submitted for Grant Lodge refurbishment

Moray Council has submitted a planning application for the regeneration of Grant Lodge, marking a significant milestone in the...

28 JAN 2026

Moray Council agrees next steps for Elgin High School capacity expansion project

Moray Council has agreed to progress an internal repurposing project to meet the future capacity requirements at Elgin High School.

25 FEB 2026

Forres Academy relocation approved by Full Council

Moray Council has today (Wednesday 25 February) unanimously approved plans to relocate Forres Academy to a new, purpose-...

03 MAR 2026

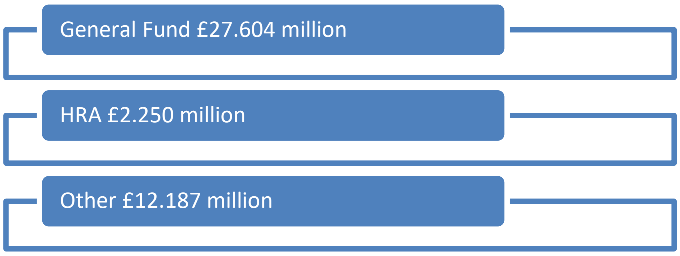
Moray schools celebrate improvements in literacy and numeracy

Moray schools are celebrating improvements in literacy and numeracy across both primary and secondary stages, with new Curriculum f...

Financial Results for the year

The Council's Annual Accounts are prepared on a different basis from the basis on which it sets its budget. The net expenditure for 2025/26 in the Comprehensive Income and Expenditure Statement (CIES) is £195.507m (2024/25: £32.263m income). This adds together the General Fund and HRA, to give an overall picture of the Council's financial activities in the year. It also includes a number of accounting entries required by the accounting regulations but which are not a charge on the income the Council receives to deliver services and which cannot create income which the Council can use. The impacts of these accounting entries are reflected in the Council's unusable reserves. The Council's usable reserves show what the Council has available to spend, either on a planned basis or to meet unexpected contingencies.

Usable reserves



Unusable reserves

The Movement in Reserves Statement shows the net income to the Council per the CIES analysed across the General Fund, HRA, other usable reserves and unusable reserves. The net expenditure of £195.507m shown in the CIES is the decrease in overall reserves: an increase of £0.088m in usable reserves and a decrease of £195.595m in unusable reserves. Note 11 to the accounts further analyses the movement in the General Fund, showing a breakdown of the various ear-marked reserves (reserves set aside for specific purposes) and a balance of £6m in free general reserves (2024/24 £6m). The free general reserves are a cushion against unexpected events and the Council looks at various financial risks in setting the balance it requires to keep.

General fund revenue expenditure

We set the budget for 2025/26 on 26 February 2025. During the year the budget was revised, mainly to reflect additional funding from Scottish Government. The original and revised budgets and actual out-turn are set out below, with explanations of main variances on page 14:

	2025/26 We planned	**We revised to**	**2025/26 We out turned**	**2024/25 results**
Expenditure	£m	£m	£m	£m
Departmental	265.988	277.220	276.705	260.974
Loans Fund	17.207	24.660	24.519	28.780
Additional provisions – monies held centrally	11.002	0.397	-	-
Transfer to earmarked reserves		-	2.603	-
	294.197	**302.277**	**303.827**	**289.754**
Funded from:				
SG Grant	236.877	241.125	241.191	225.659
Council Tax	57.320	57.470	57.148	51.836
Use of reserves	-	3.682	5.488	12.259
	294.197	**302.277**	**303.827**	**289.754**

Commentary on year-end position

Main reasons for variance from budget.

	Amount
Underspends:	
Staff vacancies	£2.054m
Central provision for MIJB overspend	£3.400m
Inflation provision below budget	£0.513m
Net impact of loans charges and interest on revenue balances	£0.141m
	£6.108m
Overspends:	
Share of Moray Integration Joint Board overspend	(£3.383m)
Other net underspend in services (exc MIJB)	(£0.352m)
	(£3.735m)
Underspend for year against budget	**(£2.373m)**
Transfer to ear-marked reserves	(£2.603m)
Final overspend	**(£0.230m)**

Ear marked reserves	**Amount**
Note 11 shows the detail of this Movement in Reserves:	
Free general reserves	£Nil
Devolved School Management -reduction in balance held	(£0.058m)
Transformation - reduced by in-year spend	(£1.393m)
Council priorities – for supernumerary posts, early retirement and then used to meet otherwise unfunded spend	(£0.337m)
Working reserve – planned to balance budget and fully consumed	£Nil
Retrospective service concession reserve	£Nil
Other ear-marked reserves - increase	£0.108m
Total movement in general reserves - decrease	(£1.680m)

In order to better track some significant amounts of government funding – e.g. for refugee resettlement – ear-marked reserves were set up to hold unspent balances and give greater clarity as to the amount available for the Council to allocate to spend on Council priorities. These are described as “Other ear-marked reserves”.

Service expenditure
The adjustments to service expenditure from the accounting basis to the funding basis is shown in Note 8 to the accounts. The table below compares budgeted expenditure to actual expenditure on the funding basis and highlights the main reason for the variance in each service.

Service	Budget £000s	Actual £000s	Main Reasons for Variance
Economy, Enterprise & Operations			
Growth, Planning & Climate	4,177	3,918	Staff vacancies. Building Control and Planning fees above budget.
Operations and Environment	31,156	31,037	Staffing vacancies offset against overspend on roads maintenance and waste.
Governance	2,821	2,434	Mainly staff vacancies.
Education, Housing & Communities			
Culture, Leisure & Sport	4,609	4,142	Mainly staff vacancies as well as higher leisure income.
General Services Housing	5,535	5,499	Staffing vacancies and increased recharge income.
Education & Out of Area	122,719	123,139	Staffing vacancies and increased recharge income.
Finance, Strategy & Transformation			
Customer Experience, ICT & Digital Services	5,872	5,758	Staffing vacancies and increased recharge income.
People, Change & Community Strategy	5,303	5,473	Restructure-related costs and ICT system expenditure pressures.
Financial Services	3,833	4,175	Non-Domestic Rates reliefs and one-off legal and operational costs.
Chief Executive Function	657	725	Chief Executive recruitment and management restructure.
Health & Social Care	90,538	90,405	Budget adjusted to meet overspend as part of year end process. Actual overspend of £3.383 million.
Total departmental spend	**277,220**	**276,705**	

The out-turn figures are those reported to Council on 30 June 2026 – these are expressed on the same basis as the budget figures.The out-turn included in the CIES is calculated in accordance with accounting requirements. The main difference between the 2 bases are set out in Note 8 to the accounts and can be summarised as below:

Description	Amount
Departmental Outturn per Management Commentary	276,705
Statutory Adjustments (Note 8)	189,979
less Statutory Adjustments HRA (Note 8)	(163,153)
Interest and Investment income – reflected in service outturn but in Finance and Investment Income in the CIES	15
Bad Debt Provision (Note 13)	(412)
Net Cost of Services in CIES excluding HRA	**303,134**
Net Cost of Service HRA	154,152
Net Cost of Services in CIES	**457,286**

The Council reports both bad debt and interest payments within its departmental outturn.

Savings

When the Council set its budget for 2025/26 it approved savings of £7.102m, which comprising £6.582m of recurring savings, £0.176m of temporary savings and £0.344 from increases in charges. Savings achieved in the year totalled £5.361m, which included £0.118m from the transformation project. Savings of £0.334m were deferred to future years and £1.407m were assessed as unachievable.

Housing Revenue Account

Our 6,445 houses (2024/25: 6,400) are held on the Housing Revenue Account (HRA).

The balance on the HRA is shown in the Movement in Reserves Statement – at the end of 2025/26 the balance had increased by £0.017m from the balance at the end of 2024/25 bringing the total balance to £2.250m. The HRA budgeted for planned expenditure of £27.230m in 2025/26 met from rent, other income and HRA reserve.

As budgeted	**Budget £000s**	**Actual £000s**	**Reason for variance**
Rental income	(28,034)	(27,309)	Rental discounts for properties with lower Energy Performance Certificate bandings.
Other income	(804)	(900)	
Supervision and management	6,455	6,199	Challenges in recruiting to new posts.
Repairs and maintenance	10,183	12,091	Additional planned/cyclical works.
Financing cost	8,413	8,175	Lower principal repayments.
Capital Funded from Revenue / transfer to General Fund	3,089	1,120	Increase in stock movement.
Other expenditure	698	607	
Use of/ (return to reserves)	0	(17)	Net underspend.

Reconciliation to accounts	***£000s***
Use of/ (return to reserves)	(17)
Statutory Adjustments	163,153
Adjustments to Usable Reserves Permitted by Accounting Standards	0
CFCR (net of Council tax Discount on 2nd Homes)	(1,120)
IORB – included in outturn but not in the Net Cost of Services	311
Financing Costs – included in outturn but not in the Net Cost of Services	(8,175)
Net Cost of Services per CIES	154,152

We invest in building new homes and improve the existing ones, supported where possible by government grant.

New build and open market acquisitions
2025/26 –- planned £14.117m, actual £11.543m – 82% of planned
2024/25 –- planned £15.037m, actual £8.047m – 53% of planned

Planned expenditure for 2025/26 included the first phase of development at Bilbohall, Elgin, with construction beginning in spring 2026. The first phase includes provision of shared infrastructure and advance planting requirements. This has necessitated a significant amount of Scottish Government grant funding. This has impacted the site starts possible during 2025/26.

The Open Market Purchase Scheme was launched in June 2023. In 2025/26, nine properties were successfully acquired under the scheme with four pending completion.

Housing improvements
2025/26 – planned £26.522m, actual £20.112m – 76% of planned
2024/25 – planned £16.941m, actual £15.209m – 90% of planned

The Housing Investment Capital Programme has seen a significant increase in delivery of improvements to the Council's housing stock in the last financial year with actual spend increasing by £5m in relation to capital spend in financial year 2025/26.

The Council's compliance with the Scottish Housing Quality Standard has improved significantly currently achieving 77% compliance as at 31 March 2026. However, changes to the EPC calculation methodology (RDSAP 10) introduced in mid-June 2025 has affected the speed of compliance. These changes have required additional energy efficiency measures to ensure properties achieve the revised EPC ratings. In some cases, the works have not been undertaken and will be incorporated into programmes of works in the coming financial years.

General Services Capital Programme

We originally planned to spend £64.0m on capital projects in 2025/26, which was amended to £50.6m during the year, reflecting changed timescales for projects. Following delays on a range of projects we actually spent £32.6m (2024/25: £27.2m).

£32.6m

Invested in Moray during the year – main items summarised below

- **£10.2m**
  Leaning Estate including, improvements to existing schools, libraries and facilities for early learning and childcare
- **£5.4m**
  Moray Growth Deal
- **£1.2m**
  Waste management facilities and equipment, including a joint project with Aberdeen City and Aberdeenshire councils to build an energy from waste plant.
- **£2.7m**
  Other economic development, including Levelling Up Fund.
- **£0.7m**
  Harbour improvements
- **£0.2m**
  Flood alleviation and coastal protection
- **£2.1m**
  Vehicles and electric car chargers
- **£3.9m**
  Other land and buildings
- **£5.8m**
  Road improvements, road safety measures, sustainable travel and street lighting
- **£0.4m**
  ICT and other equipment

Balance sheet

The balance sheet records our assets and liabilities and is a snapshot of our value or financial position at 31 March 2026.

Our Assets

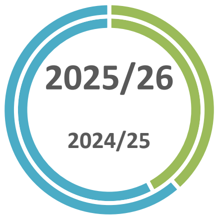
Assets include those such as plant, property and equipment, investments and cash in the bank. The majority of assets held by the Council are the various land and buildings it owns.

	2025/26 £000	2024/25 £000
Fixed Assets	1,131,137	1,301,261
Current Assets	43,457	40,754
	1,174,594	1,342,015

Less our liabilities

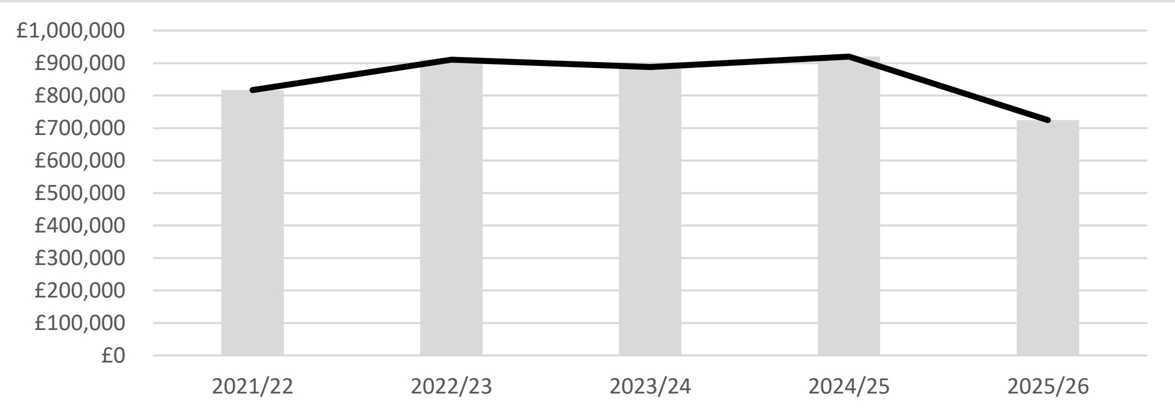
Liabilities include those such as amounts we owe suppliers at 31 March 2026, our pension commitments and the amount of borrowing we hold.

	2025/26 £000	2024/25 £000
Current Liabilities	189,809	162,433
Long Term Liabilities	260,455	259,745
	450,264	422,178



Give our net value

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Our Net Value	816,433	910,769	887,574	919,837	724,330



Our net value has decreased by £195.507m during 2025/26.

Future risks

The Council maintains and keeps under review a corporate Risk Register, with risks grouped under nine themes, including financial risk. This section of the management commentary identifies the Council's main concerns for financial risk and also areas of planned development.

We expect to need to make continued savings over the next two years in order to balance our budget. However, in to the longer term, the financial position has a number of material risks and variables, which we will need to responded, including in collaboration with key stakeholders and partners.

Our main risks are:

- Future funding, with Scottish Government finances under pressure and being targeted to specific priorities;
- Significant funding at UK and Scottish Government level coming from bid funds, requiring expertise and effort to access and with considerable monitoring requirements;
- Risks arising from recent higher inflation and increased interest rates, with impact on pay claims and general increases in prices across the board;
- Demographic pressures and emerging social needs;
- Significant difficulties in recruiting staff and attracting suppliers to bid for works;
- Moray Integration Joint Board (MIJB) has potential to overspend against its budget and we will have to fund our share of any overspend.
- Increasing demand and investment required to maintain standard of asset base, including learning estate, leisure estate, and bridges and roads infrastructure;
- Meeting our target of carbon neutral will be a financial and technical challenge;
- Continuing to find budget savings after a prolonged period of making increasingly challenging savings will be difficult.

How we are managing these risks

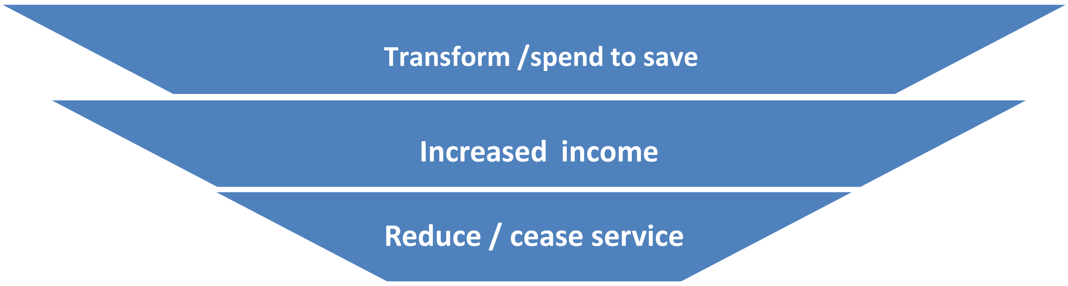
- Implementing our Best Value Action Plan and embedding this in what we do;
- Financial planning, monitoring and review, including planning in the short to medium and medium to long term;
- Delivering our Transformation Programme for increased income generation opportunities, as well as service redesigns to reduce the cost burden through improved efficiency and effectiveness measures and spend-to-save measures;
- Working within Moray Economic Partnership to support the local economy;
- Developing Community Wealth Building;
- Developing teams with expertise in bidding for funds;
- Workforce planning, including successful completion of Phase 1 management restructure in 2025/26;
- Tackling capital plan slippage by implementing stronger capital reporting and challenging budget manager optimism;
- Joint monitoring reviews with MIJB officers and officers and Board members from NHS Grampian;
- We are carrying out a comprehensive Learning Estate Review;
- We have mapped out a high-level route map to net zero.

.......and opportunities

- The Moray Growth Deal, which is continuing to see significant investment in Moray's economy;
- The Levelling Up Fund, Elgin Neighbourhood Fund Board and Just Transition Fund provide further opportunities to improve Moray's economy;
- Regional Transformation Opportunities per Highlands and Islands Regional Economic Partnership (HiREP), harnessing social benefits from offshore wind and related developments.
- Our Community Wealth Building Strategy also looking to strengthen Moray's economy;
- Our Transformation Strategy, redesigning how we deliver services in today's world to deliver efficiencies, building on our digital strategy, investing in technology that will deliver transformative and sustainable change;
- Our Learning Estate Review, looking at how we can improve the learning experience by enhancing the environment in which it takes place;
- Our Leisure Estate Review, looking to develop a strategic network of good quality leisure facilities across Moray;
- Our Climate Change Strategy, looking to become carbon neutral

Next steps

The Council approved a balanced budget for 2026/27 with all savings identified at the time of setting and without the release of non-earmarked reserves. The indicative budgets for 2027/28 and 2028/29 show the need to make further savings in early course. Although our level of funding from Scottish Government will not be confirmed for some months, we expect the need to make savings to continue.



The Council is taking forward a continued focus on delivering transformation projects already in progress, accelerating and expanding where there is opportunity and developing new areas of work to support the Council's financial sustainability. Stage 3 of the Transformation Strategy was approved on 24 September 2025 and brought together ongoing transformation projects and new projects and opportunities.

The Council's Corporate Plan – a key strategic document along with the LOIP. The Accounts Commission published its Best Value report on Moray in March 2024 and we have agreed an Action Plan to implement agreed improvements to the Council's ways of working.

There are other factors external to the Council, such as the ongoing impact of the Iranian and Ukrainian conflicts, continued cost of living crisis and current financial markets volatility which affect the Council's plans. In addition, discussions are on-going between COSLA and Scottish Government officers regarding the potential make up of a Fiscal Framework for Scottish Local Authority funding.

We work in a constantly changing environment and strive to be an agile organisation, well equipped to cope with the many changes we encounter.

Councillor Kathleen Robertson
Leader of Moray Council

Karen Greaves BEM
Chief Executive

Jon Matthews FCMA, CGMA
Executive Director Finance, Strategy and Transformation
(Section 95 Officer)

Statement of Responsibilities for the Annual Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Council has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Executive Director.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2021), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Council at its meeting on 30 September 2026.

Signed on behalf of Moray Council.

Councillor Kathleen Robertson
Leader of Moray Council
30 September 2026

The Executive Director Finance, Strategy and Transformation's Responsibilities

The Executive Director Finance Strategy and Transformation is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Accounting Code).

In preparing the Annual Accounts, the Executive Director Finance Strategy and Transformation has:

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

The Executive Director Finance Strategy and Transformation has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Council and its Group at the reporting date and the transactions of the Council and its Group for the year ended 31 March 2026.

Jon Matthews FCMA, CGMA
Executive Director Finance, Strategy and
Transformation (Section 95 Officer)
30 September 2026

Annual Governance Statement

Scope of Responsibility

The council is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The council has a statutory duty to make arrangements to secure Best Value under the Local Government in Scotland Act 2003.

In discharging these responsibilities, elected members and the corporate leadership teams are responsible for putting in place proper arrangements for the governance of the council's affairs and for facilitating the effective exercise of its functions. In delivering these functions, there is a requirement to maintain effective partnership working with others, principally with NHS Grampian and the Moray Integration Joint Board, Grampian Valuation Joint Board, tsi Moray, and the Moray Leisure Centre, as well as with other bodies involved in Community Planning and in the delivery of projects forming part of the Moray Growth Deal.

This annual governance statement, which covers the period from 1 April 2025 through to the date of signing of these annual accounts, explains how the council has used the CIPFA/SOLACE 2016 Framework 'Delivering Good Governance in Local Government' as a basis for considering the effectiveness of its own governance arrangements.

Framework for Good Governance

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

The key elements of the council's governance arrangements are described in terms of the seven principles defined in the Framework, summarised as follows:

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
The roles and responsibilities of elected members and senior officers and the processes to govern the conduct of the council's business are defined in procedural Standing Orders, a Scheme of Administration, a Scheme of Delegation, and Financial Regulations. These are updated annually following consideration and review of changes necessary for the effective functioning of the council's affairs. These changes are prompted by new legislative requirements, organisational change, audit recommendations, and incorporate identified revisions necessary to improve governance practice.

Supplementary (second tier) documents providing additional guidance on specific constitutional matters are also maintained and are subject to periodic review and updating as appropriate.

Codes of Conduct for both elected members and officers are in place, and these define the ethical values and standards of behaviour expected. The Codes draw on the 'Standards in Public Life' covering issues including leadership, fairness and integrity. Refresher training on the Code of Conduct for elected members was delivered in conjunction with the Improvement Service. No referrals in respect of inappropriate conduct were made to the Standards Commission during the year.

The council's Chief Governance Officer is the designated Monitoring Officer responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Ensuring openness and comprehensive stakeholder engagement;
Meetings of the council and its committees are delivered using a hybrid format that enables attendance in person or via web link. These are live streamed and available for public viewing, with matters discussed and determined in confidence relating only to those deemed confidential in terms of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973. The rationale for all decisions proposed and taken is fully set out in committee reports.

Stakeholder engagement is central to the council's work at a strategic level, notably informing the preparation of the annual budget, and on multiple issues including climate, planning, housing, education, and transportation. A new engagement portal has been commissioned – Moray Engage – and work is underway to develop an Engagement and Consultation Strategy, including guidance developed by young people on how best to engage with young people. Once approved, the strategy will provide additional tools and training to help ensure Moray's citizens are appropriately involved in decision-making processes.

A programme of employee engagement is also ongoing to support organisational change ensuring staff have opportunities to influence future service delivery models and contribute to the development of organisational priorities. Constructive engagement continues with recognised Trades unions including work to develop a refreshed partnership agreement that supports meaningful consultation and collaborative working on workforce and organisational matters.

The council also seeks and obtains feedback on delivery of its services having adopted a comprehensive complaints procedure based on a model scheme developed by the Office of the Scottish Public Services Ombudsman. All complaints are responded to as appropriate and inform improvements to service delivery. A comprehensive report on complaints handling is prepared and presented annually to a council committee.

Defining outcomes in terms of sustainable economic, social, and environmental benefits;
The creation and implementation of a vision for the local area, including expected outcomes for the community, is encompassed in the Local Outcomes Improvement Plan (LOIP). The overarching aim and purpose of this 10-year Plan is 'to raise aspirations by creating an enabling environment where our residents can achieve expanded choices, improved livelihoods and wellbeing".

In particular, the LOIP recognises the importance of and benefits from reducing inequalities and poverty, with outcomes focused on the need for a growing, diverse and sustainable economy, building a better future for our children and young people in Moray, empowering and connecting communities, and improving the wellbeing of our population.

The LOIP is a partnership plan, and its strategic delivery is overseen by a Community Planning Board, which meets quarterly. The Board comprises representatives from a broad range of organisations as reflected in agenda items considered during the year. These included reports on School Age Childcare, Poverty, Digital Engagement, Economic Development and Health and Transportation Plans. The Board also received an annual report on progress on delivery of the multi-agency Children's Services Plan.

Currently the LOIP sits alongside the Corporate Plan Moray 2024-2029, the latter setting out the vision and priorities of the council for a five year period. The council plan details council priorities focussing on three key themes: tackling poverty and inequality, building a stronger greener vibrant economy, and seeking to build thriving, resilient, empowered communities. The plan sets targets for outcomes consistent with maintaining a sustainable council that provides valued services to its communities. An annual report detailing progress achieved is prepared and presented to a meeting of the council and a delivery framework has also been prepared to support implementation and monitoring of the plan through to its conclusion.

The period also saw the council implement measures aligned to its Sustainable Development Statement, reporting on progress achieved and planned in a 2026 update of its Climate Change Strategy and Route Map to Net Zero.

Determining the interventions necessary to optimise the achievement of the intended outcomes;
The strategic partnership and corporate plans are translated into service plans prepared within each council service area. These facilitate delivery of agreed outcomes and assist in securing continuous improvement. Service plans are reported to a meeting of the council or appropriate service committee for consideration and approval, in reports that provide information on planned activity. More generally, all committee reports contain a 'Summary of Implications' section that links report content to strategic plans, legal and policy issues; financial implications, risk, staffing and property matters; equalities; social impact; and climate change and biodiversity considerations. The format of these reports, recently updated based on advice from the Improvement Service, remains under review to ensure optimal levels of information are available to decision makers. A particular focus continues to be given to financial implications of any proposals given the current economic climate.

The council is fully aware of the financial challenges it faces, and elected members are provided with an extensive volume of information on both the availability of resources and options for future service delivery. This has been made available during workshops for elected members; in reports to the council on budget setting, including projections for the medium to longer term; and in regular budget monitoring reports covering both capital and revenue expenditure submitted to service committees. A formal budget protocol sets a framework of engagement and consultation to support the process, including engagement with Trade Union Members through the Joint Consultative Forum.

A balanced budget was again achieved for 2026/27 through a combination of an improved financial settlement from Scottish Government, an increase in Council Tax, and savings delivered in line with the council's short to medium term financial strategy. A number of unknowns including impacts of inflation and geopolitical events were highlighted during the budget setting process, as were continued pressures in respect of the council's funding obligations to the Moray Integration Joint Board. Longer term financial planning projections note that further council tax rises and additional savings will be required going forward, and progressing the approved transformation strategy remains key to delivery of these savings. Regular reports on transformation projects progressed have been presented to the council during the period covered by this statement.

The achievement of agreed outcomes is monitored through an established Performance Management Framework that calls for frequent reporting on key performance measures developed for each service. In addition, the council participates in the Local Government Benchmarking Framework which compares a range of established performance measures with those of other Scottish local authorities. Service Committees are provided with reports to review, scrutinise and note actions undertaken by services to meet performance objectives. An illustrated annual Public Performance Report is prepared and published to demonstrate the outcomes and achievements of the council during the year.

Developing the entity's capacity, including the capability of its leadership and the individuals within it;
Senior management capacity was reviewed during 2024/25, and the council approved a revised senior management structure in April 2025. The revised structure was designed to strengthen leadership capacity, with the appointment of an additional Executive Director and consequential reallocation of duties and responsibilities for other Directors in post. Roles of Heads of Services were also reviewed and, in some instances, revised, to optimise service direction and oversight. Actions required from this review process included the recruitment to a number of vacant posts within the new structure. This work was progressed during the period, and all senior management posts have now been filled.

More broadly, leadership capacity is supported through the promotion of a Leadership Forum, which brings together senior managers from all services to provide a wider perspective to the consideration of issues facing the council. Forum meetings ensure consistent messaging is available from senior management to managers. Organisational Development continues to review and refine workforce development opportunities, including on leadership development, and training opportunities are available for all staff, online and in-person, on corporate issues including data protection and cyber security. As the council moves to phase 2 in the restructuring process, external support will aid council-wide engagement to develop a set of employment values, and engagement has begun to determine the form and content of future management training and leadership programmes.

Workforce planning activity is being undertaken to ensure the council has the capacity, skills and workforce profile required to deliver future service priorities. This includes succession planning, recruitment and retention initiatives, workforce data analysis and consideration of future workforce requirements arising from service transformation.
The council has an agreed elected members' development strategy that includes an on-going training programme of learning, development and briefings. Members appointed to certain committees also receive specific training related to the responsibilities of these committees. A Strategic Leadership Forum involving both elected members and senior officers facilitates collaborative cross-party discussions on the future direction of council services. Senior Officers also meet regularly with Chairs of the council and its committees.

In addition, elected members represent the council on a range of outside bodies, including on boards of other Community Planning partners, across partnership bodies such as the Moray Economic Partnership, various national bodies such as COSLA and its themed Boards, and a broad range of charitable and third sector organisations. This representation provides valuable learning and networking opportunities for those members.

Managing risks and performance through robust internal control and strong public financial management;
The council has a risk management policy designed to support the identification, evaluation and mitigation of risks that may impact on its ability to meet its objectives. A Corporate Risk Register is maintained providing summary information on issues the Corporate Leadership Team considers are the principal risks facing the council. The register describes how these risks are managed and controlled. Risk implications are detailed in all committee reports to inform decision-making processes. The council has also developed and approved a risk appetite statement -informed by a workshop involving elected members and senior management – as a further aid to guide decision making.

The council's system of internal control is based on a framework of financial regulations, regular management information, administrative procedures, management supervision and a scheme of delegation that defines accountabilities of senior officers. An Audit and Scrutiny Committee, through its consideration of reports by internal and external auditors, monitors the effectiveness of the system of internal control.

Strong financial management is secured through the work of the statutory officer appointed in terms of Section 95 of the Local Government (Scotland) Act 1973. This role now sits with the Executive Director (Finance, Strategy and Transformation) appointed as part of the senior management restructuring, with the Chief Financial Officer now designated as the Depute Section 95 officer. The Section 95 officer advises the Council on all financial matters and ensures the timely production and reporting of budget estimates, budget monitoring reports and annual accounts. Draft and audited Annual Accounts are published on the council website.

Implementing good practices in transparency, reporting, and audit to deliver effective accountability;
Council business is conducted through an established cycle of webcast committee meetings. Webcasts remain available for viewing for 12 months following a meeting. Meeting dates are published in advance, and agenda papers are made available at least one week before meetings take place. Minutes of meetings are prepared, and important decisions are publicised on the council website and through social media.

The council's website provides a platform from which to disseminate a wide range of information including news items on policy decisions, guidance on council services, and on service disruptions/interruptions arising from weather events or similar. The website is being updated and a new Customer Relationship Management system implemented to improve accessibility of services and aid consultations. The communications team has been expanded to support the increased volume of information dissemination and consultations taking place.

The council responds to the findings and recommendations of Internal Audit, External Audit, and other Scrutiny and Inspection bodies by developing improvement Action Plans. The Audit and Scrutiny Committee is integral to overseeing independent and objective assurance processes that make recommendations for improvements to the system of internal control. The Service Manager - Internal Audit and Risk facilitated a workshop with members of the Committee to affirm compliance with good practice guidance for audit committees published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

A continuing focus in the period was the council's response to the Accounts Commission Best Value review report published in 2024. The action plan developed in response to the Commission's findings covering issues including the council's vision, leadership, effective use of resources and sustainable development, has been progressed with regular reporting to the council's Corporate Committee. Ongoing monitoring continues, with all recommended actions either well advanced or completed.

The council responds to requests for information under Freedom of Information legislation having processed some 1500 such requests during the period covered by this statement.

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

In assessing the effectiveness of the governance framework, including the system of internal control, it is necessary to consider the role of the functions and individuals who contribute to it, as follows:

Elected Members
Governance arrangements at a political level emanate from the council, its committees and from other roles that elected members fulfil. These include participation in the Community Planning Board and associated groups for multi-agency issues. Elected members also have substantive roles on the Moray Integration Joint Board for Health and Social Care, the Grampian Valuation Joint Board, and the Moray Leisure Arm's Length External Organisation (ALEO), each of which has its own governance arrangements. In addition, elected members have membership and represent Moray Council interests in partnerships that contribute to meeting council aims and objectives, notably in the development and delivery of projects forming part of the Moray Growth Deal or being progressed using other ring fenced funding. Acknowledging political difference, elected members have been encouraged to strengthen collegiate working where possible. This has been evident during the period with improved opportunities for informal discussion and engagement on development of policy proposals. A follow up survey of elected members and chief officers on collaborative leadership and working relationships identified some positive aspects as well as opportunities to consolidate practice as the new management structure beds in.

Audit and Scrutiny Committee
The council has an Audit and Scrutiny Committee where elected members consider reports on audit matters. These reports provide assurances on the adequacy and effectiveness of the system of internal controls including those relative to the delivery of plans, compliance with laws and regulations, accuracy of information and safeguarding of assets. Two external members sit on the committee to provide an independent perspective on issues under consideration.

This committee is a key component of good governance, distinguished from other committees by the role elected members are required to fulfil, not in setting policy or considering service matters, but by providing independent oversight and challenge in support of the council's duty to secure continuous improvement. These functions are delivered independently from the supervisory oversight roles of the Leadership Teams.

The Corporate Leadership Team
The Chief Executive is responsible and accountable to the council for all aspects of management including promoting sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers, and building relationships with all elected members.

The Corporate Leadership Team (CLT) has overarching operational responsibility for good governance arrangements. The team was restructured during the period and now comprises the Chief Executive, three Executive Directors, the Chief Officer (Health and Social Care Moray), the Monitoring Officer and the Chief Financial Officer. As reported above, the roles and responsibilities of officers within the team have been revised and, in some cases, redesignated to strengthen strategic leadership arrangements.

The Corporate Leadership Team / Extended Corporate Leadership Team
This is an extended management team comprising the CLT and Heads of Services. The role and remit of this group is to support the formulation and implementation of policies, strategies and plans to achieve local and national outcomes, to share and promote good practice from an inter-service perspective, to act with the wider objectives of the council in mind to

ensure the resources are effectively deployed, and to assist CLT in keeping the governance of the council and its services under review.

Individual Heads of Service, including the Chief Financial Officer and Monitoring Officer, have considered the effectiveness of governance arrangements within their respective services by reference to the principal risks identified in the council's Corporate Risk Register and provided assurance statements for use in the preparation of this corporate statement. This affirms the broad ownership of good governance and recognition of its importance within the senior leadership of the council.

Overall, the assurance statements confirm that governance arrangements within services are working as intended, and in support commentary has been given on elevated risks and on mitigating actions taken in response. The main issues raised in these returns are:

- Staffing shortages and vacancies, and their impact on capacity to deliver change at pace in a number of service areas.
- Continuing risk of data breaches, and the response being taken by services to mitigate these through provision of training on data security and reminder on data security considerations when using email.
- A need to strengthen the approach to electronic document and records management across all services.
- Ongoing obligations on the Housing Service to monitor homelessness data and progress electrical safety improvements in council houses in support of national initiatives directed by the Scottish Housing Regulator.
- A need for continued focus on Health and Safety requirements thereby protecting the workforce and minimising the number of reportable incidents.
- Further work to review revised governance arrangements around delivery of Additional Support Needs in Education, and to ensure these align effectively with Children's Services Governance Groups.
- Progressing an absence management project with the aim of reducing teacher absence and encouraging teaching staff to relocate to Moray.
- A need to ensure consideration is given to equalities impacts in all cases where persons or groups potentially affected have protected characteristics.

The Chief Governance Officer (Monitoring Officer) / Chief Financial Officer
In discharging their respective responsibilities, the Chief Financial Officer complies with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer, and the Chief Governance Officer provides an annual information report on discharging the duties of a Monitoring Officer to a meeting of the council.

The Chief Social Work Officer
The Head of Service, (Children and Justice Services) fulfils the statutory role of Chief Social Work Officer (CSWO) as part of the duties of the post. The latest available CSWO annual report for the year to 31 March 2025 provides a comprehensive overview of the work of the service, describing governance and accountability arrangements, service quality and performance, resources and workforce, and a section on forward planning.

The report notes that Social Work services continue to face significant pressures from multiple factors including an ageing population, increased service demand and ongoing workforce shortage and recruitment challenges, concluding that high quality services continue to be delivered as a result of the commitment and diligence of the dedicated social work and social care workforce.

The report was the first annual report prepared by an interim appointee to the post of CSWO, an arrangement that has had effect since June 2024 and continued for most of the period covered by this statement. A permanent appointment has been made to the CSWO post recently, with the successful applicant taking up the role in August 2026.

Internal Audit
The Internal Audit activity adds value to the Council by considering strategies, objectives, and risks; offering ways to enhance governance, risk management and control processes; and objectively providing relevant assurances.
The Service Manager - Internal Audit and Risk is accountable on a day-to-day basis to the Chief Governance Officer and to the Audit and Scrutiny Committee. Internal Audit applies mandatory Global Internal Audit Standards (GIAS) in delivering the Internal Audit Service. An internal quality assessment of the service during the year confirmed on going compliance with the GIAS.

The Council has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The internal audit plan for each year includes a range of audit projects covering main financial systems, other systems operating within services and several ad-hoc/unplanned projects. The outcomes from these projects, together with any recommendations to enhance the control environment, are reported to management and to the Audit and Scrutiny Committee. This Committee is chaired by an elected member who is not part of the council Administration. All planned reviews detailed within the Annual Internal Audit Plan for 2025/26 were completed as scheduled.

GIAS requires an internal audit opinion to be provided annually. From the planned audit work completed and based on this work and other knowledge of the organisation and its control systems, it is the opinion of the Service Manager – Internal Audit and Risk that reasonable assurance can be placed upon the adequacy and effectiveness of the internal control environment which operated in the council during the year.

Health & Social Care Partnership

The council, as a key partner of Health and Social Care Moray, has an interest in the governance arrangements of the Moray Integration Joint Board (MIJB). This interest relates to its financial exposure as a principal funder and its statutory responsibilities for Social Work services and associated duties of the Chief Social Work Officer. The Chief Officer (Health and Social Care Moray) is part of the Corporate Leadership Team and provides regular reports on the work of the MIJB to meetings of the council.

Audit arrangements for the MIJB are provided jointly by the council's Internal Audit Service and NHS Grampian's Internal Auditors. The council's Service Manager – Internal Audit and Risk (in the role of Chief Internal Auditor for the MIJB) provides assurance over social care services, and oversight of the MIJB governance arrangements. Relevant findings from NHS Internal audit reports are also considered by the MIJB.

From audit work completed in this role, the Chief Internal Auditor has provided an opinion of only limited assurance that the Moray Integration Joint Board has adequate systems of governance and internal control for the year ended 31st March 2026.

A continuing governance consideration for the council is the financial sustainability of the MIJB, with any overspend against budget requiring to be met by NHS Grampian and the council, pro-rata in line with an approved funding agreement. For 2025/26, the council's funding contribution to the MIJB was contained within approved expenditure limits. The council continues to work closely with NHS Grampian and in conjunction with Aberdeenshire and Aberdeen City Councils to provide effective oversight of the management and control of the costs of services delivered through the IJB.

External Agencies

In addition to the various internal review processes and the external audit of the Annual Accounts, aspects of the council's governance arrangements are considered in various inspection reports produced by the external auditor and other inspectorates. The council welcomes and responds positively to these reports.

Overall Assessment of the Effectiveness of Governance Arrangements

Having regard to the information provided in the preceding paragraphs, it is considered that established systems and processes are consistent with the seven principles identified in the 'CIPFA/SOLACE' Framework 'Delivering Good Governance in Local Government.' Implementation of the Best Value Action Plan has further strengthened these arrangements, and work will continue as outlined below to optimise governance arrangements that deliver Best Value for Moray.

Significant Governance Issues

Issues reported as requiring attention in the Annual Governance Statement for the prior year (2024/25) were aligned to the Best Value report, and to reports prepared by external advisers who provided consultancy support to the Council. These reports informed a Best Value self-assessment exercise completed by council managers which included the following priority areas for improvement:

- Continue work to establish a clear shared vision for Moray that supports delivery of sustainable public services.
- Maintain current activity to ensure leadership is effective and there is good collaboration between elected members and senior officers.
- Increase the pace of transformation and identify savings with the intention of securing longer term financial sustainability.
- Revisit governance arrangements covering partnerships; principally for Health and Social Care Moray in respect of performance and early identification of any significant financial and service risks.

While substantial progress has been made on all of these areas, the plan for improvement is a three-year plan and will need further refinement as the council responds to change both internally and in response to emerging issues impacting on local government.

Specifically:

- Collaborating with partners to inform the engagement plan for the next iteration of the Moray Local Outcomes Improvement Plan, thereby ensuring resources available are fully aligned with identified partnership priorities.
- Progressing multiple improvement initiatives across all services, including the management and oversight of substantial external funding streams including those for the Moray Growth Deal, Just Transition and Levelling Up Programmes.
- Conclude work being undertaken to review and revise governance arrangements between the council and Moray Leisure.
- Pursuing transformation opportunities at pace aimed at securing service improvements and efficiencies.
- Demonstrating financial sustainability, secured short-term through delivery of a balanced budget for 2026/27, and with medium to longer term financial plans updated to evidence a continuing commitment to sound financial management.
- Progressing work to develop a shared set of organisational values and behaviours, supporting a positive workplace culture, effective leadership and employee engagement as part of the council's wider transformation and improvement agenda.

Looking forward, key governance challenges relate to:

- supporting elected members to sustain the benefits derived from collaborative working, while recognising and respecting political difference;
- continuing to explore transformation opportunities where these are likely to generate improved, modern and sustainable ways of working.
- monitoring closely capital and revenue spend, including allocations to partner bodies, to ensure the ongoing financial sustainability of the council.
- completion of training for elected members on scrutiny arrangements, and preparation for induction of elected members following the May 2027 local government election.
- progressing the review of other staffing structures to create capacity necessary to deliver agreed priorities; Phase 1 of the senior management restructuring has been completed, and work is underway with Heads of Service to assess service requirements and inform the corporate planning of Phase 2 organisational reviews.

Work is also being progressed to develop a Local Code of Governance that describes the council's governance structures and functions; having such a Code in place will enable an abridged version of this Annual Governance Statement to be prepared for inclusion with the Annual Accounts in future years.

Concluding Remarks
A number of key governance issues have been addressed during 2025/26, notably the successful recruitment of a number of chief officers to the council's Corporate Leadership Team, reassignment of duties and responsibilities of the officers within that team, and progress with delivery of improvements identified in the Best Value Action Plan. These changes and actions alongside other developments referenced throughout this governance statement reflect the determination of both members and officers to improve governance practice, all against a backdrop of ongoing challenges relating to transformation of services and ensuring financial sustainability.

Notwithstanding these challenges we remain committed in our respective roles as Council Leader and Chief Executive to the promotion and application of good governance practice in the delivery of Best Value services to the citizens and communities of Moray.

Kathleen Robertson
Leader of the Council
30 September 2026

Karen Greaves BEM
Chief Executive
30 September 2026

Remuneration Report

Introduction

The Local Authority Accounts (Scotland) Regulations 2014 require Local Authorities in Scotland to prepare a Remuneration Report as part of the statutory Annual Accounts.

All information disclosed in the tables in this Remuneration Report, with the exception of Table 2: Remuneration paid to Councillors, the Tiered Contribution Pay Rates table on page 34 and the Trade Union disclosures has been audited by the appointed auditors, Grant Thornton UK LLP, and the information reviewed by them to ensure it is consistent with other sections of the Annual Accounts.

Remuneration Policy for the Leader of the Council, the Civic Leader and Senior Councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Civic Leader are set out by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2025 (SSI No. 2025/8) which amended the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2024 (SSI No. 2024/24). The salary for the Leader of the Council is £50,063 per annum (2024/25 £35,580) and for the Civic Leader is £37,548 per annum (2024/25 £26,686). The regulations provided for the local authorities currently falling under Band A to be moved to Band B and for an increase to ten of the maximum number of Senior Councillors in certain local authorities.

In terms of the same Regulations, Moray Council can now nominate up to ten Senior Councillors (in addition to the Leader of the Council and the Civic Leader) whose salaries in aggregate must not exceed a specified amount, currently £317,650 (2024/25 £216,135) and whose salaries individually must be on a specified scale, currently £25,982 to £37,548 (2024/25 £21,345 to £26,686).

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

Under the Regulations, remuneration disclosures are to be made for the Leader of the Council, the Civic Leader and any Councillor designated a Senior Councillor. In 2025/26, Moray had eight Senior Councillors, (seven committee chairs/depute chairs and the Leader of the largest opposition group), each paid a salary of £31,764 per annum (2024/25 £26,686). The Convener of the Grampian Valuation Joint Board received an allowance for this responsibility which was reimbursed to the Council by the Board. The Vice-Chair of the Moray Integration Joint Board received an allowance for the additional responsibility which was funded in full by Moray Council.

Table 1 shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2026. All salaries are paid monthly.

TABLE 1: Remuneration of Senior Councillors and Conveners and Vice-Conveners/Chairs of Joint Boards

Councillor Name	Responsibility	Total Remuneration 2024/25 £	Salary, Fees and Allowances £	Total Remuneration 2025/26 £
Kathleen Robertson	Leader of the Council Chair of Education, Children's and Leisure Services	35,580	50,063	50,063
John Cowe	Civic Leader	26,686	37,548	37,548
Peter Bloomfield	Chair of Police, Fire and Rescue Services until 31 July 2025	26,686	27,909	27,909
Tracy Colyer	Chair of Licensing Committee from 01 August 2025	13,046	31,704	31,704
Amber Dunbar	Chair of Housing & Community Safety Depute Council Leader from 06 November 2025	26,686	31,764	31,764
Donald Gatt	Depute Council Leader until 30 September 2025 Convener of Grampian Valuation Joint Board Chair of Corporate Committee from 01 August 2025 to 30 September 2025	26,686	28,800	28,800
David Gordon	Chair of Planning and Regulatory Services Committee	26,686	31,764	31,764
Elaine Kirby	Chair of Moray Integration Joint Board from 01 April 2025 to 31 July 2025	8,680	28,343	28,343
Scott Lawrence	Leader of the Largest Opposition Group Chair of Audit and Scrutiny Committee	14,900	31,764	31,764
Marc Macrae	Chair, Economic Development and Infrastructure Services Committee Chair of Moray Local Review Body Chair of Corporate Committee from 1 October 2025	26,686	31,764	31,764
Paul McBain	Chair of Licensing Committee from 01 April 2025 to 31 July 2025 - Note 2	26,686	25,982	25,982
Bridget Mustard	Chair of Corporate Committee until 31 July 2025 Chair of Moray Integrated Joint Board from 1 August 2025 until 30 September 2025 Vice-Chair of Moray Integrated Joint Board from 1 October 2025	26,686	31,764	31,764
Sonya Warren	Joint Leader of the largest Opposition Group from 25 June 2025	-	30,415	30,415
Total		**285,694**	**419,585**	**419,585**

Note 1 - No taxable expenses were paid to Councillors in 2024/25 or 2025/26.
Note 2 - Cllr McBain refused the senior responsibility allowance that he was entitled to for this position.

TABLE 2: Remuneration paid to Councillors

The annual return of Councillors' salaries and expenses is available to view on the Council's website at http://www.moray.gov.uk/moray_standard/page_90017.html

The annual return of Councillors' salaries and expenses is compiled under Scottish Local Authority Remuneration Committee (SLARC) guidance for public records whereas the Remuneration Report is compiled under a Scottish Statutory Instrument (SSI).

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

Type of Remuneration	2024/25	2025/26
	£	£
Salaries	618,584	756,917
Expenses	16,963	12,949
Total	**635,547**	**769,866**

Remuneration Policy for Senior Officers

The salaries of Senior Officers are set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets out the salary for the Chief Executives of Scottish Local Authorities (SPPA). Circular CO-155 was issued 11 July 2025 and covered salary scales due to be paid to Chief Officers for the period of 1 April 2025 to 31 March 2027. Depute Chief Executives/Directors received 84% of the Chief Executive's salary. Further to this, the Convention of Scottish Local Authorities (COSLA) issued an Industrial Relations Circular (2025 IR 11 25) implementing a new Chief Executive pay framework which was based on the findings of an independent review (the Docherty Report). Phase 1 of the new framework was implemented from 1st November 2025, and this superseded the previous Circular CO-155. From November 2025, Directors received 75.5% of the Chief Executive's salary.

The Regulations define a Senior Officer as an employee who meets one or more of the following criteria:

i) A person who has responsibility for the management of the Local Authority to the extent that the person has the power to direct or control the major activities of the Authority, whether solely or collectively with other persons;
ii) A person who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or
iii) A person whose annual remuneration, including any annual remuneration from a Local Authority subsidiary body, is £150,000 or more.

The term *remuneration* means gross salary, fees and bonuses, allowances and taxable expenses, and compensation for loss of employment. Remuneration details are shown in Table 3. The table shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2026. Salaries are paid monthly. The Council undertook a restructure of their management framework and changes were approved by Moray Council on 25th June 2025.

TABLE 3: Remuneration of Senior Employees of the Council

Name	Post Title	Total Remuneration 2024/25 £	Salary, fees and allowances £	Taxable Expenses £	Total Remuneration 2025/26 £
Karen Greaves	Chief Executive	5,433	147,028	-	147,028
John Mundell	Interim Chief Executive - Note 1	170,572	29,715 (Full year equivalent £222,923)	-	29,715
Rhona Gunn	Executive Director Economy, Enterprise & Operations - Note 2	114,167	119,025	-	119,025
Denise Whitworth	Executive Director Education, Housing & Communities - Note 3	115,285	119,070	-	119,070
Jon Matthews	Executive Director Finance, Strategy & Transformation (s95 Officer) - Note 4	-	14,434 (Full year equivalent £118,251)	-	14,434
Lorraine Paisey	Chief Financial Officer (s95 Officer) - Note 5	95,581	99,409	-	99,409
Vivienne Cross	Chief Education Officer	105,253	103,729	-	103,729
James Lyon	Head of Service & Chief Social Work Officer	103,404	136,838	4,872	141,710
Alasdair McEachan	Chief Governance Officer	96,278	99,605	-	99,605
Total		**805,973**	**868,853**	**4,872**	**873,725**

Note 1 - John Mundell left on 24 April 2025 following the permanent appointment of Karen Greaves as Chief Executive on 17 March 2025.
Note 2 - Following a management restructure approved by Moray Council on 25 June 2025, Rhona Gunn was transferred from Depute Chief Executive for Economy, Environment and Finance to Executive Director Economy, Enterprise and Operations.
Note 3 - Following a management restructure approved by Moray Council on 25 June 2025, Denise Whitworth was transferred from Depute Chief Executive for Education, Communities and Organisation Development to Executive Director Education, Housing and Communities. The role of Presiding Officer was also undertaken by the Depute Chief Executive until the restructure and remuneration for this is included in the salary noted in the table above.
Note 4 - Jon Matthews was appointed Executive Director Finance Strategy & Transformation from 16th February 2026. The role of s95 Officer was transferred to this post following the management restructure in June 2025.
Note 5 - Lorraine Paisey left the post of Chief Financial Officer (s95 Officer) on 31 March 2026.

Pension Entitlement

Pension benefits for Councillors and Local Government employees are provided through the Local Government Pension Scheme (LGPS) and for teachers and former teachers through the Scottish Public Pensions Agency. The pension is based on the person's pensionable service (how long he or she has been a member of the pension scheme) and his or her pay. For Councillors, the pension is based on "career average" - the aggregate of each year's pay (adjusted by inflation) is divided by the total number of years and part years they have been a member of the LGPS.

For officers, from 1 April 2015 the pension is a Career Average Revalued Earnings (CARE) scheme. For service before this date, the annual pension is calculated by dividing their pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. The normal retirement age (NRA) for service post 1 April 2015 is the same as for the state pension; the NRA for service pre 1 April 2015 is 65. Pensions payable are increased annually in line with changes in the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pension Act 1975. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004.

LGPS regulations require that contribution rates are applied according to ranges of pay bands rising from 5.5% to 12% depending on the member's rate of pensionable pay. The table for the allocation of rates for 2025/26 is shown below and can be found on the Scottish Public Pensions Agency website:
2025-02_LGPS_Circular_-_Tiered_Contribution_Rate_System_5_March_2025V2.pdf

Tiered Contribution Pay Rates

Pensionable Pay 2024/25	**Rate (%) 2024/25**	**Pensionable Pay 2025/26**	**Rate (%) 2025/26**
On earnings up to and including £27,000	5.5%	On earnings up to and including £27,500	5.5%
On earnings above £27,001 and up to £33,000	7.25%	On earnings above £27,501 and up to £33,600	7.25%
On earnings above £33,001 and up to £45,300	8.5%	On earnings above £33,601 and up to £46,100	8.5%
On earnings above £45,301 and up to £60,400	9.5%	On earnings above £46,101 and up to £61,400	9.5%
On earnings of £60,401 and above	12%	On earnings of £61,401 and above	12%

The value of benefits in Tables 4 and 5 below have been provided by the North East Scotland Pension Fund (NESPF) and are calculated on the basis of the age at which the person will first become entitled to a full pension on retirement without reduction on account of its payment at that date; without exercising any option to commute pension entitlement into a lump sum and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued because of their total Local Government service and not just their current appointment.

The pension entitlements for Senior Councillors for the year to 31 March 2026 are shown in the table below, together with the contribution made by the Council to each Senior Councillor's pension during the year.

TABLE 4: Senior Councillors

		In-year pension contributions			Accrued pension benefits	
		For the year to 31 March 2025	For the year to 31 March 2026		As at 31 March 2026	Difference from March 2025
		£	£		£'000	£'000
Councillor Name	**Responsibility**					
Kathleen Robertson	Leader of the Council Chair of Education, Children's and Leisure Services	5,088	7,159	Pension Lump Sum	3 -	1 -
Tracy Colyer	Chair of Licensing Committee from 01 August 2025	1,866	4,534	Pension Lump Sum	2 -	- -
Amber Dunbar	Chair of Housing & Community Safety Depute Council Leader from 06 November 2025	3,816	4,542	Pension Lump Sum	2 -	- -
Donald Gatt	Depute Council Leader until 30 September 2025 Convener of Grampian Valuation Joint Board Chair of Corporate Committee from 01 August 2025 to 30 September 2025	3,816	4,118	Pension Lump Sum	5 -	1 -
David Gordon	Chair of Planning and Regulatory Services Committee	3,816	4,542	Pension Lump Sum	2 -	- -
Elaine Kirby	Chair of Moray Integration Joint Board from 01 April 2025 to 31 July 2025	1,241	4,053	Pension Lump Sum	1 -	1 -
Scott Lawrence	Leader of the Largest Opposition Group Chair of Audit and Scrutiny Committee	2,131	4,542	Pension Lump Sum	2 -	1 -
Marc Macrae	Chair, Economic Development and Infrastructure Services Committee Chair of Moray Local Review Body Chair of Corporate Committee from 1 October 2025	3,816	4,542	Pension Lump Sum	5 -	1 -

TABLE 4: Senior Councillors (cont.)

		In-year pension contributions			Accrued pension benefits	
		For the year to 31 March 2025	For the year to 31 March 2026		As at 31 March 2026	Difference from March 2025
		£	£		£'000	£'000
Councillor Name	**Responsibility**					
Paul McBain	Chair of Licensing Committee from 01 April 2025 to 31 July 2025	3,816	3,715	Pension	2	-
				Lump Sum	-	-
Bridget Mustard	Chair of Corporate Committee until 31 July 2025 Chair of Moray Integrated Joint Board from 1 August 2025 until 30 September 2025 Vice-Chair of Moray Integrated Joint Board from 1 October 2025	3,816	4,542	Pension	2	-
				Lump Sum	-	-
Sonya Warren	Joint Leader of the largest Opposition Group from 25 June 2025	-	4,349	Pension	6	-
				Lump Sum	-	-
		33,222	50,638		32	5

Note 1 – Cllr Cowie and Cllr Bloomfield are no longer contributing to the Local Government Pension Scheme.

TABLE 5: Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2026 are shown in the table below, together with the contribution made by the Council to each Senior Employee's pension during the year.

		In-year pension contributions			Accrued pension benefits	
		For the year to 31 March 2025	For the year to 31 March 2026		As at 31 March 2026	Difference from March 2025
		£	£		£'000	£'000
Name	**Post Title**					
Karen Greaves	Chief Executive - Note 2	777	21,025	Pension	63	63
				Lump Sum	75	75
Rhona Gunn	Executive Director Economy, Enterprise & Operations	16,320	17,012	Pension	52	4
				Lump Sum	40	1
Denise Whitworth	Executive Director Education, Housing & Communities	16,717	17,103	Pension	66	4
				Lump Sum	83	3
Jon Matthews	Executive Director Finance, Strategy & Transformation (s95 Officer) - Note 3	-	2,064	Pension	-	-
				Lump Sum	-	-
Lorraine Paisey	Chief Financial Officer (s95 Officer)	13,662	14,209	Pension	51	3
				Lump Sum	61	2
Vivienne Cross	Chief Education Officer	15,043	14,824	Pension	22	3
				Lump Sum	-	-
Alasdair McEachan	Chief Governance Officer	13,671	14,235	Pension	48	4
				Lump Sum	47	2
Total		**76,190**	**100,472**		**668**	**33**

Note 1 - John Mundell and James Lyon are not in the Local Government Pension Scheme.
Note 2 - Karen Greaves transferred benefits into the scheme during 25-26.
Note 3 - Jon Matthews only started in the scheme on 16 February 2026.
Note 4 - In-year pension contributions are part year. See Notes per Table 3 for the relevant start/end dates of employment.

Remuneration of Officers receiving more than £50,000

The following table provides details of the number of people paid by the Council whose remuneration is £50,000 or more. Remuneration includes early retirement/voluntary severance costs. The table includes the remuneration of the Senior Employees detailed above.

TABLE 6: General Disclosure by Pay Band

Remuneration Band	Number of Employees	
	2024/25	2025/26
£50,000-£54,999	155	346
£55,000-£59,999	143	120
£60,000-£64,999	107	156
£65,000-£69,999	49	46
£70,000-£74,999	40	45
£75,000-£79,999	27	44
£80,000-£84,999	17	16
£85,000-£89,999	1	3
£90,000-£94,999	2	2
£95,000-£99,999	8	6
£100,000-£104,999	2	3
£105,000-£109,999	1	1
£110,000-£114,999	1	1
£115,000-£119,999	1	2
£140,000-£144,999	-	1
£145,000-£149,999	-	1
£170,000-£174,999	1	-
Total	**555**	**793**

In Table 6 the number of officers whose remuneration was £50,000 or more during 2025/26 increased by 238 from 2024/25 for a number of reasons:

- 2025/26 nationally agreed pay awards for all staff, including Teachers
- Incremental salary progression

Exit Packages of Employees

The Council has agreed 13 exit packages as detailed in Table 7. Exit packages are split between compulsory redundancies and other departures. The figures shown include redundancy, settlement costs for loss of employment and payments to the pension fund for early retirements agreed by Committee. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives and where the savings accruing from an individual ceasing employment with the Council exceed the costs of the exit package within an acceptable period.

TABLE 7: Exit Packages

Banding	2024/25 Compulsory Redundancies Number of Employees	2024/25 Other Departures Number of Employees	2024/25 Total Cost £	2025/26 Compulsory Redundancies Number of Employees	2025/26 Other Departures Number of Employees	2025/26 Total Cost £
£0-£20,000	3	4	47,743	9	-	31,874
£20,001-£40,000	1	3	116,716	1	-	30,000
£40,001-£60,000	-	1	52,961	1	1	105,806
£100,001-£150,000	-	1	107,098	-	-	-
£150,001-£200,000	-	-	-	-	1	156,568
£200,001-£250,000	-	1	206,880	-	-	-
Total	**4**	**10**	**531,398**	**11**	**2**	**324,248**

Termination Benefits

During 2025/26 the Council terminated the contracts of 13 employees. The contracts were terminated because of budget savings, the redesign of Council services or Council restructuring. The cost to the Council in 2025/26 was £0.236m (2024/25 £0.520m) comprising £0.096m of redundancy payments and £0.140m strain on pension fund costs. Settlement costs of £0.089m as compensation for loss of employment were also agreed in 2025/26 (2024/25 £0.008m).

Trade Union (Facility Time Publication Requirements) Regulations 2017

The following tables show the information required to be published under the Trade Union (Facility Time Publication Requirements) Regulations 2017.

Table 8: Relevant Union Officials

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

Number of employees who were relevant union officials during the relevant period		Full-time equivalent employee number	
2025/26		2025/26	
Teaching	Non-Teaching	Teaching	Non-Teaching
9	14	7.8	12.68

Table 9: Percentage of Time Spent on Facility Time

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

Percentage of time	Number of employees	
	2025/26	
	Teaching	Non-Teaching
0%	-	0
1%-50%	8	13
51%-99%	1	0
100%	-	1

Table 10: Percentage of Pay Bill Spent on Facility Time

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

	2025/26	
	Teaching	Non-Teaching
Provide the total cost of facility time	£59,168	£77,091
Provide the total pay bill	£72,606,692	£134,782,594
Provide the percentage of the total pay bill spent on facility time calculated as: (total cost of facility time/total pay bill) x 100	0.08%	0.06%

Table 11: Paid Trade Union Activities

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

	2025/26	
	Teaching	Non-Teaching
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on trade union activities by relevant union officials during the relevant period/total paid facility time hours) x 100	4.40%	0.02%

Councillor Kathleen Robertson

Leader of the Council

30 September 2026

Karen Greaves BEM

Chief Executive

30 September 2026

Comprehensive Income and Expenditure Statement

This Statement for the Council and its Group shows the accounting cost for the year ended 31 March 2026 of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis note 8.

2024/25 Restated					2025/26			
Council			Group		Council			Group
Expenditure	Income	Net	Net		Expenditure	Income	Net	Net
£000	£000	£000	£000		£000	£000	£000	£000
133,656	(3,519)	130,137	130,295	Education and Out of Area	137,405	(3,704)	133,701	133,830
8,509	(2,810)	5,699	5,699	Culture, Leisure & Sport	9,005	(2,930)	6,075	6,075
38,247	(31,095)	7,152	7,152	Housing, Property & Communities	34,626	(28,369)	6,257	6,257
59,782	(14,921)	44,861	44,910	Operations & Environment	59,543	(14,550)	44,993	45,042
13,604	(10,812)	2,792	2,792	Growth, Planning & Climate	11,993	(8,098)	3,895	3,895
6,228	(567)	5,661	5,661	Customer Experience, ICT & Digital Services	7,404	(624)	6,780	6,780
2,889	(647)	2,242	3,013	Governance	3,025	(643)	2,382	3,340
875	(138)	737	828	Chief Executive Function	825	(108)	717	769
5,488	(1,206)	4,282	4,282	Financial Services	5,732	(1,596)	4,136	4,136
5,773	(771)	5,002	5,002	People, Change & Community Strategy	4,772	(182)	4,590	4,590
187,693	(103,206)	84,487	84,550	Health, Social Care & Children's Services	202,309	(112,701)	89,608	89,715
29,749	(25,915)	3,834	3,834	HRA	182,282	(28,130)	154,152	154,152
492,493	(195,607)	296,886	298,018	**Cost Of Services**	658,921	(201,635)	457,286	458,581

Prior year figures for 24-25 have been restated to reflect the new service headings per the management restructure which was approved in June 2025.

2024/25 Restated Council Expenditure £000	Council Income £000	Council Net £000	Group Net £000		2025/26 Council Expenditure £000	Council Income £000	Council Net £000	Group Net £000
492,493	(195,607)	296,886	298,018	**Cost Of Services**	658,921	(201,635)	457,286	458,581
		449	472	Other Operating Expenditure (Note 12)			564	564
		21,337	20,943	Financing and Investment Income and Expenditure (Note 13)			19,318	18,674
		(299,359)	(299,359)	Taxation and Non-Specific Grant Income (Note 14)			(325,730)	(325,730)
		-	187	Associates and Joint Venture accounted for on an equity basis			-	(809)
		19,313	**20,261**	**Deficit on Provision of Services**			**151,438**	**151,280**
		(47,982)	(48,370)	(Surplus) on revaluation of Property, Plant and Equipment (Notes 15 & 23)			42,283	41,845
		-	(74)	(Surplus)/Deficit on revaluation of available for sale financial assets			-	(370)
		(3,594)	(3,594)	Remeasurement of the net defined benefit liability (Note 28 & 43)			1,786	1,786
		-	(24)	Share of other Comprehensive (Income) and Expenditure of Associates and Joint Ventures			-	(23)
		(51,576)	**(52,062)**	**Other (Income)/Expenditure**			**44,069**	**43,238**
		(32,263)	**(31,801)**	**Total Comprehensive Net (Income)**			**195,507**	**194,518**

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council and its Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Statement shows how the movements in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council tax (or housing rents) for the year. The Net Increase or Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants and Receipts Unapplied Account	Revenue Statutory Fund	**Total Usable Reserves**	**Unusable Reserves**	**Total Authority Reserves**	**Authority's Share of Subsidiaries Reserves**	**Authority's Share of Associates Reserves**	**Total Group Reserves**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2024	**41,324**	**1,587**	**1,664**	**2,251**	**3,681**	**50,507**	**837,066**	**887,573**	**33,875**	**1,147**	**922,598**
Movement in Reserves 2024/25											
Total Comprehensive Expenditure and Income	(16,132)	(3,181)	-	-	-	(19,313)	51,576	32,263	(301)	(140)	31,822
Adjustments to usable reserves permitted by accounting standards (Note 10)	8,104	6,324	-	-	-	14,428	(14,428)	-	-	-	-
Adjustments between accounting basis & funding basis under regulations (Note 10)	1,140	(3,073)	(2,033)	-	-	(3,966)	3,966	-	-	-	-
Net increase/(decrease) before transfers to/from earmarked and other statutory reserves	**(6,888)**	**70**	**(2,033)**	**-**	**-**	**(8,851)**	**41,114**	**32,263**	**(301)**	**(140)**	**31,822**
Transfers to/from statutory reserves	**(5,151)**	**576**	**1,408**	**3,286**	**179**	**298**	**(298)**	**-**	-	-	**-**
Increase/Decrease in 2024/25	**(12,039)**	**646**	**(625)**	**3,286**	**179**	**(8,553)**	**40,816**	**32,263**	**(301)**	**(140)**	**31,822**
Balance at 31 March 2025	**29,284**	**2,233**	**1,039**	**5,537**	**3,860**	**41,953**	**877,884**	**919,837**	**33,574**	**1,007**	**954,420**
Note											
Minority Interest									771		771
Total Reserves as per Balance Sheet									**34,345**		**955,191**

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants and Receipts Unapplied Account £000	Revenue Statutory Fund £000	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Authority Reserves £000**	**Authority's Share of Subsidiaries Reserves £000**	**Authority's Share of Associates Reserves £000**	**Total Group Reserves £000**
Balance at 31 March 2025	**29,284**	**2,233**	**1,039**	**5,537**	**3,860**	**41,953**	**877,884**	**919,837**	**33,574**	**1,007**	**954,420**
Movement in Reserves 2025/26											
Total Comprehensive Expenditure and Income	246	(151,684)	-	-	-	(151,438)	(44,069)	(195,507)	75	832	(194,600)
Adjustments to usable reserves permitted by accounting standards (Note 10)	7,537	6,114	-	-	-	13,651	(13,651)	-	-	-	-
Adjustments between accounting basis & funding basis under regulations (Note 10)	(6,505)	144,892	(300)	-	-	138,087	(138,087)	-	-	-	-
Net increase/(decrease) before transfers to/from earmarked and other statutory reserves	**1,278**	**(678)**	**(300)**	**-**	**-**	**300**	**(195,807)**	**(195,507)**	**75**	**832**	**(194,600)**
Transfers to/from statutory reserves	**(2,958)**	**695**	**42**	**1,854**	**155**	**(212)**	**212**	**-**	**-**	**-**	**-**
Increase/Decrease in 2025/26	**(1,680)**	**17**	**(258)**	**1,854**	**155**	**88**	**(195,595)**	**(195,507)**	**75**	**832**	**(194,600)**
Balance at 31 March 2026	**27,604**	**2,250**	**781**	**7,391**	**4,015**	**42,041**	**682,289**	**724,330**	**33,649**	**1,839**	**759,820**
Note											
Minority Interest									853		853
Total Reserves as per Balance Sheet									**34,502**		**760,673**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council and its Group. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are Usable Reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services (Unusable Reserves). This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold) and reserves that hold differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

31 March 2025			Notes	31 March 2026	
Council	Group			Council	Group
£000	£000			£000	£000
1,299,348	1,321,264	Property, Plant & Equipment	15	1,129,339	1,150,776
1,151	1,355	Heritage Assets	16	1,151	1,355
395	2,884	Investment Property	17	395	2,917
14	14	Intangible Assets	18	7	7
-	3,233	Long Term Investments		-	3,604
-	1,007	Investments in Associates and Joint Venture		-	1,839
353	353	Long Term Debtors	19	245	245
1,301,261	**1,330,110**	**Long Term Assets**		**1,131,137**	**1,160,743**
1,161	1,162	Inventories	20	1,419	1,420
18,997	19,012	Short Term Debtors	21	26,258	26,275
455	455	Assets held for sale	23	455	455
20,141	20,141	Cash and Cash Equivalents	24	15,325	15,325
40,754	**40,770**	**Current Assets**		**43,457**	**43,475**
(113,165)	(113,165)	Short Term Borrowing	19	(139,444)	(139,444)
(48,770)	(42,281)	Short Term Creditors	25	(49,777)	(43,058)
(498)	(498)	Grants Received in Advance	36	(588)	(588)
(162,433)	**(155,944)**	**Current Liabilities**		**(189,809)**	**(183,090)**
(149)	(149)	Provisions	26	(697)	(697)
(185,892)	(185,892)	Long Term Borrowing	19	(186,812)	(186,812)
(58,827)	(58,827)	Other Long Term Liabilities	19	(57,812)	(57,812)
(5,271)	(5,271)	Capital Grants Received in Advance	36	(5,900)	(5,900)
(9,606)	(9,606)	Pensions Liability	42	(9,234)	(9,234)
(259,745)	**(259,745)**	**Long Term Liabilities**		**(260,455)**	**(260,455)**
919,837	**955,191**	**Net Assets**		**724,330**	**760,673**

31 March 2025 Council	31 March 2025 Group		Notes	31 March 2026 Council	31 March 2026 Group
£000	**£000**			**£000**	**£000**
29,284	29,284	General Fund Balance		27,604	27,604
-	9,436	Revenue Reserves - Trust Funds and Common Good		-	9,606
2,233	2,233	Housing Revenue Account	27	2,250	2,250
1,039	1,039	Capital Receipts Reserve	27	781	781
5,537	5,537	Capital Grants & Receipts Unapplied Account	27/29	7,391	7,391
3,860	3,860	Revenue Statutory Funds	27	4,015	4,015
41,953	**51,389**	**Usable Reserves**		**42,041**	**51,647**
495,326	514,250	Revaluation Reserve	28	439,392	457,850
402,686	405,928	Capital Adjustment Account	28	263,677	266,919
(4,766)	(2,792)	Financial Instruments Adjustment Account	28	(4,458)	(2,113)
(5,756)	(5,756)	Employee Statutory Adjustment Account	28	(7,088)	(7,088)
(9,606)	(9,606)	Pensions Reserve	28	(9,234)	(9,234)
877,884	**902,024**	**Unusable Reserves**		**682,289**	**706,334**
-	1,007	Share of Associates and Joint Venture Reserves		-	1,839
-	771	Minority Interest		-	853
919,837	**955,191**	**Total Reserves**		**724,330**	**760,673**

The notes on pages 47 to 125 form part of the financial statements.

Jon Matthews FCMA, CGMA

Executive Director Finance, Strategy and Transformation

30 September 2026

The unaudited Annual Accounts were issued on 30 June 2026 and the audited Annual Accounts were authorised for issue by Jon Matthews FCMA, CGMA, Executive Director Finance, Strategy and Transformation, on 30 September 2026.

Cash Flow Statement

The Cash Flow statement shows the changes in cash and cash equivalents of the Council and its Group during the financial year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on the future cash flows by providers of finance (i.e. borrowing) to the Council.

2024/25			2025/26	
Council	**Group**		**Council**	**Group**
£000	**£000**		**£000**	**£000**
(19,313)	(20,265)	Net deficit on the provision of services	(151,438)	(151,280)
		Adjust net deficit on the provision of services for non cash movements:		
41,431	42,236	Depreciation	39,515	40,429
2,836	2,836	Impairments and downward revaluations	151,756	151,756
8	8	Amortisation	7	7
(8,774)	(8,787)	Increase/(decrease) in creditors	602	601
(827)	(815)	Increase/(decrease) in debtors	(698)	(700)
(53)	(53)	Increase/(decrease) in inventories	(258)	(258)
1,381	1,381	Movement in Pension Liability	(1,463)	(1,463)
-	-	Contributions to/(from) Provisions	549	549
846	846	Carrying amount of non-current assets sold or derecognised	949	949
-	191	Associates & Joint Ventures accounted for on an equity basis	-	(809)
(5)	(48)	Other non-cash items charged to the net surplus or deficit on the provision of services	-	(260)
36,843	**37,795**		**190,959**	**190,801**
		Adjust for items included in the net deficit on the provision of services that are investing and financing activities:		
(22,871)	(22,871)	Capital grants credited to the surplus or deficit on the provision of services	(26,960)	(26,960)
(5,341)	**(5,341)**	**Net cash flows from Operating Activities**	**12,561**	**12,561**
(21,293)	(21,293)	Investing Activities (Note 31)	(37,930)	(37,930)
36,831	36,831	Financing Activities (Note 32)	20,553	20,553
10,197	**10,197**	**Net increase or (decrease) in cash and cash equivalents**	**(4,816)**	**(4,816)**
9,944	9,944	Cash and cash equivalents at the beginning of the financial year	20,141	20,141
20,141	20,141	Cash and cash equivalents at the end of the financial year (Note 24)	15,325	15,325
10,197	**10,197**		**(4,816)**	**(4,816)**

Notes to the Accounts

Notes to the accounts, particularly from Note 8 onwards, are related to the Council only and does not cover group activities.

Note 1 Accounting Policies

1. General

The Local Authority Accounts (Scotland) Regulations 2014 require the Council to prepare an annual statement of accounts. Section 12 of the Local Government in Scotland Act 2003 requires such accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS). These are issued jointly by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a "true and fair view" of the financial performance of the Council and its Group. The Annual Accounts have been prepared on a "going concern" basis. The accounting convention adopted in the Annual Accounts is principally historic cost, modified by the revaluation of certain categories of non-current and financial assets.

2. Accruals of Expenditure and Income

Income and Expenditure activities are accounted for in the year in which they take place, not simply when cash payments are made or received.

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

3. Bad and Doubtful Debts

Amounts owed to the Council are reviewed annually and provision made for possible non-collection of bad or doubtful debts. All debts greater than 12 months old are provided for in full. For debt aged between 6 months and 12 months old, other than those relating to Council Tax arrears and Non Domestic Rates collected on behalf of the Scottish Government, provision of 50% is made. No provision is made on debt less than 12 months old relating to Council Tax arrears and Non Domestic Rates collected on behalf of the Scottish Government.

4. Borrowing Costs

The Council capitalises borrowing costs incurred whilst material assets are under construction.

5. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

6. Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

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

7. Contingent Assets and Liabilities

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

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a Note to the Accounts if they are deemed material.

Note 1 Accounting Policies (cont.)

8. Employee Benefits Payable during Employment

Short-term employee benefits such as salaries, wages, overtime and paid annual leave for current employees are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

9. Fair Value Measurement

The Council measures the carrying value of some of its non-financial assets, mostly surplus assets, at fair value at each reporting date. Fair value is broadly the amount for which an asset could be exchanged or a liability settled.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs - quoted prices (unadjusted in active markets) for identical assets (or liabilities) that the local authority can access at the measurement date.
- Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset (or liability) either directly or indirectly.
- Level 3 inputs - unobservable inputs for the asset (or liability).

10. Government Grants and Contributions

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (for revenue grants) or Taxation and Non-Specific Grant Income (for capital grants). Where capital grants are credited to the Comprehensive Income and Expenditure Statement (CIES), they are reversed out in the General Fund balance in the Movement in Reserves Statement (MIRS).

11. Impairment

Assets are assessed at each year end for any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset an impairment loss is recognised.

12. Inventories

Depending on the category of inventory, the values included in the Annual Accounts are either on the basis of the average price or the cost of the last item received. Work in Progress is stated at cost or value of work done. Although the Code recommends different valuation bases for these items, the effect on final valuations is immaterial.

13. Loans Fund

A Loans Fund is maintained under powers contained in the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016. All loans raised by the Council are paid into the Fund and all advances to finance capital expenditure are made from the Fund except for capital projects financed directly from Revenue Accounts. The basis of recharging for loans is by half-yearly instalments on an annuity basis. This is only the case for pre 1 April 2022 and new loans fund repayments now follow option 3 permitted by Finance Circular 7/2016. Loans Fund interest and expenses have been charged to the CIES in accordance with the Code.

14. Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes are made by adjusting the opening balances and comparative amounts for the prior period.

15. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Note 1 Accounting Policies (cont.)

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

16. Reserves

Reserves are created by appropriating amounts from the General Fund balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the CIES. The reserve is then appropriated back into the General Fund balance in the MIRS so that there is no net charge against Council tax for the expenditure.

17. VAT

VAT is included in the CIES only to the extent that it is irrecoverable. The net amount due to or from HM Revenue and Customs in respect of VAT is included as part of debtors or creditors.

18. Right of Use Assets

The Council applies IFRS 16 Leases in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26. IFRS 16 requires the recognition of right-of-use assets and corresponding lease liabilities on the Balance Sheet for most leases. The Council has elected to apply recognition exemptions to low value assets (below £6,000 when new) and to short-term leases i.e. leases that have a duration of less than 12 months. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Measurement and recognition

At the commencement date of a lease, the Council recognises a lease liability measured at the present value of the lease payments to be made over the lease term, discounted using the Council's incremental borrowing rate.

A corresponding right-of-use asset is recognised at cost, comprising:

- the amount of the initial lease liability
- any lease payments made at or before the commencement date
- any initial direct costs incurred

Right-of-use assets are subsequently measured at cost (or fair value for peppercorn leases) less accumulated depreciation and impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset.

Interest expense is recognised on the lease liability over the lease term, and lease payments are apportioned between a reduction in the lease liability and a finance cost.

For leases of low value assets and short-term leases, the Council does not recognise right-of-use assets or lease liabilities. Payments associated with these leases are charged to revenue on a straight-line basis over the lease term.

For right-of-use assets with peppercorn or nominal lease payments, a right-of-use asset is recognised at fair value at the commencement date, with any gain, being the difference between that fair value and the lease liability, recognised as a donated asset.

For leases that were previously classified as finance leases under IAS 17, the carrying amounts of the right-of-use assets and lease liabilities continue to be based on the carrying amounts of the lease assets and liabilities immediately before the adoption of IFRS 16.

The weighted average of the incremental borrowing rate applied to lease liabilities recognised at the date of initial application was 5.14% (2024/25 5.02%).

Note 2 Prior Period Amendments

There have been no prior period adjustments for the unaudited annual accounts to 31 March 2026.

Note 3 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code requires the Council to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. This applies to the adoption of the following new or amended standards within the 2025/25 Code:

- IAS 21 The Effects of Changes in Foreign Exchange Risk (Lack of Exchangeability) issued August 2023
- IFRS 17 Insurance Contracts issued May 2017
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The above amendments are not anticipated to have a material impact on the information provided in the financial statements.

Note 4 Nature of the Group and Group Members

The Council has an interest in a number of Subsidiary and Associate entities.

For the purposes of combination and incorporation within the Group Accounts, recognition has been made of the Council's controlling interest in six subsidiary entities and three associate entities.

Moray Council Group consists of subsidiaries, joint ventures and associate companies that are combined with Moray Council to produce group net assets of £998.905m. This is an increase against the net assets of the Council, which are £962.562m, and is principally due to the inclusion of the net assets of the Common Good and Trust Funds (the in-year performance of which are detailed on pages 111-125).

Subsidiaries

The Entities which have been combined as subsidiaries are:

Name of Subsidiary	Principal Place of Business	% of ownership interest held by the Group	% of ownership interest held by the non-controlling interests (NCI)
Banffshire Educational Trust	Moray	50	50
Donald Manson Edinkille Trust Fund	Moray	67	33
Donald Manson Forres Trust Fund	Moray	67	33
Auchernack Trust	Moray	80	20
Other Trust Funds	Moray	100	-
Common Good Funds	Moray	100	-

The Council acts as joint trustee with other parties for four trust funds which have a combined net asset balance of £2.487m. The Council acts as sole trustees for various other trust funds which have a net asset balance of £11.535m.

The Council is responsible for the administration of Common Good Funds which were all the property of a Burgh not acquired under statutory powers or held under specific trusts. Council Members have responsibility for decisions on the distribution of these funds. The Common Good Funds have a net asset balance of £22.116m.

Moray Council holds the cash and cash equivalents of these subsidiaries. As such, balances due are reported within the short-term creditors on the balance sheet. This results in the balance of short-term creditors being lower for the group than the single entity.

The individual accounts for these entities are shown separately on pages 111 to 125.

Associates and Joint Venture

The Entities that have been combined as Associates and Joint Venture are:

Name of Associate/Joint Venture	Principal Place of Business	Moray Council's Share of Voting Control	Moray Council's Share of Requisition	Measurement Method
Associate				
Grampian Valuation Joint Board	Moray	20%	17%	Equity
Moray Leisure Limited	Moray	33%	-	Equity
Joint Venture				
Moray Integration Joint Board	Moray	50%	47%	Equity

Grampian Valuation Joint Board has been consolidated on the basis of share of requisition.

Copies of Accounts for Associates are available at the following addresses:

Name of Associate	Address where Accounts are Available
Grampian Valuation Joint Board	Council Building, High Street, Elgin, IV30 1BX
Moray Leisure Limited	Borough Briggs Road, Elgin, IV30 1AP
Moray Integration Joint Board	Council Building, High Street, Elgin, IV30 1BX

Note 4 Nature of the Group and Group Members (cont.)

The tables below provide summarised financial information for those associates and joint ventures that are material to the Council. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the reporting entity's share of those amounts.

Summarised balance sheet

	Grampian Valuation Joint Board		Moray Leisure Limited		Moray Integration Joint Board (Joint Venture)	
	***2024/25 £000**	**2025/26 £000**	***2024/25 £000**	**2025/26 £000**	**2024/25 £000**	**2025/26 £000**
Current assets						
Cash and cash equivalents	1,709	1,650	163	270	-	-
Other current assets	70	115	178	126	1,450	3,010
Total current assets	**1,779**	**1,765**	**341**	**396**	**1,450**	**3,010**
Non-current assets	872	767	301	335	-	-
Current liabilities	(795)	(867)	(533)	(488)	-	-
Non-current liabilities	(295)	(140)	(60)	(20)	-	-
Net assets/(liabilities)	**1,561**	**1,525**	**49**	**223**	**1,450**	**3,010**
Reconciliation to carrying amounts:						
Opening net assets/(liabilities)	1,200	1,562	(83)	121	1,986	1,450
Surplus/(deficit) for the period	362	(37)	132	102	(536)	1,560
Closing net assets/(liabilities)	1,562	1,525	49	223	1,450	3,010
Reporting entity's share (%)	17	17	33	33	50	50
Reporting entity's share	266	259	16	74	725	1,505
Carrying amount	**266**	**259**	**16**	**74**	**725**	**1,505**

*2024/25 - Values shown are based on audited figures from Moray Council annual accounts for 2024/25. The below noted group entities had their 2024/25 annual accounts signed off after Moray Council.

Note 4 Nature of the Group and Group Members (cont.)

Summarised Statements of Comprehensive Income and Expenditure

	Grampian Valuation Joint Board		Moray Leisure Limited		Moray Integration Joint Board (Joint Venture)	
	***2024/25 £000**	**2025/26 £000**	***2024/25 £000**	**2025/26 £000**	**2024/25 £000**	**2025/26 £000**
Revenue	4,582	(5,171)	4,002	(3,991)	(209,779)	(227,868)
Interest Income	(77)	(68)	-	(1)	-	-
Depreciation and Amortisation	34	146	68	78	-	-
Interest Expense	-	17	-	5	-	-
(Surplus)/deficit for the period	**(220)**	**172**	**132**	**(102)**	**536**	**(1,560)**
Other Comprehensive Income and Expenditure	**(142)**	**(136)**	**-**	**-**	**-**	**-**
Total Comprehensive Income and Expenditure	**(362)**	**36**	**132**	**(102)**	**536**	**(1,560)**

Inclusion of Associate entities has increased reserves and net assets in the group by £1.839m due mainly to the reserves of Moray Integration Joint Board, as well as a smaller increase in reserves for Moray Leisure Limited and a small decrease for Grampian Valuation Joint Board.

*2024/25 - Values shown are based on audited figures from Moray Council annual accounts for 2024/25. The below noted group entities had their 2024/25 annual accounts signed off after Moray Council.

Note 4 Nature of the Group and Group Members (cont.)

Other Entities in which the Council has an Interest

During the year the Council had an interest in Grampian Venture Capital Fund Limited and the Highlands and Islands Transport Partnership (HITRANS). Grampian Venture Capital Fund Limited was voluntarily liquidated during 2025/26. These companies have been excluded from the Group Accounts on the basis that the Council has no exposure to commercial risk from the companies and the Council has not passed on control of any of its assets to the companies. The financial transactions of the companies would also have no material effect on the Council's accounts.

	Grampian Venture Capital Fund	HITRANS
Nature	Economic development	Local Government
Purpose	Provide equity funding for small and medium sized enterprises	To prepare transport strategies for the region
Size	Small business	Small business
Activities	Provider equity funding	Transport strategy preparation
Financed	455,000 ordinary shares issued	Contributions from 5 Constituent Authorities (Highland, Moray and 3 others)
Moray Council's share of voting control	20.44%	25%

Carrying amounts of the entities:

	Grampian Venture		HITRANS	
	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000
carrying amount of receivables	54	-	445	494
carrying amount of liabilities	-	-	416	478
Maximum exposure to loss	54	-	29	17

Note 5 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in these financial statements, the Council and its associates have had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:
In applying the accounting policies set out in these financial statements, the Council and its associates have had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in these Annual Accounts are:

- Assets held at current value are revalued on a five year rolling basis as set out in the accounting policy for Property, Plant and Equipment. For assets not revalued in the new year, a desktop valuation review is carried out to compare the current value and carrying value and updating where necessary as advised by the Councils Service Manager - Property, Estates and Assets who is a qualified Royal Institution of Chartered Surveyors (RICS) Valuer. The Executive Director is content with this assertion.

- The Council has entered into a Public Private Partnership (PPP) for the construction, maintenance and operation of two schools in Keith and Elgin (Keith Primary School and Elgin Academy). The Council has also entered into a Design, Build, Finance and Maintain (DBFM) contract for the construction, maintenance and operation of Elgin High School. The Council has considered the tests under IFRIC 12 and concluded there are service concessions.

- The valuation of Right-of-Use assets and associated lease liabilities recognised under IFRS 16 involves a number of estimation uncertainties. These include judgments about the lease term where extension or termination options exist, the discount rate applied to future lease payments, and the identification of leases embedded within service contracts. The lease term is assessed based on the likelihood of exercising extension or termination options, which may be influenced by operational requirements and strategic decisions. The discount rate used to calculate the present value of lease liabilities is based on the authority's incremental borrowing rate, which reflects current market conditions and the authority's credit profile. Changes in these assumptions could materially affect the carrying value of Right-of-Use assets and lease liabilities.

- Moray Council has entered into a joint operation with Aberdeen City Council and Aberdeenshire Council for the Ness Energy from Waste (EfW) facility. Moray Council holds a 13.98% share of the asset, which has been recognised on its balance sheet. Its proportionate share of associated expenses has been recorded in the Comprehensive Income and Expenditure Statement.

Note 6 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Annual 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 2026 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment (£1.129 billion)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual buildings. 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.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.707m for every year that useful lives had to be reduced.
	Assets held at fair value are revalued on a five year rolling basis by a professionally qualified Royal Institution of Chartered Surveyors (RICS) valuer otherwise indexed against relevant market indices. Additional valuations are carried out on an ad hoc basis outwith the rolling programme arrangements where it is deemed necessary. The valuer also assesses assets not formally revalued for material movements and a desktop valuation review is carried out to compare the current value and carrying value and updating where necessary.	The estimated effect of a 1% change in the rate used for valuations would be a change up or down of £7m.
Pension Liability (£9.234 million)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Estimates for the Fund have been based on the latest full valuation of the scheme as at 31 March 2023, with the next triennial valuation due at 31 March 2026.	The effects on the net pensions liability of changes in individual assumptions can be measured and are detailed in Note 43.

Note 7 Events after the Reporting Period

The unaudited Annual Accounts were issued on 30 June 2026, and the audited Annual Accounts were authorised for issue by Jon Matthews, Executive Director – Finance, Strategy and Transformation, on 30 September 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 8 Expenditure and Funding Analysis

2024/25 Restated					2025/26			
Net expenditure chargeable to the General Fund and HRA	Adjustments between the Funding and the Accounting Basis	Adjustments to Usable Reserves Permitted by Accounting Standards	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to the General Fund and HRA	Adjustments between the Funding and the Accounting Basis	Adjustments to Usable Reserves Permitted by Accounting Standards	Net expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000		£000	£000	£000	£000
118,585	5,294	6,258	130,137	Education and Out of Area	123,137	4,622	5,942	133,701
4,293	684	722	5,699	Culture, Leisure & Sport	4,128	1,947	-	6,075
5,826	1,326	-	7,152	Housing, Property & Communities	5,411	(22)	868	6,257
30,117	14,076	668	44,861	Operations & Environment	30,926	13,460	607	44,993
2,547	245	-	2,792	Growth, Planning & Climate	3,894	1	-	3,895
4,706	609	346	5,661	Customer Experience, ICT & Digital Services	5,759	1,021	-	6,780
2,220	22	-	2,242	Governance	2,437	(55)	-	2,382
736	1	-	737	Chief Executive Function	724	(7)	-	717
4,172	110	-	4,282	Financial Services	4,188	(52)	-	4,136
5,900	(898)	-	5,002	People, Change & Community Strategy	5,472	(882)	-	4,590
84,128	249	110	84,487	Health, Social Care & Children's Services	90,232	(744)	120	89,608
(8,081)	5,591	6,324	3,834	HRA	(9,001)	157,038	6,115	154,152
255,149	**27,309**	**14,428**	**296,886**	**Cost of Services**	**267,307**	**176,327**	**13,652**	**457,286**
(248,330)	(29,243)	-	(277,573)	Other Income and Expenditure	(267,907)	(37,941)	-	(305,848)
6,819	**(1,934)**	**14,428**	**19,313**	**(Suplus)/Deficit**	**(600)**	**138,386**	**13,652**	**151,438**
			(42,911)	**Opening General Fund and HRA Balance**	(31,517)			
			6,819	**(Surplus) Deficit on General Fund and HRA Balance in year**	(600)			
			4,575	**Transfers from Reserves**	2,263			
			(31,517)	**Closing General Fund and HRA Balance at 31 March***	**(29,854)**			

*A split of this balance between the General Fund and the HRA is shown on the Movement in Reserves Statement.
Prior year figures for 24-25 have been restated to reflect the new service headings per the management restructure which was approved in June 2025.

Note 8 Expenditure and Funding Analysis (cont.)

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

The Net Expenditure Chargeable to the General Fund and HRA balances differs from the outturn reported in the Management Commentary due to the movement in the bad debt provision, which is included in Financing and Investment Income and Expenditure.

The Adjustments to Useable Reserves Permitted by Accounting Standards is the charge applied to each service for Notional Depreciation in the year £7.537m (2024/25 £14.428m).

Adjustments between the Funding and the Accounting Basis 2024/25

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note a	Net Change for the Pensions Adjustments Note b	Other Differences Note c	Elimination of Internal Recharges Note d	Total Adjustments
	£000	£000	£000	£000	£000
Education and Out of Area	8,369	409	(3,085)	(399)	5,294
Culture, Leisure & Sport	589	66	118	(89)	684
Housing, Property & Communities	1,511	182	18	(385)	1,326
Operations & Environment	12,995	346	(702)	1,437	14,076
Growth, Planning & Climate	184	90	18	(47)	245
Customer Experience, ICT & Digital Services	576	58	28	(53)	609
Governance	-	28	(7)	1	22
Chief Executive Function	-	7	(3)	(3)	1
Financial Services	8	42	60	-	110
People, Change & Community Strategy	-	(893)	-	(5)	(898)
Health, Social Care & Children's Services	107	599	-	(457)	249
HRA	5,508	58	25	-	5,591
Net Cost of Services	**29,847**	**992**	**(3,530)**	**-**	**27,309**
Other Income and Expenditure (Note e)	(29,318)	389	(314)	-	(29,243)
Total Adjustments	**529**	**1,381**	**(3,844)**	**-**	**(1,934)**

Prior year figures for 24-25 have been restated to reflect the new service headings per the management restructure which was approved in June 2025.

Note 8 Expenditure and Funding Analysis (cont.)

Adjustments between the Funding and the Accounting Basis 2025/26

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note a £000	Net Change for the Pensions Adjustments Note b £000	Other Differences Note c £000	Elimination of Internal Recharges Note d £000	Total Adjustments £000
Education and Out of Area	4,405	(368)	961	(376)	4,622
Culture, Leisure & Sport	2,129	(59)	(28)	(95)	1,947
Housing, Property & Communities	629	(158)	(90)	(403)	(22)
Operations & Environment	12,119	(319)	119	1,541	13,460
Growth, Planning & Climate	184	(87)	37	(133)	1
Customer Experience, ICT & Digital Services	1,030	(52)	63	(20)	1,021
Governance	-	(26)	(29)	-	(55)
Chief Executive Function	-	(9)	3	(1)	(7)
Financial Services	8	(39)	(21)	-	(52)
People, Change & Community Strategy	-	(881)	-	(1)	(882)
Health, Social Care & Children's Services	140	(578)	206	(512)	(744)
HRA	156,981	(54)	111	-	157,038
Net Cost of Services	**177,625**	**(2,630)**	**1,332**	**-**	**176,327**
Other Income and Expenditure	(38,105)	472	(308)	-	(37,941)
Total Adjustments	**139,520**	**(2,158)**	**1,024**	**-**	**138,386**

a) Adjustments for Capital Purposes

This column adds back depreciation and impairment and revaluation gains and losses in the services line.

Adjustments to Other Income and Expenditure reflect:

Other Operating Expenditure - capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets and the movement on revaluation of held for sale financial assets.

Financing and Investment Income and Expenditure - the removal of statutory charges for capital financing, i.e. loans pool principal charges are deducted from Other Income and Expenditure. These amounts are not chargeable under generally accepted accounting practice.

Taxation and Non-Specific Grant Income - capital grants adjustments whereby income is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

b) Net Change for the Pensions Adjustments

This column reflects the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related income and expenditure.

For **Services** this reflects the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

Note 8 Expenditure and Funding Analysis (cont.)

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

c) Other Differences

This column adjusts for differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable recognised under statute.

For **Services** this reconciles the impact of accruals for accumulating compensated absences, e.g. holiday pay as required by IAS 19 Employee Benefits, to the salaries actually payable in the financial year in accordance with statute (£1.332m)

For **Financing and Investment Income and Expenditure** the entry recognises adjustments to the General Fund for the timing differences for premiums and discounts (-£0.308m)

d) Elimination of Internal Recharges

The Code requirements prohibit the inclusion of income and expenditure on a trading basis between segments in the Comprehensive Income and Expenditure Statement (CIES). As a consequence, internal transactions are not to be included in the CIES.

e) Other Income and Expenditure

These values include loans fund principal, capital grants received and applied in the year.

Note 9 Expenditure and Income Analysed by Segment and Nature

The authority's expenditure and income are analysed as follows. Segments have been identified based on the organisational structure used by the Council for internal management reporting. Prior year figures for 24-25 have been restated to reflect the new service headings per the management restructure which was approved in June 2025.

Income and Expenditure 2024/25 Restated

	Education and Out of Area	Culture Leisure & Sport	Housing Property & Communities	Operations & Environment	Growth Planning & Climate	Customer Experience, ICT & Digital Services	Governance	Chief Executive Function	Financial Services	People Change & Community Stategy	Health & Social Care	Housing Revenue Account	Costs not included in a Service	**Total**
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000	**£000**
Employee expenses	92,060	5,081	13,442	22,694	5,907	3,588	1,820	654	2,713	4,774	40,424	4,056	389	**197,602**
Other service expenses	26,971	2,117	23,294	23,424	7,513	1,718	1,069	221	2,767	999	147,052	13,861	461	**251,467**
Depreciation, amortisation and impairment	14,625	1,311	1,511	13,664	184	922	-	-	8	-	217	11,832	-	**44,274**
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	23,643	**23,643**
Loss on Disposal of Non Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	449	**449**
Total Expenditure	**133,656**	**8,509**	**38,247**	**59,782**	**13,604**	**6,228**	**2,889**	**875**	**5,488**	**5,773**	**187,693**	**29,749**	**24,942**	**517,435**
Fees, charges & other service income	(817)	(2,258)	(14,774)	(14,056)	(2,720)	(567)	(641)	(138)	(1,206)	(157)	(88,347)	(25,915)	-	**(151,596)**
Interest and investment income	-	-	-	-	-	-	-	-	-	-	-	-	(3,156)	**(3,156)**
Income from council tax	-	-	-	-	-	-	-	-	-	-	-	-	(52,553)	**(52,553)**
Government grants and contributions	(2,702)	(552)	(16,321)	(865)	(8,092)	-	(6)	-	-	(614)	(14,859)	-	(246,806)	**(290,817)**
Total Income	**(3,519)**	**(2,810)**	**(31,095)**	**(14,921)**	**(10,812)**	**(567)**	**(647)**	**(138)**	**(1,206)**	**(771)**	**(103,206)**	**(25,915)**	**(302,515)**	**(498,122)**
Net Expenditure	**130,137**	**5,699**	**7,152**	**44,861**	**2,792**	**5,661**	**2,242**	**737**	**4,282**	**5,002**	**84,487**			
(Surplus) or deficit on the provision of services														**19,313**

Note 9 Expenditure and Income Analysed by Segment and Nature (cont.)

Income and Expenditure 2025/26

	Education and Out of Area	Culture Leisure & Sport	Housing Property & Communities	Operations & Environment	Growth Planning & Climate	Customer Experience, ICT & Digital	Governance	Chief Executive Function	Financial Services	People Change & Community Stategy	Health & Social Care	Housing Revenue Account	Costs not included in a Service	**Total**
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000	**£000**
Employee expenses	98,777	5,007	13,431	24,639	6,331	3,742	1,834	658	2,626	4,232	43,918	4,221	472	**209,888**
Other service expenses	28,281	1,869	19,698	22,178	5,478	2,632	1,191	167	3,098	540	158,131	14,965	413	**258,641**
Depreciation, amortisation and impairment	10,347	2,129	1,497	12,726	184	1,030	-	-	8	-	260	163,096	-	**191,277**
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	21,087	**21,087**
Loss on Disposal of Non Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	564	**564**
Total Expenditure	**137,405**	**9,005**	**34,626**	**59,543**	**11,993**	**7,404**	**3,025**	**825**	**5,732**	**4,772**	**202,309**	**182,282**	**22,536**	**681,457**
Fees, charges & other service income	(728)	(2,402)	(13,916)	(13,225)	(3,180)	(624)	(635)	(108)	(1,485)	(108)	(98,051)	(28,130)	-	**(162,592)**
Interest and investment income	-		-	-	-	-	-	-	-	-	-	-	(2,654)	**(2,654)**
Income from council tax	-	-	-	-	-	-	-	-	-	-	-	-	(57,964)	**(57,964)**
Government grants and contributions	(2,976)	(528)	(14,453)	(1,325)	(4,918)	-	(8)	-	(111)	(74)	(14,650)	-	(267,766)	**(306,809)**
Total Income	**(3,704)**	**(2,930)**	**(28,369)**	**(14,550)**	**(8,098)**	**(624)**	**(643)**	**(108)**	**(1,596)**	**(182)**	**(112,701)**	**(28,130)**	**(328,384)**	**(530,019)**
Net Expenditure	**133,701**	**6,075**	**6,257**	**44,993**	**3,895**	**6,780**	**2,382**	**717**	**4,136**	**4,590**	**89,608**	**154,152**		
(Surplus) or deficit on the provision of services														**151,438**

Note 10 Adjustments between Accounting Basis and Funding Basis under Regulations

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

2024/25	Usable Reserves						
	General Fund	HRA	Capital Receipts Reserve	Capital Grants & Receipts Unapplied	Revenue Statutory Funds	Total Usable Reserves	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements,	-	-	-	-	-	-	-
Pensions costs (transferred from the Pensions Reserve)	1,315	66	-	-	-	1,381	(1,381)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(218)	(96)	-	-	-	(314)	314
Holiday pay (transferred to the Employee Statutory Adjustment Account)	(3,554)	25	-	-	-	(3,529)	3,529
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	22,162	6,229	-	-	-	28,391	(28,391)
Total Adjustment to Revenue Resources	**19,705**	**6,224**	**-**	**-**	**-**	**25,929**	**(25,929)**
Adjustments between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(288)	(109)	397	-	-	-	-
Capital receipts transferred to the Capital Grants and Receipts Unapplied Account	-	-	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	-	-
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(10,180)	(2,169)	-	-	-	(12,349)	12,349
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	7	(695)	-	-	-	(688)	688
Total Adjustments between Revenue and Capital Resources	**(10,461)**	**(2,973)**	**397**	**-**	**-**	**(13,037)**	**13,037**
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(2,430)	-	-	(2,430)	2,430
Total Adjustments to Capital Resources	**-**	**-**	**(2,430)**	**-**	**-**	**(2,430)**	**2,430**
Total Adjustments	**9,244**	**3,251**	**(2,033)**	**-**	**-**	**10,462**	**(10,462)**

Note 10 Adjustments between Accounting Basis and Funding Basis under Regulations (cont.)

2025/26	Usable Reserves						
	General Fund	HRA	Capital Receipts Reserve	Capital Grants & Receipts Unapplied	Revenue Statutory Funds	Total Usable Reserves	Movemenet in Unusable Reserves
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Adjustments to the Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements,	-	-	-	-	-	-	-
Pensions costs (transferred from the Pensions Reserve)	(2,114)	(44)	-	-	-	(2,158)	2,158
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(209)	(99)	-	-	-	(308)	308
Holiday pay (transferred to the Employee Statutory Adjustment Account)	1,221	111	-	-	-	1,332	(1,332)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	12,971	155,761	-	-	-	168,732	(168,732)
Total Adjustment to Revenue Resources	**11,869**	**155,729**	**-**	**-**	**-**	**167,598**	**(167,598)**
Adjustments between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(384)	-	384	-	-	-	-
Capital receipts transferred to the Capital Grants and Receipts Unapplied Account	-	-	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	-	-
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(10,453)	(2,787)	-	-	-	(13,240)	13,240
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	(1,936)	-	-	-	(1,936)	1,936
Total Adjustments between Revenue and Capital Resources	**(10,837)**	**(4,723)**	**384**	**-**	**-**	**(15,176)**	**15,176**
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(684)	-	-	(684)	684
Total Adjustments to Capital Resources	**-**	**-**	**(684)**	**-**	**-**	**(684)**	**684**
Total Adjustments	**1,032**	**151,006**	**(300)**	**-**	**-**	**151,738**	**(151,738)**

Note 11 Transfers to/from Revenue Statutory Funds and Earmarked portions of the General Fund

This note sets out the amounts set aside from the General Fund and HRA balances in Revenue Statutory Funds to provide financing for future expenditure plans and the amounts posted back from Revenue Statutory Funds to meet General Fund and HRA expenditure in 2025/26.

	Repairs and Renewals Fund	Insurance Fund	Total
	£000	£000	£000
Balance at 31 March 2024	2,167	1,514	3,681
Transfers Out 2024/25	-	-	-
Transfers in 2024/25	106	74	180
Balance at 31 March 2025	2,273	1,588	3,861
Transfers Out 2025/26	-		-
Transfers in 2025/26	91	63	154
Balance at 31 March 2026	**2,364**	**1,651**	**4,015**

Earmarked portions of the General Fund

Portions of the General Fund are earmarked for specific purposes as described below. Underspends or overspends against budget for these activities are transferred in or out of the earmarked funds at the year end.

	General Services	Devolved School Management	Whole Family Wellbeing Fund	Education Attainment Fund	Transformation	Council Priorities	Retrospective Service Concession	Refugee Resettlement	Other Funds	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024	6,000	753	827	919	6,152	7,134	7,526	2,449	878	32,638
Transfers Out 2024/25	-	(540)	-	-	(260)	(3,435)	-	(225)	(360)	(4,820)
Transfers in 2024/25	-		174	101	-	-	-	-	1,191	1,466
Balance at 31 March 2025	6,000	213	1,001	1,020	5,892	3,699	7,526	2,224	1,709	29,284
Transfers Out 2025/26	-	(58)	(92)	-	(1,393)	(337)	-	-	(458)	(2,338)
Transfers in 2025/26	-	-	-	41	-	-	-	134	483	658
Balance at 31 March 2026	**6,000**	**155**	**909**	**1,061**	**4,499**	**3,362**	**7,526**	**2,358**	**1,734**	**27,604**

Devolved School Management (DSM)
This ring fenced reserve is a consolidation of the balances held by schools that are retained for the specific purpose of investing in services delivered at each individual school. The DSM scheme enables a policy of retaining resources at each school rather than returning the balances to a corporate fund. This policy aims to encourage schools to plan financially over the medium term.

Whole Family Wellbeing Fund
The Council receives grant funding from the Whole Family Wellbeing Fund, expenditure plans for which must be approved by Community Planning Partners. Unspent funds are held in an ear-marked reserve as the Council cannot determine the use of these funds.

Note 11 Transfers to/from Revenue Statutory Funds and Earmarked portions of the General Fund (cont.)

Education Attainment Fund
This ring fenced fund is the unspent balance of grant received the Scottish Government to provide targeted support for children and young people affected by poverty. The grant is paid on a financial year basis but spent over the academic year.

Transformation
The purpose of this fund is to set aside funding to initiate and advance the transformation of services and Transformation Strategy projects.

Council Priorities
The purpose of this fund is to meet one-off expenditure which assists in achieving financial stability, as well as other measures facilitating the achievement of Council priorities.

Retrospective Service Concession
This ear-marked reserve was created by the exercise of the flexibility to account for service concessions over the expected life of the asset rather than the length of the contract. The reserve relates to the impact of prior year expenditure and is purely an accounting entry. It therefore differs from other ear-marked reserves in that it is not cash backed.

Refugee Resettlement
The Council has received funds in support of various refugee resettlement programmes and unspent funds are held in this ear-marked reserve and will be released as required.

Other Funds
These funds are grants and contributions unspent at the reporting year end which have restrictions on their use. The largest individual component of these funds is for Scottish Welfare Fund, which is to be used to provide individuals with assistance for short term need and community care. Other large balances relate to Employability, Long Term Town Capacity Funding, SSEN Community Resilience Project, Place Based Investment Fund and Coastal Communities Fund. Other funds held include monies to be used to upgrade/maintain Sanquhar Loch in Forres, amounts to cover core path maintenance and upgrading within and outside the boundary of Dorenell Windfarm, Nursery snack funds and Youth Work Communities grants.

Note 12 Other Operating Expenditure

	2024/25 £000	2025/26 £000
Losses on disposal of non-current assets	449	564
	449	**564**

Note 13 Financing and Investment Income and Expenditure

	2024/25 £000	2025/26 £000
Interest payable and similar charges	23,643	21,087
Net interest on the net defined benefit liability	389	472
Interest receivable and similar income	(3,152)	(2,649)
Income and expenditure in relation to investment properties	(4)	(4)
Expected credit losses on financial assets	461	412
	21,337	**19,318**

Note 14 Taxation and Non-Specific Grant Income

Note 14 Taxation and Non-Specific Grant Income

	2024/25	2025/26
	£000	£000
Council tax income	(52,553)	(57,964)
Non domestic rates	(67,225)	(58,101)
Non-ring fenced government grants	(158,434)	(183,090)
Capital grants and contributions	(21,147)	(26,575)
	(299,359)	**(325,730)**

Note 15 Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Operational PPE is analysed between Council Dwellings, Other Land and Buildings, Vehicle, Plant, Furniture and Equipment, Community assets, Surplus assets, Assets Under Construction and Infrastructure Assets. The following tables set out the gross carrying amount, accumulated depreciation and the movements in value over the year for non-current assets (excluding infrastructure assets which are shown separately below).

Right of Use Assets
The non current assets leased in by the Council and recognised under IFRS16 Leases, have been brought on to the balance sheet as at 1 April 2025; these assets are classed as Right of Use assets. Note 40 Leases provides more details.

Recognition
All expenditure on the acquisition, creation, enhancement or replacement of a part of an asset is capitalised providing the asset yields benefit for more than one year to the Council and the services it provides, and the cost can be reliably measured. Where a component is replaced or restored, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount.

Measurement
Assets are initially measured at cost, comprising:

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

Depreciation
Depreciation is provided for on all Property, Plant and Equipment assets. An exception is made for assets without a determinable useful life (i.e. land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated using the straight-line method. In the year of acquisition, a full year's depreciation is provided for on all assets except for vehicles, where the calculation is pro-rata based on the month of acquisition. In the year of disposal, no depreciation is charged. The following useful lives and depreciation rates have been used in the calculation of depreciation:-

Council Dwellings - up to 50 years
Other Land and Buildings - Buildings up to 65 years, land is not depreciated
Vehicles, Plant, Furniture and Equipment - 3 to 12 years
Infrastructure - up to 40 years
Community Assets - up to 40 years
Surplus Assets - Buildings up to 60 years, land is not depreciated

Where a material item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Note 15 Property, Plant and Equipment (cont.)

Comparative Movements in 2024/25

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Right of Use	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2024	445,992	498,688	78,906	1,438	1,803	3,888	-	1,030,715
Recognition of Right of Use Assets	-	(93,046)	-	-	-	-	93,046	-
Additions	15,376	5,396	5,704	149	-	10,304	12,076	49,005
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	34,341	(3,865)	-	-	(2)	-	(9,791)	20,683
Revaluation (decreases) recognised in the Surplus on the Provision of	-	(2,859)	-	-	-	-	23	(2,836)
Derecognition – disposals	(109)	(144)	(13,340)		-	-	-	(13,593)
At 31 March 2025	**495,600**	**404,170**	**71,270**	**1,587**	**1,801**	**14,192**	**95,354**	**1,083,974**
Accumulated Depreciation and Impairment								
At 1 April 2024	1	351	39,972	364	119	-	-	40,807
Recognition of Right of Use Assets	-	-	-	-	-	-	-	-
Depreciation charge	11,584	13,186	5,039	24	18		4,070	33,921
Depreciation written out to the Revaluation Reserve	(11,584)	(12,376)	-			-	(3,338)	(27,298)
Depreciation written out to the Surplus on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition – disposals	-	-	(12,777)	-	(3)	-	-	(12,780)
Derecognition – other	-	-	-	-	-	-	-	-
Assets reclassified (to)/ from Held for Sale	-	-	-	-		-	-	-
At 31 March 2025	**1**	**1,161**	**32,234**	**388**	**134**	**-**	**732**	**34,650**
Net Book Value								
at 31 March 2024	445,991	498,337	38,934	1,074	1,684	3,888	-	989,908
at 31 March 2025	495,599	403,009	39,036	1,199	1,667	14,192	94,622	1,049,324

Note 15 Property, Plant and Equipment (cont.)

Movement in 2025/26

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Right of Use	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2025	495,600	404,170	71,270	1,587	1,801	14,192	95,354	1,083,974
Recognition of Right of Use Assets	-	-	-	-	-	-	1,126	1,126
Additions	21,844	11,084	5,035	216	-	14,439	-	52,618
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(84,547)	11,191	-	18	27	-	3,132	(70,179)
Revaluation (decreases) recognised in the Surplus on the Provision of Services	(152,328)	588	-	(13)	(3)	-	-	(151,756)
Derecognition – disposals	-	(29)	(5,827)	-	-	(569)	-	(6,425)
At 31 March 2026	**280,569**	**427,004**	**70,478**	**1,808**	**1,825**	**28,062**	**99,612**	**909,358**
Accumulated Depreciation and Impairment								
At 1 April 2025	1	1,161	32,234	388	134	-	732	34,650
Depreciation charge	10,523	11,560	5,686	25	17	-	3,661	31,472
Depreciation written out to the Revaluation Reserve	(10,523)	(12,615)	-	(414)	(111)	-	(4,235)	(27,898)
Derecognition – disposals	-	-	(5,476)	-	-	-	-	(5,476)
At 31 March 2026	**1**	**106**	**32,444**	**(1)**	**40**	**-**	**158**	**32,748**
Net Book Value								
at 31 March 2025	495,599	403,009	39,036	1,199	1,667	14,192	94,622	1,049,324
at 31 March 2026	280,568	426,898	38,034	1,809	1,785	28,062	99,454	876,610

Note 15 Property, Plant and Equipment (cont.)

In accordance with the temporary relief offered by Local Government Circular 09/2022 Statutory Override Accounting for Infrastructure Assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

	2024/25	2025/26
Net Book Value	£'000	£'000
at 1 April	248,666	250,024
Additions	8,870	10,759
Depreciation	(7,512)	(8,054)
At 31st March	**250,024**	**252,729**

	31/03/2025	31/03/2026
Infrastructure Assets	250,024	252,729
Other PPE Assets	1,049,324	876,610
Total PPE Assets	**1,299,348**	**1,129,339**

The authority had applied the statutory override as set out in Local Government Finance Circular 09/2022 and, subsequently, Finance Circular 08/2024, which extended the temporary accounting treatment for infrastructure assets. In accordance with this guidance, where a component of an infrastructure asset is replaced, the carrying amount of the replaced part is treated as nil and derecognised. This approach reflects the practical challenges in applying component accounting, primarily due to limitations in historical data. As such, the authority is not required to make subsequent adjustments to the carrying amount of the asset in respect of the replaced component. The Scottish Government have extended the current override arrangements in Scotland until 31 March 2027.

Capital Commitments
At 31 March 2026, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2025/26 and future years budgeted to cost £16.569m (2024/25 £7.116m). The major contracts are:

	£000
HRA - Speyview, Aberlour Phase 1	350
HRA - Speyview, Aberlour Phase 2	4,684
HRA - Bilbohall Phase 1	11,535
	16,569

Revaluations
The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current or fair value is revalued at least every five years, with a desktop valuation review carried out to compare the current value and carrying value and updating where necessary in the intervening years. Valuations were carried out internally by the Council's Service Manager – Property, Estates and Assets and externally by the Valuation Office, who are all Royal Institution of Chartered Surveyors (RICS) registered valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the RICS. A proportion of assets are subject to a desktop valuation on the basis of local market related indices at 31 March 2026. Such valuations were applied following consultation with the Council's Service Manager – Property, Estates and Assets.

During 2025/26 the Council's housing stock was subject to a full external valuation as at 31st March 2026, the first comprehensive valuation since 2020/21. Between valuations, housing stock values were updated annually using indexation together with adjustments for capital expenditure, disposals and depreciation.

The 2025/26 valuation resulted in a significant reduction in the carrying value of Council dwellings. This reflects updated valuation assumptions and current market evidence considered as part of the revaluation exercise.

Note 15 Property, Plant and Equipment (cont.)

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

- Infrastructure, community assets and assets under construction - depreciated historical cost;
- Council dwellings - current value, determined using the basis of existing use value for social housing (EUV-SH);
- School buildings - current value, but because of their specialised nature are measured at depreciated replacement cost (DRC) which is used as an estimate of current value;
- Surplus assets - current value as estimated as highest and best use from an open market perspective (fair value);
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value) except for the Headquarters Campus buildings which are too large to be marketed as office accommodation and are measured at depreciated replacement cost as an estimate of current value.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Right of Use	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	-	-	70,478	1,808	-	28,062	-	100,348
Valued at current value as at:								
31 March 2026	118,489	64,954	-	-	(170)	-	4,258	187,531
31 March 2025	49,608	(58,140)	-	-	1,280	-	95,354	88,102
31 March 2024	44,995	246,273	-	-	1,150	-	-	292,418
31 March 2023	19,749	50,109	-	-	(476)	-	-	69,382
31 March 2022	47,728	123,808	-	-	41	-	-	171,577
Total cost or valuation	**280,569**	**427,004**	**70,478**	**1,808**	**1,825**	**28,062**	**99,612**	**909,358**

Note 16 Heritage Assets

The Council holds and conserves heritage assets for future generations in support of the primary objective of increasing the knowledge, understanding and appreciation of the history of the area of Moray.

The Council's policy (including its Common Good and Trusts) for the acquisition, presentation, management and disposal of museum and art collections is contained in the Museum's Service "Acquisition and Disposal Policy" and for the Council's archives within the Local Heritage Service Collection Policy, both of which are available on the Council's website.

The movement in Heritage Assets during 2025/26 is as follows:

Note 16 Heritage Assets (cont.)

	Cultural £000	Modern Statues £000	Museums Collections £000	Total Heritage Assets £000
Valuation at 1 April 2024	126	105	920	1,151
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
At 31 March 2025	**126**	**105**	**920**	**1,151**
Valuation at 1 April 2025	126	105	920	1,151
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
At 31 March 2026	**126**	**105**	**920**	**1,151**

The amount included above for the museum's collections is based on insurance valuations. Other Heritage Assets are valued at historic cost.

The following table shows assets that may be regarded as Heritage Assets but which have not been included in the Balance Sheet as the Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets held and the lack of comparable market values. The Code therefore permits such assets to be excluded from the Balance Sheet.

Assets excluded from Heritage Assets		**Estimated number of assets 31 March 2026**
Archive Material	circa	1,000,000
Monuments and Fountains		11
War Memorials		46

Note 17 Investment Property

Investment Property is property held solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or the production of goods or is held for sale.

Investment Property is measured initially at cost and thereafter at fair value, being the price that would be received by selling such an asset in an orderly transaction between market participants at the measurement date. Investment Property is measured at highest and best use and the properties are not depreciated. Properties are reviewed each year and if it is deemed that there has been a material change in value or circumstance are revalued. Gains and losses on revaluation are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES). The same treatment applies to gains and losses on disposal.

Gains and losses on revaluation and disposal reflected in the CIES are not charges to the General Fund and are transferred to the Capital Adjustment Account and Capital Receipts Reserve and reported in the Movement in Reserves Statement.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2024/25 £000	2025/26 £000
Rental Income from investment property	7	4
Net gain	**7**	**4**

Note 17 Investment Property (cont.)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2024/25 £000	2025/26 £000
Balance at start of the year	395	395
Transfers (to)/from Property, Plant and Equipment	-	-
Balance at end of the year	**395**	**395**

Note 18 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and is accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets are purchased licences. All software is given a finite life based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the software suites used by the Council are:

Expected Useful Life	Licences £000
5 - 6 years	252

The carrying amount of licences is amortised on a straight line basis. The amortisation of £0.007m charged to revenue in 2025/26 (2024/25 £0.008m) was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Assets during the year is as follows:

	2024/25 £000	2025/26 £000
Balance at start of the year:		
Gross carrying amount	252	252
Accumulated amortisation	(230)	(238)
Net carrying amount at start of year	**22**	**14**
Amortisation for the period	(8)	(7)
Net carrying amount at end of year	**14**	**7**
Comprising:		
Gross carrying amount	252	252
Accumulated amortisation	(238)	(245)
	14	**7**

Note 19 Financial Instruments

Financial Instruments – Classifications
A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

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

The financial liabilities held during the year are measured at amortised cost and comprised:

- Long term loans from the Public Works Loan Board (PWLB) and commercial lenders;
- Short term loans from other local authorities;
- Lease payables detailed in note 40;
- Public Private Partnership contracts detailed in note 41;
- Trade payables for goods and services received.

Financial Assets
A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council.

The financial assets held during the year are accounted for under the following classification:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:
  - Cash in hand;
  - Bank current and deposit accounts with Bank of Scotland, Standard Life Liquidity Fund, Federated Short Term Sterling Liquidity Fund, Blackrock Liquidity Fund, Insight Liquidity Fund and CCLA Public Sector Fund;
  - Trade receivables for goods and services provided.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

Financial Instruments – Balances
The financial liabilities disclosed in the Balance Sheet are analysed across the following categories.

	2024/25		2025/26	
	Long Term £000	Short Term £000	Long Term £000	Short Term £000
Amortised Cost:				
Borrowing	185,892	113,165	186,812	139,444
Creditors	58,827	36,787	57,812	35,448
Total	**244,719**	**149,952**	**244,624**	**174,892**

Note 19 Financial Instruments (cont.)

Income, Expense, Gains and Losses
The gains and losses recognised in the Comprehensive Income and Expenditure Statement are made up as follows:

	2024/25			2025/26		
	Financial Liabilities measured at amortised cost £000	Financial Assets measured at amortised cost £000	Total £000	Financial Liabilities measured at amortised cost £000	Financial Assets measured at amortised cost £000	Total £000
Interest Expense	23,643	-	23,643	21,395	-	21,395
Impairment Losses	-	538	538	-	(596)	(596)
Total expense in Surplus or Deficit on the Provision of Services	**23,643**	**538**	**24,181**	**21,395**	**(596)**	**20,799**
Interest income	-	(3,152)	(3,152)	-	(2,649)	(2,649)
Total income in Surplus or Deficit on the Provision of Services	**-**	**(3,152)**	**(3,152)**	**-**	**(2,649)**	**(2,649)**
Net (gain)/loss for the year	**23,643**	**(2,614)**	**21,029**	**21,395**	**(3,245)**	**18,150**

Financial Instruments – Fair Value
Financial instruments are carried in the Balance Sheet at fair value. For most assets, the fair value is the market price.

The fair value of financial instruments classified at amortised cost have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans;
- The value of “Lender’s Option Borrower’s Option” (LOBO) loans have been increased by the value of the embedded options. Lenders’ options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower’s contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their option when the market rates have risen above the contractual loan rate;
- The fair value of other long-term loans have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March;
- The fair values of finance lease assets and liabilities and of PPP scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield;
- No early repayment or impairment is recognised for any financial instrument;
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Financial Assets		2024/25		2025/26	
	Fair Value Level	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Short term debtors	2	14,681	14,681	21,064	21,064
Long term debtors	2	353	353	245	245
Cash & Cash Equivalents	2	20,141	20,141	15,325	15,325
Total		**35,175**	**35,175**	**36,634**	**36,634**

Note 19 Financial Instruments (cont.)

At 31 March 2026 the Council's financial assets show the carrying value equal to fair value, the same as the previous year. This is mainly due to a large proportion of the amount being short term financial assets (£24.183m).

Financial liabilities	Fair Value Level	2024/25 Carrying Amount £000	2024/25 Fair Value £000	2025/26 Carrying Amount £000	2025/26 Fair Value £000
Financial Liabilities held at amortised cost:-					
Short Term Creditors	2	36,787	36,787	35,447	35,447
Short Term Borrowing	2	101,697	101,697	139,444	139,444
Short Term Borrowing - PWLB	2	11,468	11,468	19,159	19,159
Other Long Term liabilities	2	272	272	283	283
Long Term Borrowing	2	33,879	31,758	33,881	31,006
Long Term Borrowing - PWLB	2	152,013	163,755	152,931	143,463
PPP, Finance Leases and Other Liabilities	2	58,555	-	57,529	57,529
Total		**394,671**	**345,737**	**438,674**	**426,331**

The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans with the Public Works Loan Board (PWLB) which are not based on market terms. It also includes the Education Services Public Private Partnership 30 year finance lease for Elgin Academy and Keith Primary and the Design, Build, Finance and Maintain 25 year lease for Elgin High School.

Fair Value Disclosure of PWLB Loans

The fair value of PWLB loans of £162.622m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

As the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, a supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £186.812m of total long term borrowing would be valued at £174.469m. However, if the Council sought to repay the loans to the PWLB, the exit price for the PWLB loans including the penalty charge would be £178.517m.

Note 20 Inventories

2024/25

	Balance at 1 April £000	Purchases £000	Recognised as an expense in the year £000	Balance at 31 March £000
Building Services	269	1,125	(1,168)	226
Fleet Services	327	2,752	(2,832)	247
Roads Maintenance	209	849	(700)	358
Other	303	1,905	(1,878)	330
Total	**1,108**	**6,631**	**(6,578)**	**1,161**

2025/26

	Balance at 1 April £000	Purchases £000	Recognised as an expense in the year £000	Balance at 31 March £000
Building Services	226	1,165	(1,040)	351
Fleet Services	247	2,446	(2,415)	278
Roads Maintenance	358	860	(774)	444
Other	330	1,783	(1,767)	346
Total	**1,161**	**6,254**	**(5,996)**	**1,419**

Note 21 Short Term Debtors

	2024/25 £000	2025/26 £000
Trade Receivables	3,046	1,851
Prepayments	1,562	2,274
Other Receivable Amounts	2,458	11,723
Central Government	9,177	7,489
Debtors from local taxation	2,754	2,921
	18,997	**26,258**
Taxation debtors included above	(2,754)	(2,921)
Prepayments included in debtors	(1,562)	(2,274)
Total Financial Assets Current Debtors	**14,681**	**21,063**

Note 22 Debtors from Local Taxation

	2024/25 Council Tax £000	2025/26 Council Tax £000
Less than 1 year	2,396	2,574
One to two years	3,128	3,742
Three to five years	3,473	3,591
More than 5 years	11,769	12,533
	20,766	**22,440**
Impairment Allowance	(18,012)	(19,519)
Total (net of impairment)	**2,754**	**2,921**

Note 23 Assets Held-for-Sale

When it becomes probable that the carrying amount of an asset (land and buildings) will be recovered through a sale rather than through its continued use, it is reclassified as an Asset Held-for-Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Non-current assets held-for-sale are not depreciated.

Vehicles, Plant, Furniture and Equipment and assets that are to be abandoned or scrapped are not reclassified as Assets Held-for-Sale.

	Current Assets 2024/25 £000	Current Assets 2025/26 £000
Balance at 1 April	485	455
Disposals	(30)	-
Balance at 31 March	**455**	**455**

Note 24 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

	2024/25 £000	2025/26 £000
Cash Held by the Council	13	6
Bank Current/Call Accounts	20,128	15,319
Total	**20,141**	**15,325**

Note 25 Short Term Creditors

	2024/25	2025/26
	£000	£000
Trade Payables	25,628	23,241
Other Payables	21,489	24,791
PPP Creditor (Note 41)	1,538	1,581
Right of Use Assets (Note 40)	115	164
Total	**48,770**	**49,777**
Tax Creditors included above	(6,226)	(7,019)
Annual Leave Accrual included in above	(5,756)	(7,312)
Total Financial Liabilities Current Creditors	**36,788**	**35,446**

Note 26 Provisions

	Equal Pay	Total
	£000	£000
Balance as at 1 April 2025	149	149
Settlements made/provision released in 2025/26	-	-
Increase in provision in 2025/26	-	-
Balance as at 31 March 2026	**149**	**149**

The Council believes that the amounts provided represent the best estimate of the total liability.

Note 27 Usable Reserves

The Council has several reserve funds within this category:

- The Insurance Fund covers the main classes of insurance and is earmarked to pay any uninsured losses on school buildings. The Repairs and Renewal Fund provides for the upkeep of property assets held by the Council. Together these are the Revenue Statutory Funds on the Balance Sheet;
- The Capital Fund is used to meet the costs of capital investments in assets and for the repayment of the principal element of borrowings;
- Capital Grants and Receipts Unapplied holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure;
- The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.

The movements on the Usable Reserves are detailed in the Movement in Reserves Statement and in Notes 10 and 11.
A summary of the Reserves is also shown on the Balance Sheet.

Note 28 Unusable Reserves

2024/25		2025/26
£000		£000
402,686	Capital Adjustment Account	263,677
495,326	Revaluation Reserve	439,392
(4,766)	Financial Instruments Adjustment Account	(4,458)
(5,756)	Employee Statutory Adjustment Account	(7,088)
(9,606)	Pensions Reserve	(9,234)
877,884		**682,289**

Capital Adjustment Account

The Capital Adjustment Account absorbs the differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2024/25		2025/26	
£000		£000	£000
401,357	Balance at 1 April		402,686
(564)	Correction of prior period audit adjustment		-
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(41,431)	Charges for depreciation and impairment of non-current assets	(39,515)	
(2,836)	Revaluation losses on Property, Plant and Equipment	(151,756)	
(8)	Amortisation of Intangible Assets	(7)	
(846)	Amounts of non-current assets written off on disposal or sale as part of the loss on disposal to the Comprehensive Income and Expenditure Statement	(949)	
(45,121)			**(192,227)**
14,551	Adjusting amount written out of the Revaluation Reserve		13,652
(30,570)	Net written out amount of the cost of non-current assets consumed in the year		**(178,575)**
	Capital financing applied in the year:		
2,430	Use of the Capital Receipts Reserve to finance new capital expenditure		684
16,730	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		23,494
-	Application of grants to capital financing from the Capital Grants Unapplied Account		212
12,349	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances		13,240
954	Capital expenditure charged against the General Fund and HRA balances		1,936
32,463			**39,566**
-	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		-
402,686	**Balance at 31 March**		**263,677**

Note 28 Unusable Reserves (cont.)

Revaluation Reserve

The Revaluation Reserve contains gains made by the Council arising from increases in the value of its Property, Plant and Equipment, Heritage Assets and Intangible Assets. The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

2024/25 £000		2025/26 £000
461,895	Balance at 1 April	495,326
47,982	Upward Revaluation of assets	(42,282)
47,982	Surplus /(deficit) on revaluation of non-current assets not posted to the Surplus on the Provision of Services	(42,282)
(14,429)	Difference between fair value depreciation and historical cost depreciation	(13,652)
(122)	Accumulated gains on assets sold or scrapped	-
(14,551)	Amount written off to the Capital Adjustment Account	(13,652)
495,326	**Balance at 31 March**	**439,392**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on early redemption of loans. As a result, the balance on the Account at 31 March 2026 will be charged to the General Fund over the next 35 years.

2024/25 £000		2025/26 £000
(5,080)	Balance at 1 April	(4,766)
314	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	308
-	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-
(4,766)	**Balance at 31 March**	**(4,458)**

Employee Statutory Adjustment Account

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

2024/25 £000		2025/26 £000
(9,285)	Balance at 1 April	(5,756)
9,285	Settlement or cancellation of accrual made at the end of the preceding year	5,756
(5,756)	Amounts accrued at the end of the current year	(7,088)
3,529	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,332)
(5,756)	**Balance at 31 March**	**(7,088)**

Note 28 Unusable Reserves (cont.)

Pensions Reserve

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

2024/25 £000		2025/26 £000
(11,819)	Balance at 1 April	(9,606)
3,594	Remeasurements (assets and liabilities)	(1,786)
(16,516)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(13,346)
15,135	Employer's pensions contributions and direct payments to pensioners payable in the year	15,504
(9,606)	**Balance at 31 March**	**(9,234)**

Note 29 Capital Grants and Receipts Unapplied Account

The Capital Grants and Receipts Unapplied Accounts holds the grant and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and the financial year in which this can take place.

	2024/25 £000	2025/26 £000
Capital Grants		
Opening Balance	2,251	5,537
Prior year audit adjustment	298	-
Additions	4,417	3,081
Applied	(1,539)	(1,417)
Closing Balance	**5,427**	**7,201**
Interest on Revenue Balances	110	191
Total opening balance at 1 April	**2,251**	**5,537**
Total closing balance at 31 March	**5,537**	**7,392**

Note 30 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2024/25 £000	2025/26 £000
Interest Received	3,152	2,649
Interest Paid	(23,643)	(21,390)

Note 31 Cash Flow Statement - Investing Activities

	2024/25 £000	2025/26 £000
Purchase of property, plant and equipment, investment property and intangible assets	(45,092)	(65,730)
Other payments for investing activities	(1)	(9)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,724	385
Other receipts from investing activities	22,076	27,424
Net cash flows from investing activities	**(21,293)**	**(37,930)**

Note 32 Cash Flow Statement - Financing Activities

	2024/25 £000	2025/26 £000
Cash receipts of short-term and long-term borrowing	159,000	87,000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(1,875)	(1,960)
Repayment of short and long-term borrowing	(120,055)	(59,487)
Other payments/(receipts) for financing activities	(239)	(5,000)
Net cash flows from financing activities	**36,831**	**20,553**

Note 33 Reconciliation of Liabilities Arising from Financing Activities

	2025/26				
	Balance at 1 April	Financing Cash Flows	Changes which are not Financing Cash Flows		Balance at 31 March
			Acquisition	Other	
	£000	£000	£000	£000	£000
Long Term Borrowing	185,892	919	-	1	186,812
Short Term Borrowing	113,165	23,921	-	2,358	139,444
On balance sheet PFI liabilities	48,499	(1,538)	-	-	46,961
Finance Leases	11,710	(422)	-	1,027	12,315
Other deferred liabilities	272	11	-	-	283
Total Liabilities from Financing Activities	**359,538**	**22,891**	**-**	**3,386**	**385,815**

Note 34 External Audit Costs

The agreed total external audit fee for 2025/26 was £0.326m for work undertaken in accordance with the Code of Audit Practice (2024/25 £0.357m). This included fees of £0.007m for audit work performed on Connected Charity Trust Funds.

Note 35 Councillors Remuneration

Details of Councillors Remuneration can be found in the Remuneration Report.

Note 36 Grant Income and Contributions

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26.

	2024/25	2025/26
	£000	£000
Credited to Taxation and Non-Specific Grant Income		
General Revenue Grant	158,434	179,807
National Non Domestic Rate Income	67,225	58,101
Capital Grants and Contributions	21,147	26,575
Extended Producer Responsibility (EPR) grant	-	3,283
Total	**246,806**	**267,766**
Credited to Services		
Housing Benefit Subsidy	11,976	9,883
Central Government Bodies	5,595	4,644
Criminal Justice	1,606	1,820
Other Grants and reimbursements	987	5,144
NHS Grampian	12,521	12,043
Employability External SG funding	1,223	1,690
Shared Prosperity Funding	2,521	290
Home Energy Efficiency Programme Scotland	801	1,028
Pupil Equity Funding (PEF)	1,482	1,482
Moray Growth Deal	3,111	1,712
PPP Funding	2,219	2,221
Total	**44,042**	**41,956**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the giver.

The balances at the year-end are as follows:

	2024/25	2025/26
	£000	£000
Grants received in advance		
Capital Grants	5,271	5,900
Other Grants	498	588
Total	**5,769**	**6,488**

Note 37 Related Parties

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

The Scottish Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax Bills). Government grants and contributions are included in note 36. The amounts outstanding at the year-end are included in creditors in note 25.

Members of the Council have direct control over the Council's financial and operating policies. During 2025/26 no works or services were commissioned from companies in which any member had a noted interest. Details of members' expenses are included in the Remuneration Report.

Moray Integration Joint Board
The Moray Integration Joint Board was established on 1 April 2016 as a partnership between Moray Council and NHS Grampian and is responsible for planning and overseeing the delivery of a full range of community health and social work services including those for older people. In the year 2025/26 the following financial transactions were made with Moray Council relating to the integrated and social care functions:

Transactions with other bodies are as follows:

			Debtors/(Creditors)	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
NHS Grampian				
Funding received	377	175	43	135
Moray Integration Joint Board				
Funding received from MIJB	98,517	106,355	-	-
Contribution to MIJB	88,441	94,522	-	-
Grampian Valuation Joint Board				
Contribution to GVJB	826	889	-	-

During the year there were the following transactions between the Council and its subsidiaries:

	2024/25	2025/26
	£000	£000
Trust Funds	2	1
Common Good	66	57

Within the cash and cash equivalents balance as disclosed by the Council are a number of balances held on behalf of other bodies as follows:

	2024/25	2025/26
	£000	£000
Grampian Valuation Joint Board	1,709	1,651
Trust Funds	2,381	2,530
Common Good	4,143	4,223

The Council provided material financial assistance to Moray Leisure Limited of £0.557m in 2025/26 (£0.557m in 2024/25)

Note 37 Related Parties (cont.)

The Council participates in the following partnerships:

	2024/25	2025/26
	£000	£000
The Highlands and Islands Transport Partnership - contribution	47	47

Note 38 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2024/25	2025/26
	£000	£000
Opening Capital Financing Requirement	377,944	403,356
Capital Investment:		
Property, Plant and Equipment (incl Held for Sale)	57,875	63,376
Right of Use	-	1,113
Heritage Assets	-	-
Sources of Finance:		
Capital receipts	(2,430)	(684)
Government grants and other contributions	(16,730)	(23,705)
Sum set Aside from Revenue:		
Direct revenue contributions	(954)	(1,936)
Loans fund principal	(12,349)	(13,240)
Service Concession Arrangements	-	
Closing Capital Financing Requirement	**403,356**	**428,280**
Explanation of movements in year:		
Increase in underlying need to borrow (supported by government financial assistance)	25,412	24,924
Increase in Capital Financing Requirement	**25,412**	**24,924**

During 2025/26 the Council has recognised £25.395m of loans fund advances (2024/25 £15.375m).

Note 39 Capitalisation of Borrowing Costs

There was no capitalisation of borrowing costs during 2025/26 (2024/25 £nil).

Note 40 Leases

Council as Lessee

Right of Use Assets

The Council applies IFRS 16 Leases in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26. IFRS 16 requires the majority of leases where the Council acts as lessee to be recognised on the Balance Sheet as right-of-use assets and corresponding lease liabilities. Lessor accounting remains largely unchanged.

Under IFRS 16, the Council recognises a right-of-use asset and a corresponding lease liability at the commencement of each lease, except for leases that meet the exemption criteria. These include short-term leases (with a term of 12 months or less) and leases of low value assets (£6,000 or less). The Council has elected to apply these recognition exemptions.

As a lessee, the Council previously classified leases as operating or finance leases based on whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. Under IFRS 16, assets previously classified as operating leases are now recognised as right-of-use assets on the Balance Sheet, together with corresponding lease liabilities.

The table below shows the movement in the value of right-of-use assets held under leases by the Council and the associated lease liabilities.

	PPP	Land and Buildings	Vehicles Plant and Equipment	Total
Cost of Valuation	**£000**	**£000**	**£000**	**£000**
At 1 April 2025				
Recognition of Right of Use Assets	94,105	-	-	94,622
Additions	5	1,101	20	1,126
Revaluation decreases	7,309	-	-	7,367
Depreciation charge	(3,561)	(16)	(84)	(3,661)
Value at 31 March 2026	**97,858**	**1,345**	**251**	**99,454**

	2024/25	2025/26
Finance Lease Liabilities	**£000**	**£000**
Not later than one year	1,653	1,745
Later than one year and not later than five years	9,091	9,540
Later than five years	49,464	47,989
Total Liabilities	**60,208**	**59,274**
Analysed by:-	**£000**	**£000**
Current	1,653	1,745
Non-Current	58,555	57,529
	60,208	**59,274**

Note 40 Leases (cont.)

Right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments recognised in the Balance Sheet. Lease liabilities are measured at the present value of future lease payments, discounted using the Council's incremental borrowing rate.

For leases of low value assets and short-term leases, the Council does not recognise right-of-use assets or lease liabilities. Payments associated with these leases are charged to revenue on a straight-line basis over the lease term.

Council as Lessee

PPP, Finance Leases and Other Liabilities

The Council continues to recognise right-of-use assets and associated lease liabilities for arrangements previously classified as operating leases.

Leases that substantially transfer the risks and rewards of ownership of a non-current asset to the Council are accounted for as finance leases. The asset is recognised within non-current assets at the lower of its fair value or the present value of the minimum lease payments. The corresponding liability is recorded within creditors. Lease payments are apportioned between:

- a capital element, which reduces the outstanding liability; and
- an interest element, which is charged to revenue over the term of the lease.

		2024/25	2025/26
Short Term Creditors	**Note**	**£000**	**£000**
PPP Education	41	1,538	1,581
Right of Use Assets	40	115	164
		1,653	**1,745**
Other Long Term Liabilities			
PPP Education	41	46,961	45,377
Right of Use Assets	40	11,594	12,152
		58,555	**57,529**

Council as Lessor
Lessor accounting remains substantially unchanged under IFRS 16.

Operating Leases

Where the Council grants an operating lease, the asset is retained on the Balance Sheet. The Council leases out various properties, predominately industrial units.

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

	2024/25 £000	2025/26 £000
Not later than one year	17	42
Later than one year and not later than five years	47	150
Later than five years	1,304	1,331
Total	**1,368**	**1,523**

Note 41 Public Private Partnership and Similar Contracts

Public Private Partnership (PPP) and similar contracts are agreements to receive services, where responsibility for making available the property, plant and equipment needed to provide those services passes to the contractor. As the Council is deemed to control the services that are provided under its scheme and as ownership of the property, plant and equipment will pass to the Council at the end of the contract for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on cost to purchase property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the contractor each year are analysed into five elements:

- fair value of services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- finance cost - an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is currently 8.39% for the Elgin Academy/Keith Primary School PPP scheme and 5.67% for the Elgin High School Design, Build, Finance and Maintain (DBFM) contract.
- payment towards liability - applied to write down the Balance Sheet liability towards the operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- lifecycle replacement costs - debited to the relevant service in the Comprehensive Income and Expenditure Statement or recognised as additions to Property, Plant and Equipment when the relevant capital works are carried out.

Educational Services PPP Scheme
In 2011/12, the Council entered into a 30 year PPP contract for the construction, maintenance and operation of two schools in Keith and Elgin. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition. The annual unitary charge in 2025/26 was £5.971m (2024/25 £5.850m).

Educational Services DBFM Contract
In 2017/18, the Council entered into a 25 year DBFM contract for the construction, maintenance and operation of a new school in Elgin. The contractor took on the obligation to construct the school and maintain it in a minimum acceptable condition. The Annual Service Charge in 2025/26 was £2.730m (2024/25 £2.705m).

Note 41 Public Private Partnership and Similar Contracts (cont.)

Property, Plant and Equipment

	2024/25 £000	2025/26 £000
Cost or valuation		
at 1 April	96,495	99,421
Additions	11,457	773
Revaluations	(8,531)	4,514
	99,421	**104,708**
Accumulated Depreciation		
At 1 April	3,449	5,316
Revaluations	(2,102)	(2,794)
Depreciation charge	3,969	3,561
	5,316	**6,083**
Net Book Value	**94,105**	**98,625**

Payments
Under the contracts the Council makes agreed payments each year which are increased by inflation. They can be reduced if the contractors fail to meet availability and performance standards in any year but are otherwise fixed. Payments remaining to be made under the contract at 31 March 2026 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2026/27	1,184	1,581	3,377	6,142
Payable within 2 to 5 years	4,735	7,471	12,331	24,537
Payable within 6 to 10 years	5,918	12,974	11,981	30,873
Payable within 11 to 15 years	5,918	18,644	6,483	31,045
Payable within 16 to 20 years	1,307	6,291	504	8,102
Total	**19,062**	**46,961**	**34,676**	**100,699**

Although the payments made to the contractors are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the contractors for capital expenditure incurred is as follows:

Note 41 Public Private Partnership and Similar Contracts (cont.)

	2024/25 £000	2025/26 £000
Balance outstanding at start of year	50,008	48,499
Payments during the year	(1,509)	(1,538)
Capital expenditure incurred in the year	-	-
Other Movements	-	-
Balance outstanding at year-end	**48,499**	**46,961**

Note 42 Pension Schemes Accounted for as Defined Contribution Schemes

The Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary.

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme administered by the Scottish Public Pensions Agency (SPPA), an executive agency of the Scottish Government. It is a defined benefit scheme providing teachers with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the scheme at a level to meet the cost of pensions as they accrue. It is not possible, however, for the Council to identify a share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of the annual accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26 the Council paid £13,567m in respect of teachers' retirement benefits, of which £1.149m was outstanding at 31 March 2026. The amount payable represents 26% of pensionable pay. In 2024/25 the Council paid £13.330m in respect of teachers' retirement benefits, of which £1.125m was outstanding at 31 March 2025. The amount payable represents 23% of pensionable pay

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' Scheme.

Note 43 Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in one scheme:

- The North East Scotland Local Government Pension Scheme (NESPF) which is administered by Aberdeen City Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets over a period of time.

There are also arrangements in place for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

Principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute.

Note 43 Defined Benefit Pension Schemes (cont.)

Transactions Relating to Post-employment Benefits

In relation to the Local Government Pension Scheme, the Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The transactions in the following table have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Virgin Media Pension Case – Potential Impact on LGPS

In June 2023, the High Court ruled in the case of *Virgin Media Limited v NTL Pension Trustees II Limited and others* that certain historical amendments to pension schemes made without the required actuarial confirmation under regulation 42 of the Contracting-out Regulations 1996 were invalid. This decision was upheld by the Court of Appeal in July 2024. While the case concerned a private occupational pension scheme, its implications for public service schemes, including the LGPS, remain uncertain.

The Government has acknowledged the potential impact and confirmed its intention to legislate to retrospectively validate affected amendments. Draft amendments to the Pension Schemes Bill were published on 2 September 2025, but the final timing of the legislation coming into force remains uncertain. There has also been no formal legal clarification on whether the Virgin Media judgment applies directly to the LGPS. The Scheme Advisory Board has engaged with the Government, and the Government Actuary's Department has been reviewing historical records, although no complete set of section 37 certificates has been identified. HM Treasury has indicated that it does not believe the judgment applies to public service schemes, though this view is not universally accepted.

Management has applied judgement in concluding that no adjustments have been made to the defined benefit obligation in these financial statements, pending legal clarification. The potential impact cannot be reliably quantified at this stage due to the absence of complete historical data and the ongoing legislative process. Management does not consider the issue to be material to the financial position of the employer at this time, but this will be kept under review.

Note 43 Defined Benefit Pension Schemes (cont.)

Local Government Pension Scheme 2024/25 £000	Teachers Pension Scheme 2024/25 £000		Local Government Pension Scheme 2025/26 £000	Teachers Pension Scheme 2025/26 £000	Total 2025/26 £000
		Comprehensive Income and Expenditure Statement Cost of Services:			
16,083	-	Current Service Cost	12,745	-	12,745
44	-	Past Service Cost	129	-	129
-	-	Curtailment Cost	-	-	-
-	-	Settlement Cost	-	-	-
-	-	Administration Expenses	-	-	-
16,127	-		12,874	-	12,874
		Financing and Investment Income and Expenditure:			
(9,234)	120	Net Interest Expense	(15,739)	141	(15,598)
9,503	-	Interest on asset ceiling	16,070	-	16,070
16,396	**120**	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**13,205**	**141**	**13,346**
		Other Post Employment Benefit Charged to the CIES			
		Remeasurement of the net defined benefit liability comprising:			
7,432	-	Return on plan assets	(6,381)	-	(6,381)
(87,766)	(159)	Actuarial gains/(losses) arising from changes in financial assumptions	(20,513)	(46)	(20,559)
7,101	22	Actuarial losses arising from demographic changes	2,708	9	2,717
80,840	-	Change in effect of the asset ceiling	21,535	-	21,535
(11,328)	264	Other	4,455	18	4,473
12,675	**247**	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**15,009**	**122**	**15,131**
		Movement in Reserves Statement			
(16,396)	(120)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	(13,205)	(141)	(13,346)
		Actual amount charged against the General Fund Balance for pensions in the year:			
14,851	284	Employers' contributions payable to scheme	14,545	264	14,809

Note 43 Defined Benefit Pension Schemes (cont.)

Assets and Liabilities Recognised in the Balance Sheet

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

Local Government Pension Scheme 2024/25 £000	Teachers Pension Scheme 2024/25 £000		Local Government Pension Scheme 2025/26 £000	Teachers Pension Scheme 2025/26 £000	Total 2025/26 £000
(539,610)	(2,555)	Present Value of the defined benefit obligation	(545,022)	(2,414)	(547,436)
816,835	-	Fair value of plan assets	853,064	-	853,064
277,225	(2,555)	Net Asset/(Liability) (unadjusted)	308,042	(2,414)	305,628
(284,276)	-	Asset ceiling adjustment for economic benefit	(314,862)	-	(314,862)
(7,051)	**(2,555)**	**Net Asset/(Liability)**	**(6,820)**	**(2,414)**	**(9,234)**

IAS 19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The Council has applied the asset ceiling test as prescribed by IFRIC 14 which limits the measurement of the defined benefit asset to the ‘present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.’ The pension asset can be recognised as the lower of the net pension asset or the present value of any economic benefits available. The Council’s actuaries undertook this assessment and the asset value in the accounts has reduced as the present value of the benefits available were lower than the pension asset.

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

Local Government Pension Scheme 2024/25 £000	Teachers Pension Scheme 2024/25 £000		Local Government Pension Scheme 2025/26 £000	Teachers Pension Scheme 2025/26 £000	Total 2025/26 £000
600,038	2,592	Opening Balance at 1 April	533,807	2,555	536,362
16,083	-	Current Service Cost	12,745	-	12,745
29,217	120	Interest Cost	30,783	141	30,924
5,730	-	Contributions from scheme participants	5,975	-	5,975
		Remeasurement (gains)/losses:			
(87,766)	(159)	Actuarial (gains)/losses arising from changes in financial assumptions	(20,513)	(18)	(20,531)
7,101	22	Actuarial (gains)/losses arising from demographic changes	2,708	-	2,708
(11,328)	264	Other	4,455	-	4,455
44	-	Past Service Cost	129	-	129
-	-	(Gains)/Losses on curtailment/settlements	-	-	-
(19,509)	(284)	Benefits paid	(25,067)	(264)	(25,331)
539,610	**2,555**	Closing Balance at 31 March	**545,022**	**2,414**	**547,436**

Note 43 Defined Benefit Pension Schemes (cont.)

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

Local Government Pension Scheme 2024/25 £000	Teachers Pension Scheme 2024/25 £000		Local Government Pension Scheme 2025/26 £000	Teachers Pension Scheme 2025/26 £000	Total 2025/26 £000
784,744	-	Opening fair value of scheme assets	804,013	-	804,013
38,451	-	Interest Income	46,522	-	46,522
		Remeasurement Gains:			
(7,432)	-	The return on plan assets, excluding the amount in the net interest expense	6,381	-	6,381
14,851	284	Contributions from employer	15,240	264	15,504
5,730	-	Contributions from employees into the scheme	5,975	-	5,975
(19,509)	(284)	Benefits paid	(25,067)	(264)	(25,331)
-	-	Other - administration expenses	-	-	-
816,835	**-**	**Closing fair value of scheme assets**	**853,064**	**-**	**853,064**
(90,343)	-	**Effect of the Asset Ceiling**	(37,605)	-	(37,605)
726,492	**-**	**Adjusted Closing Fair Value of Scheme Assets**	**815,459**	**-**	**815,459**

Asset Ceiling

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions.

The closing position at 31 March 2026 is a net asset of £314,862 million (net asset of £284,276 at 31 March 2025) before any adjustment for the asset ceiling. The council's chosen methodology assumes that it has no unconditional right to a refund from the Fund and therefore there is no economic benefit available as a refund. The methodology assumes that economic benefit is available to the council as a reduction in future contributions; the asset ceiling therefore reflects the economic benefit that may be achieved through future contributions and has been calculated on this basis. The economic benefit available as a reduction in future contributions cannot be negative and is therefore restricted to the size of the net asset.

The impact of the asset ceiling is shown in the table below:

	2024/25 £000	2025/26 £000
Opening impact of asset ceiling	193,933	277,257
Interest on impact of asset ceiling	9,503	16,070
Actuarial losses/(gains)	80,840	21,535
Closing impact of asset ceiling	**284,276**	**314,862**

Note 43 Defined Benefit Pension Schemes (cont.)

Local Government Pension Scheme assets comprised:

	Fair Value of Plan Assets 2024/25 £000	%	Fair Value of Plan Assets 2025/26 £000	%
Equity Securities				
Other	449,758.3	55%	449,202.6	53%
Debt Securities				
UK Government	51,833.0	6%	51,651.4	6%
Other	11,170.8	1%	11,624.0	1%
Private Equity				
All	57,576.0	7%	57,682.6	7%
Real Estate				
UK Property	54,900.6	7%	54,517.1	6%
Overseas Property	3,295.4	1%	2,727.7	1%
Investment Funds and Unit Trusts				
Bonds	87,822.4	11%	96,849.3	11%
Infrastructure	66,400.3	8%	65,160.4	8%
Other	-		-	
Derivatives				
Other	15,697.4	2%	15,080.1	2%
Cash and Cash Equivalents				
All	18,380.8	2%	48,568.8	6%
Totals	**816,835.0**		**853,064.0**	

Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit method and assets are measured at their fair value. An estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates, salary levels, etc.

The most recent actuarial valuation was carried out as at 31 March 2026 and has been updated by Mercer Limited, independent actuaries to the North East Scotland Pension Fund (NESPF), to take account of the requirements of IAS 19 in order to assess the liabilities of the Pension Funds as at 31 March 2026. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Unfunded Liabilities Discretionary Benefits	
	2024/25	**2025/26**	**2024/25**	**2025/26**
Mortality Assumptions:				
Longevity at 65 for current pensioners				
Men	20.9	21.3	20.9	21.3
Women	23.3	23.5	23.3	23.5
Longevity at 65 for future pensioners				
Men	22.2	23.5	-	-
Women	25.1	25.2	-	-
Rate of Inflation	2.75%	3.00%	2.80%	3.00%
Rate of increase in salaries	4.25%	4.50%	4.20%	0.00%
Rate of increase in pensions	2.75%	3.00%	2.75%	1.00%
Rate for discounting scheme liabilities	5.80%	6.30%	5.80%	6.30%

Note 43 Defined Benefit Pension Schemes (cont.)

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant.

	Increase in Assumption	Decrease in Assumption
	£000	£000
Impact on the Defined Benefit Obligation in the Scheme		
Longevity (increase of 1 year in life expectancy)	2	(2)
Rate of inflation (increase or decrease by 0.1%)	4	(4)
Rate of increase in salaries (increase or decrease by 0.1%)	-	-
Rate of increase in pensions (increase or decrease by 0.1%)	1	(1)

Funding Strategy Statement

The Funding Strategy Statement sets out how the administering authority balances the potentially conflicting aims of affordability of contributions, transparency of process, stability of employers' contributions and prudence in the funding basis.

The Pensions Committee's long-term funding objective is to achieve and maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis. The current actuarial valuation of the Fund is effective as at 31 March 2020 and the results indicate that overall the assets represented 103% of projected accrued liabilities at the valuation date.

Investments that would most closely match the pension liabilities would be gilts, predominately index-linked, reflecting the nature of the Fund's liabilities. The Fund, however, invests in other assets in the expectation that these will provide higher returns albeit without any guarantee that higher returns will be achieved over any particular period. The benefit of higher investment return is that, over the long term, a higher level of funding should achieve lower employer contribution rates. However the additional investment returns from growth assets come with a price: greater volatility relative to the liabilities thus introducing risk. There is a trade-off between the benefits of additional investment return from greater exposure to growth assets and the greater predictability from having greater exposure to liability matching assets.

The asset proportions of the Fund at 31 March 2026, with March 2025 in brackets were: equities, including alternatives 78% (81%), bonds 7% (8%), property 8% (8%) and cash 1% (2%) and derivatives 2% (2%).

Impact on the Council's Cash Flows

While the Fund's main objective is to ensure solvency of the NESPF they also aim to keep employers' contributions at as constant a rate as possible. Following the 2023 valuation the Pensions Committee has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over an average surplus spread period of 13 years and have approved an employer contribution rate requirement of 14.3% for local authorities across the scheme from 1 April 2024. During the valuation process employer rates are set for a period of three years. The latest triennial valuation was as at 31 March 2023 to determine a funding level and set the rates for 2024/25 onwards.

The employer contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2026 is £14.545m.

Note 44 Contingent Liabilities

Bilbohall South Land
On 30 March 2016 the Council decided to remove the Western Link Road from the capital plan. Due to the cancellation of this project, the Council will be unable to comply with the terms of the purchase agreement with Grampian Housing Association (GHA) to buy land at Bilbohall South in Elgin. As a result, the Council may have to re-purchase this site. This presents a potential financial risk to the Housing Revenue Account (HRA).

Both the Council and GHA agreed to alter the missives to extend the buy-back period until 31 March 2024. In agreeing to the extension to the buy-back period both parties sought consent of the Scottish Government. A masterplan for development of a wider area at Bilbohall has been finalised and a planning application was approved on 23 March 2021. After a prolonged tender period, a single bid was received with clarifications. HUB North were appointed as Employers Agent, however were unsuccessful in their discussions with the contractor to resolve the clarifications and arrive at a fixed price Design and Build contract that is acceptable to all parties.

More Homes Board considered procurement options on 11 May 2023 and approved re-engagement with the previous design team to develop a denser, more commercial layout using the consented road structure, and bring the design to RIBA4 to minimise inclusion of amounts to cover risk in a future tender. The development continues to feature prominently in the Strategic Housing Investment Plan approved in November 2023, with high priority for allocation of Scottish Government More Homes Division Funding. A planning application for 106 units was approved on 22 October 2024, pending reassessment of the Section 75 Agreement, but the tender exercise intended to follow was paused as SSEN advised of a constraint on electrical supply to the site until 2030. Following high level engagement between the Council and SSEN, an alternative supply has been found resulting in a site start during spring 2026.

Energy from Waste Project
The Energy from Waste (EfW) facility at Ness formally moved into operation on 12 December 2023. The Council was a minority partner in a project carried out in collaboration with Aberdeen City (Lead Partner) and Aberdeenshire Councils, to procure an EfW facility that will deal with all residual waste from the three authorities.

Due to a material breach of contract by the operator, a notice of termination was issued by the Lead Partner to the operator. The notice of termination took effect in December 2025. Responsibility for the current running and operation of the plant has been transferred to a new operator whilst plans for the long-term operation of the plant are finalised. The Lead Partner shall be seeking damages from the terminated operator, these are yet to be fully quantified, and a counter claim(s) is expected from the former operator.

Building Dilapidations
The Council leases a number of buildings which will required to be returned to their original leased condition at the end of the lease. Every attempt is made to maintain leased buildings in reasonable order, however, the Council has a potential liability to incur re-instatement costs where the condition has deteriorated below that of the original state, the extent of which cannot be reliably estimated.

Scottish Child Abuse Enquiry
Survivors of Historic Child Abuse in Care have the option of pursuing claims through civil proceedings and where the historical care provision crossed current local authority boundaries, any potential financial liability arising from such proceedings will be subject to agreement on a case by case basis amongst the local authorities concerned. It is therefore not possible to quantify any future claims.

Asbestos Related Illness
The Council is aware of two claims for asbestos related illness and is aware of others which may be pursued at a later date. Work is currently ongoing with other neighbouring Local Authorities on the detail of these. At the moment the extent of any costs to the Council is unknown but could be significant.

Dallachy landfill site
The Dallachy landfill site ceased to accept landfill waste on 28 March 2025. The final cell of the site was capped in July 2025 as part of operator compliance with the site now entering the monitoring phase. Moray Council has an obligation to monitor the site for until no longer deemed an environmental concern. An estimated value of any monitoring costs could not be reliably measured as at the time of preparing the accounts.

Note 45 Nature and Extent of Risks Arising From Financial Instruments

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

- credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The procedures for risk management are set out through a legal framework based on the Local Government (Scotland) Act 2003 and associated regulations, which were both revised in December 2017. These require the Council to comply with CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management and Investment Regulations. The Council's management of treasury risks are structured to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services by:

- formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- the adoption of a Treasury Management Strategy Statement and incorporating this into the Council's Financial Regulations;
- approving annually in advance the Council's prudential and treasury indicators and reporting on performance;
- approving an Investment Strategy for the forthcoming year.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks, building societies and Money Market Funds whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

The credit criteria in respect of financial assets held by the Council at 31 March 2026 are detailed below.

Financial Asset Category	Criteria
Banks	Long-Term BBB+
Building Societies	Long-Term BBB+
Money Market Funds	Long-Term AAAmmf (Fitch) or equivalent

The maximum investment with the Council's own bankers (Bank of Scotland) is £10m and other organisations meeting the above criteria is £5m.

In addition to the above, the Council can also invest in Local Authorities and the Debt Management Office. A limit of £5m is set for any Local Authority and there is no limit for the Debt Management Office as it is part of HM Treasury which has the UK Government's AA+ rating.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

	Estimated maximum exposure to default and uncollectability 2025	Amounts at 31 March 2026	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 26	Estimated maximum exposure to default and uncollectabilit y
	£000	£000	%	%	£000
Customers	4,410	4,749	29.29	29.29	1,391
Total	**4,410**	**4,749**			**1,391**

Note 45 Nature and Extent of Risks Arising from Financial Instruments (cont.)

Debtors
The Council does not generally allow credit for customers. As a result, £3.290m of the £4.749m balance is past its due date for payment (2024/25 £4.174m). The past due but not impaired amount can be analysed by age as follows:

	2024/25	2025/26
	£000	£000
Less than six months	2,202	1,846
Six months to one year	849	554
More than one year	1,175	1,501
Total	**4,226**	**3,901**

The impairments made, analysed by age are as follows:

	2024/25	2025/26
	£000	£000
Less than six months	-	
Six months to one year	425	277
More than one year	1,175	1,501
Total	**1,600**	**1,778**

Liquidity Risk
The Council can borrow from the Public Works Loan Board. As a result, there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

Although the Council has 37.23% of its current debt maturing within the period 2051/52 to 2076/77, it is continually reviewing its borrowing position to minimise the financial impact of debt maturing at any one time in the future and possibly exposing the Council to unfavourable interest rates. With the assistance of its treasury advisers, the Council manages this risk through prudent planning of new loans taken out where economic to do so.

The maturity structure of financial liabilities is as follows (at nominal value):

	2024/25	2025/26
	£000	£000
Repayment less than 1 year	113,165	139,444
Repayment between 1 and 2 years	19,086	30,116
Repayment between 2 and 5 years	27,689	27,385
Repayment between 5 and 10 years	37,836	37,836
Repayment between 10 and 15 years	9,731	7,490
Repayment in more than 15 years	91,550	58,990
	299,057	**301,261**

The above figures are the contractual maturity amounts of the loans.

Note 45 Nature and Extent of Risks Arising from Financial Instruments (cont.)

Market Risk

Interest Rate Risk

The Council is exposed to interest rate risk in two different ways: the first being the uncertainty of interest paid/received on variable rate instruments and the second being the effect of fluctuations in interest rates of the fair value of an instrument.

The current interest rate risk for the Council is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Comprehensive Income and Expenditure Statement.
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost but will impact on the disclosure note for fair value.
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance sheet for the majority of liabilities held at amortised cost but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk:

- It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 25% of total borrowing.
- During periods of falling rates and where it is economically advantageous, the Council will consider the repayment or restructuring of fixed interest rate loans.
- The Council monitors interest rates daily to assist in decisions for lending of surplus cash and new borrowings.

The Council has a strategy for assessing interest rate exposure. The analysis will advise whether new borrowing taken out is fixed or variable. During 2025/26 the Council did take out several variable rate temporary borrowing loans.

According to this assessment strategy, at 31 March 2026, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	2024/25	2025/26
	£000	£000
Increase in interest payable on variable rate borrowing	995	1,038
Impact on Comprehensive Income and Expenditure Statement	**995**	**1,038**

Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost for the year ended 31 March 2026 of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. Councils 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.

2024/25 £000		2025/26 £000
	Income	
(24,988)	Dwelling Rents	(27,043)
(196)	Non Dwelling Rents	(198)
(731)	Other Income	(889)
(25,915)	**Total Income**	**(28,130)**
	Expenditure	
6,226	Supervision and Management	6,153
10,814	Repairs and Maintenance	12,009
183	Bad and Doubtful Debts	294
11,832	Depreciation and Impairment of Non-Current Assets	10,767
-	Revaluation losses on Non-Current Assets	152,329
110	HRA Share of Corporate and Democratic Core Costs	87
584	Other Expenditure	643
29,749	**Total Expenditure**	**182,282**
3,834	**Net Cost of HRA Services**	**154,152**
-	(Gain)/loss on sale of HRA non-current assets	-
5,509	Interest Payable and Similar Charges	5,289
(458)	Interest and Investment Income	(432)
8	Net Interest on the Defined Benefit Liability	10
(5,712)	Capital Grants and Contributions Receivable	(7,335)
3,181	**(Surplus)/Deficit for the Year on HRA Services**	**151,684**

Movement on the Housing Revenue Account Statement

2024/25 £000		2025/26 £000
3,181	**(Surplus)/Deficit for the Year on the HRA Income and Expenditure Account**	151,684
(6,324)	Adjustments to Usable Reserves permitted by Accounting Standards	(6,114)
	Adjustments between accounting basis and funding basis under regulations	
96	Difference between interest payable and similar charges determined in accordance with the Code and those determined in accordance with statute	99
-	Gain or loss on sale of HRA non-current assets	-
695	Capital expenditure funded by the Housing Revenue Account	1,936
(66)	HRA share of contributions to/(from) the Pensions Reserve	44
(25)	Employee Statutory Adjustment Account	(111)
	Transfers to/from the Capital Adjustment Account:	
(5,508)	Depreciation and Impairment of Non-Current Assets	(4,653)
-	Revaluation losses on Property, Plant and Equipment	(152,329)
2,169	Loans fund principal repayments	2,787
5,712	Capital Grants applied	7,335
(70)	**Net Decrease Before Transfers to Reserves**	**678**
	Transfers to/(from) Reserves	
106	IORB and Statutory Funds	91
(682)	Transfers to / (from) Reserves	(786)
(576)		**(695)**
(646)	**(Increase)/decrease in the year on the HRA**	**(17)**
(1,587)	**Housing Revenue Account Balance Brought Forward**	**(2,233)**
(2,233)	**Housing Revenue Account Balance Carried Forward**	**(2,250)**

Notes to the Housing Revenue Account

1. Number and Type of Dwelling House

The Council dwelling house stock as at 31 March was as follows:-

		2024/25 Number of Dwellings	2025/26 Number of Dwellings
Bedsit	Houses and Bungalows	20	20
	Flats and Maisonettes	24	24
1 bedroom	Houses and Bungalows	1,079	1,082
	Flats and Maisonettes	740	749
2 bedroom	Houses and Bungalows	2,249	2,265
	Flats and Maisonettes	693	694
3 bedroom	Houses and Bungalows	1,311	1,324
	Flats and Maisonettes	99	99
4 or more bedroomed	Houses and Bungalows	185	188
	Total	**6,400**	**6,445**

2. Rent Arrears

The total rent arrears, including rents outstanding from former tenants, as at 31 March 2026 was £0.772m which is 2.83% of gross rental income. This is equivalent to £119.79 per house (2024/25 £0.720m, 2.88%, £112.50).

3. Impairment of Debtors

The provision for uncollectable debts has increased by £0.121m (increase in 2024/25 £0.019m). The total provision for uncollectable debts including rechargeable repairs is £0.521m (2024/25 £0.400m).

4. Voids

The loss of rental on void properties for the year was £0.193m (2024/25 £0.189m).

Council Tax Income Account

The Council Tax Income Account (Scotland) shows the gross income raised from Council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

On 1 April 1993, the Council Tax replaced the Community Charge. It is a property based tax which relates to the capital value of domestic properties at 1st April 1991, as determined by the Assessor, with each property being placed in a Valuation Band, between A and H. The Assessor publishes a Valuation List which contains information on each property and the band to which it has been assigned. All properties in the Valuation List are liable for Council Tax, but some may be exempt from payment or may attract a discount depending on whether they are unoccupied, the number of persons in occupation and/or the status of the person(s) resident.

2024/25 £000		2025/26 £000
68,213	**Council Tax Levied and Contributions in Lieu**	75,578
	Deduct:	
(4,335)	Local Council Tax Reduction Scheme	(4,776)
(10,036)	Other discounts and reductions	(11,265)
53,842	**Total for Year**	**59,537**
(57)	Council Tax adjustment in respect of prior years	(66)
(1,232)	Allowance for impairment of uncollectable debts	(1,507)
52,553	**Transfers to General Fund**	**57,964**

Council Tax Levy

In order to encourage empty home owners to bring their properties back into use to increase the supply of housing in Scotland, the Scottish Government introduced the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012. This legislation allowed Councils to remove the discount for Council Tax on certain types of unoccupied homes and to increase the level of Council Tax payable on these properties.

New powers came into effect on 1 April 2013 and Moray Council decided to use these new powers to introduce an Additional Council Tax Charge on all Long Term Empty properties (i.e. properties which have been unoccupied for more than twelve months). This Additional Council Tax Charge was set at 50% from 1 April 2014, rising to 100% from 1 April 2015. It remains a 100% Additional Council Tax Charge.

Council Tax Second Home Premium

From 1 April 2024, local authorities received the discretion to increase by up to 100% the Council Tax charge on properties defined as Second Homes (i.e. properties which are no person's residence but are occupied in excess of 25 days per annum). This new power was contained in The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023.

Moray Council, following consideration by the Corporate Committee on 30 January 2024 of the report Proposed 100% Additional Council Tax Premium on Second Homes, chose to impose a 100% Additional Council Tax Premium on all Second Homes.

Cumulative Impact

In 2025/26 Moray Council collected £1.670m (2024/25 £1.476m) from the implementation of its policies on the 100% Additional Council Tax Charge and 100% Additional Council Tax Premium.

Notes to the Council Tax Income Account

Calculation of Council Tax Base
Number of Dwellings

	Number of Dwellings	Number of Exemptions	Discounts Disabled relief	Discounts 25%	Discounts Other	Total Equivalent Dwellings	Ratio to Band D	Band D Equivalent
Band A (dbr)*	-	-	22	(3)	-	19	5/9	11
Band A	11,993	(800)	(1)	(1,587)	(220)	9,386	6/9	6,257
Band B	10,687	(511)	11	(1,117)	(162)	8,908	7/9	6,929
Band C	7,421	(417)	18	(634)	(144)	6,245	8/9	5,551
Band D	7,044	(527)	4	(469)	(89)	5,963	9/9	5,963
Band E	6,874	(253)	(25)	(347)	(65)	6,185	473/360	8,126
Band F	2,601	(78)	(22)	(95)	(24)	2,382	585/360	3,871
Band G	744	(23)	(7)	(25)	(18)	671	705/360	1,314
Band H	107	(54)	-	(1)	(7)	45	882/360	110
	47,471	**2,663**	**-**	**(4,277)**	**(728)**	**39,804**		**38,132**

Add: Contributions in Lieu	958
Less: Provision for non-collection	(586)
Council Tax Base 2025/26	**38,504**

* Band A (dbr) - properties with disabled relief band reduction

Calculation of Council Tax

In 2025/26, the charges for each band were as follows:

Band	Property Value £	Number of Properties	Council Tax Charge £
A	27,000 or under	9,405	£1,049.17
B	27,001 - 35,000	8,908	£1,224.04
C	35,001 - 45,000	6,245	£1,398.90
D	45,001 - 58,000	5,963	£1,573.76
E	58,001 - 80,000	6,185	£2,067.75
F	80,001 - 106,000	2,382	£2,557.36
G	106,001 - 212,000	671	£3,081.95
H	Above 212,000	45	£3,855.71

Non-Domestic Rate Account

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

The occupiers of non-domestic properties are liable to pay rates which are assessed on their property's rateable value. Each property is assigned a rateable value by the Assessor, which is published in the Valuation Roll. The Non-Domestic Rate poundage, which is used to calculate the amount of rates payable, is set by Scottish Government Ministers.

In 2025/26 the rate poundage was 49.8p (unchanged from 2024/25). In 2025/26 the rate poundages payable by properties with a rateable value in excess of £0.051m was increased by the levy of additional rates: properties with rateable values in excess of £0.051m and up to £0.100m attracted an Intermediate Property Rate of 5.6p (increased by 0.9p from the previous year); properties with rateable values in excess of £0.100m incurred a Higher Property Rate of 7.0p (increased by 0.9p from the previous year).

In 2025/26 the Small Business Bonus Scheme remained unchanged. Single properties with a rateable value of up to £0.012m qualified for 100% relief. For single properties with a rateable value of over £0.012m but not exceeding £0.015m a reduction on a sliding scale decreasing to 25% is available, and for those with a rateable value exceeding £0.015m but not exceeding £0.020m relief deceases from just under 25% to 0%. Separate qualifying criteria apply to multiple properties with a cumulative rateable value of up to £0.03m.

The rates collected from non-domestic ratepayers during the year are shown below. Any difference between the rates collected and the amount the Council is guaranteed to receive under the National Pooling arrangements is adjusted via the General Revenue Grant paid by the Scottish Government to the Council.

The Scottish Government introduced the Non-Domestic Rates Incentivisation Scheme (NDRIS), previously known as Business Rates Incentivisation Scheme (BRIS), from April 2012 to encourage local authorities to maximise their existing business rates income and encourage new business start-up. It set a target for each local authority which can retain 50% of any additional income above the target. The NDRIS scheme recommenced in 2023/24, having been suspended for the years 2020/21, and 2021/22 and 2022/23 due to the impact of COVID-19. The last NDRIS distribution being for growth in 2019/20. Following the change in the revaluation timetable from 5 years to 3 years and to provide further incentivisation, Ministers decided that the benefit from growing the NDR tax base should be extended over two revaluation periods rather than the previous one. The NDRIS target for Moray Council in 2025-26 is a 0.9% increase in the Non-Domestic Rates tax-base, and the Provision Target for 2026-27 is also 0.9%.

2024/25 £000		2025/26 £000
79,000	**Gross Rates Levied**	77,526
	Deduct:	
(9,479)	Reliefs and Other Deductions	(9,971)
(371)	Payment of interest	(358)
(53)	Write-offs of uncollectable debts and allowance for impairment	(34)
69,097	**Net Non-Domestic Rate Income**	**67,163**
(10,492)	Adjustments to previous years' National Non-Domestic Rates	(7,389)
58,605		**59,774**
-	Business Rates Incentivisation Scheme (BRIS) retention	(66)
8,620	Contribution (to)/from National Pooling	(1,673)
67,225	**Guaranteed Rate Income**	**58,035**
-	BRIS retention	66
67,225	**Amount credited to the Comprehensive Income and Expenditure Statement**	**58,101**

Notes to the Non-Domestic Rate Account

Analysis of Rateable Values and Numbers of Entries at 1 April 2025

	Number of Entries	2025/26 Rateable Value £000
Shops	915	18,350
Public Houses	57	1,025
Offices (including Banks)	497	6,137
Hotels, Boarding Houses, etc.	107	2,970
Industrial and Freight Transport Subjects	1,352	65,218
Leisure, Entertainment Caravans and Holiday Sites	856	4,796
Garages and Petrol Stations	116	1,555
Cultural	19	217
Sporting Subjects	557	1,241
Education and Training	82	8,543
Public Service Subjects	270	21,526
Communications (Non-Formula)	18	1,630
Quarries, Mines, etc.	35	496
Petrochemical	5	664
Religious	155	1,405
Health Medical	50	2,294
Other	437	733
Care Facilities	47	2,010
Advertising	18	34
Undertaking	25	6,632
	5,618	**147,476**

Trust Funds

The Council administers 37 trust funds, acting as sole trustee for 33 trusts and as one of several trustees for a further 4 funds. These accounts do not represent a charge to Council Tax payers but form part of the statutory reporting requirements of the Council. They represent funds set up by various individuals and organisations for the benefit of the community or organisations within the Moray area.

The statements below summarise the trust funds' income and expenditure for the year and the funds' assets and liabilities at 31 March 2026.

Trust Reorganisation

The Council undertook a review of its trusts, in consultation with the Office of the Scottish Charities Regulator (OSCR), and restructured its charitable trusts in order to create a smaller number of trusts with improved governance arrangements and with the opportunity to maximise the use of these resources to the benefit of the citizens of Moray. In August 2016, The Moray Council Charitable Trust (TMCCT) was awarded charitable status under the Charities and Trustee Investment (Scotland) Act 2005. The trusts being reorganised into this new single trust will be utilised, as far as possible, in a manner consistent with the original trust purposes. To date, 24 trusts have been approved by OSCR for reorganisation into TMCCT and this is reflected in the accounts and notes on the following pages. The process of reorganisation is ongoing.

Accounting Policies

Basis of Preparation
The financial statements for the charitable trusts have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice 2015, applicable to charities preparing their accounts, in accordance with the Financial Reporting Standard 102 (FRS 102), applicable for the UK and Republic of Ireland, commonly referred to as the Charities SORP which is effective for accounting periods beginning on or after 1 January 2019. The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at fair value, in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

In line with Regulation 7 of the 2006 Regulations, these financial statements have been prepared on the basis that the trust funds for which it acts as sole trustee are connected charities. As such the accounts for these individual charities have been prepared on a collective basis for the Council. Separate financial statements covering all the Council's charitable trusts are published on the Council's website.

The financial statements for the non-charitable trusts have been prepared in accordance with the code of practice on Local Authority Accounting in the United Kingdom 2025/26.

As far as concerns the trusts reported in these financial statements, application of different reporting standards does not produce inconsistent results.

Investment Income
Investment income is accounted for in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty.

Resources Expended
Expenditure is included in the financial statements on an accruals basis.

Investments
Investments are included at fair value at the balance sheet date in accordance with the principles of the SORP. Investment gains and losses include any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to fair value at the end of the period.

Trust Funds Income and Expenditure Account

2024/25 Connected Charitable £000	2024/25 Other £000		2025/26 Connected Charitable £000	2025/26 Other £000
		Income		
(42)	(178)	Investment Income	(43)	(188)
-	(96)	Property Rental Income	-	(86)
-	154	(Surplus)/Deficit on Revaluation of Fixed Assets	-	(250)
(14)	(60)	(Surplus)/Deficit on revaluation of Available for Sale Financial Asse	(72)	(298)
(10)	(9)	Other Income	(1)	(27)
(66)	**(189)**	**Total Income**	**(116)**	**(849)**
		Expenditure		
29	72	Beneficiaries	11	66
9	14	Administration	9	14
-	87	Other Costs	-	95
-	150	Depreciation	-	143
38	**323**	**Total Expenditure**	**20**	**318**
(28)	**134**	**(Surplus)/Deficit for the year**	**(96)**	**(531)**
14	(244)	Items not Chargeable to Revenue Reserves	72	405
(14)	**(110)**	**(Increase)/Decrease in Revenue Reserves**	**(24)**	**(126)**

Trust Funds Balance Sheet

2024/25 Connected Charitable £000	2024/25 Other £000			2025/26 Connected Charitable £000	2025/26 Other £000
-	6,088	Property, Plant and Equipment	Note 1	-	6,192
-	80	Investment Properties	Note 3	-	83
630	2,604	Long Term Investments	Note 4	702	2,902
630	**8,772**	**Long Term Assets**		**702**	**9,177**
1	6	Debtors		1	6
452	1,928	Loans Fund Balance		476	2,053
453	**1,934**	**Current Assets**		**477**	**2,059**
(7)	(21)	Creditors		(7)	(20)
(7)	**(21)**	**Current Liabilities**		**(7)**	**(20)**
1,076	**10,685**	**Net Assets**		**1,172**	**11,216**
-	3,242	Capital Adjustment Account		-	3,242
-	2,902	Revaluation Reserve		-	3,009
385	1,590	Financial Instruments Adjustment Account		457	1,888
691	2,951	Revenue Balance		715	3,077
1,076	**10,685**	**Total Reserves**		**1,172**	**11,216**

Notes to the Trust Fund Accounts

Note 1 Property, Plant and Equipment

Property, plant and equipment is valued on the basis recommended by CIPFA and the valuation report is produced by the Council's Asset Manager who is a Member of the Royal Institute of Chartered Surveyors. The assets are valued on a 5 year rolling programme and have been prepared in accordance with the provisions of the Royal Institution of Chartered Surveyors Valuation - Professional Standards January 2014.

Property, plant and equipment is classified into groupings required by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

Assets have been valued on the following basis:-

Other Land and Buildings	-	Existing Use Value (EUV) or Depreciated Replacement Cost (DRC)
Community Assets	-	Historic Cost where available

Depreciation:
The following useful lives and depreciation rates have been used in the calculation of depreciation:-

Other Land and Buildings	-	Buildings up to 55 years, land is not depreciated
Community Assets	-	Rights and land are not depreciated

Movements of property, plant and equipment were as follows:

Note 1 Property, Plant and Equipment (cont.)

2024/25

	Other Land and Buildings £000	Community Assets £000	Total £000
Gross Book Value at 1 April 2024	6,357	15	6,372
Revaluations	(284)	-	(284)
Additions	-	-	-
Disposals	-	-	-
Gross Book Value at 31 March 2025	**6,073**	**15**	**6,088**
Accumulated Depreciation at 1 April 2024	-	-	-
Revaluations	(150)	-	(150)
Disposals	-	-	-
Charge for the Year	150	-	150
Depreciation at 31 March 2025	**-**	**-**	**-**
Net Book Value at 31 March 2025	**6,073**	**15**	**6,088**

2025/26

	Other Land and Buildings £000	Community Assets £000	Total £000
Gross Book Value at 1 April 2025	6,073	15	6,088
Revaluations	104	-	104
Additions	-	-	-
Disposals	-	-	-
Gross Book Value at 31 March 2026	**6,177**	**15**	**6,192**
Accumulated Depreciation at 1 April 2025	-	-	-
Revaluations	(143)	-	(143)
Disposals	-	-	-
Charge for the Year	143	-	143
Depreciation at 31 March 2026	**-**	**-**	**-**
Net Book Value at 31 March 2026	**6,177**	**15**	**6,192**

Note 2 Heritage Assets

The following table shows assets which may be regarded as Heritage assets, but which have not been included in the Balance Sheet as the Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. The Code therefore permits such assets to be excluded from the Balance Sheet.

Assets Excluded from Heritage Assets	**Estimated number of assets 31 March 2026**
Monuments and Fountains	2

Note 3 Investment Properties

The following table summarises the movement in the fair value of investment properties over the year.

	2024/25	**2025/26**
	£000	**£000**
Balance at start of the year	100	80
Net gains/(losses) from fair value adjustments	(20)	3
Balance at end of the year	**80**	**83**

2025/26

Note 4 Trust Details

Funds for which The Moray Council act as Sole Trustee

<u>**Fund**</u>	**Income £000**	**Expenditure £000**	**Assets £000**	**Liabilities £000**
Registered Charitable Trusts				
6 Registered Charitable Trusts, each with Assets less than £50,000	(3)	1	59	(1)
The Moray Council Charitable Trust *Established to reorganise trusts with out of date purposes. 23 trusts were approved for reorganisation in 2021/22.Split into sub categories by location and purpose.*	(14)	2	282	(1)
Moray & Nairn Educational *Grants payable to persons resident in the former combined County of Moray & Nairn, including University & Central Institution Bursaries; Adult Education; School Equipment; Sports facilities; Travel Grants and School Excursions*	(99)	17	838	(5)
	(116)	**20**	**1,179**	**(7)**
Other Trusts				
6 Non Registered Trusts, each with Assets less than £50,000	(7)	3	94	-
Longmore Hall *Village Hall for the use of the community*	(71)	32	1,216	-
Glenisla Comforts Fund *For the benefit of the residents of Glenisla Care Home*	(21)	-	211	-
John Pringle Bequest *For the benefit of students at Aberdeen University who have previously attended Elgin Academy*	(6)	-	66	-
Speyside Comforts Fund *For the benefit of the residents of Speyside Nursing Home*	(9)	-	95	-
The Pringle Trust *Established to make payments annually to Ministers, serving and emeriti of the Church of Scotland, Baptist and Free Church of Scotland*	(6)	6	108	(1)

Note 4 Trust Details (cont.)

Fund	Income £000	Expenditure £000	Assets £000	Liabilities £000
William Lawtie *For the Poor of Cullen*	(10)	-	223	-
The MacDonald Benevolent Fund *Established in 1989 for persons in need of financial assistance particularly in Dufftown as decided by the Social Work Department*	(23)	4	336	-
Milne's Institution Trust *The free annual income to be applied as The Moray Council thinks fit for the purposes of the educational enrichment of pupils attending Milne's High School and Milne's Primary School. The income shall be apportioned to the schools on a pro rata basis by reference to attendance rolls of the respective schools*	(45)	10	366	-
Laing Mortification *For the benefit of a decayed merchant resident in Elgin.*	(18)	-	364	-
Craigmoray Bequest (Bishopmill) *For the benefit of the residents of Craigmoray Care Home*	(54)	-	592	-
Ladyhill Public Trust *Provides homes for two veterans from the Elgin area*	(51)	16	178	(2)
Jubilee Cottages Public Trust *Trust established by monies raised during Queen Victoria's Diamond Jubilee for the purposes of providing low cost housing*	-	100	698	-
Cooper Park Public Trust *Trust established at turn of last century to provide Elgin library and reading rooms and parkland for recreation – all for the inhabitants of Elgin*	(103)	88	549	-
River Lossie Public Trust *Established mid 1800's to provide ground for recreation for the people of Elgin*	(101)	46	1,137	-
Grant Park Public Trust *Trust incorporating the public convenience, tea room/shop and the cricket and bowling pavilions, to be used for the benefit of the community of Forres*	(69)	31	1,205	-
Miltonduff Hall *Established to provide space for local groups for education, recreation etc*	(29)	12	529	-

Note 4 Trust Details (cont.)

Fund	Income £000	Expenditure £000	Assets £000	Liabilities £000
Logie Cottage *Proceeds from the sale of Logie cottage which was previously established to provide a free home or house of rest to a respectable retired couple or single woman in Forres*	(5)	-	94	-
Fife Park, Keith Public Trust *Trust incorporating the playing field and public convenience*	-	-	-	-
Flemming Hall Aberlour	(35)	14	671	-
	(663)	362	8,732	(3)
Funds for which The Moray Council acts as one of several trustees				
Registered Charitable Trusts				
Auchernack Trust *For the benefit of the elderly community of the Forres Area who are in need of relief by reason of advanced age*	(108)	23	987	(1)
	(108)	23	987	(1)
Other Trusts				
Donald Manson (Edinkillie) Fund *3 Bursaries for children living in the Parish of Edinkillie in S1 as well as one Further Education Bursary for a student aged under 18. The annual balance of the fund is payable to Forres Academy*	(53)	14	451	(13)
Donald Manson (Forres) Fund *One bursary for a child living in the Burgh of Forres in S1. The annual balance of the fund is payable to Forres Academy*	(13)	4	121	(3)
Banffshire Educational Trust *Grants payable to persons resident in the former County of Banffshire, including University, Post Graduate, Apprentices & Trainees; School Equipment; Sports Facilities; Support of Clubs; Promoting Education in Drama, Music & Visual Arts; Travel Grants and School Excursions.*	(107)	10	945	-
	(173)	28	1,517	(16)

Fund	Income £000	Expenditure £000	Assets £000	Liabilities £000
Summary				
Connected Charitable Trusts	(116)	20	1,179	(8)
Other Trusts	(944)	413	11,236	(19)
Total	(1,060)	433	12,415	(27)

Common Good Funds

The Council administers the Common Good Funds which consist of all property of a Burgh not acquired under statutory powers or held under specific trusts. These funds were transferred to Moray District Council in 1975 and then to The Moray Council in 1996 as the successor Council under the reorganisation of local government.

These funds do not represent a charge to Council Tax payers but form part of the statutory reporting requirements of the Council. They represent funds set up for the benefit of the community or organisations within the Moray area.

The Accounts for Common Good have been prepared according to the LAASAC Guidance *Accounting for Common Good (December 2007)* which is consistent with proper accounting required by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

Accounting Policies

Accounting Policies adopted for the Common Good are the same as those adopted for the Moray Council with the exception of the application of IAS 16 and IAS 40. IAS 16 requires that assets be depreciated and that the charge for depreciation be set against any surplus in the Income and Expenditure Account. IAS 40 requires any movement in the fair value of investment properties to be recognised in the surplus or deficit in the Income and Expenditure Account.

Common Good Funds Income and Expenditure Account

31 March 2025			31 March 2026
£000			**£000**
	Income		
(6)	Property		(5)
(271)	Investment Income		(269)
(19)	Other Income		(1)
-	Net Movement in Fair Value of Investment Property		(30)
(296)	Total Income		**(305)**
	Expenditure		
4	Property Costs		5
8	Administrative Costs		13
38	Donations, Grants etc		100
91	Other Costs		75
655	Depreciation	**Note 1**	771
212	Net Movement in Fair Value of Investment Property		-
1,008	Total Expenditure		**964**
712	**(Surplus)/Deficit for the Year**		**659**
(542)	Deficit/(Surplus) on revaluation of Non-current Assets		(188)
170	**Total Comprehensive Net Expenditure**		**471**

Common Good Funds Balance Sheet

31 March 2025			31 March 2026
£000			£000
15,828	Property, Plant & Equipment	Note 1	15,245
204	Heritage Assets	Note 2	204
2,409	Investment Property	Note 3	2,439
18,441	**Long Term Assets**		**17,888**
1	Inventories		1
8	Debtors		10
4,143	Loans Fund Balance		4,223
4,152	**Current Assets**		**4,234**
(6)	Creditors		(6)
(6)	**Current Liabilities**		**(6)**
22,587	**Net Assets**		**22,116**
16,022	Revaluation Reserve		15,449
6,565	Revenue Reserve		6,667
22,587	**Total Reserves**		**22,116**

31 March 2025		31 March 2026	
Total Funds £000		**Invested in Loans Fund £000**	**Total Funds £000**
7	Millbuies	-	-
4,089	Buckie	1,714	4,171
211	Cullen	199	216
16	Dufftown	16	16
13,484	Elgin	1,694	12,803
2,526	Forres	520	2,592
57	Portknockie	60	60
314	Keith	11	315
1,876	Lossiemouth	-	1,935
7	Findochty	9	8
22,587	**TOTAL**	**4,223**	**22,116**

Notes to the Common Good Accounts

Note 1 Property, Plant and Equipment

Property, plant and equipment is valued on the basis recommended by CIPFA and the valuation report is produced by the Council's Estates Manager who is a Member of the Royal Institute of Chartered Surveyors. The assets are valued on a 5 year rolling programme and have been prepared in accordance with the provisions of the Royal Institution of Chartered Surveyors Valuation - Professional Standards January 2014. Property, plant and equipment is classified into groupings required by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

A copy of the asset register can be found at https://data-moray.opendata.arcgis.com:

Assets have been valued on the following basis:

Other Land and Buildings	-	Existing Use Value (EUV) or Depreciated Replacement Cost (DRC)
Community Assets	-	Historic Cost where available
Surplus Assets	-	Market value
Assets Held for Sale	-	Lower of carrying amount and fair value less costs to sell

Depreciation
The following useful lives and depreciation rates have been used in the calculation of depreciation:

Other Land and Buildings - Buildings up to 60 years, land is not depreciated
Surplus Assets - land is not depreciated

Movements of Property Plant and Equipment were as follows:

Note 1 Property, Plant and Equipment (cont.)

2024/25

	Other Land & Buildings £000	Surplus Assets £000	Total £000
Gross Book Value at 1 April 2024	15,854	104	15,958
Revaluations	(96)	2	(94)
Gross Book Value at 31 March 2025	**15,758**	**106**	**15,864**
Accumulated Depreciation at 1 April 2024	17	-	17
Revaluations	(635)	(1)	(636)
Charge for the Year	654	1	655
Depreciation at 31 March 2025	**36**	**-**	**36**
Net Book Value at 31 March 2025	**15,722**	**106**	**15,828**

2025/26

	Other Land & Buildings £000	Surplus Assets £000	Total £000
Gross Book Value at 1 April 2025	15,758	106	15,864
Revaluations	(619)	-	(619)
Gross Book Value at 31 March 2026	**15,139**	**106**	**15,245**
Accumulated Depreciation at 1 April 2025	36	-	36
Revaluations	(806)	(1)	(807)
Charge for the Year	770	1	771
Depreciation at 31 March 2025	**-**	**-**	**-**
Net Book Value at 31 March 2026	**15,139**	**106**	**15,245**

Note 2 Heritage Assets

	Fine Art £000	Chains of Office £000	Total Heritage Assets £000
Valuation at 1 April 2024	125	79	204
Revaluations	-	-	-
At 31 March 2025	**125**	**79**	**204**
Valuation at 1 April 2025	125	79	204
Revaluations	-	-	-
At 31 March 2026	**125**	**79**	**204**

The Chains of Office were independently valued during 2012/13 and 2013/14 by William Windwick, PJDip FGA FNAG MIRV, a member of the Institute of Registered Valuers.

The following table shows assets that may be regarded as Heritage Assets, but which have not been included in the Balance Sheet as the Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. The Code therefore permits such assets to be excluded from the Balance Sheet.

Assets excluded from Heritage Assets

	Estimated number of assets 31 March 2026
Monuments and Fountains	2
Nelson Tower	1

Note 3 Investment Property

The following items of income and expense have been accounted for in Investment Income in the Income and Expenditure Account:

	2024/25 £000	2025/26 £000
Rental income from investment property	56	48
Net gain	**56**	**48**

There are some restrictions from the original benefactors on the Common Good's ability to realise the value inherent in its investment property. The Common Good has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

Note 3 Investment Property (cont.)

The following table summarises the movement in the fair value of investment properties over the year:

	2024/25	2025/26
	£000	£000
Balance at start of the year	2,621	2,409
Net gains /(loss) from fair value adjustments	(212)	30
Balance at end of the year	**2,409**	**2,439**

Glossary of Terms

Capital Expenditure
This is expenditure incurred in creating, acquiring or improving assets. The expenditure is normally financed by borrowing over a period of years, or utilising the income from the sale of existing assets.

CIPFA
Chartered Institute of Public Finance and Accountancy

Current value
For operational land and buildings, current value is the amount that would be paid for the asset in its existing use.

Economic Cost
The total cost of performing an activity or following a decision or course of action.

Fair Value
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.

IFRS
International Financial Reporting Standard

LASAAC
Local Authority (Scotland) Accounts Advisory Committee

Public Works Loan Board (PWLB)
A Government Agency which provides loans to the Council.

Revenue Expenditure
This is expenditure incurred in providing services in the current year and which benefits that year only.

SeRCOP
Service Reporting Code of Practice

The Code
The Code of Practice on Local Authority Accounting in the United Kingdom

Sources of Additional Information

The Annual Accounts is one of several documents published by Moray Council and CIPFA giving financial information on the services provided in the Moray Area. Other annual publications are: -

- The Capital and Revenue Budget, published on the Council's website giving detailed expenditure plans for the following financial year.
- Council Tax Information Leaflets (forming Part 2 of the Council Tax Demand Notice) issued by the Council giving a summary of expenditure plans for the following year.
- Rating Review published by the Scottish Branch of CIPFA giving comparative statistics for all Scottish Local Authorities on local authority expenditure and service provision.