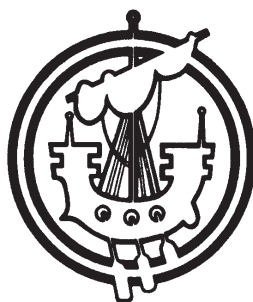


**COMHAIRLE
NAN
EILEAN SIAR**

**DREACH CHUNNTASAN
BHLIADHNAIL
2024/25**



**DRAFT ANNUAL ACCOUNTS
2024/25**

CONTENTS

Management Commentary	1-10
Statement of Responsibilities for the Statement of Accounts	11
Annual Governance Statement	12-16
Remuneration Report	17-22
Accounting Policies	23-29
Movement in Reserves Statement	30
Comprehensive Income and Expenditure Statement	31
Balance Sheet	32
Cash Flow Statement	33
Notes to the Accounting Statements	34-
Note 1 Accounting Standards Issued but not yet Adopted	34
Note 2 Assumptions made about the Future	34
Note 3 Critical Judgements in Applying Accounting Policies	35
Note 4 Material Items of Income and Expenditure	35
Note 5 Expenditure and Funding Analysis	36
Note 6 Expenditure and Funding Analysis Additional Information	37-38
Note 7 Movement in Earmarked Reserves	38
Note 8 Adjustments between Accounting Basis and Funding Basis Under Regulation	39-40
Note 9 Other Operating Expenditure	41
Note 10 Financing and Investment Income	41
Note 11 Taxation and Non-Specific Grant Income	41
Note 12 Property, Plant and Equipment	42-44
Note 13 Heritage Assets	44
Note 14 Intangible Assets	45
Note 15 Long Term Debtors	45
Note 16 Financial Instruments	45-47
Note 17 Debtors	48
Note 18 Cash and Cash Equivalents	48
Note 19 Assets Held for Sale	48
Note 20 Creditors	48
Note 21 Provisions	49
Note 22 Unusable Reserves	49-52
Note 23 Cash Flow Statement – Operating Activities	53
Note 24 Cash Flow Statement – Investing Activities	53
Note 25 Cash Flow Statement – Financing Activities	53

Note 26 Cash Flow Statement – Non Cash Movements	53
Note 27 Trading Operations.....	54
Note 28 Agency Services	54
Note 29 External Audit Costs	54
Note 30 Members' Salaries, Allowances and Expenses	55
Note 31 Islands Growth Deal – Accountable Body Disclosures	56
Note 32 Related Parties	57
Note 33 Grant Income	58
Note 34 Leases	58
Note 35 Capital Expenditure and Financing	59
Note 36 Impairment Losses	59
Note 37 Termination Benefits.....	59
Note 38 Defined Benefit Pension Schemes	59-66
Note 39 Interest in Companies.....	63
Note 40 Signing of Accounts.....	63
Note 41 Contingent Liabilities/Assets	64
Note 42 Trust Funds	64
Note 43 Nature and Extent of Risks Arising from Financial Instruments	65-66
Note 44 Events After the Reporting Period.....	66
Income Accounts.....	67
Notes to the Income Accounts.....	68-69
Group Movement in Reserves Statement	70
Group Comprehensive Income and Expenditure Statement	71
Group Balance Sheet	72
Group Cash Flow Statement	73
Notes to the Group Accounts	74-75

MANAGEMENT COMMENTARY

Introduction

This commentary provides a summary of the Comhairle's financial performance for the year and how this has supported delivery of the Comhairle's Corporate Strategy, as detailed in the 2024/25 Business Plans. It also outlines the Comhairle's forward budget strategy and the challenges and risks the Comhairle faces in future years in delivering its objectives for the Outer Hebrides, particularly in the context of diminishing funding.

Cyber-Attack

The Comhairle was subjected to a cyber-attack on 7 November 2023, which resulted in a loss of systems and data across the Comhairle. The data which was lost has not been recovered and the financial records which have been used to rebuild the systems has been gathered from a variety of sources. This would not have been possible without the knowledge and skills of the staff involved, who dealt with a very complex situation effectively, to ensure that vital services were maintained. The main financial systems are now operational, although there continue to be impacts on services such as the processing of Housing Benefits claims.

The audit of the 2023/24 is still to be completed, and it is inevitable that there will be matters arising from the audit, due to gaps in the data and the limits on audit testing, which will result in a qualified audit opinion. The 2024/25 Accounts have been prepared, using the closing balances from 2023/24, and any changes from the audit will impact on the figures within these Accounts. For 2024/25, all records have been uploaded to the IT systems and all backing documents are available for inspection. However, it is expected that auditors will again require to undertake additional testing.

Corporate Strategy 2022-27

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

Under each of these priorities are five strategic outcomes setting the future direction of the Comhairle. The priorities and outcomes, when combined, aim to halt depopulation and lead to the development of thriving communities across the Western Isles.

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

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

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

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

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

The first Corporate Strategy Annual KPI Report was published in September 2023. The suite of indicators included in the Annual Report provide a consistent basis for the Comhairle to measure outcomes. The [Annual Report](#) is available on the Comhairle's website.

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

Annual Accounts 2024/25

The Annual Accounts set out the financial statements for Comhairle nan Eilean Siar and its group for the year ended 31 March 2025.

The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2024/25 Accounts have been prepared in accordance with this Code.

Group Accounts

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

The LLP is a partnership between the Comhairle and Sgoiltean Ùra Investments Ltd, a company limited by shares having the Comhairle as its sole shareholder. The LLP is therefore wholly owned by the Comhairle although existing as a separate

legal entity. For 2024/25, SULLP did not undertake any financial activities, the company having effectively ceased trading when the schools project was completed in 2014.

The effect of inclusion of these entities in the Group Balance Sheet is to increase the net worth by £4.7m, representing the Comhairle's share of the net assets of these entities. This relates mainly to the reserves build up by the IJB, the majority of which are earmarked for specific purposes, although there is a small element still available to support future budgets. The Valuation Joint Board pension position has reverted to a small liability, following the recognition of an asset in the previous year.

Financial Planning

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

In line with its financial strategy, the Comhairle set a balanced budget for 2024/25. This comprised budgeted expenditure of £126.6m funded by £101.3m of General Revenue Grant, £9.7m of Non-domestic Rates, £13.7m of Council Tax and £2m of reserves. Planned business plan savings of £2m, were also incorporated in the budget.

The Comhairle, in February 2024, agreed to implement the charging of an additional levy on Empty and Second Homes, from 1 April 2024, in response to revised guidance by the Scottish Government. The aim of the policy was to help local authorities encourage owners to empty properties back into use, both to increase supply of housing and also to reduce the number of properties falling into disrepair. The Budget assumed income of £800k from the implementation of the policy.

A £25m capital programme for the period 2023-28 was approved by the Comhairle in February 2023. Additional funding awarded since then of £21.4m, projects carried forward from 2018-23 of £28m, and the use of prudential borrowing and revenue contributions, mean that the programme now stands at £78m. The programme is largely developed around the forecast level of General Revenue Grant from the Scottish Government, with this supplemented with other grants and contributions, through the 5-year period. Due to the pressures on the revenue budget, the opportunities to undertake borrowing, to supplement the programme, are limited, but this is kept under review.

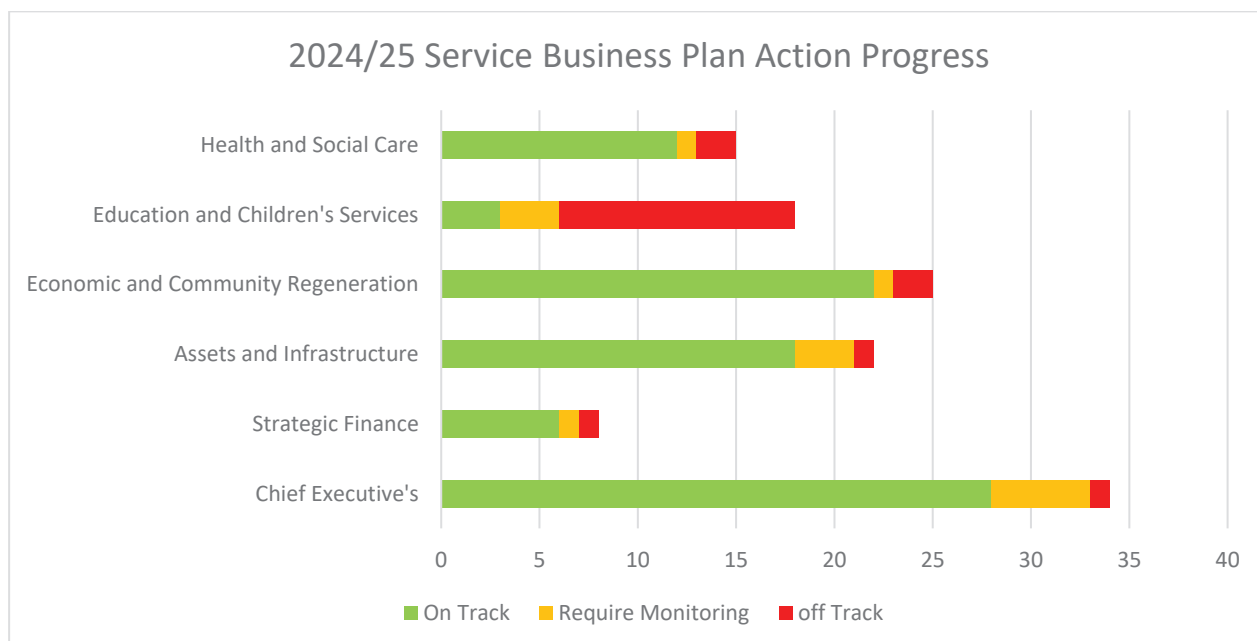
Performance

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

The Comhairle produces an annual Public Performance Report which is available on its [website](#). Services also provide more comprehensive [Business Plan Progress Reports](#) throughout the year that are also available and include the two Statutory Performance Indicators (SPIs) that have been defined by the Accounts Commission.

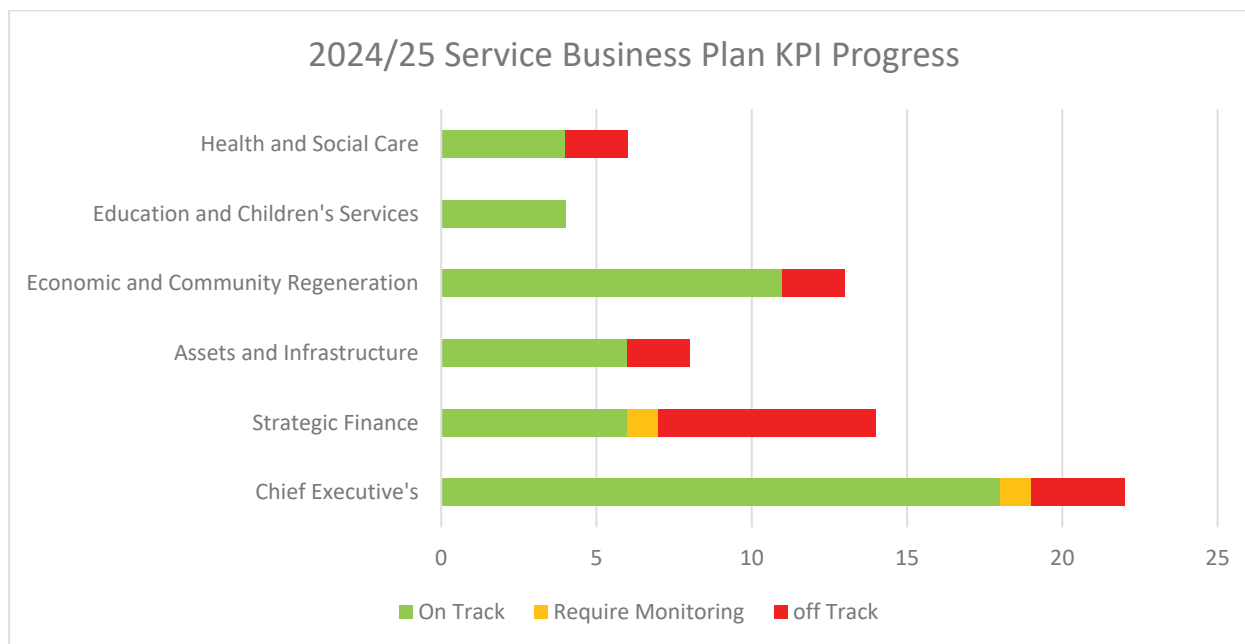
In 2024/25 the Comhairle's services reported on 122 actions. During the year 73% of these were completed, 11% were largely completed and 15% were not completed. A breakdown of actions by department is shown in Figure 1.

Figure 1: Business Plan Actions



The Comhairle also reports on 67 Key Performance Indicators (KPIs). For the 2024/25 year 73% of these were on target, 3% were close to their target and 24% were off track. An analysis of KPIs by department is shown in Figure 2.

Figure 2: Business Plan Key Performance Indicators



To ensure continuous improvement the Comhairle has adopted the Public Sector Improvement Framework self-evaluation model. This supports national benchmarking activity including closer comparison through family group benchmarking forums. Further information is available on the Comhairle [website](#). The Comhairle agreed a new programme of transformation projects in February 2025 examining digital developments, efficiencies in performance, and public sector reform. These projects will progress during 2025/26.

KPI Performance in 2024/25 was severely impacted by the cyber-attack, for example, all KPI's measuring processing times and cost per transaction were not comparable to previous years as, either the data was not available, or the manual processes being used took more time. Whilst this may reflect poorly in terms of statistics, it is not an area of concern, as performance will improve once routine processes and systems are reinstated.

Workforce Planning

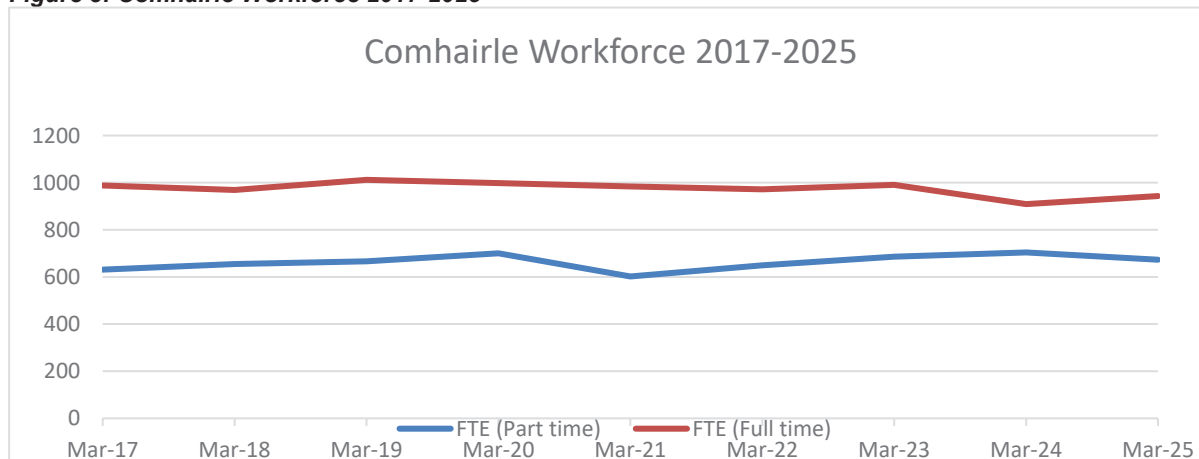
The Corporate Workforce Plan was approved by the Comhairle in September 2023 and is relevant to 2027. The plan has a focus on supporting change through skills development opportunities for current employees. This will be facilitated using a range of approaches, including internal recruitment to posts, succession planning, the use of career grades to reward those undertaking training, and apprenticeships. This is important in ensuring that services are able to develop and retain the right mix of skills and experience to deliver their business plans. While external recruitment to some key posts has remained challenging, 2024/25 saw an increase in applicants for posts.

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

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

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

Figure 3: Comhairle Workforce 2017-2025



Islands Growth Deal

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

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

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

An additional five programmes and projects entered their delivery phases during 2024/25, committing a further £14.4m of the Island Growth Deal and attracting an additional £7.92m of match funding. Of this, two of the projects were located in the Outer Hebrides – Calanais Visitor Centre Redevelopment and the Creed Hydrogen Skills and Innovation Centre – which leveraged £4.5m of Deal funding and £7.87m of the match funding. Another three projects are undertaking activities across the three island groups. Procurement and cost escalation, securing and retaining match funding, and the complexities of the application of HM Treasury's Green Book framework, were the main factors which caused issues for projects during the year, and these are expected to continue.

Financial Performance

In addition to the performance reports to service committees, the Policy and Resources Committee receives quarterly reports on the overall financial position of the Comhairle, although this was not possible during the first half 2024/25, due to the cyber-attack.

The Comprehensive Income and Expenditure Statement (CIES) shows a surplus of £253k on the provision of services. However, this does not reflect the true cost of service provision, or the amount required to be funded from government grant and taxation. Note 8 gives details of the accounting adjustments required to bring the accounts, prepared under proper accounting practice, into line with resources specified by statute. These adjustments generally remove the effect of non-cash items such as depreciation and revaluation of assets and replace these with the actual cost of debt repayment. Consequently, the General Fund balance has increased by £1.897m, compared to a planned deficit/use of reserves of £1.946m.

	£'000
Surplus on the Provision of Services in CIES	253
Reversal of Non-Cash Items included in the Service Expenditure Figures	
Asset Adjustments – these are the accounting charges made to the service accounts for depreciation and revaluation of the assets they use during the year. These are not cash payments so do not impact on the Comhairle's funds.	(21,871)
Capital Grants and Contributions – these are actual funding contributions to projects being completed under the capital programme. Although these are actual cash income, as they relate to capital expenditure, they are to be excluded from the revenue figures in the CIE.	11,626
Pension Adjustments – accounting convention requires that the costs of pensions are charged to services when the pension is earned, not when it is actually paid out after the employee retires. This is not a real cash payment and does not impact on the Comhairle's Funds.	1,486
Holiday Accrual – this adjustment relates to payments due to employees for holidays due but not taken during the year. Again, these are not cash payments to staff (as the days are carried forward instead).	(28)
Financial Instrument Charge – this relates to the premium paid for repaying a loan before it was due. Whilst the cash was paid out at the time, accounting rules allow the charge to be written off over the period of the replacement loan. As the actual cash transaction has taken place in the past, there is no impact on funds.	154
Addition of cash items not included in Service Expenditure Figures	
Loan Charges – the Comhairle's capital expenditure on property, roads etc. is funded by borrowing from the Government. The asset adjustments mentioned above are the accounting charge for the assets, but the loan repayments are the actual cash spent in the year which impacts on funds.	6,483
Actual Cash Deficit for the year as reported in the Reserves Statement	1,897

There are many factors contributing to the overall surplus, including underspends on Government Grants which require to be earmarked within reserves for spend in the next financial year, in line with grant conditions. The other large factors are savings on treasury management and Loans Fund activities and service underspends, some of which are permitted to be carried forward. The more significant variances are detailed below,

During the year, there was £773k, of expenditure regarding the cyber-attack. This included the cost of rebuilding financial and other IT systems and the transfer of these from on-premises to cloud-based solutions, where this was deemed to be the most suitable approach. There were also substantial costs associated with infrastructure and security improvements. These additional costs were funded from earmarked reserves diverted from a proposed Project Fund and £250k of funding from the Scottish Government. A smaller amount is also expected from an insurance claim, but this has not yet been settled.

Budget Management policy allows services to carry forward budget over and under spends of up to 1% of controllable budget (i.e. excludes depreciation and internal recharges). Use of this policy permitted the carry forward of £1.3m of committed funds and £273k of general funding, which will support services through the current budget pressures.

Treasury Management activities, including the operation of the Loans Fund (net of interest on revenue balances, which has a zero impact on the overall financial position), generated overall savings of £1.4m, some of which had been highlighted early in the year. There are four elements involved in the savings: the principal repayment on the debt; the interest payments associated with the debt; the income from investments and the accounting for the Stornoway Port Authority Loan. The budget assumes that the capital programme will progress as planned and this is reflected in the budget set. This approach reduces the risks associated with under provision, with any savings being returned to the General Reserve. In 2024/25, savings of £699k were realised on the principal and interest repayments.

The income budget consists of two elements, interest on investments and the interest received for the loan to the Stornoway Port Authority, for the development of the deep-water port. The final outturn showed additional income of £800k, mainly from investments, due to positive cashflow, allowing the level of investments to be maintained.

The Stornoway Port Authority Loan was restructured during the year and the statutory accounting requirements resulted in some one-off adjustments, which are expected to level out over the period of the loan. Additional interest income of £497k was offset by a £732k charge to revenue in respect of soft loan charges.

The Council Tax Income Account, which shows the net position after allowing for discounts, Council Tax Reduction (CTR) and debt write off, showed a surplus of £343k. There are three contributing factors, annual variations in the level of CTR and other reductions, which depend on the circumstances of individual householders, an increase in the number of properties, and the introduction of the additional levy on second homes. The budget assumed £800k of income for the latter, but the actual amount billed for the year was £1.1m.

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

In-year collection rates for both Council Tax and NDR, at 90% and 92% were lower than the 96% and 98% achieved in a routine year. The cyber-attack meant that bills were late and normal debt collection processes could not be undertaken. In most cases the lower rate will be a delay in making payment, rather than non-payment, and the reintroduction of debt collection processes has resulted in an increase in payments for previous year balances in April and May 2025. The collection rate does not impact directly on the income shown in the Income Accounts as this is based on the amount due, not actual payments.

In recent years there has been a consistent overspend on winter maintenance (e.g. £833k in 2023/24). In order to address this, the budget has been enhanced gradually over the last 2 years, to bring it to a more sustainable level. It appears that this strategy has been effective, as spend was just £20k over budget.

Additional General Revenue Grant of £4.9m was received from the Scottish Government, compared to the initial Settlement, as included in the Budget. This included funding for the Council Tax freeze, a share of the additional GRG announced as part of the final Local Government funding package, pay awards and teachers pension costs, Island Cost Crisis Emergency Fund and other Government proprieties, such as the maintaining of teacher numbers.

The budget for 2024/25 assumed service savings of just under £2m. The financial benefits of these were realised during the year, although it is acknowledged that in some instances, the specific proposals may have been offset with alternatives, where it became evident that initial options couldn't be achieved.

The tables below show a summary of the main changes that contributed to the £1.897m surplus.

Movement – Initial Budget to Actual Outturn	£'000
Initial Planned Deficit	1,946
Less: Net Resources transferred to Services/Reserves	(392)
Council Tax and NDR Income	(343)
Net Department Underspend	(864)
Centrally Held Resources & Contingency not spent	(531)
Debt Repayment and Interest (net of Interest on Revenue Balance)	(474)
Investment and Other interest Income	(1,239)
Surplus for the Year	1,897

Department	Initial Budget £'000	Total Budget £'000	Outturn £'000	Over / (Under) £'000
Chief Executive Department	5,440	3,332	2,943	-389
Assets and Infrastructure	20,724	20,796	20,363	-433
Education Skills and Childrens Services	53,926	57,230	56,620	-610
Health and Social Care	25,657	27,457	27,457	0
Strategic Finance	4,368	5,307	5,298	-9
Economic and Community Regeneration	3,426	3,999	3,808	-191
Departmental Spend	113,541	118,121	116,489	-1,632
Interest Receivable	-1,535	-1,815	-2,847	-1,032
Interest Payable	6,976	7,804	8,365	561
Loan Debt Repayments	6,957	6,957	6,483	-474
Contingency	200	177	0	-177
Centrally Held Resources	735	355	0	-355
Capital Funded from Revenue	0	214	214	0
Total Spend	13,333	13,692	12,215	-1,477
General Revenue Grant	-101,255	-106,198	-106,198	0
Non-Domestic Rates	-9,691	-9,722	-9,722	0
Council Tax	-13,683	-14,338	-14,681	-343
Vacancy Saving	-300	0	0	0
Total Income	-124,929	-130,258	-130,601	-343
(Surplus)/Deficit	1,945	1,555	-1,897	-3,451

General Fund Reserve

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

At the beginning of the year, there were £22.7m of earmarked reserves held for specific projects, now reduced to £21m. The majority of these funds are committed to future spending or relate to government grants which are held to be spent in line with grant conditions. A review of these balances will be undertaken to identify any sums no longer required for the intended purpose, and which can be released to assist with the wider budget. A report will be submitted to the Budget and Strategy Board in September 2025 for consideration.

At the beginning of the year there was £1.3m of funding previously labelled as being for recovery from the Covid Pandemic still held in reserve, £260k of which was utilised. With general reserves reducing, it is suggested that as these funds have not been used 3 years after being received, these should now be freed up to support the budget process.

The earmarked reserve also includes the Western Isles Schools Project Lifecycle Fund, which had a net transfer to the service of £168k during the year. Annual contributions to the fund are based on a model developed as part of the overall construction project, with these amounts incorporated into the Education, Sport and Children's Services budget. The unspent element of this budget is transferred to the fund each year with the aim of setting aside sufficient sums for the maintenance of the building throughout their operational lives. As expected, the fund is currently increasing year on year, with the majority of the spend expected in later years.

As highlighted earlier, there were number of calls on the general reserve during the year, such as additional costs for the air subsidy contract and mainland residential placements for children. This has been offset by loan charge savings and investment income and savings on bus contracts and utilities, due to lower inflation factors. At the end of the year, the general reserve available to support the budget strategy amounted to £5.3m, £2m of which is already committed to the 2025/26 budget.

Overall, the General Fund Reserve has increased from £26.2m to £28.1m and Figure 5 shows how these balances are made up, the majority of which is earmarked for specific purposes.

Figure 4: General Fund Balances

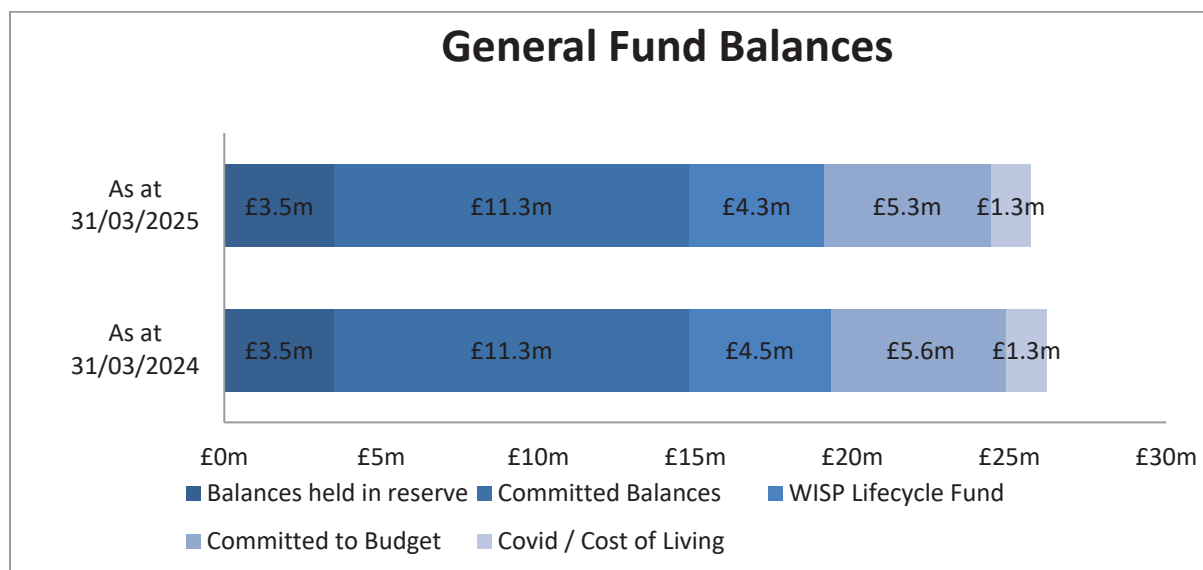


Figure 5 provides a breakdown of the Comhairle's committed balances. Note 7 to the Accounts shows the movement in these balances during the year. Other than the funding set aside to support future budgets, the majority of the balances reflect funding received for specific government initiatives which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

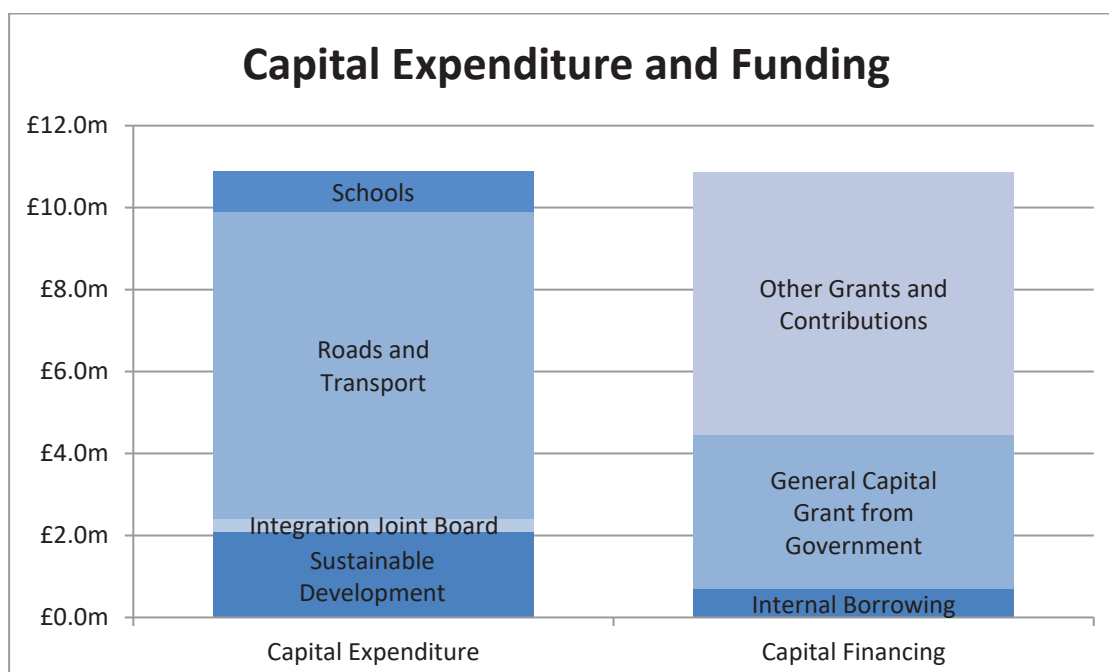
Figure 5: Committed Balances

	£'000		£'000
Budget strategy	5,278	Modern apprenticeships	326
Department carry forwards	2,267	Education related	941
COVID Recovery/Cost of Living	1,331	Business Loans Pool	654
Revenue Match Fund	139	Government Grants	1,703
WISP Lifecycle Fund	4,293	Miscellaneous	4,432
Crown Estate funding	3,250		
		Total	24,616

Capital Expenditure

The Comhairle spent £10.9m on capital projects (excluding community projects funded through capital grants) in 2024/25. This was financed primarily through capital grants, with any excess funds used to reduce the need for future borrowing, as detailed in Note 34 and illustrated in Figure 6.

Figure 6: Capital Expenditure and Funding



The Barra and Vatersay Community Campus, planned to include school and sports facilities, together with health and social care facilities, underwent a period of review in 2024/25, due to the withdrawal of funding for health-related projects by the Scottish Government. The Comhairle continued to plan for the development of the school and sports elements of the project, although it became evident that the complex nature of building in such a remote location, meant that additional funding from the Scottish Government would be required. The Programme for Government for 2025/26, published on 6 May 2025, confirmed that “the Barra and Vatersay Community Campus, including both NHS and Education facilities, will now go ahead” and the Scottish Government “will work with NHS Western Isles, Comhairle nan Eilean Siar and Scottish Futures Trust to develop a sustainable, jointly funded plan”.

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

Performance against Prudential Framework Indicators

The Prudential Code for Capital Finance in Local Authorities allows greater local flexibility for investment decisions that are informed and supported by a suite of performance indicators. The indicators for 2024/25 were approved by the Policy and Resources Committee on 7 February 2024. The indicators are designed to ensure that capital investment is prudent, affordable, and financially sustainable. The indicators are lower than estimated as a consequence of capital expenditure not reaching forecast levels. The key performance indicators are shown in Figure 7.

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

Figure 7: Prudential Indicators

Prudential Indicator	Estimate 2024/25 £k	Outturn 2024/25 £k
General Fund Net Capital Expenditure	26,431	(656)
Capital Financing Requirement	168,295	146,166
External Debt at 31 March	126,264	126,395
Operational Boundary	168,000	165,843
Authorised Limit	168,000	165,843
General Fund Ratio of Financing Costs to Net Revenue Stream	6.40%	5.09%

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

Integration Joint Board

The Scheme of Integration for the Western Isles Integration Joint Board (IJB) was approved by the Scottish Government on 16 June 2015 and the IJB became responsible for financial and strategic oversight of the services that fall within its remit on 1 April 2016. The Integration Scheme has recently been revised and public feedback has been sought, with the consultation period due to close on 24 June 2025. For the Comhairle this encompasses all adult social work and community care services, criminal justice and some housing adaptation works.

The Comhairle’s contribution to the IJB in 2024/25 was £27.8m. The Comprehensive Income and Expenditure Account showed an overall surplus of £0.6m, £0.4m of which was in respect of services delivered by the Comhairle. The main reasons for the surplus on Comhairle services are: additional residential care income, which is dependent on the mix of clients and which was not quantifiable until the end of the year due to delays caused by the cyber-attack; the inability to recruit to specific posts, which has been an ongoing issue, and reduced expenditure on residential/nursing care due to the closure of Blàr Buidhe and the transfer of residents to Comhairle facilities.

The financial outlook for the IJB, shows a funding gap of £3.9m in 2025/26, rising to £7.1m by 2027/28. The improved financial performance in the current year means that the reserves position is better than anticipated and the IJB will, through the use of reserves and planned savings, be in a position to cover its costs in 2025/26, with some reserves still available to support the 2026/27 budget. Although this is a significant improvement on previous forecasts, the underlying deficit is a significant risk to the partner organisations as any shortfall will require to be funded. IJB Reserves at the end of 2024/25 amounted to £9.3m, of which £7.8m is earmarked or held for specific purposes and a balance of £1.5m in general reserves,

which has already been applied to address the shortfall in 2025/26. The Chief Financial Officer recognises that transformational change which drives recurring efficiencies is required, but that this will be increasingly difficult with the workforce and population demographics. (Note 39 details how copies of the IJB Accounts can be accessed).

Balance Sheet

The Balance Sheet gives details of the assets and liabilities and shows that net assets have reduced by £60m over the year. The main reason for the change is the treatment of the Pension Asset/Liability. In 2023/24, the Comhairle recognised an asset of £68m in line with actuarial calculations. However, despite the net pension asset being £126m in 2024/25, there is a ceiling placed on the value that can be recognised on the balance sheet, and this has therefore been reduced to zero. (i.e. no asset or liability), in line with accounting standards. The £2.6m liability disclosed relates to teachers' pension costs not covered by the Teachers' Pension Fund.

The net value of Property, Plant and Equipment has increased by only £5m, reflecting capital investment during the year, which has been offset by property revaluations. There is a net increase of £7m in working capital, as a result of movements in debtor and creditor balances and an increase in short term investments and cash balances. The final advances on the Stornoway Post Authority Loan, to develop the deep-water post facility, have now been made and this is included in the Long-Term Debtors figure.

From 1 April 2024, International Financial Reporting Standards introduced changes to the accounting for leases and lease-type arrangements. For the Comhairle, the main impact is the recognition of operating leases on the balance sheet, to reflect a similar treatment to finance leases. Finance leases have effectively been accounted for as acquisitions of assets (with the asset and a liability to pay for the asset recognised), whilst operating leases have been treated as a day-to-day cost and charged to revenue on an ongoing basis. The effect of this change is to increase both the assets and liabilities by just over £6m.

The pension asset/liability represents the best estimate of the current value of pension benefits that will have to be funded by the Comhairle and relates to benefits earned by existing or previous employees up to 31 March 2025. These benefits are expressed in current value terms rather than the cash that will be paid out. This is to allow for the time value of money, whereby the value of cash now is regarded as higher than cash received in the future. The change from the previous year reflects the current market conditions, and the financial assumptions made by the actuaries.

Borrowing

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

Climate Change and Sustainability

The Comhairle's Climate Change Strategy 2022-27 sets out the Comhairle's approach to climate change mitigation and adaptation, both corporately and throughout the Western Isles. The strategy details three strategic priorities: (1) Carbon Neutral Comhairle, (2) Net Zero Islands, and (3) Climate Resilient Islands. Each priority includes strategic outcomes, with corresponding actions detailed in the accompanying Action Plan.

An internal Climate Change Focus Group, comprising Chief Officers and other key officers working in climate change and sustainability, meets quarterly to coordinate and drive the implementation of the Strategy. All services and employees have a role to play in achieving net zero targets and managing climate-related risks, and work is ongoing to ensure consideration of climate change is embedded into processes and service delivery.

The Comhairle collaborates with partners, including the Outer Hebrides Community Planning Partnership Climate Change Working Group, to progress climate action throughout the islands, and to support and facilitate the delivery of net zero and climate adaptation projects. The Comhairle's Strategic Risk Register identifies climate change as a risk, and partnership-working to identify and address potential impacts for services and communities throughout the islands, is ongoing.

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

Financial Outlook, Risks and Future Planning

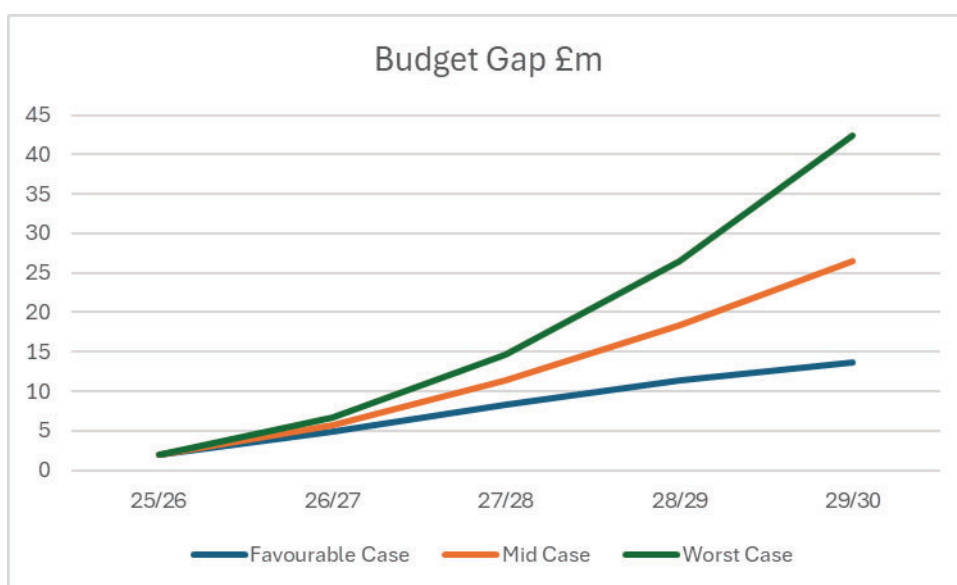
The Comhairle budget for 2025/26 was again based on a single year settlement from the Scottish Government. A budget of £136.4m was agreed in February 2025, funded from General Revenue Grant (£108.6m), Non-Domestic Rates (£9.4m), Council Tax (£15m), Reserves (£2m) and planned savings of £1.4m. Although the General Revenue Grant increased by £5.6m, £4.7m of this was for previous commitments and Government priorities, with net changes of £0.4m within 2025/26, equating to a funding increase of £1.3m for core services. Following years of "flat-cash" Settlements or real terms reductions, this was a welcome boost to funding. However, the trend of ring-fencing funds for specific government priorities continues, which reduces opportunities for resources to be directed to Comhairle priorities.

The Scottish Government's Programme for Government was published in May 2025, with its Medium-Term Financial Strategy delayed until 25 June 2025, to allow for incorporation of the results of the UK Government's Spending Review. The Scottish Fiscal Commission's forecast shows that, while 2025/26 shows a real terms growth of 3% in resource spending, and although this is good news, it is tempered by the impact of rising spending pressures, such as pay settlements, NIC rises (compensation received from UKG £400k short of requirement) and other Programme for

Government commitments. Wage settlements are running well head of the Scottish Governments pay policy of 9% increase in basic pay over the 3 years from 2025/26 to 2027/28. The degree to which the funding needed to meet these higher costs will be compensated by UKG remains unclear, so there may be additional pressure on council budgets.

Looking further ahead, prospects for the Scottish Budget look poor in 2027/28, with a forecast rise of only 0.6% in real terms in resource funding and this is particularly challenging, in light of the continuing NHS and social care pressures.

The Comhairle's revised Medium-Term Financial Plan was approved in June 2025, building on the 2025/26 Budget set in February 2025, which was balanced through the use of £2m of reserves. The cumulative budget gap in 2026/27 is £5.7m, rising to £26m by 2029/30.. As part of the process, a range of scenarios, using known and predicted values for inflation, pay awards, Council Tax increases, etc. were developed, based on favourable and worst-case positions. These show a variation the projected gap of between £13.7m to £42.7m, although the most realistic outcome is expected to be somewhere in between. It is important to note, that these budget gaps are the position prior to the implementation of savings plans and income generation options.



The Comhairle has made significant levels of savings in recent years, and it is acknowledged that bridging this gap will be extremely challenging. However, an exercise has commenced to have an in depth look at the services delivered, which will consider service levels, discretionary services, alternative methods of delivery and how additional savings can be delivered. This will be taken forward in conjunction with the Budget Board. The Settlement for 2025/26 was again for one year, which has impacts on the development of an effective financial strategy.

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

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

The Comhairle has continued to demonstrate sound financial planning and management, within the context of reducing resources and will start 2025/26 with £6.8m of reserves to support future years. A review of medium/long term financial plans will be completed in conjunction with the budget for 2026/27, to reflect current inflationary pressures and funding pressures.

Cllr Paul F Steele
Leader

27 June 2025

Malcolm Burr
Chief Executive

27 June 2025

Norman Macdonald
Chief Financial Officer

27 June 2025

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Comhairle's Responsibilities

The Comhairle is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In the Comhairle, that officer is the Chief Financial Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure the Annual Accounts are prepared in accordance with legislation, The Local Authority Accounts (Scotland) Regulations 2014) and the Coronavirus (Scotland) Act, and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- approve the Annual Accounts for signature. The Comhairle delegates responsibility for the approval of the Annual Accounts to the Audit and Scrutiny Committee.

I confirm that these Draft Annual Accounts were approved for signature by the Audit and Scrutiny Committee at its meeting on 27 June 2025.



*Councillor Paul F. Steele
Leader*

27 June 2025

The Chief Financial Officer Responsibilities

The Chief Financial Officer is responsible for the preparation of the Comhairle's Annual Accounts, in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

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

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

The Chief Financial Officer has also:

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

I certify that the Draft Annual Accounts present a true and fair view of the financial position of the Comhairle (and its group) at the reporting date and the transactions of the Comhairle for the year ended 31 March 2025.



*Norman Macdonald CPFA
Chief Financial Officer*

27 June 2025

ANNUAL GOVERNANCE STATEMENT 2024-25

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

1. Scope of Responsibility

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

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

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

2. Governance Arrangements

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

Outer Hebrides Community Planning Partnership

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

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

Each of those has a discrete priority group within the OHCPP.

It was apparent that demands on the limited resources which were made available by Partners were too great to allow all aspects of the OHCPP's work to proceed in the manner and at the pace at which the partners would have liked. Audit Scotland's Best Value Assurance Report of 2022 made recommendations in respect of the LOIP. As a result, the Comhairle prepared a Best Value Action Plan, and that Plan has been reviewed annually since 2022, most recently in May 2025. There is an ongoing review of the LOIP and of the organisational structure of the OHCPP so as to ensure that its aims and objectives are met and the interests of the Outer Hebrides best served.

In 2023, the Leader started a programme of community engagement in each ward area, the aim being to engage in dialogue about budget priorities. That programme was completed in 2024 and reported to Policy and Resources Committee in November 2024.

Corporate Strategy

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

following public consultation. It deals with the priorities in the LOIP, all of which remain entirely relevant, in terms of overarching strategic priorities:

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

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

An online version of the Strategy and the documents which led up to it can be accessed at [Corporate Strategy | Comhairle nan Eilean Siar](#).

The mechanism for delivering the strategic priorities is set out in departmental Service Business Plans and measured through performance reporting. The business-planning process clearly links the priorities to more specific objectives for services, teams and individuals; it is often referred to as the 'golden thread'. The 2024/25 Service Business Plans were approved on 1 May 2024, and those for 2025/26 were approved on 7 May 2025.

In May 2025 the Comhairle also approved the prioritisation of following strategic outcomes arising from the Corporate Strategy:

- Western Isles Renewal Energy Dividend
- Housing: Opportunities and Innovation
- Gàidhlig
- Family-Friendly Support
- Connectivity Enhancement
- Climate Resilient Infrastructure

An implementation plan for advancement of those outcomes is being prepared.

Policy and Decision-Making

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

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

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

Internal Control, Performance and Risk Management

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

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

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

The Comhairle's Reporting Concerns at Work (Whistleblowing) policy is publicised to all employees and can be accessed on the Comhairle's intranet. The Policy was approved by the Comhairle in September 2020, updated in November 2022 and reviewed in February 2025.

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

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

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

3. Local Code of Corporate Governance

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

The Code and associated Action Plan are reviewed and updated annually. The latest updates were approved by the Comhairle in June 2025.

4. Statutory Roles

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

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

- the manner in which the discharge by the Comhairle of its different functions is co-ordinated;
- the number and grades of staff required by the Comhairle for the discharge of its functions;
- the organisation of the Comhairle's staff; and
- the appointment and proper management of the Comhairle's staff.

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

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

Following the departure of the Chief Social Work Officer in May 2025, the Criminal Justice Service Manager is the Comhairle's interim Chief Social Work Officer in terms of the Social Work (Scotland) Act 1968; he is required to carry out the specified duties associated with the statutory role by ensuring the provision of effective advice to Members and Officers in relation to the provision of social work services.

The Chief Officer for Education and Children's Services is the Chief Education Officer in terms of the Education (Scotland) Act 1980 (as amended) and is required to advise the Comhairle on the carrying out of its functions in this area.

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

5. Scrutiny

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

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

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

6. Managing the Risk of Fraud and Corruption

The Comhairle's Anti-fraud, Corruption, Bribery and Irregularity Strategy takes cognisance of the CIPFA code of practice on managing the risk of fraud and corruption. It was last updated and approved by the Comhairle in April 2023, and can be accessed at [Anti-Fraud, Corruption, Bribery and Irregularity Strategy | Comhairle nan Eilean Siar](#).

7. Issues and Concerns Arising Within 2024/25

The Annual Governance Statement for 2023/24 documented the principal governance issue that arose during that year, being the cyber-attack that occurred on 7 November 2023. In the year 2024/25, work to restore or renew systems was completed, and the Incident Management Team, which had been set up to co-ordinate and prioritise the response and recovery, was stood down. It remains the case that no unauthorised personal data, or indeed any data, has so far appeared on the internet as a consequence of the attack.

As to the Monitoring Officer's duty to report to the Comhairle in terms of s5 of the Local Government and Housing Act 1989, in January 2025 the Comhairle received external legal advice in relation to proceedings being contemplated against the Comhairle following an investigation carried out by the Health and Safety Executive. The investigation was in respect of the death of a resident of St Brendan's Care Home in Castlebay, Isle of Barra in January 2024. The legal proceedings are ongoing at the time of writing, and therefore no further details can be given in this Statement. In the light of the legal advice, the Monitoring Officer intends to submit a report to the Comhairle at the appropriate point.

No other matter was brought to the Monitoring Officer's attention which required him to submit a report.

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

In respect of the duty of candour (under Part 2 of the Health (Tobacco, Nicotine etc. and Care) (Scotland) Act 2016), it was reported in last year's statement that it seemed likely that the duty would be activated in relation to an incident which occurred in 2023/24. That incident is the fatality referred to above; because of ongoing legal action, it was not possible to report it in that year, but it has been reported in the statutory Duty of Candour Annual Report 2024/25.

No formal complaint was made against any Councillor.

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

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

8. Review of Effectiveness

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

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

Specifically, the Comhairle's governance arrangements have been reviewed and tested against the requirements of the CIPFA/SOLACE framework. Whilst this process of review is coordinated corporately, Chief Officers have a responsibility to ensure that their own governance arrangements are adequate and operating effectively. In line with the framework, the Chief Executive and each Chief Officer are required to make an annual statement confirming that this is the case. Service Committees, Policy and Resources Committee and Audit and Scrutiny Committee will continue to review Audit Scotland's findings and strategic and operational plans within their remit in 2025/26. It is acknowledged that CIPFA/SOLACE have issued further guidance covering the annual review of governance and the annual governance statement, for application in 2025/26 onwards.

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

Internal Audit's annual report for 2024/25 will be reported to the Comhairle's Audit and Scrutiny Committee in June 2025 and can be accessed at: [Audit and Scrutiny Committee | Comhairle nan Eilean Siar](#).

The Chief Internal Auditor has reported in his Annual Report and Assurance Statement 2024/25 that reasonable assurance can be placed on the adequacy and effectiveness of the Comhairle's systems of governance, risk management and internal control for the year ended 31 March 2025.

9. Improvements Proposed

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

10. Conclusion

We consider that the governance and internal control environment operating during 2024/25 provided reasonable and objective assurance that any significant risks to the achievement of the Comhairle's principal strategic priorities and outcomes were identified and action was taken to avoid or mitigate their impact. The improvements to strengthen the governance arrangements further, as set out in the Local Code of Corporate Governance Action Plan, have served the Comhairle well. The Comhairle has moved on from the cyber-attack and continues to provide a robust service to the community.

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



Councillor Paul F Steele
Leader

27 June 2025



Malcolm Burr
Chief Executive

27 June 2025

REMUNERATION REPORT

Introduction

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

The term pension benefits, covers the in-year contributions paid by the Comhairle for the employee or Councillor, and their accrued pension benefits at 31 March 2025.

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

Arrangements for Remuneration

Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head (Convener), Senior Councillors or Councillors. The Leader of the Council and the Civic Head cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure and for the Comhairle this has been decided to be the Committee Chairpersons, the Vice-Chair of the Policy and Resources Committee, the Chair/Vice-Chair of the Integration Joint Board, the Chair of the Planning Board and the Chair of the Social Work and Social Care Board.

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

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2024/25 the salary for the Leader of the Comhairle was £35,580. The Regulations permit the council to remunerate one Civic Head (Convener), for 2024/25 the salary was £26,686. The regulations set out the maximum salary that may be paid to that Civic Head and Comhairle policy is to pay in accordance with national guidelines.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all of its Senior Councillors, Leader and Convener in 2024/25 shall not exceed £251,715. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits.

Following the Local Government elections in May 2022, there were a number of changes to the Members appointed to Senior Councillor/Leader/Convener positions, and the number of positions increased to 10. In 2024/25 the remuneration paid for these ten positions totalled £251,684. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become members of the pension scheme.

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

Senior Employees

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

Employees whose remuneration was £50,000 or more

This table shows the number of employees whose remuneration in 2024/25 was £50,000 or more. Any starters or leavers are recorded in the band that matches their **actual** remuneration (i.e., not annualised). Where employees have accepted voluntary redundancy or early retirement during the year these redundancy and compensation payments are included in the remuneration figures.

Remuneration Band	Number of Employees	
	2024/25	2023/24
£50,000 - £54,999	132	133
£55,000 - £59,999	54	43
£60,000 - £64,999	29	27
£65,000 - £69,999	18	17
£70,000 - £74,999	19	13
£75,000 - £79,999	6	5
£80,000 - £84,999	4	2
£85,000 - £89,999	2	3
£90,000 - £94,999	1	1
£95,000 - £99,999	2	0
£100,000 - £104,999	1	1
£105,000 - £109,999	1	1
£110,000 - £114,999	0	0
£115,000 - £119,999	0	0
£120,000 - £124,999	0	0
£125,000 - £129,999	0	1
£130,000 - £134,999	1	0
Total	270	247

Exit Packages of Employees

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
£0 - £20,000	-	-	4	2	4	2	17,045	15,668
£20,001 - £40,000	-	-	1	-	1	-	23,000	-
£40,001 - £60,000	-	-	1	-	1	-	45,952	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
Total			6	2	6	2	85,997	15,668

Remuneration of Senior Councillors and Senior Employees

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

Senior Councillors and Convenors of Joint Boards

Name and Responsibility	2024/25			2023/24
	Salary, Fees & Allowances	Taxable Expenses	Total Remuneration	Total Remuneration
	£	£	£	£
Paul Steele, Leader of the Comhairle	35,580	-	35,580	33,543
Kenneth Macleod, Convener of the Comhairle	26,686	-	26,686	25,203
Angus Morrison, Chair of Audit & Scrutiny	24,541	-	24,541	23,121
Donald Crichton, Chair of Sustainable Development <i>Note 1</i>	24,685	-	24,685	22,998
Uisdean Robertson, Chair of Transportation & Infrastructure	24,541	-	24,541	23,108
Paul Finnegan, Chair of Education, Sport & Children's Services	24,541	-	24,541	23,118
John N Macleod, Chair of the Social Work and Social Care Board	22,823	-	22,823	21,491
Ranald Fraser, Chair of the Planning Applications Board	22,823	-	22,823	21,491
Calum Maclean, Chair/Vice Chair of the IJB	22,823	-	22,823	20,110
Duncan Macinnes, Vice Chair of Policy & Resources	22,823	-	22,823	21,491
Total	251,684		251,684	235,674

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

Total Remuneration paid to Councillors

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

Type of Remuneration	2024/25 £	2023/24 £
Salaries	654,718	617,426
Allowances	11,374	9,945
Expenses	40,514	59,113
Total	706,606	686,484

Full details of Councillors' salaries and expenses for 2024/25 are included in Note 30 of the Annual Accounts and can also be viewed on the Comhairle website at <https://www.cne-siar.gov.uk/council-and-committees>.

Senior Employees

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

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

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

None of our subsidiaries have any remunerated employees.

Name and Responsibility	2024/25			2023/24
	Salary, Fees & Allowances	Taxable Expenses	Total Remuneration	Total Remuneration
	£	£	£	£
Malcolm Burr, Chief Executive <i>Note 1</i>	130,998	120	131,118	126,412
Calum Iain Maciver, Depute Chief Executive (to 30/06/24)	38,435	-	38,435	107,451
Anne Murray, Chief Officer Economic Community Regeneration (from 01/08/24)	48,313 (77,411 full year equivalent)	-	48,313 (77,411 full year equivalent)	-
Donald Macleod, Chief Officer Education (from 12/08/23)	103,849	-	103,849	62,758 (98,852 full year equivalent)
Jack Libby, Chief Social Work Officer	80,968	-	80,968	79,300
Emma Macsween, Depute Chief Officer IJB	95,237	160	95,397	88,826
Norma Skinner, Chief Officer Human Resources and Performance	80,767	-	80,767	75,705
Tim Langley, Chief Officer Law and Governance	80,970	-	80,970	75,968
Calum Mackenzie, Chief Officer Assets and Infrastructure	93,151	12	93,163	87,280
Sandy Gomez, Strategic Lead, Audit & Resources (from 01/07/24) / Chief Internal Auditor	70,396	-	70,396	60,306
Norman MacDonald, Chief Financial Officer	95,237	-	95,237	89,199
Total	918,321	292	918,613	853,205

Note 1 - In 2024/25 the Chief Executive received £1,875 for in remuneration for Returning Officer duties for the UK General Election in July 2024 (in 2023/24 no payments were received for Returning Officer duties)

PENSION BENEFITS

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

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

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

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

Rate of pay 2023/24	Rate of pay 2024/25	Contribution rate
Up to and including £26,044	Up to and including £27,794	5.50%
Between £26,045 and £33,887	Between £27,795 and £36,122	Between 5.6% and 6.0%
Between £33,888 and £42,550	Between £36,123 and £45,355	Between 6.1% and 6.5%
Between £42,551 and £51,234	Between £45,356 and £54,612	Between 6.6% and 7.0%
Between £51,235 and £67,601	Between £54,613 and £72,101	Between 7.1% and 8.0%
Between £67,602 and £90,516	Between £72,102 and £96,542	Between 8.1% and 9.0%
Between £90,517 and £136,935	Between £96,543 and £146,051	Between 9.1% and 10.0%
More than £136,936	More than £146,052	10.1% and over

Senior Councillors and Convenors of Joint Boards

The pension entitlements for Senior Councillors for the year to 31 March 2025 are shown in the following table, together with the contribution made by the Comhairle to their pension during the year.

Name and Responsibility	In-year pension contributions		Accrued Pension Benefits		
	Year to 31/03/2025	Year to 31/03/2024	As at 31/03/2025		Difference from March 2024
	£	£		£	£
Paul Steele, Leader of the Comhairle	6,227	6,366	Pension Lump Sum	4,000 - -	0 - -
Kenneth Macleod, Convener of the Comhairle	4,670	4,774	Pension Lump Sum	6,000 - -	1,000 - -
Angus Morrison, Chair of Audit & Scrutiny	4,295	4,391	Pension Lump Sum	6,000 - -	1,000 - -
Donald Crichton, Chair of Sustainable Development	4,295	4,391	Pension Lump Sum	6,000 - -	1,000 - -
Uisdean Robertson, Chair of Transportation & Infrastructure	4,295	4,391	Pension Lump Sum	10,000 - -	4,000 - -
Paul Finnegan, Chair of Education, Sport & Children's Services	4,295	4,391	Pension Lump Sum	4,000 - -	1,000 - -
John N Macleod, Chair of the Social Work and Social Care Board	3,994	4,083	Pension Lump Sum	4,000 - -	0 - -
Ranald Fraser, Chair of the Planning Applications Board	3,994	4,083	Pension Lump Sum	4,000 - -	1,000 - -
Duncan Macinnes, Vice Chair of Policy & Resources	3,994	4,083	Pension Lump Sum	2,000 - -	1,000 - -
Calum Maclean, Chair/Vice Chair of the IJB	3,994	4,083	Pension Lump Sum	5,000 - -	2,000 - -
Total	44,053	45,036			

Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2025 are shown in the table below, together with the contribution made by the Comhairle to their pension during the year.

Name and Responsibility	In-year pension contributions		Accrued Pension Benefits		
	Year to 31/03/2025	Year to 31/03/2024	As at 31/03/2025		Difference from March 2024
	£	£		£	£
Malcolm Burr, Chief Executive	22,925	23,990	Pension Lump Sum	71,000 91,000	6,000 3,000
Calum Iain Maciver, Depute Chief Executive (to 30/06/24) <i>Note 1</i>	5,524	20,416	Pension Lump Sum	50,000 62,000	2,000 0
Anne Murray, Chief Officer Economic Community Regeneration (from 01/08/24)	13,182	-	Pension Lump Sum	20,000 11,000	3,000 1,000
Donald Macleod, Chief Officer Education (from 12/08/23)	18,173	11,924	Pension Lump Sum	3,000 0	2,000 0
Jack Libby, Chief Social Work Officer	14,169	14,782	Pension Lump Sum	33,000 30,000	3,000 2,000
Emma Macsween, Depute Chief Officer IJB	16,666	16,869	Pension Lump Sum	40,000 38,000	5,000 2,000
Norma Skinner, Chief Officer Human Resources and Performance	14,134	14,384	Pension Lump Sum	36,000 43,000	4,000 2,000
Tim Langley, Chief Officer Law and Governance	14,170	14,434	Pension Lump Sum	18,000 0	2,000 0
Calum Mackenzie, Chief Officer Assets and Infrastructure	16,301	16,583	Pension Lump Sum	44,000 55,000	4,000 3,000
Sandy Gomez, Strategic Lead, Audit & Resources (from 01/07/24) / Chief Internal Auditor	12,319	11,458	Pension Lump Sum	9,000 2,000	2,000 0
Norman MacDonald, Chief Financial Officer	16,666	16,948	Pension Lump Sum	54,000 82,000	5,000 5,000
Total	164,229	161,788			

Note 1 – Employee retired 30/06/2024 (value of deferred entitlement at date of leaving).

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

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

TRADE UNION FACILITY TIME

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



Paul F. Steele
Leader

27 June 2025



Malcolm Burr
Chief Executive

27 June 2025

ACCOUNTING POLICIES

1. General Principles

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

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

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

3. Charges to Revenue for Non-Current Assets

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

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

4. Financial Instruments

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

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

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

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

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

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

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

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

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

6. **Capital Expenditure**

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

7. **Government Grants and Contributions**

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

8. **Inventory**

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

9. **Property, Plant and Equipment**

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Comhairle and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the value of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals, if any, are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land), investment properties and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

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

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

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

10. **Heritage Assets**

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

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

11. **Intangible Assets**

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

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

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

12. **Cash and Cash Equivalents**

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

13. **Provisions**

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

14. **Contingent Assets and Liabilities**

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

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

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

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

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

16. **Leases**

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

The Authority as Lessee

Operating Leases - rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg, there is a rent-free period at the commencement of the lease). The main assets leased by the Comhairle are vehicles, plant and property. The risks and rewards of ownership, along with the title of the assets, remain with the lessor.

Finance Leases – property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they incurred.

Lease payments are apportioned between:

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

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

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

The Authority as Lessor

Operating Leases – where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Finance Leases – where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

17. Employee Benefits

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

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

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

Post Employment Benefits

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

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

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

The liabilities of the fund attributable to the Comhairle are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees. Liabilities are discounted to their value at current prices using a discount rate of 2.3% based on the indicative rate of return on high quality corporate bonds.

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

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

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

18. Significant Trading Operations

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

19. Reserves

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

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

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

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

20. Events after the Reporting Period

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

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

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

22. **VAT**

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

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Comhairle, analysed into "usable reserves" (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for council tax setting purposes. The net increase/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Comhairle.

2024/25	General Fund £'000	Capital Grants Unapplied £'000	Capital Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2024	26,221	12,592	2,108	40,921	315,782	356,703
Movement in Reserves during 2024/25						
Total Comprehensive Income and Expenditure	253	-	-	253	(60,560)	(60,307)
Adjustments between accounting basis and funding basis under regulation (Note 8)	(3,315)	1,225	651	(1,439)	1,439	-
Adjustments between reserves permitted by accounting standards	4,959	-	-	4,959	(4,959)	-
Net Increase/(Decrease) during 2024/25	1,897	1,225	651	3,773	(64,080)	(60,307)
Transfer between Reserves	-	-	-	-	-	-
Balance at 31 March 2025	28,118	13,817	2,759	44,694	251,702	296,396

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Comhairle raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. Note 7 to the Accounts gives details on the adjustments between the statutory and funding basis.

2023/24 Restated				2024/25		
Gross Expend	Gross Income	Net Expend	Service	Gross Expend	Gross Income	Net Expend
£ 000	£ 000	£ 000		£ 000	£ 000	£ 000
69,345	(9,415)	59,930	Education, Skills and Children's Services	77,436	(7,520)	69,916
33,693	(6,412)	27,281	Assets and Infrastructure	35,021	(6,458)	28,563
11,387	(4,721)	6,666	Economic and Community Regeneration	11,061	(5,643)	5,418
73,380	(38,829)	34,551	Health and Social Care	68,131	(38,374)	29,757
9,737	(2,960)	6,777	Chief Executive's	12,002	(8,425)	3,577
8,015	(4,287)	3,728	Strategic Finance	9,019	(4,329)	4,690
205,557	(66,624)	138,933	Cost of Services	212,670	(70,749)	141,921
-	49	49	Other Operating Expenditure (Note 9)	429	(197)	232
8,176	(5,312)	2,864	Financing and Investment Income & Expenditure (Note 10)	6,774	(5,265)	1,509
-	(138,006)	(138,006)	Taxation and Non Specific Grant Income (Note 11)	-	(143,915)	(143,915)
213,733	(209,893)	3,840	(Surplus)/Deficit on Provision of Services	219,873	(220,126)	(253)
		(13,274)	(Surplus)/Deficit on Revaluation of Fixed Assets (Note 22)			(11,663)
		(25,888)	Remeasurement of the Net Defined Benefit Liability (Asset) (Note 38)			72,223
		(39,162)	Other Comprehensive (Income)/Expenditure			60,560
		(35,322)	Total Comprehensive (Income)/Expenditure			60,307

BALANCE SHEET

The Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the Comhairle. The net assets (assets less liabilities) are matched by the reserves, which are reported in two categories. Usable reserves, which may be used to provide services (subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt), and unusable reserves which cannot be used to fund services. The latter includes reserves that hold unrealisable gains and losses, for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulation".

31/03/2024		31/03/2025	
£'000		£'000	£'000
364,697	Property, Plant and Equipment (Note 12)	369,617	
605	Heritage Assets (Note 13)	605	
363	Intangible Assets (Note 14)	363	
29,734	Long Term Debtors (Note 15)	30,264	
395,399	Long Term Assets		400,849
15,288	Short Term Investments	12,268	
1,943	Assets Held for Sale (Note 19)	1,833	
1,149	Inventories	1,282	
22,082	Short Term Debtors (Note 17)	28,703	
11,674	Cash and Cash Equivalents (Note 18)	19,909	
52,136	Current Assets		63,995
(2,582)	Short Term Borrowing (Note 16)	(2,911)	
(24,891)	Short Term Creditors (Note 20)	(29,763)	
(27,473)	Current Liabilities		(32,674)
(126,394)	Long Term Borrowing (Note 16)	(125,058)	
(1,006)	Other Long Term Liabilities (Note 34)	(5,872)	
(4,105)	Long-term Provision (Note 21)	(2,253)	
68,146	Pension Asset / (Liability) (Note 37)	(2,591)	
(63,359)	Long Term Liabilities		(135,774)
356,703	Net Assets		296,396
26,221	General Fund	28,108	
2,107	Capital Fund	2,758	
12,593	Capital Grants Unapplied	13,817	
40,921	Usable Reserves		44,683
315,782	Unusable Reserves (Note 22)		251,713
356,703	Total Reserves		296,396

The unaudited Accounts were issued on 27 June 2025.



Norman Macdonald CPFA
Chief Financial Officer

27 June 2025

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Comhairle during the reporting period. The statement shows how these are generated and used, by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Comhairle are funded by way of taxation and grant income or from the recipients of services. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Comhairle.

2023/24 £'000		2024/25 £'000
(3,840)	Net surplus or (deficit) on the provision of services	253
502	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 26)	15,343
(3,338)	Net cash flows from Operating Activities (Note 23)	15,596
(3,631)	Investing Activities (Note 24)	(5,739)
(3,166)	Financing Activities (Note 25)	(1,622)
(10,135)	Net increase/(decrease) in cash and cash equivalents	8,235
21,809	Cash and cash equivalents at the beginning of the period	11,674
11,674	Cash and cash equivalents at the end of the period (Note 18)	19,909
(10,135)	Net increase/(decrease) in cash and cash equivalents	8,235

NOTE 1 - ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2025/26 Code:

Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS8 *Accounting Policies, Changes in Accounting Estimates and Errors* on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code. This means that only the standards below are included in these requirements.

IAS 21 *The effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)* issued in August 2023. The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact.

IFRS 17 *Insurance Contracts* issued in May 2017. IFRS 17 replaces IFRS 4 and sets out the principles for recognition, measurement, presentation and disclosure of insurance contracts.

The changes to the measurement of non-investment assets, within the 2025/26 Code include adaptations and interpretations of IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirement of IAS 8.

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

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

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

The items in the Comhairle's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pension Liability/Asset	Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Comhairle with expert advice about the assumptions to be applied.	The effects on the net pension liability/asset of changes in individual assumptions can be measured. For example, a 0.1% change in the discount rate assumption would result in a reduction of 2% or £5.2m in the pension liability; whereas a 0.1% increase in life expectancy would increase the liability by 4% or £12.1m. In 2024/25 the actuaries advised that the net pension position was zero (i.e. no asset or liability) after the application of an asset ceiling to the valuation of the asset. This is a divergence from previous years. Additional information of the sensitivities regarding principal actuarial assumptions are detailed in Note 37.

Item	Uncertainties	Effect if actual results differ from assumptions
Pension Liability	The Comhairle's share of the Pension Fund asset portfolio as at 31 March 2025 includes £37m of property and £28m of private equity. These Level 3 investments are the most liquid and hard to value and carry the highest valuation uncertainty.	Pension assets at 31 March 2023 were valued at £428m, £65m of which consisted of property and private equity. Given the risk associated with the valuing of these categories of assets, a reduction in value of, for example, 5% would equate to a reduction of £3.3m in the pension asset.
Arrears	At 31 March 2025 Comhairle had a balance of sundry debtors (excluding care charges) of £6.5m. An allowance for bad and doubtful debts of £0.9m of the balance outstanding has been provided using the aged debt profile as the basis. In addition, Council Tax and Non-Domestic Rates debt at the end of the financial year amounted to £4.3m and £1.6m, with provisions of £1.9m and £0.3m respectively.	Given the amount of outstanding debt which is secured against property and the current economic climate, the level of provision may not be sufficient. For example, an increase of 10% in the level of bad debts would require an additional £90k for sundry debtors and £190k for Council Tax. However, the extent of the provision means that a significant portion of the debt is covered.

NOTE 3 - CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

NOTE 4 - MATERIAL ITEMS OF INCOME AND EXPENDITURE

Where material items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the nature and value of these amounts must be disclosed. There were no such items in 2023/24 or 2024/25.

NOTE 5 EXPENDITURE AND FUNDING ANALYSIS

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

Service	2024/25		
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Education, Skills and Children's Services	56,505	13,411	69,916
Assets and Infrastructure	20,255	8,308	28,563
Economic and Community Regeneration	3,808	1,610	5,418
Health and Social Care	27,456	2,301	29,757
Chief Executive's	3,050	527	3,577
Strategic Finance	5,412	(722)	4,690
Net Cost of Services	116,486	25,435	141,921
Other Income and Expenditure	(118,383)	(23,791)	(142,174)
(Surplus)/Deficit	(1,897)	1,644	(253)
Opening General Fund Balance	(26,221)		
(Surplus)/Deficit for year	(1,897)		
Closing General Fund Balance	(28,118)		

Service	2023/24 Restated		
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Education, Skills and Children's Services	51,541	8,389	59,930
Assets and Infrastructure	19,486	7,795	27,281
Economic and Community Regeneration	4,662	2,004	6,666
Health and Social Care	26,093	8,458	34,551
Chief Executive's	6,319	458	6,777
Strategic Finance	5,089	(1,361)	3,728
Net Cost of Services	113,190	25,743	138,933
Other Income and Expenditure	(110,325)	(25,638)	(135,963)
(Surplus)/Deficit	2,865	105	2,970
Opening General Fund Balance	(29,956)		
(Surplus)/Deficit for year	3,735		
Closing General Fund Balance	(26,221)		

NOTE 6 EXPENDITURE AND FUNDING ANALYSIS ADDITIONAL INFORMATION

Adjustments Between Funding and Accounting Basis 2024/25				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts 000	Adjustments for Capital Purposes ¹ £'000	Net Change for the Pension Adjustments ² £'000	Other Differences ³ £'000	Total Adjustments £'000
Education, Skills and Children's Services	12,481	900	30	13,411
Assets and Infrastructure	7,895	400	13	8,308
Economic and Community Regeneration	1,440	185	(15)	1,610
Health and Social Care	1,387	916	(2)	2,301
Chief Executive's	297	227	3	527
Strategic Finance	26	(747)	(1)	(722)
Net Cost of Services	23,526	1,881	28	25,435
Other Income and Expenditure from the Expenditure and Funding Analysis	(20,269)	(3,368)	(154)	(23,791)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on Provision of Services	3,257	(1,487)	(126)	1,644

Adjustments Between Funding and Accounting Basis 2023/24 Restated				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts 000	Adjustments for Capital Purposes ¹ £'000	Net Change for the Pension Adjustments ² £'000	Other Differences ³ £'000	Total Adjustments £'000
Education, Skills and Children's Services	7,400	910	79	8,389
Assets and Infrastructure	7,395	388	12	7,795
Economic and Community Regeneration	1,805	190	9	2,004
Health and Social Care	7,537	889	32	8,458
Chief Executive's	232	221	5	458
Strategic Finance	26	(1,392)	5	(1,361)
Net Cost of Services	24,396	1,206	142	25,743
Other Income and Expenditure from the Expenditure and Funding Analysis	(23,374)	(2,110)	(154)	(25,638)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on Provision of Services	1,022	(904)	(12)	105

1. Adjustments for Capital Purposes

This column adds in depreciation, impairment and revaluation gains and losses in the service line, and for:

Other Operating Expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and Investment Income and Expenditure - the statutory charges for capital financing and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and Non-Specific Grant Income - capital grants are adjusted for income not chargeable under generally accepted accounting practices.

2. Net Charges for Pension Adjustments

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

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

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

3. Other Differences

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

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

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

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

EXPENDITURE AND INCOME ANALYSED BY NATURE

	Expenditure	
88,940	Employee Benefits Expenses	93,219
104,718	Other Services Expenses	109,238
9,743	Support Service Recharges	10,011
24,396	Depreciation, Amortisation and Impairment	23,524
8,176	Interest Payments	6,774
350	Precepts and Levies	367
49	Loss/(Gain) on the Disposal of Assets	231
	Income	
(70,084)	Fees, Charges and Other Service Income	(70,673)
(5,319)	Interest and Investment Income	(5,273)
(22,469)	Income from Council Tax and Non Domestic Rates	(24,414)
(134,660)	Government Grants and Contributions	(143,257)

NOTE 7 MOVEMENT IN EARMARKED RESERVES

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

	Balance at 31 March 2024 £'000	Transfers Out 2024/25 £'000	Transfers In 2024/25 £'000	Balance at 31 March 2025 £'000
Forward Budget Strategy	5,630	(3,848)	3,496	5,278
Schools Lifecycle Fund	4,461	(1,048)	880	4,293
COVID-19 Funding	1,331	(265)	-	1,066
Match Fund	140	-	-	140
Education Initiatives	1,064	(123)	-	941
Modern Apprenticeships	326	-	-	326
Economic Development Loans Pool	772	(236)	118	654
Departmental Carry Forwards	1,888	(1,203)	1,582	2,267
Scottish Crown Estate Funding	1,137	(116)	2,229	3,250
Scottish Government Grants	1,770	(1,770)	1,703	1,703
Miscellaneous Projects	4,202	(2,327)	2,823	4,698
Balance at 31 March	22,721	(10,936)	12,831	24,616

NOTE 8 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Comhairle in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

2024/25	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Balances £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments to 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 adjustments:				
• Pension costs (transferred to (or from) the Pensions Reserve)				
Reversal of items relating to retirement benefits	802	-	-	(802)
Reversal of Teachers Pension Liability adjustment	684	-	-	(684)
• Financial instruments (transferred to the Financial Instruments Adjustment Account)				
Amount by which finance costs charged to CI&E are different from costs charged in accordance with statute	154	-	-	(154)
• Holiday pay (transferred to the Accumulated Absences Reserve)				
Amount by which remuneration charged to CI&E on an accruals basis is different from that chargeable in the year in accordance with statutory requirements	(28)	-	-	28
• 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)				
Depreciation of non-current assets	(13,454)	-	-	13,454
Revaluation losses and Impairment of Property, Plant & Equipment	(4,739)	-	-	4,739
Capital Grants and Contributions Applied	7,064	-	-	(7,064)
Income in relation to Donated Assets	1,335	-	-	(1,335)
Gain/Loss on disposal of non-current assets	(1,789)	-	-	1,789
Stornoway Port Authority loan	105	-	-	(105)
Credit Losses	10	-	-	(10)
Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	3,599	-	(3,599)	-
Total Adjustments to Revenue Reserves	(6,257)	-	(3,599)	9,856
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,968	(1,968)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	6,483	-	-	(6,483)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	214	-	-	(214)
Total Adjustments between Revenue and Capital Resources	8,665	(1,968)	-	(6,697)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	1,317	-	(1,317)
Application of capital grants to finance capital expenditure	-	-	2,374	(2,374)
Write off lease liability	907	-	-	(907)
Total Adjustments to Capital Resources	907	1,317	2,374	(4,598)
Total Adjustments	3,315	(651)	(1,225)	(1,439)

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

NOTE 9 OTHER OPERATING EXPENDITURE

49	Gains/Losses on disposal of non-current assets	231

NOTE 10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2023/24 £'000		2024/25 £'000
10,286	Interest payable and similar charges	10,142
(2,110)	Pension interest costs and expected return on pension assets	(3,368)
(5,312)	Interest receivable and similar income	(5,265)
2,864		1,509

NOTE 11 TAXATION AND NON SPECIFIC GRANT INCOME

2023/24 £'000		2024/25 £'000
(13,363)	Council Tax income	(14,681)
(9,106)	Non Domestic Rates	(9,722)
(99,168)	General Revenue Grant	(106,198)
(16,369)	Capital grants and contributions	(13,315)
(138,006)		(143,916)

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

Movements in 2024/25	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE £'000
Cost or Valuation						
At 1 April 2024	247,644	34,896	1,354	58	3,459	287,411
Additions	7,227	1,015	2	-	1,157	9,401
Donations	1,335	-	-	-	-	1,335
Revaluation increases recognised in the Revaluation Reserve	11,700	-	-	-	-	11,700
Revaluation (decreases) in the surplus/(deficit) on the provision of services	(13,223)	-	-	-	-	(13,223)
Derecognition - disposals	(1,834)	(460)	-	-	-	(2,294)
At 31 March 2025	252,849	35,451	1,356	58	4,616	294,330
Accumulated Depreciation and Impairment						
At 1 April 2024	2,859	27,425	945	-	-	29,252
Depreciation Charge	11,649	1,391	58	-	-	13,098
Depreciation written out to the Revaluation Reserve	(8,636)	-	-	-	-	(8,636)
Depreciation written out to the surplus / deficit on the provision of services	(1,137)	-	-	-	-	(1,137)
Derecognition - disposals	(159)	(457)	-	-	-	(616)
At 31 March 2025	4,576	28,359	1,003	-	-	33,938
Net Book Value						
At 31 March 2025	248,273	7,092	353	58	4,616	260,392
At 31 March 2024	244,785	7,471	409	58	3,459	258,159

Note: Infrastructure Assets

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

Infrastructure assets are measured at depreciated historical cost, rather than current value, as defined by the CIPFA Code of Practice on Local Authority Accounting. A move to a valuation process for these assets has previously been considered but as yet not implemented, partly due to deficits in the information required to follow proper accounting rules. CIPFA has provided a Statutory Override that confirms the continuation of current practices until 31 March 2025, and these have been adopted by the Comhairle:

Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2025, a local authority is not required to report gross cost and accumulated depreciation for infrastructure assets.

Statutory Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2025 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken to be accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

Infrastructure Assets with a historical cost of £109m are included within Property, Plant and Equipment on the Balance Sheet.

Comparative movements in 2023/24	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE £'000
Cost or Valuation						
At 1 April 2023	228,808	33,307	1,351	58	22,165	285,689
Additions	1,506	2,286	3	-	1,151	4,946
Revaluation increases recognised in the Revaluation Reserve	7,245	-	-	-	-	7,245
Revaluation (decreases) in the surplus/(deficit) on the provision of services	(7,034)	-	-	-	-	(7,034)
Derecognition - disposals	(83)	(697)	-	-	-	(780)
Assets reclassified (to)/from held for sale	(2,655)	-	-	-	-	(2,655)
Transfer	19,857	-	-	-	(19,857)	-
At 31 March 2024	247,644	34,896	1,354	58	3,459	287,411
Accumulated Depreciation and Impairment						
At 1 April 2023	1,611	26,751	890	-	-	29,252
Depreciation Charge	9,733	1,362	55	-	-	11,150
Depreciation written out to the Revaluation Reserve	(8,249)	-	-	-	-	(8,249)
Depreciation written out to the surplus / deficit on the provision of services	(159)	-	-	-	-	(159)
Derecognition - disposals	(21)	(688)	-	-	-	(709)
At 31 March 2024	2,859	27,425	945	-	-	31,229
Net Book Value						
Assets Owned	243,414	7,471	409	58	3,459	254,811
Assets Leased	1,371	-	-	-	-	1,371
At 31 March 2024	244,785	7,471	409	58	3,459	256,182
Assets Owned	225,932	6,556	461	58	22,165	255,172
Assets Leased	1,265	-	-	-	-	1,265
At 31 March 2023	227,197	6,556	461	58	22,165	256,437

Note: Infrastructure Assets

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

Infrastructure assets are measured at depreciated historical cost, rather than current value, as defined by the CIPFA Code of Practice on Local Authority Accounting. A move to a valuation process for these assets has previously been considered but as yet not implemented, partly due to deficits in the information required to follow proper accounting rules. CIPFA has provided a Statutory Override that confirms the continuation of current practices until 31 March 2025, and these have been adopted by the Comhairle:

Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2025, a local authority is not required to report gross cost and accumulated depreciation for infrastructure assets.

Statutory Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2025 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken to be accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

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

Revaluations

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. 2024/25 revaluations were carried out by Graham & Sibbald in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuation is set out in the Statement of Accounting Policies. At the current time there are high levels of inflation and increasing construction costs impacting asset valuations. To ensure that the carrying amounts do not differ materially from that which would be determined using current value we have applied indexation rates, as advised by Graham & Sibbald, to assets that were not revalued in the year and whose carrying value was greater than £1m.

	Other Land & Buildings £'000	Vehicles & Plant £'000	Infrastructure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Valued at Historical Cost	-	35,451	221,851	1,356	58	4,616	263,332
Valued at Fair Value as at:							
31 March 2025	38,448	-	-	-	-	-	38,448
31 March 2024	25,126	-	-	-	-	-	25,126
31 March 2023	62,547	-	-	-	-	-	62,547
30 March 2022	81,385	-	-	-	-	-	81,385
30 March 2021	40,765	-	-	-	-	-	40,765
	248,271	35,451	221,851	1,356	58	4,616	511,603

Capital Commitments

At 31 March 2025, the Comhairle had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2024/25 and future years, at a cost of £34.7m. Similar commitments at 31 March 2023 were £35.9m.

NOTE 13 HERITAGE ASSETS

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

Collections were built up following the establishment of the Museum Service in 1983 with two exceptions, The Lewis Museum Trust established in the 1950's passed collected material to Museum Nan Eilean in 1983 and in 1999 the Calbost Collection was brought into the care and management of Museum Nan Eilean. There were no additions to the collections in 2024/25.

During 2022/23 high value paintings and two archive collections were valued by an independent valuer. It is proposed to revalue the Regalia in 2025/26. The Udal collection which is held under Archaeological artefacts will also be reviewed in 2025/26. In line with Accounting Policy, as a reliable up to date value for Social History Contemporary Artefacts and the remainder of the Archaeological collection and the Archive is not available they have been removed from the Balance Sheet.

	Paintings £'000	Social History Contemporary Artefacts £'000	Archaeological Artefacts £'000	Archives £'000	Regalia £'000	Total £'000
Cost / Valuation At 1 April 2024	270	-	250	50	35	605
At 31 March 2025	270	0	250	50	35	605

	Paintings £'000	Social History Contemporary Artefacts £'000	Archaeological Artefacts £'000	Archives £'000	Regalia £'000	Total £'000
Cost / Valuation At 1 April 2023	270	-	250	50	35	605
At 31 March 2024	270	0	250	50	35	605

Not included are:

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

NOTE 14 INTANGIBLE ASSETS

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

	2023/24	2024/25
	Fishing Quota £ 000	Fishing Quota £ 000
Balance at 1 April	354	363
Revaluation increase recognised in the Revaluation Reserve	9	-
Balance as at 31 March	363	363

The intangible assets included on the Balance Sheet are in respect of Fishing Quota (quota). A quota is the right to fish species over a defined period, usually one year. Quotas are held by government and distributed to fishermen through Producer Organisations. Quotas for fish species most relevant to the Western Isles have, over a period of time, been purchased by external interests with the resulting loss of control of fishing opportunities to local fishing communities. The purchase of quota by the Comhairle enables long term access to a strategically important resource i.e. nephrops. The open market value of the quota held at 31 March 2025 was £363k.

NOTE 15 LONG TERM DEBTORS

	Balance 31/03/24 £ 000	Advanced in Year £ 000	Other Movement in Year £ 000	Repaid in Year £ 000	Balance 31/03/25 £ 000
Stornoway Port Authority	28,810	1,727	(134)	(1,450)	28,953
Community Support Loans	141	-	(4)	(14)	123
Charging Orders on Properties	921	-	475	-	1,396
Revolving Loans Pool	972	93	15	(194)	886
	30,844	1,820	352	(1,658)	31,358
Less:					
Charging Orders on Properties Provision	(138)	-	(71)	-	(209)
Revolving Loans Pool Provision	(972)	-	87	-	(885)
	29,734	1,820	368	(1,658)	30,264

During 2024/25, one of the Community Support Loans moved from long term to short term debtors, this has been reflected in other movement in the year.

NOTE 16 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

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

Financial Liabilities

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

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

Financial Assets

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

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

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

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

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

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

	Long Term		Current	
	31/03/24 £'000	31/03/25 £'000	31/03/24 £'000	31/03/25 £'000
Financial Assets				
Investments	-	-	33,519	32,147
Debtors	29,734	30,264	4,827	4,355
	29,734	30,264	38,346	36,502
Financial Liabilities				
Borrowings	126,263	124,927	2,582	2,911
Creditors	-	-	2,539	4,373
	126,263	124,927	5,121	7,284

Material Soft Loans Made by the Authority

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

	£'000
Balance at start of year	29,983
Nominal Value of loans advanced in the year	2,092
Fair value adjustment on Initial Recognition	(340)
Loan Repayments	(1,317)
Interest accrued	21
Increase in Discounted Amount	106
Nominal Value at 31 March 2025	30,545

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

Gains and Losses on Financial Instruments	Surplus/ Deficit on provision of services £'000	Other CI &E £'000
Net Gains/Losses on assets carried at amortised cost	-	263
Interest Revenue on assets carried at amortised cost	-	497

Fair Value of Assets and Liabilities

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

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

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

The fair values are calculated as follows:

	31/03/2024		31/03/2025	
	Amount	£'000	Amount	£'000
Assets				
Loans and receivables	33,519	33,519	32,147	32,147
Long term debtors	37,186	18,491	37,186	20,928
Liabilities				
Financial Liabilities (PWL B Loans)	126,263	140,678	124,927	124,339
Financial Liabilities (Market Loans)	132	132	138	138

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

The 2025 fair value of borrowing was calculated by reference to the premature repayment set of rates in force on 31 March 2025, the 2024 figure by reference to the set of interest rates in force on 31 March 2024, as calculated by the PWLB. The fair value is greater than the carrying amount because the Comhairle's borrowing figure includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. This commitment to pay interest above current market rates increases the amount that the Comhairle would have to pay if the lender requested or agreed to early repayment of the loans.

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

NOTE 17 DEBTORS

2,616	Central Government	4,502
322	Other Local Authorities	304
4,650	National Health Service	6,633
6,052	Public Corporations and Trade Funds	4,785
8,442	Other	12,479

NOTE 18 CASH AND CASH EQUIVALENTS

2023/24 £'000		2024/25 £'000
23	Cash held by the Comhairle	23
(6,579)	Bank Current Accounts	7
18,230	Short-term Deposits	19,879
11,674		19,909

NOTE 19 ASSETS HELD FOR SALE

2023/24 £'000		2024/25 £'000
1,678	Balance at 1 April	1,943
	Assets newly classified as held for sale	
2,710	Property, Plant and Equipment	-
(2,320)	Revaluation gain/(loss)	-
	Assets declassified as held for sale	
(55)	Property, Plant and Equipment	-
(70)	Assets sold	(110)
1,943	Balance outstanding at 31 March	1,833

NOTE 20 CREDITORS

2023/24 £'000		2024/25 £'000
2,562	Central Government	2,669
1,158	Other Local Authorities	1,029
2,837	National Health Service	2,394
1,642	Public Corporations and Trade Funds	4,373
16,692	Other	19,298
24,891		29,763

NOTE 21 PROVISIONS

Council Tax	1,820	39	1,859
Sundry Debtors	893	13	906
Charges on Properties	2,350	406	2,756

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

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

Other Provisions	Balance at 31/03/24 £'000	Movement In Year £ 000	Balance at 31/03/25 £ 000
Current			
Stornoway Port Authority loan	340	(340)	-
		(340)	
Long Term			
Restoration of Landfill Sites	3,724	(1,511)	2,213
Decommissioning Costs	40	-	40
	3,764	(1,511)	2,253

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

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

NOTE 22 UNUSABLE RESERVES

2023/24 £'000		2024/25 £'000
87,481	Revaluation Reserve	94,562
(409)	Financial Instruments Adjustment Account	(255)
162,334	Capital Adjustment Account	161,794
68,146	Pensions Reserve	(2,591)
(1,770)	Employee Statutory Adjustment Account	(1,798)
315,782	Total Unusable Reserves	251,712

Revaluation Reserve

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

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

2023/24 £'000		2024/25	
		£'000	£'000
77,410	Balance at 1 April		87,481
15,503	Upward revaluation of assets	19,453	
(1,337)	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on Provision of Services	(6,464)	
14,166	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		12,989
(4,083)	Difference between fair value depreciation and historical cost depreciation		(4,959)
(12)	Remove Revaluation Reserve balance on assets disposed of		(949)
87,481	Balance at 31 March		94,562

Financial Instruments Adjustments Account

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

2023/24 £'000		2024/25	
		£'000	£'000
(563)	Balance at 1 April		(409)
-	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-	
154	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	154	
154	Amount by which the finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.		154
(409)	Balance at 31 March		(255)

Capital Adjustments Account

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

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

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

2023/24		2024/25	
£'000		£ 000	£'000
162,332	Balance at 1 April		162,334
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(12,532)	Depreciation and impairment of Property, Plant and Equipment	(13,454)	
(587)	Amortisation of Investment	(1,212)	
(7,804)	Revaluation losses on Property, Plant and Equipment	(4,739)	
4	Credit Losses	10	
(142)	Amounts of non-current assets written off on disposal or sale as part of gain/loss on disposal	(1,789)	
(21,061)			(21,184)
12	Adjusting amounts written out of the Revaluation Reserve		949
141,283	Net written out amount of the cost of non-current assets consumed in the year		142,099
	Capital financing applied in the year:		
11,935	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	7,064	
-	Donated Assets	1,335	
2,350	Application of grants from the Capital Grants Unapplied Account	2,375	
-	Application of grants from the Capital Receipts Unapplied Account	1,317	
-	Application of Revenue Balances	214	
-	Library lease liability write off	907	
6,766	Statutory Provision for the financing of capital investment	6,483	
21,051			19,695
162,334	Balance at 31 March		161,794

Pensions Reserve

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

2023/24		2024/25	
£'000		£'000	£'000
41,354	Balance at 1 April		68,146
25,888	Actuarial gains and losses on pension assets and liabilities	(72,223)	
904	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	1,486	
-	Employers pension contributions and direct payments to pensioners payable in the year	-	
26,792			(70,737)
68,146	Balance at 31 March		(2,591)

Employee Statutory Adjustment Account

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

2023/24		2024/25	
£'000		£'000	£'000
(1,629)	Balance at 1 April		(1,770)
1,629	Settlement or cancellation of accrual made at the end of the preceding year	1,770	
(1,770)	Amounts accrued at the end of the current year	(1,798)	
(141)	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		(28)
(1,770)	Balance at 31 March		(1,798)

NOTE 23 CASH FLOW STATEMENT - OPERATING ACTIVITIES

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

3,223	Interest Received	3,334
(10,099)	Interest Paid	(9,706)

NOTE 24 CASH FLOW STATEMENT - INVESTING ACTIVITIES

2023/24 £'000		2024/25 £'000
(14,690)	Purchase of property, plant and equipment and intangible assets	(9,410)
10,966	Purchase/(Redemption) of short-term and long-term investments	3,020
93	Proceeds from the sale of property, plant and equipment and intangible assets	651
(3,631)	Net cash flows from investing activities	(5,739)

NOTE 25 CASH FLOW STATEMENT - FINANCING ACTIVITIES

2023/24 £'000		2024/25 £'000
(3,166)	Repayments of short-term and long-term borrowing	(1,622)
(3,166)	Net cash flows from financing activities	(1,622)

NOTE 26 CASH FLOW STATEMENT - NON CASH MOVEMENTS

2023/24 £'000		2024/25 £'000
	Adjustment to net (surplus)/deficit on the provision of services for non-cash movements:	
16,615	Depreciation and Amortisation	18,785
7,781	Impairment and downward revaluations	4,739
49	Loss on Sale of Fixed Assets	231
(10,260)	Other Adjustments	(1,985)
(2,381)	Increase/(decrease) in Provisions	(1,851)
2,951	Increase/(decrease) in Creditors	1,248
(15,427)	(Increase)/decrease in Debtors	(4,204)
270	(Increase)/decrease in Stock	(133)
904	IAS19 Pension Adjustment	(1,487)
502	Non Cash Movements	15,343

NOTE 27 TRADING OPERATIONS

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

Trading Operation	2023/24 Deficit/ (Surplus) £'000	2024/25 Expenditure £ 000	2024/25 Income £ 000	2024/25 Deficit/ (Surplus) £'000
Building Cleaning	(60)	1,287	(1,257)	30
Schools Catering	212	2,708	(2,653)	55
Refuse Collection	266	3,068	(2,671)	397
Street Cleansing	18	325	(327)	(2)
Burial Grounds	20	260	(214)	46
Fleet Management	(7)	2,034	(2,103)	(69)
Bus na Comhairle	83	1,085	(1,056)	29
Winter Maintenance	-	462	(461)	1
Ice Plants	11	14	(12)	2
Marine Fuel	(123)	1,166	(1,284)	(118)
	420	12,409	(12,038)	371

In 2024/25, trading operation surpluses and deficits were included in the Comprehensive Income and Expenditure Statement) as below:

Education, Skills and Children's Services £85k

Depute Chief Executive £286k

NOTE 28 AGENCY SERVICES

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

	2023/24 £'000	2024/25 £'000
Lewis Castle College	703	-
Hebridean Housing Partnership	2,414	2,544
	3,117	2,544

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

	2023/24 £'000	2024/25 £'000
Lewis Castle College	5	-
Hebridean Housing Partnership	3	5
Scottish Water - Water Charges	104	112
	112	117

The Comhairle acts as the Accountable body for the Islands Growth Deal, claiming Islands Deal funding from the Scottish Government and paying it out to project partners. The amounts are not included in the Comprehensive Income and Expenditure Account. More information is in Note 31.

	2023/24 £'000 Income	2023/24 £'000 Expenditure	2024/25 £'000 Income	2024/25 £'000 Expenditure
Islands Growth Deal	(983)	983	(2,418)	2,418

NOTE 29 EXTERNAL AUDIT COSTS

	2023/24 £'000	2024/25 £'000
Fee payable to Audit Scotland with regard to audit services carried out by the appointed auditor	243	241
Rebate in respect of previous year	-	-
	243	241

NOTE 30 MEMBERS' SALARIES, ALLOWANCES AND EXPENSES

Name	Salary 1 £	Mileage Allowance £	Other Travel Expenses £	Subsistence Expenses £	Telephone & ICT Expenses 3 £	Other Expenses £	2024/25 Total £	2023/24 Total £
Mr Iain A Macneil	21,345	1,182	1,398	2,168	678	15	26,786	27,811
Mr Kenneth J Maclean	21,345	-	226	557	336	-	22,463	22,337
Mr Paul F Steele	35,758	1,730	3,723	3,865	943	15	46,035	51,797
Mr Iain M Macleod	21,452	677	334	848	758	-	24,068	23,583
Ms Susan Thomson	21,345	91	120	319	336	-	22,211	22,768
Mr Uisdean Robertson 4	24,664	343	1,659	1,839	1,132	-	29,637	30,818
Mr Mustapha Hocine	21,345	59	249	831	405	-	22,888	22,902
Mr Grant Fulton	1,779	-	-	-	132	-	1,911	20,539
Mr Paul A Finnegan	24,664	300	-	191	719	-	25,873	24,254
Mr Kenneth Macleod	15,779	1,205	-	-	704	-	17,688	-
Mr Alasdair R Fraser	22,937	508	894	-	336	-	24,676	22,287
Mr Norman (Misty) Macdonald	21,345	543	-	-	694	-	22,582	21,797
Mr Angus Morrison	24,664	627	-	-	336	-	25,626	24,991
Mr Robert Mackenzie	21,345	240	-	-	1,018	-	22,604	21,343
Mr Finlay M Stewart	21,452	-	-	-	338	-	21,790	20,412
Mr Norman Macdonald	21,452	-	325	357	336	-	22,470	20,412
Mr Angus McCormack	21,452	-	-	-	337	-	21,788	20,437
Mr Rae Mackenzie	21,345	-	-	62	336	-	21,743	20,450
Dr Frances Murray	21,345	-	-	-	949	-	22,294	20,879
Mr George Murray	21,345	-	-	75	468	-	21,888	20,434
Mr Duncan Macinnes	22,823	179	1,851	958	336	-	26,148	24,022
Mr Iain M Macaulay	21,345	-	-	62	386	-	21,792	20,413
Mr Gordon Murray	21,345	-	-	-	336	80	21,761	21,651
Mr Malcolm K Macdonald	21,345	-	-	75	336	-	21,756	20,442
Mr John A Maciver	21,345	-	-	-	336	-	21,681	21,951
Mr Calum Maclean	22,841	-	-	-	336	-	23,177	20,423
Mr Donald F Crichton 2	24,664	-	636	-	96	-	25,396	22,201
Mr Kenneth Macleod	26,686	3,690	1,095	736	689	-	32,897	32,074
Mr Donald Macsween	21,345	-	9	-	336	-	21,689	21,010
Mr John N Macleod	22,823	-	-	130	336	-	23,288	21,813
Total	654,718	11,374	12,519	13,072	14,812	110	706,606	686,252

1 The salary figures exclude Apprenticeship Levy, Employer's National Insurance and Superannuation contributions.

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

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

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

NOTE 31 ISLANDS GROWTH DEAL - ACCOUNTABLE BODY DISCLOSURES

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

As part of the Deal, the Outer Hebrides will receive £33.3m, to be invested in a number of key developments, targeted at growing the economy through the establishment of gateway tourism infrastructure throughout the islands; pioneering renewable energy and Spaceport 1 facilities; enabling growth of sustainable skills for our population, through the UHI Outer Hebrides Campus Redevelopment Project and TalEntEd Programme; and investment in our key Primary and Creative Industries.

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

The analysis of funding awarded to individual projects and drawdown of grant is shown in the table below, which reflects both Capital and Revenue projects. The Growth Deal is still in its early stages and a number of delays in getting FBCs through the approval process has led to slippage in anticipated drawdown in these early years of the programme.

Project	Grant Award £ 000	Funded By SG £ 000	Funded By UKG £ 000	2024/25 Approved Grant Offer £ 000	2024/25 Grant Claimed £ 000	2024/25 Grant Claims Received to 31 March £ 000	2024/25 Grant Payments Made to 31 March £ 000	Grant Claim Payments Outstanding as at 31 March £ 000	Grant Claimed Total to 31 March 25
Islands Centre for Net Zero	16,500	500	16,000	1,812	1,266	670	670	596	1,881
Scapa Flow Future Fuels Hub	6,500	6,500	-	-	-	-	-	-	-
Outer Hebrides Energy Hub	11,000	-	11,000	-	-	-	-	-	-
Dales Voe Ultra Deep Water Port	9,000	9,000	-	-	-	-	-	-	-
Creative Islands Wellbeing	5,000	2,400	2,600	35	-	-	-	-	-
Outer Hebrides Destination Development	8,000	4,000	4,000	2,294	1,033	645	645	388	1,033
Orkney World Heritage Gateway	6,500	5,500	1,000	-	-	-	-	-	-
Orkney Vertical Farm	2,000	500	1,500	-	-	-	-	-	-
Shell-Volution	4,400	-	4,400	80	-	-	-	-	-
Outer Hebrides Food and Drink Programme	1,500	1,500	-	73	53	53	53	-	150
Spaceport1	1,000	1,000	-	-	-	-	-	-	-
TalEntEd Islands programme	1,500	-	1,500	230	25	8	8	17	25
Orkney Research and Innovation Campus	8,000	-	8,000	1,505	-	-	-	-	-
Shetland Campus Redevelopment	3,000	3,000	-	500	-	-	-	-	-
Outer Hebrides Campus Redevelopment	1,500	1,500	-	305	251	117	117	134	1,446
Knab Redevelopment	9,600	9,600	-	1,385	-	-	-	-	-
Total Capital Grant Funding	95,000	45,000	50,000	8,219	2,628	1,493		1,135	4,535
Creative Islands Wellbeing	600	600	-	17	-	-	-	-	-
TalEntEd Islands programme	4,400	4,400	-	289	12	-	-	12	12
Total Revenue Grant Funding	5,000	5,000		306	12			12	12
TOTAL	100,000	50,000	50,000	8,525	2,640	1,493		1,147	4,547

Programme Management Office

	2023/24 £ 000	2024/25 £ 000
Expenditure	179	167
Income	(120)	(111)
Net Expenditure	59	56

The PMO is funded jointly by the three local authorities: Orkney Islands Council, Shetland Islands Council and Comhairle nan Eilean Siar. The Net Expenditure of £59k represents the cost of the PMO borne by Comhairle nan Eilean Siar.

Further information can be found at: <https://www.islandsdeal.co.uk/>

NOTE 32 RELATED PARTIES

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

Central and Scottish Government

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

Companies and Joint Boards

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

Members

Members of the Comhairle have direct control over the financial and operating policies of the Authority. The total of Members' allowances paid in 2024/25 is as detailed in Note 30. The Comhairle holds a Register of Members' Interests which is available on the Comhairle website. The Register details the bodies where members are represented or for which they have declared an interest. During 2024/25, no works and services were commissioned from companies in which Members had a financial interest, and there were no outstanding balances at year end. Contracts were entered into in full compliance with the Comhairle's standing orders and transactions conducted at arms length on the same terms and conditions as other transactions.

	Relationship	2024/25 £'000 Income	2024/25 £'000 Expenditure	2024/25 £'000 Debtors	2024/25 £'000 Creditors
		-	-	-	-

Officers

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

Pension Fund

The Comhairle is a member of the Local Government Pension Scheme administered by Highland Council and has made payments as shown in Note 38.

Other Public Bodies

The Comhairle and Western Isles NHS work together on a number of projects: mainly receiving income for care and services in the community, and paying expenditure towards community occupational therapy equipment and services. The total income received from Western Isles NHS was £7,115k in 2024/25 (£5,362k in 2023/24) and total expenditure of £2,841k was paid to Western Isles NHS in 2024/25 (£3,466k in 2023/24).

Integrated Joint Board

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

	2024/25 £'000 Income	2024/25 £'000 Expenditure	2024/25 £'000 Debtors	2024/25 £'000 Creditors
Western Isles Integration Joint Board	27,763	27,364	-	9,305

NOTE 33 GRANT INCOME

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement during 2024/25:

	2023/24 £'000	2024/25 £'000
Credited to Taxation and Non Specific Grant Income		
General Revenue Grant	99,168	106,198
Scottish Government - Capital Grants	9,066	8,329
Other Capital Grants and Contributions	7,303	4,986
Non Domestic Rates	9,106	9,722
Scottish Crown Estate	-	-
	124,643	129,235
Credited to Services		
DWP Grants	3,652	3,786
Specific Grants for Gaelic Education	1,182	1,117
Community Service Order Grant	338	456
European funding	70	-
HHP Reimbursement	86	-
Contributions from NHS	4,574	4,826
Scottish Government - Local Housing Strategy	745	1,884
Scottish Government - Regeneration	1,048	3,022
Scottish Government - Other Revenue Grants	5,907	4,625
Scottish Government - COVID 19	1,522	1,793
Scottish Crown Estate Payments	-	2,237,000
	19,124	23,746
	143,767	152,981

NOTE 34 LEASES

RIGHT OF USE ASSETS

	Land and Buildings	Vehicles, Plant and Equipment	Total
Opening Balance at 1 April 2024	-	-	-
Additions	6,388	51	6,439
Revaluations	-	-	-
Depreciation and Amortisation	(418)	(26)	(444)
Disposals	-	-	-
Closing Balance at 31 March 2025	5,970	25	5,995

TRANSACTIONS UNDER LEASES

	2024/25	2023/24
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	436	187
Expense relating to short-term leases	144	-
Expense relating to exempt leases of low-value items	87	-
Variable lease payments not included in the measure of lease liabilities	-	-
Income from subletting right-of-use assets	-	-
Gains or losses arising from sale and leaseback transactions	-	-
Cash flow statement		
Minimum lease payments	900	-

MATURITY ANALYSIS OF LEASE LIABILITIES

	31st March 2025	31st March 2024
Less than one year	78	7
One to five years	848	1,706
More than five years	11,707	9,190
Total undiscounted liabilities	12,633	10,903

NOTE 35 CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years, by charges to revenue as assets are used by the Comhairle, the expenditure results in an increase in the Capital Financing Requirement (CFR). This is a measure of the capital expenditure incurred historically by the Comhairle that has yet to be financed. The CFR is analysed below.

	2023/24 £'000	2024/25 £'000
Opening Capital Financing Requirement	143,194	147,403
Capital Investment		
Property, Plant and Equipment	14,036	15,798
SPA loan	13,406	2,092
	170,636	165,293
Sources of Finance		
Capital Income		
Government Grants and Other Capital Contributions	(11,935)	(7,064)
Prior Year Government Grants	(2,350)	(2,374)
SPA loan Provision	(2,182)	(340)
SPA loan receipts applied	-	(1,317)
Donated Asset	-	(1,335)
Sums Set Aside from Revenue		
Loans Fund Principal	(6,766)	(6,483)
Capital Financed From Current Revenue	-	(214)
	(23,233)	(19,127)
Closing Capital Financing Requirement	147,403	146,166
Movement in Year represented by an increase in underlying need to borrow	(4,209)	1,237

NOTE 36 IMPAIRMENT LOSSES

The Comhairle recognised no impairment losses in 2024/25 or in 2023/24.

NOTE 37 TERMINATION BENEFITS

During 2024/25 the Comhairle granted early retirement or redundancy to 0 teachers and 6 other members of staff (0 teachers and 2 other staff in 2023/24), incurring liabilities of £86k (£16k in 2023/24). Of this total, none (£0k in 2023/24) is payable to teachers in the form of compensation for loss of office and enhanced pension benefits. The total cost incurred in respect of the 2 other staff members was £86k (£16k in 2023/24).

NOTE 38 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

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

Transactions Relating to Post-employment Benefits

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

Post-Employment Benefits

Comprehensive Income and Expenditure	2023/24 £'000	2024/25 £'000
Cost of Services		
Current Service Cost	11,383	11,183
Past Service Costs	244	32
Financing and Investment		
Net Interest Expense	(2,110)	(3,368)
Net Charge to the Surplus/Deficit on Provision of Services	9,517	7,847
Other Costs to CIE		
Expected return on assets in the scheme	23,007	(4,346)
Actuarial (gains) or losses arising on changes in demographic assumptions	-	557
Actuarial (gains) or losses arising on changes of financial assumptions	12,840	54,760
Asset Ceiling Adjustment	-	(126,471)
Other Experience	(9,709)	3,136
Total Charges to Comprehensive Income and Expenditure Statement	35,655	(64,517)
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance with IAS19	(26,244)	73,166
Amount Charged to General Fund: Employers' Contributions	9,411	8,649

Assets and Liabilities in Relation to Post-employment Benefits

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

Pensions Assets & Liabilities Recognised in the Balance Sheet	31/03/2024 £'000	31/03/2025 £'000
Present value of the defined benefit obligation*	(325,060)	(339,156)
Fair value of pension fund assets	372,948	412,554
Net Liability arising from Defined Benefit Obligation	12,436	73,398
*Unfunded liabilities included in the figure for present value of liabilities		

Reconciliation of Present Value of Scheme Liabilities:	Funded Liabilities: Local Government Pension Scheme £'000	
	2023/24	2024/25
1 April	357,679	371,728
Current Service Cost	11,383	11,183
Interest Cost	15,579	16,426
Contributions by Pension Fund participants	2,728	2,859
Re-measurement gains and (losses)		
actuarial gains/(losses) from changes in demographic assumptions	-	557
actuarial gains/(losses) arising from changes in financial assumptions	(12,840)	54,760
asset ceiling adjustment	-	(126,471)
other experience	9,709	3,136
Benefits paid	(12,754)	(11,198)
Past Service Costs	244	32
Closing Value at 31 March	371,728	323,012

1 April	370,115	409,721
Interest income	17,689	19,794
Re-measurement gains and (losses)		
Expected rate of return on pension fund assets	23,007	(4,346)
Other Experience	-	3,136
The effect of changes in foreign exchange rates	-	
Contributions from employers	8,936	8,579
Contributions from employees into the scheme	2,728	2,859
Benefits paid	(12,754)	(11,198)

Analysis of Pension Funds Assets	31/03/24		31/03/25	
	£'000	%	£'000	%
Cash and cash equivalents	24,653	6%	27,572	6%
Equity instruments [by industry type]				
Consumer	43,055	10%	33,166	8%
Manufacturing	26,797	6%	18,063	4%
Energy & utilities	-	-	-	-
Financial institutions	19,660	5%	14,266	3%
Health & care	15,124	4%	9,201	2%
Information Technology	15,514	4%	12,033	3%
Other	-	-	-	0%
Sub-total equity	120,149	29%	86,729	20%
Bonds				
Corporate (investment grade)	23,034	6%	62,426	15%
UK Government	10,051	2%	50,652	12%
Other	24,399	6%	23,529	5%
Sub-total bonds	57,484	14%	136,607	32%
Property				
UK Property	36,361	9%	37,394	9%
Overseas Property	-	-	-	-
Sub-total property	36,361	9%	37,394	9%
Private equity	28,387	7%	27,795	7%
Other investment funds - Equities	90,620	22%	69,107	16%
Other investment funds - Bonds	6,127	1%	-	-
Other investment funds - Hedge Funds	-	-	-	-
Other investment funds - Commodities	-	-	-	-
Other investment funds - Infrastructure	24,940.3	6%	27,727	6%
Other investment funds - Other	23,832.7	6%	15,313	4%

Basis for Estimating Pension Fund Assets and Liabilities

The Comhairle's share of the liabilities of the Local Government Pension Scheme has been assessed on an actuarial basis using the projected unit method, that estimates the pension that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Funds liabilities have been assessed by Hyman Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the fund at 31 March 2025.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2023/24	2024/25
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	20.4	20.4
Women	23.3	23.2
Longevity at 65 for future pensioners:		
Men	21.6	21.5
Women	24.9	24.9
Rate of inflations:		
Rate of increase in prices	2.8%	2.8%
Rate of increase in salaries	3.6%	3.6%
Rate of increase in pensions	2.8%	2.8%
Rate for discounting scheme liabilities	4.8%	5.8%
Take-up of option to convert annual pension into retirement lump sum	65%	65%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based in reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The methods and types of assumption used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Fund	% Increase in Assumption %	Monetary Amount £'000
1 year increase in member life expectancy	4%	12,071
0.1% increase in Salary Increase Rate	0%	345
0.1% increase in Pension Increase Rate	2%	4,999
0.1% decrease in Real Discount Rates	2%	5,204

The Local Government Pension Fund has an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The Fund has matched assets to the pensions' obligations by investing in long-term fixed interest securities and index linked gilt edged investments with maturities that match the benefits payments as they fall due. A large proportion of the assets relate to equities (43%) and bonds (32%). The comparative year's figures were 58% and 15%. The scheme also invests in properties (9%), other investment funds (10%) and in cash (6%). The ALM strategy is monitored annually or more frequently if necessary.

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

The total contributions expected to be made by the Comhairle to the Local Government Pension Fund in the year to 31 March 2024 is £8.6 million.

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

Teachers' Pension Scheme

(a) Comhairle nan Eilean Siar participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The 2016 valuation set employer contribution rates at 23.0% from 1 September 2019 until 31 March 2023, although the UK Government has since stated that the rates would continue until 31 March 2024. Member contributions continued at the same rates within a range of 7.2% to 11.9% and are anticipated to deliver a yield of 9.4%. The valuation carried out as at 31 March 2020 confirmed that an increase in the employer contribution rate from 22.4% to 26.0% will be required from 1 April 2024 to 31 March 2027. In addition, member pension contributions since 1 April 2024 have been paid within a range of 7.35% to 12.14% and have been anticipated to deliver a yield of 9.6%.

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

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

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

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

(iii) The employer contribution rate for the period from 1 April 2024 is 26% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

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

(v) Comhairle nan Eilean Siar's level of participation in the scheme is 0.62% based on the proportion of employer contributions paid in 2023/24.

In 2024/25, the Comhairle paid £4.9m (£4.2m in 2023/24) to the Scottish Government in respect of teachers' retirement benefits. In addition, the Comhairle is responsible for all pension payments arising from added years awards to staff taking early retirement. In 2024/25 these amounted to £567,611 (£542,341 in 2023/24). In 2024/25 there were no new added years awards (£0 in 2023/24). Similarly there were no lump sum payments in 2023/24 (£0 2023/24).

The Comhairle is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis. An estimate of £2.6m in respect of discretionary unfunded pension awards has been included in the net pension liability in the balance sheet.

NOTE 39 INTEREST IN COMPANIES

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

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

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

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

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

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

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

NOTE 40 SIGNING OF ACCOUNTS

The Chief Financial Officer, being the officer responsible for the Comhairle's financial affairs, signed the Draft Annual Accounts on 27 June 2025. Events after the date of the Balance Sheet (31 March 2025), up to the date of signing, have been considered in the preparation of the 2024/25 Annual Accounts.

NOTE 41 CONTINGENT LIABILITIES/ASSETS

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

There are no contingent assets. There is a contingent liability which is dependent on the outcome of anticipated Court proceedings.

NOTE 42 TRUST FUNDS

The Comhairle acts as sole trustee for twelve educational, social welfare and miscellaneous trusts. They relate principally to legacies left by individuals with Western Isles connections over a period of years. The balance held at 31 March 2025 was £132k (2023/24 £132k). The income from the trusts is used to provide educational grants and prizes, comforts for the elderly, handicapped and various community facilities. During 2023/24 the Comhairle elected to merge the W C Mackenzie Trust and the Dr J L Robertson Bequest to form the Stornoway Welfare Fund. The funds are held in the Comhairle's Loans Fund and are included in the Balance Sheet.

Summary Income and Expenditure Account

2023/24 £'000		2024/25 £'000
125	Opening Balance 1 April	132
8	Income	8
(1)	Expenditure	(6)
132	Closing Balance 31 March	134

2023/24 £'000		2024/25 £'000
	Current Assets	
130	Short Term Deposits	132
2	Bank Deposits	3
132	Total Assets	135
	Represented by :	
132	Capital & Revenue Reserves	135
132	Net Worth	135

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

Value at 31/03/24 £'000		Value at 31/03/25 £'000
57	Donald A Ferguson Bequest (Social Work - Ardseileach Residents)	61
61	Stornoway Welfare Fund	58
118		119

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

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

Credit Risk

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

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

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

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

	Amount at 31/03/25	Estimated maximum exposure to default and uncollectibility
	£ 000	£ 000
Deposits with banks, building societies and local authorities	32,147	-
Customers (council tax, sundry income, loans)	44,713	6,512

The Comhairle does not generally allow credit for customers, such that £11.9m of the £45m balance is past its due date for payment (a significant portion of this relates to care charges debt, some of which is secured on property). The past due amount can be analysed by age as follows:

	31/03/24	31/03/25
	£ 000	£ 000
Less than three months	1,275	1,648
Three to six months	1,057	617
Six months to one year	1,877	6,613
More than one year	8,057	3,045
	12,266	11,923

Provision is made for trade and lease receivable bad debts. The credit ratings of banks/building societies that the Comhairle invests with are such that a provision for expected losses would not be material. The Comhairle makes loans to community groups but the amounts outstanding are not significant, £130k at 31 March 2025.

Liquidity Risk

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

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

	£ 000
Less than one year	1,337
Between one and two years	5,347
Between two and five years	3,803
More than five years	115,914
	126,401

Market Risk

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

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

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

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

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

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

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

To illustrate the impact of changes in interest rates upon the Comhairle, the following table shows the financial effect if rates had been 1% higher at 31 March 2025, with all other variables held constant.

	£ 000
Impact on tax-payer & rent-payers	
Increase on interest payable on variable rate borrowings	1,304
Increase in interest receivable on variable rate lending	359
Increase in government grant receivable for "loan charges"	73
Net effect on Comprehensive Income & Expenditure Account	1,736
Other accounting presentational changes	
A decrease in the "fair value" of fixed rate lending	1,652
A decrease in the "fair value" of fixed rate borrowing	13,102

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

Foreign Exchange Risk

The Comhairle has no significant assets or liabilities denominated in foreign currencies, other than a Euro Bank Account with a balance of £1k at 31 March 2025, and thus has no exposure to loss arising from movements in exchange rates.

NOTE 44 EVENTS AFTER THE REPORTING PERIOD

The Draft Accounts were issued on 27 June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

INCOME ACCOUNTS

COUNCIL TAX INCOME ACCOUNT

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

2023/24 £'000		2024/25 £'000
(16,629)	Council Tax Levy and Contributions in lieu	(17,070)
	Less:	
1,382	Council Tax Reduction Scheme	1,332
1,770	Other Discounts and Reductions	1,018
114	Write off of Uncollectable Debts and allowance for impairment	39
(13,363)	Council Tax Income per the Comprehensive Income and Expenditure Statement	(14,681)

NON DOMESTIC RATE INCOME ACCOUNT

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

2023/24 £'000		2024/25 £'000
(15,409)	Gross Rates Levied and Contributions in Lieu	(15,421)
	Less:	
5,385	Reliefs and Other Deductions	5,114
124	Write-off of Uncollectable Debts and allowance for impairment	78
(9,900)	Net Non-Domestic Rate Income	(10,229)
-	Adjustment to Previous Years' National Non-Domestic Rates	-
-	Non-Domestic Rates Retained by Comhairle (BRIS)	-
(9,900)	Contribution to Non-Domestic Rate Pool	(10,229)
(9,106)	Distribution from Non-Domestic Rate Pool	9,722
-	Non-Domestic Rates Retained by Comhairle (BRIS)	-
(9,106)	Income credited to the Comprehensive Income and Expenditure Statement	9,722

NATURE OF THE COUNCIL TAX CHARGE

Properties which fulfil certain criteria are exempt from Council Tax and no payments are due. Second homes and long-term empty properties are charged 200% (40% being paid over to Registered Social Landlords for investment in housing related projects). The Council Tax is reduced by 25% where a dwelling has only one occupant. If a property has features which meet the needs of a disabled occupant then relief is given by a reduction of one band.

Calculation of the Council Tax Base

2023/24	DISABLED										2024/25
	A	A	B	C	D	E	F	G	H		
15,097	Properties	4885	3999	2919	1911	1417	203	29	5	15,368	
652	Exemptions	306	179	113	46	31	4			679	
96	Disabled Relief	12	14	22	22	14	1			85	
96	Effective Disabled	12	14	22	22	14	1			85	
5,238	Discounts (25%)	6	2231	1485	950	497	275	38	8	1	5,491
1,558	Discounts (50%)		655	525	295	122	74	10	3	1	1,685
1,404	Council Tax Reduction	3	704	355	179	60	29	3	1		1,334
10,952	Total equivalent	9	2991	2838	2242	1613	1238	181	25	4	11,141
	Ratio	5/9	6/9	7/9	8/9	9/9	473/360	585/360	705/360	882/360	
9,630	Band D equivalents	5	1994	2208	1993	1612	1626	294	50	10	9,792
3	Contributions in lieu										3
9,633											9,795
(189)	Bad Debt Provision										(190)
9,444	Council Tax Base										9,605

Number of Effective Properties per Band and Council Tax Levels 2024/25

Band	Properties	£
A (Disabled)	9	717.08
A	2,991	860.50
B	2,838	1,003.92
C	2,242	1,147.33
D	1,613	1,290.75
E	1,238	1,695.90
F	181	2,097.47
G	25	2,527.72
H	4	3,162.34
	11,141	

NATURE AND AMOUNT OF NON DOMESTIC RATE CHARGES

Non-Domestic Rates are a tax levied by local authorities on the occupiers of commercial property. The amount paid is determined by the rateable value placed on the property by the Assessor, multiplied by the rate per pound (the "rate poundage"). The rate poundage is set each year by the First Minister for Scotland. For 2024/25 the charge was 49.8 pence in the pound (49.8 pence in 2023/24). Two additional rates are levied on properties with a rateable value over £51,000 (a supplement of 4.7 pence in the pound - the Intermedite Rate) and £100,000 (a supplement of 6.1 pence in the pound - the Higher Rate), this contributes towards the cost of the Small Business Bonus Scheme.

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

	Relief available 2024/25
Combined rateable value of all business properties in Scotland:	
Up to £12,000	100%
From £12,001 to £15,000 (one property)	Scales from 100% to 25%
From £15,001 to £20,000 (one property)	Scales from 25% to 0%
From £12,001 to £15,000 (multiple properties)	25%
From £15,001 to £20,000 (multiple properties)	Scales from 25% to 0%

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

Analysis of Rateable Values 1 April 2024

	Number of Properties	Rateable Value £'000
Care Facilities	21	1,169
Telecommunication	31	1,294
Cultural	35	579
Education and Training	82	3,932
Garage and Petrol Stations	98	756
Health Medical	31	1,303
Hotels, boarding Houses etc.	1,179	3,397
Industrial including Factories and Warehouses	462	5,587
Leisure, Entertainment Caravans and Holiday Sites	154	1,115
Offices including Banks	256	2,834
Other	68	386
Petrochemical	2	22
Public Houses	6	145
Public Service Subjects	376	3,616
Quarries, Mines etc.	21	129
Religious	142	725
Shops	276	2,522
Sporting Subjects	122	705
	3,362	30,216

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Comhairle, analysed into "usable reserves" (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for council tax setting purposes. The net increase/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Comhairle.

2024/25	General Fund £'000	Capital Grants Unapplied £'000	Capital Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Comhairle Reserves £'000	Share of Reserves of Associates & Subsidiaries £'000	Total Reserves £'000
Balance at 1 April 2024	26,221	12,592	2,108	40,921	315,782	356,703	6,053	361,520
Movement in Reserves during 2024/25								
Total Comprehensive Income and Expenditure	253	-	-	253	(60,560)	(60,307)	(154)	(60,461)
Adjustments between accounting basis and funding basis under regulation	(3,315)	1,225	651	(1,439)	1,439	-	-	-
Adjustments between reserves permitted by accounting standards	4,959	-	-	4,959	(4,959)	-	-	-
Net Increase/(Decrease) in Year	1,897	1,225	651	(1,186)	(59,121)	(60,307)	(154)	(60,461)
Balance at 31 March 2025	28,118	13,817	2,759	39,735	256,661	296,396	5,899	301,059

2023/24	General Fund £'000	Capital Grants Unapplied £'000	Capital Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Comhairle Reserves £'000	Share of Reserves of Associates & Subsidiaries £'000	Total Reserves £'000
Balance at 1 April 2023	29,956	11,376	1,145	42,477	278,904	321,381	6,053	327,434
Movement in Reserves during 2023/24								
Total Comprehensive Income and Expenditure	(3,840)	-	-	(3,840)	39,162	35,322	(1,236)	34,086
Adjustments between accounting basis and funding basis under regulation	(3,979)	1,216	963	(1,800)	1,800	-	-	-
Adjustments between reserves permitted by accounting standards	4,084	-	-	4,084	(4,084)	-	-	-
Net Increase/(Decrease) in Year	(3,735)	1,216	963	(1,556)	36,878	35,322	(1,236)	34,086
Balance at 31 March 2024	26,221	12,592	2,108	40,921	315,782	356,703	4,817	361,520

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. It also shows the Comhairle's share of the operating results of associates and subsidiaries. The Comhairle raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2023/24				2024/25		
Gross Expend £'000	Gross Income £'000	Net Expend £'000	Service	Gross Expend £'000	Gross Income £'000	Net Expend £'000
69,345	(9,415)	59,930	Education, Skills and Children's Services	77,436	(7,520)	69,916
45,098	(11,133)	33,965	Assets and Infrastructure	35,021	(6,458)	28,563
73,380	(38,829)	34,551	Economic and Community Regeneration	11,061	(5,643)	5,418
9,608	(2,959)	6,649	Health and Social Care	68,131	(38,374)	29,757
8,017	(4,287)	3,730	Chief Executive's	12,002	(8,425)	3,577
109	(1)	108	Strategic Finance	9,019	(4,329)	4,690
205,557	(66,624)	138,933	Cost of Services	212,670	(70,749)	141,921
-	49	49	Other Operating Expenditure (Note 9)	429	(197)	232
8,176	(5,312)	2,864	Financing and Investment Income & Expenditure (Note 10)	6,774	(5,265)	1,509
-	(138,006)	(138,006)	Taxation and Non Specific Grant Income (Note 11)	-	(143,915)	(143,915)
213,733	(209,893)	3,840	Deficit on Provision of Services	219,873	(220,126)	(253)
		1,380	Share of Operating Results of Associates			(290)
		5,220	Group (Surplus)/Deficit			(543)
		(13,274)	Surplus on Revaluation of Fixed Assets			(11,663)
		(25,888)	Actuarial (Gains)/ Losses on Pension Fund Assets and Liabilities			72,223
		(144)	Share of Other Comprehensive Income and Expenditure of Associates (Note G3)			444
		(39,306)	Other Comprehensive Income and Expenditure			61,004
		(34,086)	Total Comprehensive Income and Expenditure			60,461

GROUP BALANCE SHEET

The Group Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the Comhairle and its share of the assets and liabilities of its associates and subsidiaries. The net assets (assets less liabilities) are matched by the reserves, which are reported in two categories. Usable reserves, which may be used to provide services (subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt), and unusable reserves which cannot be used to fund services. The latter includes reserves that hold unrealisable gains and losses, for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulation".

31/03/2024		31/03/2025	
£'000		£'000	£'000
364,697	Property, Plant and Equipment (Note 12)	369,617	
605	Heritage Assets (Note 13)	605	
363	Intangible Assets (Note 14)	363	
-	Long Term Investments	-	
29,734	Long Term Debtors (Note 15)	30,264	
4,816	Investment in Associates and Joint Ventures	4,663	
400,215	Long Term Assets		405,512
15,288	Short Term Investments	12,268	
1,943	Assets Held for Sale (Note 19)	1,833	
1,149	Inventories	1,282	
22,082	Short Term Debtors (Note 17)	28,703	
11,674	Cash and Cash Equivalents (Note 18)	19,909	
52,136	Current Assets		63,995
(2,582)	Short Term Borrowing (Note 16)	(2,911)	
(24,891)	Short Term Creditors (Note 20)	(29,763)	
(27,473)	Current Liabilities		(32,674)
(126,394)	Long Term Borrowing (Note 16)	(125,058)	
(1,006)	Other Long Term Liabilities (Note 33)	(5,872)	
(4,105)	Long Term Provision (Note 21)	(2,253)	
68,146	Pension Liability (Note 37)	(2,591)	
(63,359)	Long Term Liabilities		(135,774)
361,519	Net Assets		301,059
40,921	Comhairle Usable Reserves	44,683	
315,782	Comhairle Unusable Reserves (Note 22)	251,713	
4,815	Share of Reserves of Associates and Joint Ventures	4,663	
361,518	Total Reserves		301,059

The unaudited Accounts were issued on 27 June 2025.



Norman Macdonald CPFA
Chief Financial Officer

27 June 2025

GROUP CASH FLOW STATEMENT

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Comhairle's group during the reporting period. The statement shows how these are generated and used, by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Comhairle are funded by way of taxation and grant income or from the recipients of services. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Comhairle. The Comhairle's share of the cash flows of its associates is disregarded for the purposes of this statement as the group reserves are all unusable and cannot be used to fund services.

2023/24 £'000		2024/25 £'000
(5,220)	Net surplus or (deficit) on the provision of services	543
1,882	Adjustments to net surplus or deficit on the provision of services for non-cash movements	15,053
(2,468)	Net cash flows from Operating Activities	15,596
(3,631)	Investing Activities	(5,739)
(3,166)	Financing Activities	(1,622)
(9,265)	Net increase/(decrease in cash) and cash equivalents	8,235
21,809	Cash and cash equivalents at the beginning of the period	11,674
11,674	Cash and cash equivalents at the end of the period	19,909
(10,135)	Net increase/(decrease in cash) and cash equivalents	8,235

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

2023/24 £'000		2024/25 £'000
3,840	(Surplus)/Deficit on Single Entity I & E Account for Year	(253)
-	Less: Adjustment for transactions with other Group entities	-
3,840	(Surplus)/Deficit in Group CI & E Attributable to Comhairle	(253)
1,380	Add: (Surplus)/Deficit in Group I & E Account attributable to Associates	(290)
5,220	(Surplus)/Deficit for the Year on the Group CI & E Statement	(543)

NOTE G1 DISCLOSURE OF INTEREST IN OTHER ENTITIES

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

NOTE G2 COMBINING ENTITIES

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

The accounting period for this entity is 31 March 2025 and copies of the individual accounts are available from Sgoiltean Ùra LLP, Council Offices, Sandwick Road, Stornoway, Isle of Lewis, HS1 2BW.

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

The accounting period for both entities is 31 March 2025. Copies of the Valuation Board accounts are available from Highland Council, Glenurquhart Road, Inverness, IV3 5NX and those for Cùram is Slàinte nan Eilean Siar from the Chief Officer, Health and Social Care, Council Offices, Sandwick Road, Stornoway, Isle of Lewis, HS1 2BW.

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

Highland and Western Isles Joint Valuation Board administers the Rating and Council Tax valuation service and Electoral Registration on behalf of The Highland Council and Comhairle nan Eilean Siar. Operational control of the service lies with the Assessor who receives administrative, financial and computing support from The Highland Council. During 2024/25 the Comhairle contributed £0.345m or 10.7% of the Board's running costs. Other than a small General Fund balance and the Pension Liability, of which the Comhairle's share is £0.010m, the Board has no other fixed assets or reserves on the Balance Sheet.

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

2023/24 £'000	HIGHLAND AND WESTERN ISLES JOINT VALUATION BOARD	2024/25 £'000
693	Gross Income	776
(7)	(Surplus)/Deficit on Provision of Services	1
112	Current Assets	132
(82)	Short Term Liabilities	(118)
424	Pension (Liability)/Asset	(19)

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

With the building works on the Schools Project completed in 2013, SULLP effectively ceased trading on 31 March 2013 and consequently there were no transactions through the Accounts during 2024/25. The process to novate the Schools Project contracts and transfer the assets and liabilities of SULLP to the Comhairle has been ongoing for some time but due to delays in the legal process, this has not yet been finalised. Dormant accounts are in the process of being filed with Companies House.

Cùram is Slàinte nan Eilean Siar is the Integration Joint Board established to deliver health and social care services for Comhairle nan Eilean Siar and NHS Western Isles. The integration scheme was agreed by the Scottish Parliament on 24 September 2015 and the Board was formally established on 1 April 2016. During the year the Comhairle contributed £27.8m, representing 33.7% of the Board's running costs. The Board does not hold any cash or other assets, other than the £9.305m surplus generated over the 6 years, which has been transferred to a reserve for use in future years.

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

2023/24 £'000		2024/25 £'000
45,773	Gross Income	50,071
1,387	(Surplus)/Deficit on Provision of Services	(292)
4,361	Net Current Assets	4,653

NOTE G3 NATURE OF COMBINATION

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

NOTE G4 FINANCIAL IMPACT OF CONSOLIDATION

The effect of including the associates and the subsidiary on the Balance Sheet is to increase net worth by £4.7m, as a result of inclusion of a share of the Integration Joint Board's reserves, and the Valuation Joint Board's pension liability.

NOTE G5 COMHAIRLE SHARE OF GROUP CONTINGENT LIABILITIES

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

NOTE G6 GROUP ACCOUNTING POLICIES

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