



PERTH AND KINROSS COUNCIL

ANNUAL ACCOUNTS

2025/26

UN-AUDITED

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Management Commentary

1. Introduction

These Annual Accounts contain the financial statements of Perth and Kinross Council and its group for the year ended 31 March 2026.

This management commentary outlines the key messages in relation to financial planning and performance for financial year 2025/26 and how this has supported delivery of the Council's strategic objectives. This commentary also looks forward, outlining the future financial plans for the organisation and the challenges and risks which it will face as it strives to meet the needs of the people of Perth and Kinross.

A glossary of terms is set out from page 119.

2. Who are we, our vision and priorities

The Council is situated in a central location in Scotland. It covers a geographical area of around 5,286 km² and has an estimated population of 154,420 (2024 mid-year estimate). Between 2001 and 2024, the population of Perth and Kinross increased by 14.4% (Scotland 9.5%). This is the 7th highest percentage change out of the 32 council areas in Scotland. The latest population projections (2022) indicate that between 2022 and 2032, the population of Perth and Kinross is projected to increase from 151,130 to 161,688. This is an increase of 7.0%, which compares to a projected increase of 4.4% for Scotland as a whole.

Like all councils, external factors such as inflationary pressures facing households in recent years has only added to the increasingly complex challenges we face, against a backdrop of the most testing financial circumstances local government has ever experienced. This means that it will be impossible to continue doing the same things we have done in the past and we are rethinking how we work with, and within, our communities and with all of our partners to achieve the best outcomes for the people of Perth and Kinross.

The current Corporate Plan 2022–2027, approved in December 2022, sets out a vision for “a Perth and Kinross where everyone can live life well, free from poverty and inequality”. It sets out the Council's corporate outcomes which are aligned with its organisational values and designed to address or mitigate the impact of the many challenges the Council and its communities are facing both now and in the future. We are committed to working in partnership and better engaging with people and communities to ensure that they are involved and can have their say on where the Council must focus time and resources.

The strategic outcomes are underpinned by seven key priorities, aimed to address or mitigate the challenges, focus our work where it is needed most, and support the delivery of our vision:

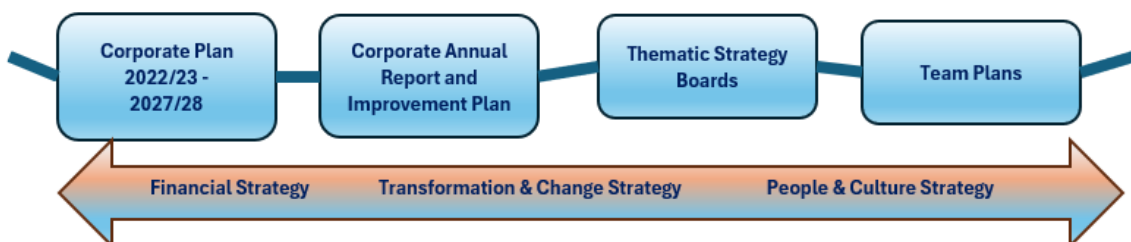
- Tackling poverty
- Tackling climate change and supporting sustainable places
- Developing a resilient, stronger and greener local economy
- Enabling our children and young people to achieve their full potential
- Protecting and caring for our most vulnerable people
- Supporting and promoting physical and mental wellbeing
- Working in partnership with our communities – which is woven through all of the key priorities above.

The priorities incorporate the careful consideration of the feedback received from our communities, elected members, partners and staff about what is important for Perth and Kinross. They are also evidence-based and reflect the areas of greatest need and those that we can most directly influence in our work.

Importantly, the Corporate Plan sets the strategic direction for the Council and will act as a guide when making difficult decisions around where to invest funding and resources to support their achievement and ensure we have the greatest impact.

The Plan is not designed to stand alone but is supported and strengthened by a wider strategic framework which overarches several areas of work all designed to contribute to our vision and outcomes. It connects the vision of the Council and its partners to the detailed plans that guide the delivery of our services.

This framework ensures that all Council plans and strategies are driven by, and focused towards, the delivery of a single shared vision for the area and our services, connecting everything we do.



The main components of our Corporate Plan's wider strategic framework are as follows:

- The Local Outcome Improvement Plan (LOIP) sets out the actions that the Community Planning Partnership will take to address inequality and improve outcomes across key areas. The LOIP is currently being refreshed to focus on three shared priorities – poverty, employability and health and wellbeing – enabling stronger alignment across partners and a clearer focus of collective effort on the areas of greatest need. This will support a more coordinated and collaborative approach to tackling long-standing inequalities.
- The Transformation and Change Strategy is a five-year strategy which sets out our extensive transformation programme, acting as enabler to deliver on our corporate priorities. Delivery of the Transformation and Change programme will be underpinned by our “one council”, no wrong door approach, including our organisational-wide cultural and behavioural change programme. This also sets out our clear commitment to fully embed our values of Ambition, Compassion, and Integrity and work in partnership with communities to improve outcomes for all.
- The Financial Strategy, which details how we will address financial challenges, identifies thirteen principles to support the sustainability of the Council both now and in the future.
- The People and Culture Strategy 2024-2028 sets out our commitment to the people in our teams and our communities, to ensure we have capacity and people in the right places to deliver our vision. It will support the organisation to deliver a sustainable approach to workforce development, culture and behaviours and effective workforce planning. It underpins our transformation and change programmes to enable us to deliver the best public services focussed on need and within available resources.

The Corporate Plan demonstrates our commitment to improving services, improving the quality of lives for people in Perth and Kinross and making best use of our resources and funding. We will continue to deliver effective and efficient services, delivering best value through working collaboratively with our partners to deliver our shared outcomes

To achieve our vision, we have outlined clear outcomes, priorities, actions, and measurements of performance, which will ensure we are held accountable, can report consistently, and remain focussed on the areas that matter to people in our communities.

While this is a five-year plan, we know that there will be things outwith our control that will change. We will regularly review and monitor our performance against each of the key priorities to ensure that they are still relevant and effectively contribute to our vision, while also informing the development of our next Corporate Plan.

As part of this ongoing approach, work has commenced on the development of the Council's next Corporate Plan, which will take effect from 2027. This reflects the Council's commitment to ensuring that its strategic direction remains current, responsive and aligned to emerging national priorities, local need and the evolving financial context. The development process will build on evidence from performance reporting, benchmarking and engagement with communities, partners and elected members, ensuring that future priorities and outcomes are clearly focused on prevention, addressing inequality and delivering long-term, sustainable impact for Perth and Kinross.

3. The Annual Accounts 2025/26

The Annual Accounts report the financial performance of the Council. Their main purpose is to demonstrate the stewardship of public funds which have been entrusted to it for the delivery of the Council's vision and strategic objectives. The requirements governing the format and content of the Council's Annual Accounts are contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the 2025 Code). The 2025/26 Annual Accounts have been prepared in accordance with this Code.

4. The Financial Plan

To support the delivery of the strategic objectives during 2025/26, Perth and Kinross Council approved a balanced gross revenue budget of **£623.034 million** for the General Fund (February 2025). In addition, the Housing and Social Wellbeing Committee approved a gross HRA revenue budget of **£38.293 million** for the Housing Revenue Account (January 2025).

As part of its consistent approach to longer term financial planning, the Council has in place a [Medium Term Financial Plan](#) through to 2031/32 that was approved by Council in December 2025, a final Revenue Budget for 2026/27, and provisional Revenue Budgets for 2027/28 and 2028/29 that were approved in March 2026. The Council has also approved a Council Tax Strategy through to 2028/29. The HRA Budget was also updated in January 2026. The Financial Strategy approved in June 2022 remains in place.

Councils need to account for their spending and income in a way which complies with the legislative requirements. Most day to day spending and income is recorded within the General Fund and the costs and income in relation to the management of our housing stock are recorded within the Housing Revenue Account.

Key to the delivery of Council Services is investment in the assets which are used to deliver these services (including schools, houses and transport infrastructure) and the utilisation of capital funding to stimulate development and regeneration in local areas. At the start of 2025/26 the Council budgeted for gross capital investment of **£134.7 million** on General Fund activities and **£22.1 million** in respect of the Housing Revenue Account. This expenditure is funded from borrowing, government grants, other external contributions, capital receipts, revenue contributions and earmarked reserves. The Council approved a new 6-year delivery programme for 2026/27 to 2031/32 at its meeting on 4 March 2026.

5. Performance Management

Our Corporate Plan sets out our vision and seven strategic priorities for the period 2022-2027:

1. Tackling poverty
2. Tackling climate change and supporting sustainable places
3. Developing a resilient, stronger and greener local economy
4. Enabling our children and young people to achieve their full potential
5. Protecting and caring for our most vulnerable people
6. Supporting and promoting physical and mental wellbeing
7. Working in partnership with communities

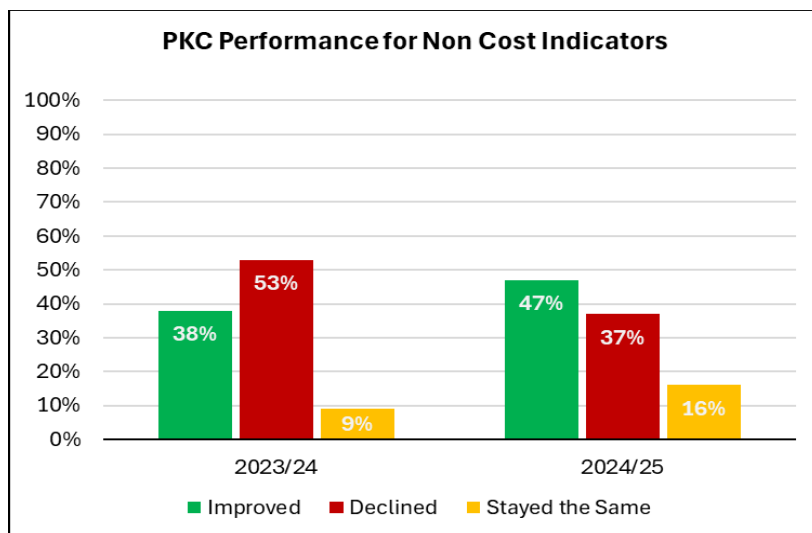
The Corporate Plan sets out clear outcomes, actions and performance measures, which we can be held accountable for and consistently report progress against. Performance against priorities and actions within the Corporate Plan are detailed within the Corporate Annual Performance Report (APR).

The Council has a statutory duty to publish performance information for comparison and benchmarking purposes to its citizens and communities. In meeting this duty, we actively participate in the Local Government Benchmarking Framework (LGBF). Following the national report being published and the majority of the last of the 2024/25 data being published by the Improvement Services at the start of 2026, detailed individual services profiles with data comparing trends and ranks were produced for all Strategic Leads to consider and identify any relevant improvements.

For 2024/25, analysis is based on 110 LGBF indicators using recently published data (2024/25 unless stated otherwise) available on the [LGBF Dashboard](#). Within this, there are 90 non-cost indicators (performance and satisfaction indicators), and 20 cost indicators. Locally we do not rank cost indicators as reduced costs do not necessarily mean improved outcomes for local communities.

According to the [LGBF national report](#), long term performance nationally remains positive with 66% of LGBF indicators improving since the base year (2010), compared to 54% for PKC. However, it should be noted that in the base year (2010) we were considered a very high performing council compared to the national average. Data from the most recent year shows that nationally the rate of improvement (42%) slightly exceeds the rate of deterioration (39%), while for PKC, improvement (50%) demonstrates a wider margin and exceeds deterioration (35%).

For PKC non-cost indicators (performance and satisfaction), the latest data shows a positive shift, with the proportion improving increasing from 38% to 47% compared to the previous year, alongside a rise in those indicators remaining the same (from 9% to 16%) as detailed in the chart below.



The Improvement Service rank all indicators in terms of their performance across the 32 Scottish local authorities, then consider these in ranking groups, known as quartiles. For PKC overall, 56% of indicators were in the top 2 quartiles and for non-cost indicators 52% (performance) and 82% (satisfaction). Looking at how PKC performance indicators sit within these quartiles gives a sense of how PKC is performing in comparison to other local authorities. However, it is necessary to consider that legitimate variations in data will exist across councils due to local policy choices and demographic profiles.

Performance Summary

The 2024/25 Annual Performance Report (APR) was considered by Scrutiny and Performance Committee on 17 September 2025 and by Council on 29 October 2025. This report details the Council's performance against our priorities for 2024/25, and the full range of information is available online at [PK Performs](#). This includes the Council's Annual Performance Report, Best Value Thematic Management Report, case studies and links to further relevant information, such as the Local Government Benchmarking Framework.

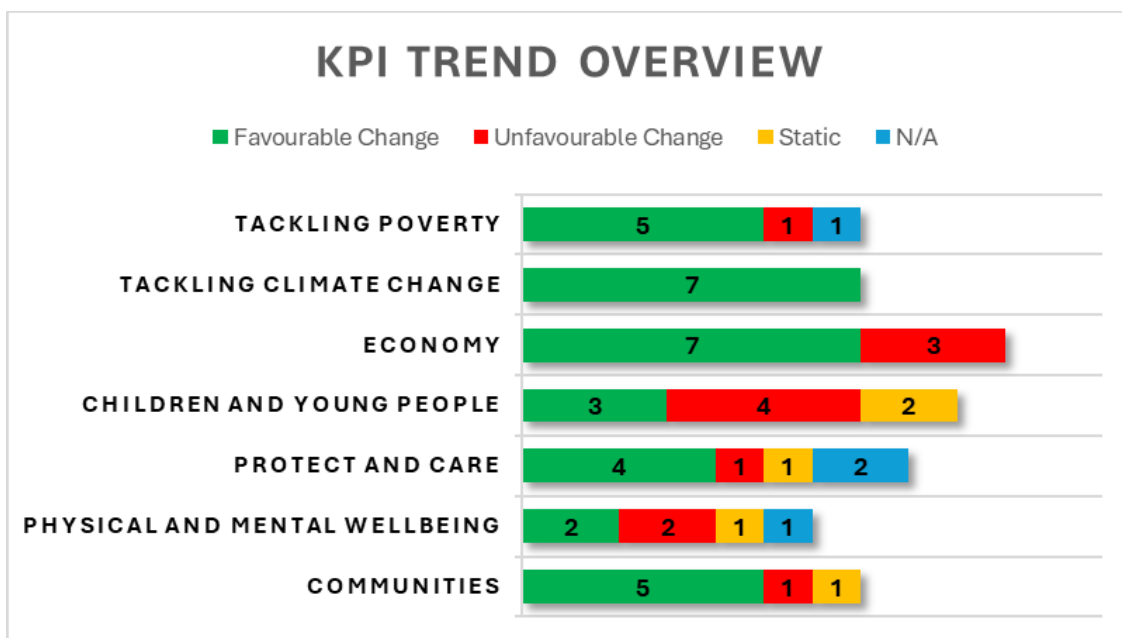
The APR uses a series of 54 Key Performance Indicators (KPIs) and targets to measure performance over the reporting period. Performance against 2024/25 targets includes 18 areas where the target has been met or exceeded and 18 areas where the target has not been met. Further information is available at [PK Performs](#).

Out of the 54 indicators, 61% are moving in a favourable direction, 22% in an unfavourable direction, 9% remain static and 7% are either not available or it's not appropriate to make a comparison.

KPI Overview				
KPI Annual Change				
Change since last reporting year is favourable ▲	Change since last reporting year is unfavourable ■	Change since last reporting year is static ■	No data available to make comparison N/A	
33	12	5	4	
KPI performance against target				
Met or exceeded target ✓	Target not met ✗	Target not set	24/25 Target set but data not yet available	Not appropriate to set target
18	18	7	3	8

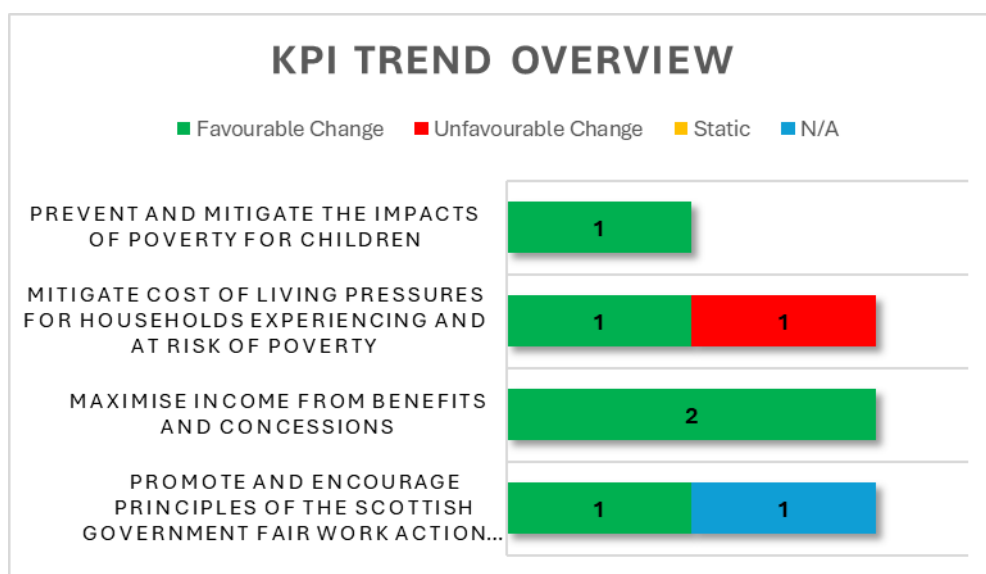
The following graphs provide an overview of trends within the KPI data between 2023/24 and 2024/25, or the most recent year available.

Caution should be applied when interpreting this data, as trends will only be indicative of performance. Trends should be considered in the context of the current operating environment, challenges and whether we control, influence or are informed by the data.



For 2024/25 a selection of performance outcomes are set out in the following table:

Tackling Poverty

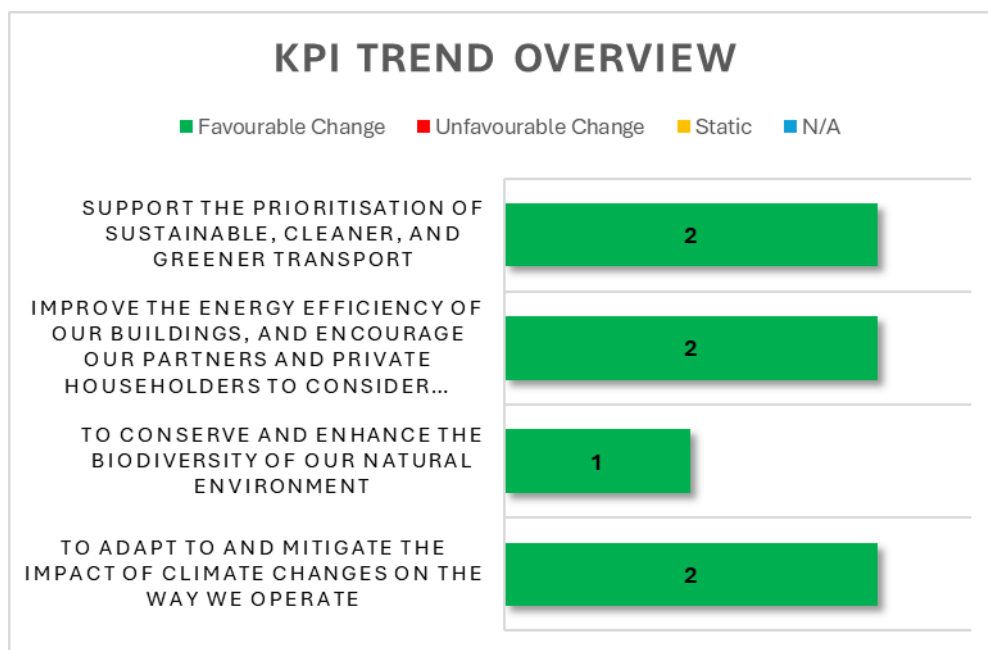


- Our Local Child Poverty Action Plan is a joint plan with NHS Tayside and sets out our ambitions to mitigate the impact poverty has on our children. In addition, the Anti-Poverty Task force has developed a tackling poverty strategy and action plan to shift the focus from reactive to preventative work, whilst ensuring that the lived experience of those dealing with poverty is central to this work.
- Perth and Kinross has made encouraging progress in reducing child poverty. The local rate is now 3.8% below the national average, nearly double the previous gap of 2%. This improvement has raised the area's ranking to 7th nationally for lowest child poverty rates. While these results are promising, data will be closely monitored over the next two years to ensure the trend is sustained.
- A network of public, third sector, and community organisations collaborated to deliver holistic family support, focusing on employability, income maximisation, and wellbeing. Strategic efforts across all partner organisations supported parents into work by providing access to affordable housing, transport and childcare and employability support.
- Fuel use advice was provided to 1,638 households via SCARF in 2024/25. This shows an apparent decline in numbers but is due to the measure only reflecting Council-funded services, with other contributing services from previous years (such as the Heat Project) being funded elsewhere.
- We helped remove barriers to employment for parents by providing 3,229 childcare places across the public and private sectors and funding 300 Strong Start places for 2-year-olds.
- In October 2024, our Welfare Rights and Welfare Fund teams won the Institute of Revenues, Rating and Valuation's Excellence in Social Inclusion Performance Award for Scotland, recognising their impactful work in prisons and foodbanks across urban and rural communities.
- We generated £9.2 million in additional income for Perth and Kinross residents through the benefits system; this is a £700k increase on last financial year and reflects stronger service promotion and improved follow-up efforts to better track financial outcomes.
- The number of new affordable homes in Perth and Kinross (including new builds and buy-backs) has increased from 173 in 2023/24 to 264 in 2024/25, more than achieving our target of 210.
- In 2024/25, 564 tenants received £203,000 in financial assistance through our Tenancy Sustainment Fund (TSF), helping them manage arrears and maintain stable housing. The fund uses a flexible, person-centred approach to ensure support reaches those who need it the most.
- Our rent collection strategy continues to deliver exceptional results, achieving an in-year collection rate of 100.17% in 2024/25, up from 99.15% the previous year. This result, supported by a 53-week rent year, reflects the success of our tenant-focused approach that balances financial rigour with personalised support. At the same time, current and gross rent arrears have both decreased from 2023/24 to 2024/25 by 1.56%, and 2.15% respectively.
- We continue to champion the Scottish Government's Fair Work Action Plan by embedding fair work practices across our own operations and encouraging local employers to do the same. We ensure that all businesses receiving Council grant funding pay the living wage to their employees and through our Futures for All Employer Recruitment Incentive (ERI), we provided financial and employability support to 48 businesses – 20 in Perth and 28 in rural areas.

All participating employers paid the living wage to new recruits (except apprentices), with a focus on helping individuals facing barriers to employment to access fair work opportunities.

Key areas for improvement: Better understand and capture the value of preventative spend and how funds are allocated to develop a budgeting approach based on identified need and overall wellbeing. Review actions contributing to ongoing reduction in child poverty levels to identify and enhance the most effective interventions. Expand Fast Online Referral Tracking system referral pathways and deliver Support and Connect training to frontline staff and partners to provide a more consistent and comprehensive support service.

Tackling climate change and supporting sustainable places



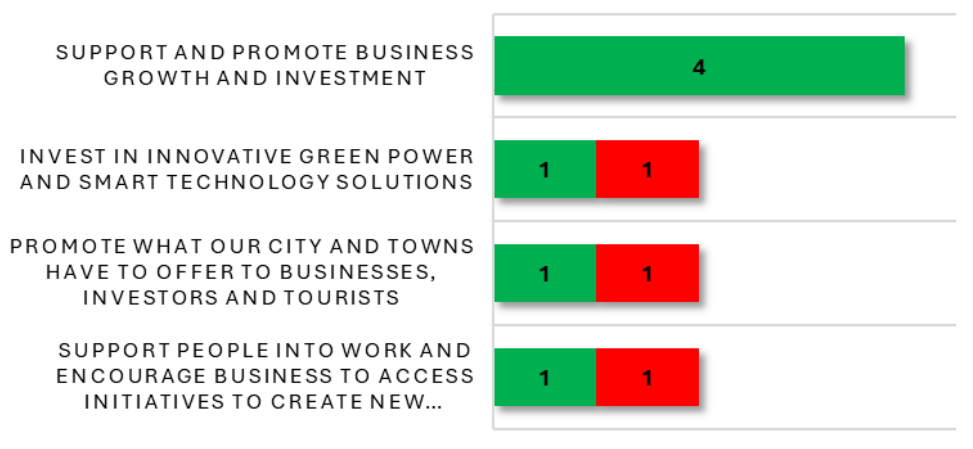
- 440 properties were upgraded to meet the Energy Efficiency Standard for Social Housing (EESH) standards in 2024/25. As of March 2025, 87% of properties meet EESH - a 5% improvement from the previous year.
- A £6.5 million refurbishment began at the Double Dykes Gypsy Traveller site in Perth, replacing existing chalets with more energy efficient homes. Five chalets were delivered by April 2025 with energy-efficient heating and hot water systems and renewable technology.
- Over £3 million in grants were issued by March 2025 through the [Home Energy Efficiency Programmes for Scotland Area Based Schemes](#) (HEEPS ABS) and [ECO4](#) schemes to help private homeowners improve the energy efficiency of their properties.
- Although the number of public charging devices for public access increased in 2024/25 it fell below the target. A significant contributor to this has been delays in the provision of external funding and we expect a substantial increase in 2026, with the signing of a new contract for an additional 100 units over and above existing plans for increased installations in 2025/26.
- In 2024/25 we planted 3,142 trees in our open spaces, an increase from 2,512 in 2023/24. Tree planting boosts carbon capture and contributes to climate resilience and flood mitigation. 16 Nature Restoration Fund grants were awarded, covering 199ha of land. These community-led projects focused on: controlling invasive species; riparian habitat restoration; wildflower meadow creation; and the provision of tools and training.
- Construction of the Comrie Flood Protection Scheme continues, following Council approval in November 2023. It remains on track for completion anticipated in Q4 2026 and within budget. The South Kinross Flood Protection Scheme was formally notified to the Scottish Government, with a Local Authority Hearing in 2025. The Perth Surface Water Flood Study nears completion and additional studies commenced in Bridge of Earn, Scone and Comrie. Further study and planning work is also underway in Blairgowrie and Rattray, Dunkeld and Craigie.
- We more than doubled our management of grassland areas included in Grow Wild, increasing from 49.16ha to 121.5ha. Early monitoring has shown noticeable increases in insect and flower populations in unmown areas.

Key areas of improvement: Ensure we have a cleaner and greener Council fleet. Develop local public transport solutions which set the needs of residents and the environment as top priority. Improved energy efficiency and reduction in carbon emissions in the Council estate. Increase provision of biodiversity sites.

Developing a resilient, stronger and greener local economy

KPI TREND OVERVIEW

■ Favourable Change ■ Unfavourable Change ■ Static ■ N/A

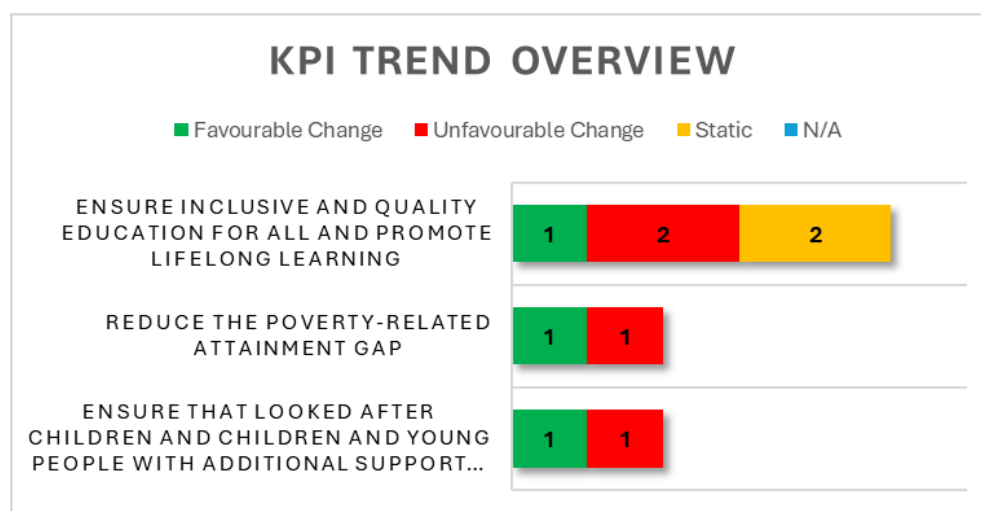


- We supported 252 business start-ups through Business Gateway, exceeding last year's figures and surpassing our New Start and Pre-Start Plus programme target with 22 businesses supported, in line with performance in Tayside as a whole. Perth and Kinross has led the Tayside region in Business Gateway Growth referrals, with 23 high-potential businesses projecting turnover increases of £200k+, highlighting strong entrepreneurial momentum. Tailored support was provided to 254 micro-enterprises and 231 businesses participated in learning and networking sessions to improve knowledge and highlight opportunities for joint working.
- We launched a refreshed Invest in Perth website in October 2024, improving mobile responsiveness and accessibility, resulting in a 24% increase in traffic over six months. The Perth City and Towns platform grew to over 100,000 active users, supporting local businesses and events through a multi-platform marketing strategy and targeted campaigns.
- The number of registered businesses in the energy sector grew from 140 to 145 and multiple enquiries are coming in from other companies. Land and accommodation constraints continue to limit our growth potential, but recently Perth was ranked the 5th most sustainable city in the UK for business and first for renewable energy capacity per 100,000 people.
- Whilst additional heat pumps were installed in 2024/25, low carbon heat consumption fell due to operational issues with biomass boilers in 2 community campus facilities. Production of electricity increased significantly due to the installation of additional solar panels. Historically these two factors have been reported together, which shows a decrease in renewable energy generation. In future these two elements will be reported separately as they operate independently.
- The percentage of businesses connected to gigabit broadband increased from 46% in 2023/24 to 55% in 2024/25, exceeding 50% target. We expect this to grow further, particularly in hard-to-reach premises through the Scottish Government partnership with GoFibre.
- We continued to position Perth and Kinross as a vibrant and distinctive destination for business, investment, and tourism by leveraging our cultural identity, natural assets, and international recognition as a UNESCO City of Craft and Folk Art. We achieved a 25.1% increase in total visitor numbers, with day visitors up 21% and overnight stays up 21.6%, contributing to a 33% rise in direct visitor spend and a 37% increase in the sector's overall economic impact.
- Visitor numbers to key cultural sites increased significantly, largely driven by the opening of Perth Museum. Overall numbers increased from 484,000 in 2023/24 to 765,000 in 2024/25.
- We supported 618 adults to achieve learning outcomes – more than double our target of 300 – through SQA-accredited courses and short programmes in communications, numeracy, digital skills employability, volunteering and English for Speakers of Other Languages (ESOL).
- Our Youth Employability Team registered 140 new young people and 122 completed support – 94% of whom moved into a positive destination. Staff are based in every secondary school in Perth and Kinross delivering one-to-one and group support, and sector-based academies, and work closely with local employers.

Key areas for improvement: Unlock new investment in employment and housing land to support business growth in foundational and key growth sectors. Make Perth and Kinross a more competitive inward investment destination and encourage investment for growth from existing businesses in foundational and key growth sectors. Unlock private investment

and expertise to support public and private energy projects. Continue to grow visitor numbers for holidays and day trips. Further enhance our employability tracking and outreach capacity, supporting individuals in community settings.

Enabling children and young people to achieve their full potential

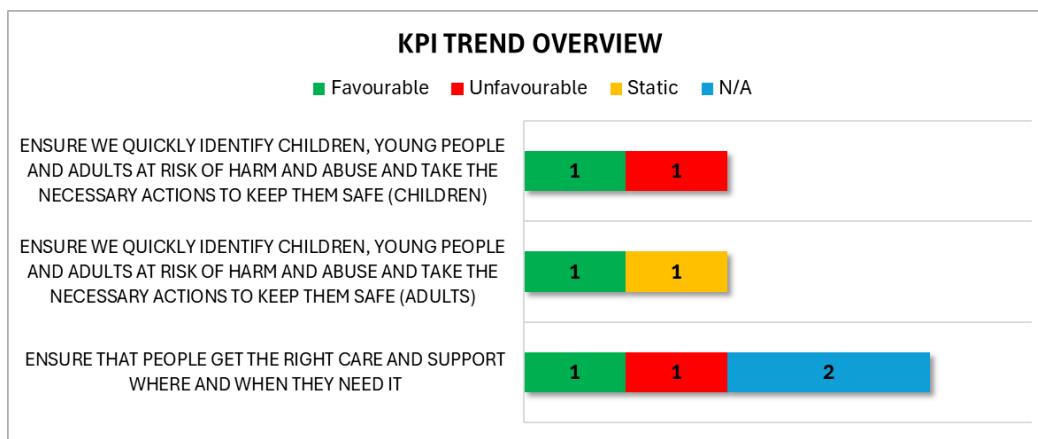


- Our Early Learning and Childcare settings outperformed both national and comparator benchmarks in all Care Inspectorate Quality Indicators, reflecting the consistently high standards across Perth and Kinross. In 2023/24, 4 out of 5 of our primary school pupils met expected levels in numeracy and literacy. This has increased from 78% from last year and shows a steady increase each year since 2020/21.
- We strengthened the use of data in school improvement planning. The majority of schools now include actions to reduce the Cost of the School Day in their Quality Improvement Plans for 2025/26 – ensuring equity is embedded in everyday decision-making.
- A National Thematic Inspection by His Majesty's Chief Inspector of Education reviewed how local authorities support schools to improve. The visit to Perth and Kinross found our advice and guidance to be clear and comprehensive, with strong expectations set around standards and planning. Our responsive, risk-based approach to providing support and challenge to schools along with formal Quality Improvement Reviews were highlighted as good practice. Key strengths included: positive climate and ethos; effective data use; targeted use of Pupil Equity Funding (PEF); and impactful programmes such as National Improving Writing and Numeracy Schools.
- We continue to deliver on the Additional Support Needs (ASN) Transformation Programme. Examples of work include: the establishment of three additional Intensive Support Provisions (ISPs); consistent use of data (including PowerBI) to record needs accurately and provide appropriate support; and using Career Progression Pathway models to ensure staff are trained, skilled and confident.
- 45 schools and 3 ELC settings now hold a Digital Schools Award, an increase of over 50% on 2023/24. Every school now has a named Digital Champion. Perth and Kinross had the second highest number of schools gaining Digital Schools Awards during 2024/25.
- In 2023/24, 75.6% of P1 children met all expected developmental milestones – a decrease from 80.6% in the previous year. This is likely to be linked to the cohort being born during the COVID-19 pandemic, when early supports were not available to families. Public Health Scotland confirms a national increase in developmental concerns at age 4-5 reviews.
- We've seen steady improvement in literacy attainment across P1, P4 and P7. The gap between the most and least deprived cohorts narrowed from 27% in 2020/21 to 21% in 2023/24. Numeracy attainment has improved in both cohorts, but at a slower rate for Scottish Index of Multiple Deprivation (SIMD) Q1 than for Q5. As a result, the poverty-related attainment gap widened slightly in 2023/24. However, the long-term trend still shows progress, with the gap narrowing from 24% in 2020/21 to 22% in 2023/24.
- Senior phase leaver data also shows significant progress. The gap between SIMD Q1 and Q5 in achieving at least one Level 6 qualification has reduced from 41% in 2021/22 to 28% in 2023/24 and the gap for at least one Level 5 qualification over the same period has narrowed from 28% to 19%.
- In 2023/24, 60% (12 out of 20) Looked After Children (LAC) pupils attained at least one SCQF Level 4 qualification, below the national average of 72%, and attainment remains below that of all school leavers. Care should be taken when comparing these figures across years and cohorts due to the small numbers involved. A sub-group of the Raising Attainment Board has been established to focus on further improvements.
- Outcomes for our care-experienced learners are improving, with higher attainment in literacy and numeracy and more young people entering positive destinations on leaving school (up from 82% in 2022/23 to 95% in 2023/24) – though gaps remain compared to their peers. The Staged Intervention Framework was implemented across ELC settings

and schools, offering a clear structure to support learners who face barriers. In September 2024, 39% of pupils (6,973) were identified as having an Additional Support Need - up from 35% in 2022/23, and close to the national average of 40%.

Key areas for improvement: Attainment at key milestones is raised for all children and young people. Attendance rates improve, particularly in the secondary sector. Increase the number of young people going into positive destinations such as work experience, further education, volunteering and employment. Improved understanding of causes of attainment gap so that effective interventions can be identified and implemented. Improve support to children and young people with additional support needs to realise their full potential. Provide Kinship Carers with a range of supports to enable them to meet the needs of children in their care.

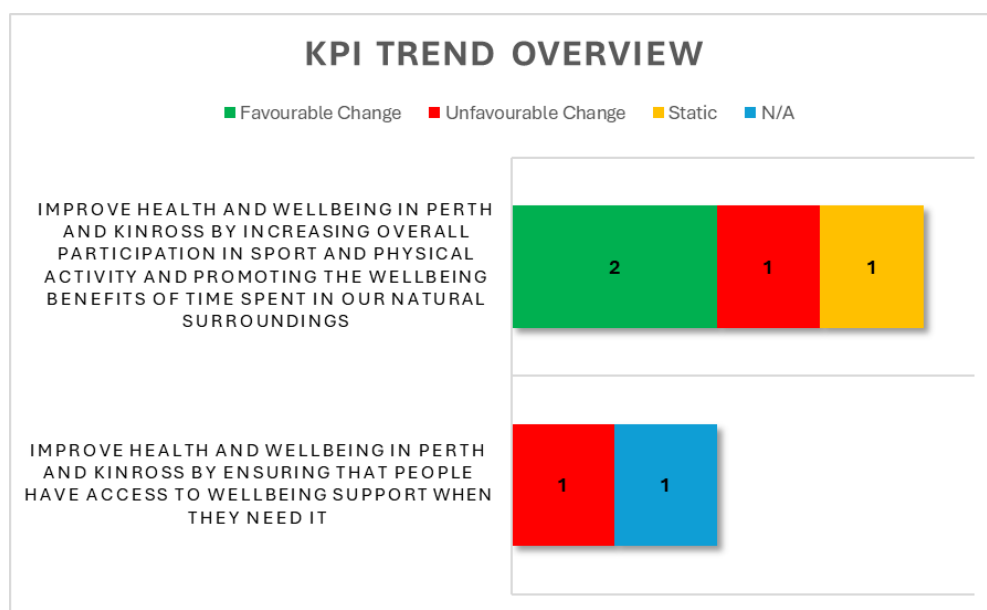
Protecting and caring for our most vulnerable people



- In 2024/25 8,832 referrals were made to the Child Protection Duty Team – an increase of 9% from the previous year. This appears to be stabilising after increasing year on year post COVID-19. All referrals are triaged within 24 hours, with immediate action taken. The Scottish Child Interview Model (SCIM), introduced across Tayside in May 2024, is now well embedded in child protection processes. This trauma-informed approach was used in 85% of all interviews in 2024/25, ensuring children have the best possible opportunity to tell their story. Cross-boundary working with trained staff has strengthened consistency and access.
- The Child Protection Committee (CPC) launched its updated [CPC Improvement Plan 2025 to 2028](#), supported by a new strategy and schedule to guide self-evaluation activities. Audits led by the Child Protection Interagency Coordinator highlighted strong practices in relationship-based practice and rapid responses to risk. Areas for improvement include enhancing child and young people's plans and better incorporating their views into decision-making.
- 64% of people with intensive care needs received 'care at home', maintaining strong performance in line with the Scottish average of 65%. This reflects our continued commitment to helping people remain safely at home for as long as they wish to do so. 97.6% of adults were discharged from hospital without delay, consistently meeting the national target of fewer than 34.6 per 100,000 adults. This was supported by a number of interventions which have reduced unmet care needs by around 800 hours since August 2024.
- A Youth Housing Panel was established to support care-experienced young people who are moving into independent living. Meeting monthly, the panel matches individuals to suitable accommodation based on skills and needs, working with partners including ROCK Trust and YMCA. Around 10 care leavers are expected to benefit annually, with consideration of extending this to other young people with complex needs.
- In response to the National Housing Emergency, we reduced average re-let times from 37.8 days in 2023/24 to 24.87 days in 2024/25 and cut the number of void properties from 136 to 95. Improvements were achieved by deferring non-essential upgrades, simplifying compliance checks, and offering flexible decoration options.
- Our Community Justice Service (CJS) participated in a Care Inspectorate self-evaluation focused on performance, quality, and outcomes for individuals on community-based sentences. Perth and Kinross received onsite validation for the strength of its self-evaluation approach. Key strengths included a clear capacity for improvement, demonstrated through targeted Strategic Needs and Assessments and alignment with the National Strategy for Community Justice. Areas for development included creating a Performance Framework and Dashboard, and a Quality Assurance Framework.

Key areas for improvement: Take a partnership approach to the assessment of risk of significant harm to a child and minimising and reducing risk through early support and assessment. Enhance our housing support offer by implementing an Intensive Housing Support Service for people with complex needs. Where children cannot remain living at home, every effort is made to keep them within their kin network. Maintain significant relationships for care experienced children to deliver on the principles of The Promise.

Supporting and promoting physical and mental wellbeing



- The SCOPE Team has supported 367 people – an 8% increase since March 2024. The team helps prevent hospital admissions and there were no hospital admissions for people with Learning Disabilities since 2021.
- We supported Live Active Leisure staff to deliver evidence-based falls prevention classes. These classes are based on later life training, postural stability instructor training, and have been shown to be highly effective in reducing falls among community dwelling older adults. Over 2,000 Wellbeing Community Classes were delivered, supporting more than 20,000 individual attendances. Activities included chair-based social classes, social circuits, aqua circuits/aerobics, and chair-based yoga.
- The risk of falls increases with age and given the growing older population in Perth and Kinross, higher admission rates due to falls are to be expected. This is reflected in the rate of 25 admissions per 1,000 people aged 65 and over in Perth and Kinross, compared to 23 per 1,000 for Scotland. Despite this, performance against this indicator remains good, with a marginal improvement of 1.6% compared to last year.
- Seven parks and play areas were enhanced- in Bridge of Earn, Luncarty, Blairgowrie, Scotlandwell, Greenloaning and Braco – with design development continuing for a further four in Perth and Crieff. Each project was shaped through community consultation to reflect local needs and aspirations.
- Between April 2024 and February 2025, 113 people were supported by local integrated care services to remain at home and avoid crisis placements or hospital admissions service, helping shift the balance of care. In Perth city, the integrated hub is now fully established, enabling rapid, multi-disciplinary responses when health deteriorates. Urgent care Advanced Nurse Practitioners are working with locality teams to expand this model across the region.
- Our Community Alarm service handled 260,911 calls in 2024/25, with 99.26% answered within 60 seconds - up from 98.83% the previous year. The service now supports over 3,900 clients and 12,000 devices, helping people stay safe and independent at home.
- Waiting times for mental health services have increased from 39 weeks to 42. We are working with partners to improve access and reduce delays through better coordination and early intervention.
- Carers have a higher risk of financial exclusion. In 2024/25, 847 unpaid carers were assisted by Citizens' Advice, mainly with debt and energy advice -a 40% increase from the previous year. We're working with partners and internal teams to identify those in need and ensure they are signposted to appropriate support.
- Participation in extra-curricular sport activities has continued to rise, with 38% of secondary school pupils involved in extra-curricular clubs – placing Perth and Kinross in the top three local authorities in Scotland. Across the total school roll participation levels have increased again to 43%, compared to 39% in 2022/23.
- Attendance at Live Active Leisure venues fluctuated due to the closure of Bells Sports Centre following flooding, although figures did begin to recover in Q4 of 2024/25, with an increase of 25%. Part of this will be due to the opening of the new gym at the Dewars Centre.

Key areas for improvement: Improve health and wellbeing in Perth and Kinross by increasing overall participation in sport and physical activity and promoting the wellbeing benefits of time spent in our natural surroundings. Improve health and wellbeing in Perth and Kinross by ensuring that people have access to wellbeing support when they need it.

Working in partnership with communities

KPI TREND OVERVIEW

■ Favourable Change ■ Unfavourable Change ■ Static ■ N/A

INCREASE THE SUPPLY AND AVAILABILITY OF RURAL HOUSING



DEVELOP AND EXPAND OUR APPROACH TO WORKING WITH COMMUNITIES



- We secured Fairer Futures funding support to scale up our multidisciplinary approach, appointing a programme manager and recruiting a dedicated project team to lead delivery in new priority localities: Rattray, South Crieff, and Muirton, alongside existing pilots in Letham, Highland, and Coupar Angus.
- We strengthened local coordination by consolidating Community Support and Enforcement services, with new leadership roles enabling more effective collaboration between specialist and locality-based teams. We also supported a record 65 community groups—exceeding our target of 60—to establish Community Resilience Groups using ringfenced Council funding, enhancing emergency preparedness and response, as demonstrated during recent severe weather events.
- We acquired 20 residential properties in Dunkeld from the National Trust for Scotland (NTS), enabling 20 households to transition into secure Council tenancies and increasing access to affordable housing in the area. This involved working closely with NTS and tenants to ensure a smooth transition, providing responsive support throughout the handover process. As part of the process, we introduced a local lettings policy that prioritises future allocations for individuals with strong ties to the Dunkeld area, reinforcing our commitment to the principle of “local homes for local people.”
- The development of new chalets at Double Dykes – phased occupation of which began in May 2025 - represents part of our wider investment in high-quality, culturally appropriate accommodation for Gypsy/Traveller communities. We introduced a resident-led engagement model shaped by direct feedback, including regular on-site sessions, digital participation via Microsoft Teams, tailored newsletters, and real-time updates through noticeboards - strengthening trust and empowering residents to play an active role in shaping their living environments.
- We continue to invest in community-led projects which support local residents to tackle issues, deliver services and generally improve quality of life. £200k was invested through the Warm Welcome Initiative to more than 100 community groups in the winter of 2024/25 to create warm and welcoming spaces, with a 34% increase in overall participation. In addition, £100k was allocated through participatory budgeting in identified localities to tackle socio-economic inequality, with over 2,500 votes cast (23% increase from last year). A further round of Community Investment Fund saw over £326k invested in 115 different community-led projects across Perth and Kinross.
- We supported 118 volunteer groups who contributed 40,000 hours to enhancing greenspace management. Despite reduced funding, we provided insurance, training, materials, and, in some cases, financial support, helping enhance local spaces and community pride. We also consulted communities on the design of 11 play areas, receiving 486 responses. Workshops with schools ensured children's voices were heard, resulting in inclusive, multifunctional designs that reflect local aspirations.
- We launched our Leadership Competency Framework, setting out the actions and behaviours expected of all our teams to help us deliver our organisational vision and strategic outcomes. At the same time, we revised our leadership model and introduced the Five Foundations of Leadership to support cultural change and improve how we engage with residents.
- We adopted a new Performance and Development Discussion (PDD) Framework making it mandatory for all staff in early 2025. It includes structured prompts to encourage meaningful conversations about delivering better outcomes for people and communities. All annual PDDs are recorded in our HR system to support analysis and future organisational development planning.

Key areas for improvement: Scale up and roll out of Fairer Futures programme to Rattray, South Crieff, Muirton and North Muirton. Develop updated locality profiles to support a needs-based approach. Support delivery of Business Improvement, Culture and Behaviours and Workforce Planning workstreams of the Leadership Development Phase 2 Transformation Project. Implement the newly developed Leadership and Managers Induction toolkit.

For information about the Health and Social Care Partnership, please see the Perth and Kinross Integration Joint Board Annual Accounts 2025/26 which are available at [Perth and Kinross Integration Joint Board](#).

6. Financial Performance

Financial performance is part of the Council's performance management culture with regular reporting during 2025/26 to elected members at the Finance and Resources Committee. This section summarises the main variances for 2025/26.

The Expenditure and Funding Analysis brings local authority performance reporting based on expenditure measured under proper accounting practices, together with statutorily defined charges to the General Fund and Housing Revenue Account. Both the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis include a segmental analysis which requires Councils to report performance based on how they are structured and how they operate, monitor and manage financial performance.

The 2025 Code requires that Councils present the segmental analysis based on the organisational structure under which they operate. Additionally, the Code requires that if a local authority changes the presentation or classification of items in its financial statements, the authority shall reclassify comparative amounts unless reclassification is impracticable.

Although the Expenditure and Funding Analysis reflects the main variances, for operational reporting the Council's Comprehensive Income and Expenditure reflect proper accounting practice. The Comprehensive Income and Expenditure Statement movements are not directly comparable with the movements in the Expenditure and Funding analysis.

a) General Fund Revenue Expenditure for 2025/26

In 2025/26 the Council incurred actual net expenditure on Services of **£528.344 million** (which is the Cost of Services disclosed in the Comprehensive Income and Expenditure Statement on page 32). When Taxation and Non-Specific Grant Income, Financing and Investment Income and Expenditure and Other Operating Income and Expenditure are included there was a net Deficit on the Provision of Services of **£42.572 million**.

The Expenditure and Funding Analysis information on pages 49 and 50 sets out adjustments between the net Deficit on the Provision of Services of **£42.572 million**, included in the Comprehensive Income and Expenditure Statement, and the Use of General Fund per CIES of **£6.856 million** in the table below. The adjustments of **£37.335 million** represent the difference between the net expenditure of the Council that is chargeable to taxation and rents and the figures reported in the Comprehensive Income and Expenditure Account. The deficit in the Expenditure and Funding Analysis is set out in the way in which the Council organises itself and manages and reports on financial performance.

The following table sets out adjustments to the most recently approved Revenue Budget to ensure that budget and actual figures are comparable. These include the Public Finance Initiative, external income and capital accounting adjustments. On a comparable basis the table shows a net variance (under spend/additional income) of **£13.022 million** which is explained in further detail.

	Updated Budget per Revenue Monitoring Report No.4	Virements	Capital Accounting Adjustments	Revised Budget	Net Expend. Charged to the General Fund and HRA Balances per Expend. and Funding Analysis	Variance
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
COUNCIL SERVICES						
Education and Learning	180,655	100	(346)	180,409	178,383	(2,026)
Children, Families and Justice	24,936	56	0	24,992	24,855	(137)
Economy, Development and Planning	15,709	882	0	16,591	15,766	(825)
Environment and Infrastructure	32,976	450	(3,459)	29,967	27,941	(2,026)
Housing and Communities	20,121	(1,144)	(426)	18,551	17,709	(842)
Property Services	67,028	(90)	(15,866)	51,072	49,602	(1,470)
Legal and Governance	4,176	14	0	4,190	3,960	(230)
Customer and Digital Services	13,403	63	0	13,466	11,983	(1,483)
Strategic Planning, People and Performance	5,821	20	0	5,841	5,218	(623)
Projects and Programmes	333	1	0	334	324	(10)
Finance and Business Support	11,623	(1,769)	0	9,854	9,074	(780)
Directorate Core Costs	1,093	(521)	0	572	572	0
Health and Social Care	111,176	118	0	111,294	109,914	(1,380)
Housing Revenue Account	0	(9,686)	0	(9,686)	(9,686)	0
Valuation Joint Board	1,421	0	0	1,421	1,393	(28)
Non Distributed Costs	1,711	0	0	1,711	1,680	(31)
NET COST OF SERVICES	492,182	(11,506)	(20,097)	460,579	448,688	(11,891)
Taxation and Non-Specific Grant	(492,096)	3,567	0	(488,529)	(487,859)	670
Finance / Investment / Other	14,836	8,573	20,097	43,506	44,408	902
Use of/(Increase in) General Fund per CIES	14,922	634	0	15,556	5,237	(10,319)
Contributions to/(from) other Reserves	4,956	(634)	0	4,322	1,619	(2,703)
Use of/(Increase in) General Fund Balances	19,878	0	0	19,878	6,856	(13,022)

The actual contribution from the General Fund was **£6.856 million**. This is **£13.022 million** less than planned and is made up of additional income and service under spends, as well as adjustments for revenue grants, and is comparable with the revenue monitoring positions that have been presented regularly to the Finance and Resources Committee throughout the financial year. The following section provides a summary of the significant variances.

Education and Learning delivered net under spends / additional income of **£2.026 million**. The main reasons for this are:

- In respect of the **Devolved School Management (DSM)** Scheme there was a net underspend / additional income of **£542,000** reflecting savings on staff costs. With regards the **Pupil Equity Fund** there was a net underspend of **£103,000** because expenditure is incurred by academic year rather than financial year. These resources will be carried forward by schools into 2025/26.

- Across the remaining **non-devolved** Education and Learning Services there was a net underspend / additional income of **£1.381 million**. This was achieved through a combination of additional staff slippage and home to school transport, partially offset by overspends on residential schools.

In **Children, Families and Justice** there was a net underspend / additional income of **£137,000**.

Across **Economy, Development and Planning** there was a net underspend / additional income of **£825,000**. The main reasons for this were staff slippage in excess of budget, additional income and revenue grants, partially offset by landscaping works.

In **Environment and Infrastructure** there was a net underspend / additional income of **£2.026 million**. The main reasons for this variance were additional income and savings on waste disposal and revenue grants.

In **Housing and Communities** there was a net underspend / additional income of **£842,000** due to the receipt of revenue grants.

In **Property Services** there was a net underspend / additional income of **£1.470 million**. This was primarily due to savings on energy and catering costs.

In **Legal and Governance** there was a net underspend / additional income of **£230,000**.

In **Customer and Digital** there was a net underspend / additional income of **£1.483 million** due to staff slippage, additional income and revenue grants.

In **Strategic Planning, People and Performance**, there was a net underspend / additional income of **£623,000** due primarily to the accelerated delivery of approved savings and additional income.

In **Finance and Business Support** there was a net underspend / additional income of **£780,000** due to staff slippage, the accelerated delivery of approved savings and additional income.

In **Taxation and Non-Specific Grant** there was a reduction in net income of **£670,000** due to reduced Council Tax receipts.

In **Finance / Investment / Other** there was an overspend of **£902,000** due to an increase in borrowing costs partially offset by additional income from Tayside Contracts.

General Fund and Housing Revenue Account Balances reduced by **£6.856 million** to **£63.686 million** in line with the budget adjustments approved throughout the year by Council and the Finance and Resources Committee as well as recognising the implications of final outturns and the implementation of the Service Concession Scheme. When the Housing Revenue Account Balance of **£2.753 million** and the earmarked Reserves of **£43.143 million**, that are set out on page 52 are excluded, this leaves an uncommitted General Fund Balance of **£17.790 million** or **3.5%** of the net 2025/26 Revenue Budget.

b) Composite Capital Budget and Housing Revenue Account Investment Programme 2025/26

A summary of the Council's capital expenditure in 2025/26 is reflected within Note 35 to the Core Financial Statements on page **78**. Total gross capital expenditure was £137.527 million, comprising £44.349 million on the Council's Housing Revenue Account (HRA) and £93.178 million on the Council's Composite (General Fund) Programme. Several projects were completed in the last year, with others currently on-site and making good progress during 2025/26. The Council's gross expenditure includes:

- £17.327 million on various School Upgrades projects, including the replacement of Perth High School which opened during the year, and various school refurbishments, including at Perth Academy, Perth Grammar and Methven Primary School.
- £32.851 million on Roads and Transport projects, including Structural Maintenance, Road Safety measures, bridges and the new link road at Bertha Park.
- £43.000 million on other works, including Flood Protection measures (£15.247 million); Commercial Property estate (£2.325 million); Community and Greenspace projects (£1.171 million); and property, infrastructure and IT upgrades (£17.240 million). The balance of £7.017 million relates to expenditure on various waste initiatives, vehicles and other miscellaneous works.
- £44.349 million on the HRA including Affordable Housing New Builds and Buy Backs (£20.768 million), upgrades to Multi-Storey blocks (£4.336 million), Heating, Windows and Rewiring works (£5.814 million), Kitchen and Bathroom Upgrades (£3.217 million) and Gypsy Site Improvements (£4.114 million).

Capital expenditure is funded by borrowing, asset sales, grants, other capital receipts, and Revenue Budget contributions. The Capital Financing Requirement (CFR, i.e., the underlying requirement to borrow for capital purposes) as at 31 March 2026 was £1,027.153 million. Actual capital debt was £945.523 million, comprising long-term borrowing (£807.200 million) and a PPP liability (£138.323 million). The ratio of borrowing to the CFR for 2025/26 increased slightly to 92.1% (2024/25 92.0%). During the year the CFR increased by £94.370 million, reflecting the capital expenditure above, less capital receipts, grants and contributions and principal loan repayments. The CFR also includes a £2.746 million restatement adjustment at 31 March 2026 by applying the service concession flexibility scheme that was approved by the Council in February 2023. The ratio of borrowing to the CFR increased as a consequence of the new borrowing being undertaken, less amounts repaid in the year.

c) General Fund Reserves

As at 31 March 2026 the Council had uncommitted General Fund balances of **£17.790 million** which represented **3.5%** of the Council's 2025/26 Revenue Budget approved in April 2025. Council policy, as set out in the Reserves Strategy approved by Council on 26 February 2025, is to retain uncommitted reserves of between 2% and 4% of net revenue expenditure over the medium term. The Council's Reserves Strategy will continue to be reviewed, and updates will be considered by the Finance and Resources Committee and the Council as part of the revenue monitoring cycle. Full details of the Council's General Fund Reserves are shown on page 31 and page 74 of the Financial Statements, along with information on future commitments.

The Reserves position is summarised as follows:

	£m		£m
General Fund	(60.933)	Revaluation Reserve	(377.955)
Housing Revenue Account	(2.753)	Capital Adjustments Account	(286.189)
Capital Fund	(39.469)	Financial Instruments Adjustment Account	15.109
Insurance Fund	(2.511)	Pensions Reserve	17.753
Capital Receipts Reserve	(1.506)	Employee Statutory Adjustment Account	9.645
Capital Grants Unapplied	(1.362)		
TOTAL USABLE RESERVES	(108.534)	TOTAL UNUSABLE RESERVES	(621.637)
		TOTAL RESERVES	(730.171)

The Balance Sheet

The Balance Sheet on page 33 summarises the Council's assets and liabilities as at 31 March 2026 and explanatory notes are provided from page 36. Total net assets have increased by **£474,000 to £730.171 million**. Long Term Assets increased by **£101.068 million**, current assets reduced by **£4.445 million**, current liabilities increased by **£80.484 million** and long-term liabilities increased by **£15.665 million**. The major changes in the Council's Balance Sheet between 31 March 2025 and 31 March 2026 are explained in more detail in the following paragraphs.

Long Term Assets

The value of long term assets increased by **£101.068 million** due to the continuation of the major capital investment being undertaken by the Council described above.

Current Assets

The level of Short-Term Investments increased by **£5.014 million** and Cash or Cash Equivalents reduced by **£7.086 million**. This was the result of planned reduction of investments in recent years to fund the capital programme. The reduction in cash and cash equivalents follows the reduction in short-term deposits in line with cash flow requirements.

Current Liabilities

Short Term Borrowing increased by **£93.344 million** as a result of more Public Works Loan Board (PWLb) and short term market borrowing falling due within 12 months of the balance sheet date compared to last year. Short Term Creditors reduced by **£11.437 million** primarily due to lower amounts payable to Scottish Government, Central Government, Other Local Authorities, NHS Bodies and Other Entities.

Long Term Liabilities

Long-Term Liabilities increased by **£15.665 million** due to an increase in Long Term Borrowing of **£16.063 million** from new borrowing throughout the year, partially offset by a reduction in Other Long Term Liabilities of **£2.111 million** due to movements in pension and public private partnership liabilities in line with the approved contract.

The Council's annual Treasury Management Strategy outlines the Council's policy in relation to borrowing and investment. This is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. The majority of the Council's borrowing comes from the Public Works Loan Board and market loans. Further details are provided at Note 39.

Pensions Reserve

International Accounting Standard 19 Revised (IAS19R) requires the disclosure of the Council's share of Tayside Pension Fund's assets and liabilities, both current and future. The information disclosed in the accounts is provided to the Council by the Pension Fund's actuaries. The position at 31 March 2026 indicates a net liability of **£17.753 million** compared to **£18.533 million** on 31 March 2025 due to changes in assumptions. This liability is based on a snapshot valuation at 31 March 2026 and is a result of prevailing market conditions at that date. Triennial valuations of the Fund are carried out with the last valuation having taken place at 31 March 2023. Employer's contributions were 17% of pensionable pay to 31 March 2024, reducing to 15.7% from 1 April 2024. For more information see Note 18.

Provisions, Contingencies and Write Offs

The Council made provision for a number of eventualities which may have an effect on the financial position of the Council. The reasons for the provisions are outlined in Note 30 on page 73.

There were a number of write-offs of debt and stock during the year which were approved by the Finance and Resources Committee on 24 June 2026 – Authority to Write Off Debts and Obsolete Stock.

d) Accounting Ratios

The following financial indicators have been developed to provide an indication of the sustainability and affordability of the Council's financial plans.

FINANCIAL INDICATOR	2025/26	2024/25	PURPOSE
Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure	3.5%	4.0%	Reflects the level of funding available to manage financial risk / unplanned expenditure.
Movement in the Uncommitted General Fund Balance	£(0.925)m	£0.004m	Reflects the movement in the level of Council's has increased its Uncommitted General Fund Reserve.
Council Tax – In Year Collection Rate	97.5%	97.3%	Demonstrates the Council's effectiveness in collecting council tax debt.
Ratio of Council Tax Income to Overall Level of Funding	21.5%	20.1%	This reflects the Council's capacity to vary expenditure by raising Council Tax Income.
Capital Financing Requirement	£1,027.153m	£932.783m	Measurement of requirement to borrow for capital purposes.
External Debt Levels	£945.523m	£858.559m	Actual borrowing for capital investment purposes.
Capital Financing Requirement Ratio	92.1%	92.0%	Measurement of prudence in relation to borrowing levels – borrowing only to invest in capital.
Ratio of Financing Costs to Net Revenue Stream	4.7%	3.9%	Measurement of the Council's ability to fund borrowing costs.

e) Financial Statements

The primary financial statements presented within the Annual Accounts are as follows:

- The **Movement in Reserves Statement** reports movements on the different Reserves held by the Council analysed into Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and Unusable Reserves.
- The **Comprehensive Income and Expenditure Statement** reports the accounting cost of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations which may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- The **Balance Sheet** brings together all the assets and liabilities of the Council. It is a statement of the resources of the Council and how they have been financed. It is also a report on the Council's financial position at a particular point in time and represents a snapshot of its financial affairs at the close of the year expressed in accounting terms.
- The **Cash Flow Statement** summarises the inflows and outflows of cash and cash equivalents arising from transactions with third parties on both day to day revenue transactions and capital activities. Cash is defined for the purpose of this statement as cash in hand and deposits repayable on demand less overdrafts repayable on demand. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with an insignificant risk of change in value.

The Code also requires the following to be included within the Annual Accounts:

- The **Statement of Responsibilities for the Annual Accounts** explains the responsibilities of the Council and of the Chief Finance Officer as they relate to the Annual Accounts.
- The **Notes to the Financial Statements** provide further information on the above financial statements.
- The Notes include an **Expenditure and Funding Analysis** which compares the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Account. The service analysis for both the Expenditure and Funding Analysis and the Comprehensive Income and Expenditure Statement are now both provided in the way in which the Council organises itself and manages financial performance.
- The **Annual Governance Statement** explains how the Council has complied with the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) standard for good corporate governance and meets the requirements of relevant legislation and current good practice.
- The **Remuneration Report** provides details of the Council's remuneration of its senior councillors and senior officers with regard to salary, taxable expenses and pension benefits and states how remuneration arrangements are managed. The report also provides information on exit packages agreed by the Council during the financial year.

Supplementary Financial Statements

The supplementary financial statements are as follows:

- The **Housing Revenue Account** shows the major elements of housing revenue account expenditure and how these are funded by rents and other income.
- The **Council Tax Income Account** reports the gross and net income from Council Tax, together with details of the number of properties on which Council Tax is levied, and the charge per property.
- The **Non-Domestic Rates Income Account** shows the gross and net income from non-domestic rates and details the amount payable to the national non-domestic pool and resulting net income for the financial year to the Council that is shown in the Comprehensive Income and Expenditure Statement.
- The **Charitable Trusts** statement includes the summary Income and Expenditure Account and Balance Sheet of those Charitable Trusts and Endowments administered by the Council.
- The **Common Good** statement includes the summary Income and Expenditure Account and Balance Sheet for the Common Good Funds administered by the Council.
- The **Group Accounts** incorporate the share of the Council's Managed Funds, Subsidiaries and Associates into the Group Movement in Reserves Statement, Group Comprehensive Income and Expenditure Statement, Group Balance Sheet, Group Cash Flow Statement and include the Reconciliation of the Single Entity (Council) Surplus or Deficit for the year to the Group Surplus or Deficit.

7. Financial Outlook, Risks and Plans for the Future

The financial and operating environment for local government continues to be characterised by sustained uncertainty, increasing demand, and constrained resources. These pressures are structural rather than short-term and are expected to continue over the medium to long term.

Communities across Perth and Kinross continue to experience the ongoing effects of the increased cost-of-living, with increasing levels of financial hardship and inequality. Demand for support remains high, particularly in areas such as social care, housing, and welfare advice. At the same time, population change is reshaping both the type and volume of demand placed on Council services.

Perth and Kinross is experiencing a significant demographic shift, with a rapidly growing older population and a proportionately smaller working-age population. This trend is expected to accelerate over the coming years. The implications are profound:

- increasing demand for health and social care services, including more complex and long-term care needs
- rising costs associated with supporting vulnerable adults and maintaining independence at home
- workforce pressures, as fewer working-age people are available to support service delivery
- reduced growth in the local tax base relative to demand pressures

These demographic changes are not unique to Perth and Kinross but are particularly acute in Scotland, where population ageing is more advanced than in many other parts of the UK.

Alongside this, the Council continues to face significant financial challenges arising from the wider public sector funding environment. Real-terms reductions in core local government funding over a number of years, combined with increasing reliance on ring-fenced or directed funding, limits local flexibility and places additional pressure on core services. While recent settlements have provided some stability in the short term, they have not kept pace with demand growth, inflationary pressures, and policy commitments.

Cost pressures remain significant. Although inflation has moderated from peak levels, the legacy impact continues to be felt across energy, construction, and contract costs. Pay settlements and workforce-related costs continue to represent a substantial and growing proportion of expenditure. In addition, national policy decisions—such as those relating to social care, education, and environmental commitments—continue to add to cost pressures without always being fully funded in the long term.

The Council is also operating within an increasingly complex risk environment. The Corporate Risk Register highlights key strategic risks including:

- the ability to meet statutory duties in protecting vulnerable children and adults
- the financial sustainability of services in the face of rising demand and constrained funding
- workforce capacity and resilience across key service areas

- the impact of climate change, both in terms of mitigation requirements and the need to respond to more frequent severe weather events
- digital, cyber, and data-related risks as services become more dependent on technology

Against this backdrop, the Council's financial position remains extremely challenging. The Medium Term Financial Plan (MTFP), approved in December 2025, identified significant challenges over the planning period to 2031/32. This reflects the gap between projected available funding and the cost of maintaining current levels of service provision.

To address this, the Council has adopted a clear strategic approach based on three interdependent principles:

1. **Prioritisation of Resources** - resources will be increasingly targeted towards statutory duties, the most vulnerable in our communities, and those areas that deliver the greatest impact against the Council's strategic priorities.
2. **Transformation and Service Redesign** - the Council will accelerate its Transformation and Change Programme, fundamentally redesigning how services are delivered. This includes greater use of digital technology, including artificial intelligence, service integration, demand management, and a stronger focus on prevention and early intervention.
3. **Financial Sustainability and Income Strategy** - the Council Tax Strategy provides a degree of certainty over income in the short to medium term and supports investment in priority areas such as social care, education, and children and families services. The Council will continue to explore additional income generation opportunities and ensure full cost recovery where appropriate.

Delivering a balanced and sustainable budget over the medium term will require difficult decisions. The scale of the financial gap means that the Council must continue to:

- stop or reduce some non-essential activities
- redesign services to operate at lower cost
- increase productivity and efficiency through technology and new ways of working
- work more closely with partners, communities, and the third sector to deliver outcomes differently.

The Council's Corporate Plan 2022–2027 continues to provide a clear strategic direction, with its vision of “a Perth and Kinross where everyone can live life well, free from poverty and inequality.” The Plan's priorities remain highly relevant in the current environment, particularly in addressing poverty, improving wellbeing, supporting sustainable economic growth, and tackling climate change.

The Financial Strategy supports this by linking long-term priorities with available financial resources, ensuring that decision-making is evidence-based and focused on need rather than demand alone. The integration of financial and service planning through the MTFP enables the Council to take a more strategic and transparent approach to managing risk and allocating resources.

In the Housing Revenue Account, the five-year Business Plan and Rent Strategy to 2030/31 provide a framework to maintain and improve the Council's housing stock while supporting the delivery of new homes. The approved rent increase for 2025/26 reflects the need to balance affordability for tenants with the requirement to sustain investment in housing infrastructure.

Looking ahead, the Council will need to continue to strengthen its financial resilience. This will include maintaining appropriate reserve levels, further improving financial forecasting, and enhancing its ability to respond to changing circumstances.

In summary, the financial outlook for Perth and Kinross Council remains challenging, with demand for services continuing to outstrip available resources. The combination of demographic change, constrained funding, and increasing costs requires a sustained and disciplined approach to financial management. Through clear prioritisation, transformation of services, and a continued focus on delivering outcomes that matter most to communities, the Council will seek to navigate these challenges and maintain its long-term financial sustainability.

Transformation and Change

Perth and Kinross Council's Transformation and Change Strategy, approved in June 2022, provided the framework for reshaping how we deliver services so we can continue to improve outcomes for communities within increasingly constrained resources. Phase One of the programme was concluded in June 2024, with a new Phase Two (2024 – 26) establishing the new Programme Management Office responsible for delivery, including strengthened governance, the embedding of service design principles, and the initiation of major cross-cutting programmes.

During 2025/26, the Council has progressed delivery through Phase Two while also preparing for the transition into Phase Three in June 2026. This shift reflects the need to intensify transformation activity at scale and pace in response to the wider national context of sustained financial pressures across local government, rising and more complex demand, and increasing expectations of public services. Our approach aligns with the Scottish Government's direction by focusing transformation effort on the areas that will deliver the greatest impact for Perth and Kinross, underpinned by our key corporate priorities.

Phase Three will begin implementation in June 2026 and strengthens our operating model for transformation and continuous improvement. This includes streamlining and prioritising the programme to ensure that resources are focused on the most significant, outcome-driven change, and clarifying the distinction between large-scale transformation and proportionate business improvement activity. Governance arrangements will be reinforced to support clearer accountability, stronger oversight, and faster delivery.

Audit Scotland's Best Value thematic work on Transformation and Change in 2025 provided an external perspective on our progress. The audit recognised that the Council has a clear vision and plan for transformation, robust officer-led governance through the Transformation Board, and good examples of working with partners and communities, supported by our user-focused service design approach. It also highlighted a small number of improvement actions that we have implemented to strengthen delivery further, including: ensuring transformation plans are sufficiently ambitious to support long-term financial sustainability and that projected savings are clearly articulated; confirming future programme management arrangements; enhancing benefits realisation so we can demonstrate impact more consistently; and strengthening Equality and Fairness Impact Assessment practice so potential impacts on vulnerable or protected groups are evidenced throughout project delivery.

These changes will help ensure that transformation continues to support financial sustainability, our key corporate priorities, cost reduction, and more efficient and effective ways of working—while maintaining a clear focus on outcomes for the people of Perth and Kinross.

Capital

The Council approved a revised 6-year Composite Capital Budget for 2026/27 – 2031/32 on 4 March 2026. The Housing and Social Wellbeing Committee approved the 5-year HRA Capital Budget for 2026/27 - 2030/31 on 21 January 2026. Both these Capital plans were subsequently updated by the Strategic Policy and Resources Committee on 22 April 2026.

The Council's Composite Capital Budget includes significant investment in improvements to roads and bridges infrastructure. Also included within the capital budget are major upgrades to schools and sports facilities in Perth, Kinross and Crieff, including the replacement of Perth Leisure Pool. In addition, there are ongoing works within the annual rolling programmes and road network improvements. Also included is a new primary school at Bertha Park, as well as various school refurbishments under the Investment in the Learning Estate programme. There is significant investment included in relation to new technologies, including the ongoing development of the new Social Work database (Mosaic) and investment in the Microsoft Estate, as well as the upgrading and replacement of School Audio Visual equipment and other Technology Upgrades. Expenditure is ongoing in relation to progressing various Flood Protection Schemes, with work on the construction of the Comrie Flood Protection expected to be completed in the autumn of 2026. There is also provision for economic development and planning initiatives, parks and public spaces improvements, waste reduction and recycling and property improvements.

The HRA Investment Programme 2026/27 to 2030/31 continues to focus upon increasing the affordable housing stock with the provision of new affordable housing and Council house buy-backs, as well as the enhancement of the existing housing stock, with works on multi-storey blocks, energy efficiency and external fabric maintenance.

The Capital Financing Requirement is estimated to peak at £1.357 billion in 2031/32 under current approved plans. The annual cost of servicing the borrowing and Public Private Partnership liabilities is being managed through the 1.25% annual increases in Council Tax and the Capital Fund Strategy within the Medium-Term Financial Plan. This ensures the Council's plan remains affordable, prudent and sustainable.

More detailed narrative on the Council's capital investment plans, treasury management (borrowing and investments), prudential indicators and loans fund liabilities can be found in the Council's Treasury and Investment Strategy and Prudential Indicators 2026/27 to 2031/32 report presented to Council on 25 February 2026.

Risk Management

Effective risk management remains a key element of the Council's governance and internal control arrangements. It supports informed decision-making, helps the Council respond to an increasingly complex operating environment and underpins delivery of sustainable outcomes for the communities of Perth and Kinross. The risk management framework has been developed based on best practice industry standards including the International Standard in Risk Management – ISO: 31000 and the Office of Governance and Commerce (OGC) Management of Risk Guidance (MoR^[1]) and guidance from the Association of Local Authority Risk Managers (ALARM).

Within the Council there is a cohort of trained risk practitioners who provide technical guidance and support to ensure that a consistent approach to risk management is taken across the whole organisation.

During 2025/26, the Council continued to strengthen its risk management arrangements, with a focus on improving the quality, consistency and visibility of risk information. This was supported by collaborative working between Risk Owners, the Strategic Leadership Team and risk-trained officers, helping to strengthen oversight, challenge risk assessment and promote a more consistent corporate approach across services. PK Performs continued to be developed as the Council's core risk management system, alongside the introduction of enhanced reporting through a Strategic Risk Power BI dashboard.

The Council also benefited from collaborative working beyond the organisation through its involvement in the Tayside Risk Management Group, which supports shared learning, benchmarking and continuous improvement.

^[1] *M_O_R® is an industry standard methodology for Management of Risk which helps an organisation identify, assess, and control risk at the strategic, programme, project and operational levels.*

The latest annual report and Strategic Risk Register was considered by the Audit and Risk Committee on 29 June 2026.

The Strategic Risk Register remains a live management tool and records the Council's key strategic risks, the controls in place and any further mitigating actions required. Overall, the Council's Risk Management Framework remains robust and effective and continues to support good governance and delivery of the Council's strategic objectives.

Workforce Management

The Council values its employees, their skills, dedication, and passion to ensure it delivers essential services to the people, businesses and communities of Perth and Kinross. Our people continue to be our most important asset and remain at the heart of everything we do.

The Council continues its journey of transformation and change, reshaping our organisation to ensure that we are prepared to deliver the best public services we can for the people of Perth and Kinross, focused on need and within available resources. Our workforce is fundamental to achieving this goal. We recognise the importance of creating an environment in which our people can be at their best. We have a clear vision, aims and aspirations for our workforce, and bringing our people on that journey remains essential to ensuring that our culture and ethos are future-ready to deliver public services.

The Corporate Plan 2022-2027 sets out the key priorities and vision for the Council, including how we will approach the delivery of services. Our Transformation and Change Strategy recognises that, to achieve the Council's ambitions, we need to reshape our organisation, including its size and shape. Our Financial Strategy recognises the unprecedented budget challenges and the need for responsible decision-making in the context in which we work. The People and Culture Strategy 2024-2028, approved in June 2024, continues to be the enabler that supports our workforce as we reshape our organisation and deliver the best public services we can. During 2025/26, this has continued through implementation of the strategy and action plan alongside the budget decisions agreed by Council in February 2025, providing an important context for workforce planning, service redesign and the sustainable delivery of frontline services. We continue to focus our efforts on what makes change a success – our people – and have created learning and engagement opportunities to support our ambition for growth and change. Our People and Culture Strategy is based on our values of Ambition, Compassion and Integrity, providing direction not only on what we need to do, but also why, where and how we should deliver now and in the future. Our action plan sets out how we will create a healthy and flexible workforce with the appropriate skills, values and behaviours to address current and future demands. This focus on workplace culture, performance, productivity, innovation, agility, digital technology, wellbeing, reward, recognition and resilience remains key. These commitments will enable the Council to match its ambition for transforming services, growing the economy, reducing inequalities, protecting vulnerable people and supporting young people to be all they can be.

The Council is a diverse local authority, supporting both rural and urban communities. We are committed to enhancing quality of life, not just for the people we serve, but also for the people who make our achievements possible – our dedicated employees. We continue to operate within the context of changing service demand, financial pressures, an ageing population and the need for a range of highly specialist skills and services. Strong workforce planning, multi-disciplinary teams, integrated working, locality-based decision-making, sound governance and effective performance monitoring continue to support delivery of our ambition.

We have implemented our executive leadership team, leadership competency framework and performance framework to focus our contributions against Corporate Priorities. This model embodies our vision and sets the cultural and leadership foundations for how we will engage and operate with our communities in future. During 2025/26, we have continued to embed these arrangements across the wider leadership cohort, with our Evolving Leaders in Practice programme supporting year 2 of the strategy and expanding key elements across the Council. This creates further leadership development opportunities for all leaders across the Council linking these to our established leadership competency framework. Our redesigned operating model continues to ensure that we work together to focus on positive outcomes for those we serve, implementing new ways of working, optimising existing and new technology and working collaboratively with partners, Arm's Length External Organisations and other local authorities to create and adopt innovative approaches to service delivery. Our Corporate Delivery Improvement Plan continues to support improvement activity and, through annual performance reporting, Council approved the Annual Performance Report for 2024/25 in October 2025, reinforcing scrutiny, accountability and continuous improvement across the organisation.

We continue to demonstrate the importance of inclusion by being a role model for initiatives such as Living Wage, Carer Positive, Disability Confident, Young Person's Guarantee and the Armed Forces Covenant. These reflect the commitment we make as an employer to support the different groups within our workforce and our communities. Development and talent management also enable us to provide versatile people solutions to support the future strategic direction of the organisation. We continue to invest in training and development opportunities for young people through Apprenticeship, Graduate and Trainee programmes, helping to support skills development and future workforce capacity. A focus on health, wellbeing and resilience remains key to sustaining a healthy working environment and positive wellbeing culture, and we continue to review and refresh the wide range of support we offer to our workforce. The Council is proud to be a Fair Work employer and continues to apply Fair Work principles, consulting and engaging with employees and trade union representatives on improvements in our employment practices and arrangements. During 2025/26, this has been supported by continued progress on equality and inclusion, including publication of the Equality Mainstreaming Report 2025-2029, and by implementation of the updated Real Living Wage rate from November 2025 as part of our ongoing commitment as an accredited employer. Equalities and fairness continue to be core principles in our People and Culture Strategy, helping to ensure we have the right skills in the right place when we need them and contributing to our ambition of working together so everyone can live life well.

8. Supplementary Information

a) Group Accounts

The Code of Practice on Local Authority Accounting in the United Kingdom requires the Council to produce group financial statements where it has an interest in entities that meet the definition of a subsidiary, associate or joint venture. The Group results are presented alongside the results for the Council in the Annual Accounts. Further details of the associated entities that have been incorporated into the financial statements can be found on page 106.

The Council has an interest in six organisations (detailed on page 106) that do not form part of the main Accounts. The Council includes the results of these organisations in its Group Accounts due to the significant influence it has over their financial and operating practices. The Council also includes Charitable Trusts administered and controlled by the Council and Common Good Funds as managed funds within the Group Accounts.

In accordance with the Code, the 2025/26 Group Accounts Statements are included on pages 101 to 105. The basis for consolidation is set out in the Notes to the Group Accounts Statements on pages 106 to 108. The effect of consolidation is to increase the Council's net assets by **£34.513 million** resulting in a Group Balance Sheet showing net assets of **£764.684 million** at 31 March 2026 as set out on page 103.

b) Common Good and Charitable Trust Funds

Common Good Funds are administered by the local authority for the general benefit of the relevant communities. Overall, the Common Good Funds recorded an in-year surplus of **£26,000** which, when applied to the surplus brought forward, results in an accumulated revenue surplus as at 31 March 2026 of **£2.551 million**.

Details of income and expenditure accounts and balance sheets can be found on pages 99 and 100 of the Annual Accounts. These funds are subject to similar accounting policies and procedures to those that are applied to the Council's main accounts. The main source of income to Common Good Funds is rent.

The Council also administers several Charitable Trust Funds. Details of income and expenditure accounts and balance sheets can be found on page 98 of these Annual Accounts. Overall, the Trust Funds recorded an in-year surplus of **£276,000** which, when applied to the surplus brought forward, results in an accumulated surplus as at 31 March 2026 of **£4.057 million**.

Perth and Kinross Council's Trust Funds, for which the Council is the sole trustee, also have to prepare their own Trustees' Annual Report and this is separately available on the Council website.

c) Public Private Partnerships / Design Build Finance Maintain

In September 2000 the Council entered into a 25-year PPP contract for the construction, maintenance and operation of office accommodation and a car park. In 2025/26 the Council paid **£1.443 million** up to September 2025 to the contractor under the terms of the contract. At the completion of the contract the Council purchased both assets.

Between 2009 and 2012 six school campuses were also brought into operation at Blairgowrie, Glenearn, Loch Leven, Strathearn, North Inch and Breadalbane. The contractor's obligation was to construct the schools and is to maintain them to a pre agreed standard. In 2025/26 the Council paid **£23.612 million** to the contractor under the terms of the contract. In addition, the Council paid **£3.351 million** in relation to Bertha Park High School in 2025/26.

9. Conclusion

The Council has continued to demonstrate sound financial management in 2025/26 by continuing to deliver services during challenging times with the resources which are available to it. The pressures being experienced by Services in relation to demand are known and plans are in place to mitigate them. The Council is also facing significant inflationary pressures. These pressures have been reflected in budgets and the MTFP. The commitment to a Council Tax Strategy is a key component in addressing these challenges.

The Council will continue to face many challenges in the future from the combined effect of reduced resources, increasing demands and expectations for our services. It is confident that by working more creatively with all its residents and partners, it will not only embrace these challenges but will maintain its performance and service delivery.

Acknowledgements

As in previous years, we would like to acknowledge the significant work of the finance teams in producing the Annual Accounts and thank colleagues across the Council and the wider Group for their continuing support.

Thomas Glen
Chief Executive
Perth and Kinross Council

Councillor Eric Drysdale
Leader of the Council
Perth and Kinross Council

Scott Walker
Chief Finance Officer
Perth and Kinross Council

Annual Governance Statement

1 Purpose

- 1.1 The purpose of the Annual Governance Statement is to give assurance to the people of Perth and Kinross, our elected members, staff, partner agencies and other stakeholders that our governance arrangements are adequate and effective and that our system of internal control is robust.

2 Executive Summary

- 2.1 The Council has undertaken a comprehensive and evidence-based review of its governance arrangements and system of internal control for 2025/26. This confirms that the Council's control environment is sound, well embedded and operating effectively in practice. The system of internal control provides reasonable assurance that risks are being appropriately identified, managed and mitigated in support of the delivery of the Council's strategic objectives, recognising that absolute assurance cannot be achieved.
- 2.2 The governance framework is aligned with recognised good practice, including the CIPFA Delivering Good Governance principles, and is supported by clear leadership, effective decision-making and scrutiny, and robust financial and risk management arrangements. Taken together with the formal assurance processes in place, this provides a strong and consistent evidence base for overall assurance. While targeted improvement actions have been identified, these are being actively progressed through established service improvement, audit and transformation programmes. On that basis, the Council can provide clear assurance that its governance arrangements and system of internal control are robust, proportionate and fit for purpose.
- 2.3 The review of the effectiveness of the Council's system of internal control and overall governance framework has been informed by different sources assessing risk and providing assurance: -
- Executive Leadership Team / Strategic Leadership Team
 - Chief Finance Officer
 - Strategic Lead for Legal and Governance Services / Monitoring Officer
 - Chief Internal Auditor / Internal Audit
 - Data Protection Officer
 - Policy and Governance Group
 - External Audit
 - External agencies and inspectorates.

3. Scope of Responsibility

- 3.1 As well as providing assurance as to the effectiveness of the governance arrangements in place for the Council, this Annual Governance Statement also covers the six organisations that are included in the Council's Group Accounts.
- Live Active Leisure Limited (subsidiary)
 - Perth Theatre and Concert Hall Limited (subsidiary)
 - Culture Perth and Kinross Limited (subsidiary)
 - Tayside Valuation Joint Board (associate)
 - Tayside Contracts (associate)
 - Perth and Kinross Integration Joint Board (joint venture)

4 Our Governance Framework

- 4.1 Our governance framework comprises our culture, values, rules, resources, systems, tools and processes which we have in place to help us achieve our strategic objectives. We recognise that the following are fundamental elements of good governance within public sector organisations: -
- Leadership, Culture and Values
 - Vision, Direction and Purpose
 - Stakeholder Engagement
 - Organisational Development
 - Effective Decision Making
 - Internal Controls
 - Scrutiny and Accountability
- 4.2 These fundamental elements of our governance framework reflect and seek to embed the principles of good governance within the 2016 CIPFA Framework for Delivering Good Governance in Local Government, and with its Addendum from May 2025, namely:
- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
 - Defining outcomes in terms of sustainable economic, social and environmental benefits
 - Ensuring openness and comprehensive stakeholder engagement

- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

- 4.3 A crucial part of the framework is the system of internal control which is designed to manage and mitigate risk in relation to the achievement of our intended outcomes.
- 4.4 The Council manages risk through a continuous process of identification, assessment, evaluation, prioritisation and mitigation. We evaluate risk based on likelihood and impact in both financial and non-financial terms. We do however need to mitigate and manage risk proportionately; recognising that risk can never be eliminated completely and that only reasonable assurance can ever be given.

5 Our Governance Arrangements

- 5.1 Our culture and values are reflected in our behaviour and our decision-making. Our policies, processes and procedures including Elected Member and Employee Codes of Conduct, Whistleblowing and Anti-fraud and Corruption policies, Elected Member Register of Interests, Gifts and Hospitality Policy and Conflicts of Interest procedures ensure that, as a Council, we respect the rule of law, behave with integrity, promote a culture of good governance and demonstrate a strong commitment to ethical values.
- 5.2 There are appropriate and effective arrangements in place for the discharge of the following statutory functions:
- Head of Paid Service
 - Monitoring Officer
 - Chief Finance Officer
 - Chief Social Work Officer
 - Data Protection Officer
- 5.3 Following engagement with communities during the first year of the current political term, the Council has a [Corporate Plan](#) which reflects its strategic priorities. This has been supported by the Corporate Development Improvement Plan; developed in 2023/24 to ensure that we deliver on those objectives and continue to provide high quality operational services. The Annual Performance Report for 2024/25, identifying key improvement activity for 2025/26, was reported to Council in October 2025.
- 5.4 Strategic, operational and political leadership is an integral element of effective governance. A formal programme of induction for elected members is implemented following local government election – supported by learning and development throughout the political tenure. Similarly, an extensive leadership development programme is in place for officers, with an established leadership competency framework in place to enhance capacity and effectiveness, not only in senior leadership roles but across all levels of the organisation.
- 5.5 The operational leadership at a senior level is aligned to deliver on the strategic objectives and key priorities of the Council. As with many other public bodies, loss of skills and experiences across all portfolios and at senior leadership level presents a continuing risk which the organisation is managing through a programme of leadership development and service redesign.
- 5.6 Leadership within the organisation is effective with good communication between elected members and senior management through Leaders' meetings, Convenors meetings, specific interest working groups and all-member briefings, where appropriate. There are also regular meetings with conveners and pre-agenda discussions in respect of each scheduled Council and Committee meeting.
- 5.7 Our Local Outcome Improvement Plan and Corporate Plan set out our vision and purpose and have been subject to consultation and approval. The Financial Strategy and approved Medium Term Financial Plan and Revenue and Capital budgets prioritise how our financial resources are to be deployed. The Transformation and Change Strategy highlights our ambition to better support the delivery of services to the people of Perth and Kinross, particularly those in the greatest need. Key strategic documents such as the Capital Investment Blueprint and Corporate Asset Management Strategy, Housing Investment Programme, Anti-Poverty Strategy, Economic Wellbeing Plan, Climate Change Strategy and Sustainable Procurement Strategy provide the necessary direction to the organisation to enable it to deliver on its vision and priorities and to achieve its purpose.
- 5.8 We recognise the importance of good stakeholder engagement and will continue to engage and work in partnership with our communities, partners, and other stakeholders to ensure that we design and deliver the public services that our communities need and value. Our approach to consultations is based on the National Standards for Community Engagement, and we have established a wide range of [consultation processes and procedures](#). The Community Empowerment (Scotland) Act 2015 provides a framework for improving the quality of engagement and participation which is reflected in the [Local Outcome Improvement Plan](#) and our own Corporate Plan.
- 5.9 We are operating in an increasingly complex and financially challenging public sector landscape and must be able to adapt and evolve our services and workforce to continue delivering cost-efficient, high-quality services. Our people remain our most valuable assets and as an organisation we will secure the best outcomes for our communities by

investing in the development of our workforce and of our leaders to ensure that they have the right skills and have sufficient capacity to deliver. Our approach is outlined in our [Corporate Workforce Plan – Resourcing PKC Everyone Has Something To Offer](#). This approach was reviewed in 2023/24 and a new refreshed [People and Culture Strategy](#) was approved in June 2024.

- 5.10 The Council's Scheme of Administration sets out the Council's decision-making structure in terms of roles, remits and responsibilities to ensure transparency and accountability. This reflects the priorities and objectives of the Council and the senior officer leadership structure.
- 5.11 We have a robust suite of policies, procedures and management processes to ensure that there are appropriate internal controls in place in respect of: -
 - Workforce Planning and Management
 - Financial Planning and Management
 - Risk and Performance Management
 - Transformation and Change Management
 - Procurement and Commissioning
 - Major Investment Project Management
 - Health and Safety
 - Information Management and Security
 - Civil Contingencies and Business Continuity
 - Anti- Fraud and Corruption
 - Conflicts of Interests
 - Gifts and Hospitality
 - Whistleblowing and Reporting Concerns
 - Complaints Handling
 - Officer and Elected Member Conduct
- 5.12 As a public body we must be open, transparent and accountable for our decisions, actions, and performance. Our management and democratic structures and processes are designed to facilitate effective decision making and the proper scrutiny of those decisions and their impact in terms of performance and the achievement of our intended outcomes.
- 5.13 The Council set a final revenue budget for the year 2026/27 in March 2026, along with provisional budgets for 2027/28 and 2028/29. These revenue budgets demonstrate clear linkages with the Transformation and Change strategy. Each budget is allocated to a named budget holder. Budgets are monitored regularly by Service Management Teams and overall financial performance is monitored regularly by the Executive Leadership Team. Council, through the Finance and Resources Committee, receives regular financial monitoring information as part of the budgetary control framework and provides the required political scrutiny of our financial management and performance.
- 5.14 A capital budget for 2026/27 to 2031/32 was approved in March 2026. Capital spend is monitored by Service Management Teams and the Executive Leadership Team and reported regularly to the Finance and Resources Committee as part of the budgetary control framework.
- 5.15 The Council publishes an Annual Performance Report on its performance against the objectives set out within the Corporate Plan and Local Outcome Improvement Plan. In order to improve transparency and clarity of these links, a Corporate Delivery and Improvement Plan has been developed.
- 5.16 The Corporate Delivery and Improvement Plan, which was approved by Council in May 2024, strengthens the alignment between the Corporate Plan priorities, improvement activity and budget and resource allocations, was developed and subject to consultation in year. It sets out detailed actions and outcomes for each priority and includes appropriate performance indicators. Performance is reported to the Executive Leadership Team and publicly through the Council's Scrutiny and Performance Committee and relevant themed committees. Financial performance is publicly reported through the Finance and Resources Committee and relevant service committees.
- 5.17 The Council has a published process for dealing with the following and annually reports on performance in this respect of these areas: -
 - Complaints from members of the public
 - Requests for accessing information under the Freedom of Information legislation
 - Accessing information under the Data Protection legislation

6 Governance Assurance Process

- 6.1 The Council utilises a robust process of gathering assurance information from the Strategic Leadership Team, which concludes with Certificates of Assurance being signed.
- 6.2 Corporate assurance has also been provided as regards the adequacy of the internal controls from the following Officers:
 - Chief Finance Officer (S 95 Officer)
 - Strategic Lead for Legal and Governance Services /Monitoring Officer

- Chief Internal Auditor
- Data Protection Officer
- Records and Information Security Manager
- Corporate Procurement
- Corporate HR Manager

6.3 For Arm's Length External Organisations, reliance has been placed upon:

- Unaudited financial statements of the companies (audited accounts will be scrutinised when available)
- Assurance self-assessment evaluations
- Terms and conditions of Service Level Agreements
- Contract monitoring meetings with Services
- Performance information and financial monitoring reports to Services
- Presentations and reports to the Scrutiny and Performance Committee

6.4 For Tayside Contracts Joint Committee, Tayside Valuation Joint Board and Perth and Kinross Integration Joint Board, reliance is placed upon each organisation's own Annual Governance Statement.

6.5 The draft Annual Governance Statement is considered by the Strategic Leadership Team and the Council's Scrutiny and Performance Committee prior to inclusion within the final unaudited 2025/26 Annual Accounts.

6.6 The Annual Governance Statement is considered by the Audit and Risk Committee as part of the unaudited 2025/26 Annual Accounts.

7 Effectiveness of Governance Arrangements for 2025/26

7.1 Based on the assurance process outlined above, in terms of effectiveness, the Council's governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework, subject to the areas identified for review or improvement set out in section 8 below.

7.2 Our financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015).

7.3 Our assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and the External Quality Assessment of the Internal Audit function has been assessed as fully conforming with the Public Sector Internal Audit Standards in year March 2025, with the Global Internal Audit Standards in the UK Public Sector adopted in year, in line with professional requirements.

7.4 The Council has designated the Strategic Lead for Legal and Governance as the Senior Information Risk Owner, with the Strategic Lead for Customer and Digital Services as Depute. Our information security measures have been reviewed in 2025/26 to ensure continuing compliance with the Public Service Network (PSN) and other cyber security requirements.

7.5 The Scottish Information Commissioner issued a Practice Recommendation in respect of record-keeping on a specific matter. The Council has acknowledged that recommendation and is progressing relevant actions. This matter should be viewed however in the context of the Council's wider records management framework, which was independently assessed by the Keeper of the Records of Scotland in April 2026 as setting out proper arrangements for the management of public records and as capable of ensuring compliance with the Public Records (Scotland) Act 2011. This distinction is important: the intervention related to a particular issue, whereas the Council's wider records management framework has been subject to separate external assessment and assurance and deemed compliant. Through the Council's Records Management Plan there are clear accountability, authority and oversight arrangements in place through the Senior Information Risk Owner and reporting to the Chief Executive and Executive Leadership Team. The Council continues to work constructively with the Keeper's team to implement agreed improvement actions where required and, taken together, these arrangements provide assurance that the Council's overall governance and records management framework remains sound and subject to active oversight and continuous improvement.

7.6 Our counter-fraud and anti-corruption arrangements conform with CIPFA's Code of Practice on Managing the Risks of Fraud and Corruption.

7.7 The Chief Internal Auditor is the Council's nominated Money Laundering Reporting Officer. There has been no relevant activity in respect of Council and its group during the year.

7.8 The Council's Audit and Risk Committee operates in line with CIPFA's Audit Committees: Practical Guidance for Local Authorities.

7.9 We have structures in place which support constructive challenge and effective scrutiny to our system of internal control and our broader governance arrangements. In particular: -

- Audit and Risk Committee
- Scrutiny and Performance Committee
- Finance and Resources Committee
- Themed Committees
- Executive Leadership Team / Strategic Leadership Team

- Policy and Governance Group
- Transformation Board
- Internal Audit
- External Audit (currently Audit Scotland)

8 Opinion of the Chief Internal Auditor

- 8.1 Audit activity and performance is detailed in the Annual Report by the Chief Internal Auditor for the year 2025/26, which will be presented to the Council's Audit and Risk Committee in June 2026. This report takes into consideration the requirements of the Global Internal Audit Standards in the UK Public Sector, which came into effect for the financial year 2025/26. The report contains the Chief Internal Auditor's opinion in respect of the effectiveness of the governance arrangements in place, as follows: -

"The Chief Internal Auditor concludes that reasonable reliance can be placed on the Council's risk management and governance arrangements, and systems of internal control for 2025/26, subject to management implementation of the agreed actions detailed in Internal Audit reports."

9 Areas for Review/Continued Improvement Action

- 9.1 We rely heavily on technology, and the way in which technology can shape and influence how we deliver services and work as an organisation in the future. We continue to review our cyber resilience and information governance arrangements to ensure that they are fit for purpose, robust, and continue to support new and innovative ways of working, such as the ethical and responsible use of Artificial Intelligence (AI). The AI Governance Group has been established to provide the necessary oversight and will continue to develop its role in governing the use of emergent technologies.
- 9.2 The Council's financial management, governance and reporting arrangements have been assessed against the financial management standards set out within the CIPFA Financial Management Code (2019). The Code is based upon the standards set out elsewhere within the Annual Governance Statement and the Council is considered to be compliant with the Code. Improvement actions arising from the review include consideration of how the Council can build upon existing practice in its budget consultation with stakeholders and strengthening existing reporting arrangements.
- 9.3 In addition to these areas, there are some specific areas which will be held under review pending the outcome of current transformation and change activity or implemented through operational service redesign and business improvement activity:
- Leadership culture and capacity
 - Capacity and resources to lead, develop and deliver ongoing and future programme of transformation and change
 - Ownership of and management of information assets
 - Strategic procurement and commissioning
 - Workforce planning and organisational development
 - Use of the Financial Strategy to address financial pressures
 - Our approach to community engagement and empowerment
 - Review of the delivery of services through Arms-Length External organisations through the Strategic Alliance

Conclusion and Opinion

The Council is legally required to review the effectiveness of its governance arrangements and to publish an Annual Governance Statement, with its Annual Accounts. The governance framework and, in particular, the system of internal control, has been assessed in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and has been considered in light of the addendum published for 2025/26.

The review of the effectiveness of the Council's system of internal control and overall governance framework has been informed by different sources assessing risk and providing assurance: -

- Executive Leadership Team/ Strategic Leadership Team
- Chief Finance Officer
- Strategic Lead for Legal and Governance Services /Monitoring Officer
- Chief Internal Auditor/ Internal Audit
- Data Protection Officer
- Policy and Governance Group
- External Audit
- External agencies and inspectorates.

The Council's Governance Framework is considered robust and effective.

Certificates of assurance have been received from Strategic Leads, each of whom is accountable for maintaining the system of internal control within their respective service area. Through this process, Strategic Leads have reviewed the governance arrangements and key internal controls operating within their services and have confirmed that these remain effective.

The Chief Finance Officer has provided assurance that the financial arrangements in place conform to the relevant CIPFA requirements and that our expenditure is lawful. Similarly, the Monitoring Officer has provided assurance that our governance arrangements ensure compliance with relevant laws, regulations, internal policies, and procedures.

The Chief Internal Auditor has provided assurance for the year 2025/26 and an Internal Audit plan will be developed for 2026/27 that will focus on areas which have been identified as corporate or service specific risks in relation to core business and the delivery of the Council's agreed strategic priorities, in line with the requirements of the Global Internal Audit Standards in the UK Public Sector.

We are satisfied that our governance arrangements and, in particular, our system of internal control, continue to be regarded as fit for purpose. Any identified improvement actions will continue to be delivered and monitored through service improvement plans, audit plans and change programmes to avoid duplication of effort.

Our governance framework will continue to be reviewed and adapted where necessary to ensure that it remains robust and effective.

Signed:

Signed:

Thomas Glen
Chief Executive
Date

Councillor Eric Drysdale
Leader of the Council
Date

Independent auditor's report to the members of Perth and Kinross Council and the Accounts Commission (to follow)

Independent auditor's report to the members of Perth and Kinross Council and the Accounts Commission (to follow)

Independent auditor's report to the members of Perth and Kinross Council and the Accounts Commission (to follow)

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Fund £'000	Insurance Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 32) £'000	Total Authority Reserves £'000
Balance at 1 April 2024	(83,794)	(2,260)	(31,026)	(1,709)	(2,102)	(87)	(120,978)	(718,738)	(839,716)
<u>Movement in reserves during 2024/25</u>									
Total Comprehensive Income and Expenditure	28,909	(2,749)	0	0	0	0	26,160	83,859	110,019
Adjustments to Usable Reserves permitted by accounting standards	(6,187)	776	0	0	0	0	(5,411)	5,411	0
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 5)	(9,178)	1,975	0	0	770	(1,060)	(7,493)	7,493	0
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	(2,914)	0	0	0	0	0	(2,914)	2,914	0
Decrease or (Increase) in 2024/25	10,630	2	0	0	770	(1,060)	10,342	99,677	110,019
Transfers to/(from) Other Statutory Reserves	4,880	0	(5,966)	1,086	0	0	0	0	0
Balance at 31 March 2025 carried forward	(68,284)	(2,258)	(36,992)	(623)	(1,332)	(1,147)	(110,636)	(619,061)	(729,697)
<u>Movement in reserves during 2025/26</u>									
Total Comprehensive Income and Expenditure	41,231	1,341	0	0	0	0	42,572	(43,046)	(474)
Adjustments to Usable Reserves permitted by accounting standards	(6,697)	2,312	0	0	0	0	(4,385)	4,385	0
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 5)	(28,802)	(4,148)	0	0	(174)	(215)	(33,339)	33,339	0
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	(2,746)		0	0	0	0	(2,746)	2,746	0
(Increase) or Decrease in 2025/26	2,986	(495)	0	0	(174)	(215)	2,102	(2,576)	(474)
Transfers to/(from) Other Statutory Reserves	4,365		(2,477)	(1,888)		0	0	0	0
Balance at 31 March 2026 carried forward	(60,933)	(2,753)	(39,469)	(2,511)	(1,506)	(1,362)	(108,534)	(621,637)	(730,171)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2024/25				2025/26			
Gross Expenditure £'000	Income £'000	Net Expenditure £'000		Notes	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
COUNCIL SERVICES							
173,520	(5,546)	167,974	Education and Learning		183,268	(5,914)	177,354
218,171	(120,943)	97,228	Health and Social Care		245,219	(134,949)	110,270
29,903	(5,896)	24,007	Children, Families and Justice		30,612	(5,946)	24,666
37,967	(11,270)	26,697	Economy, Development and Planning		34,543	(12,062)	22,481
55,798	(5,924)	49,874	Environment and Infrastructure		59,643	(12,429)	47,214
31,299	(12,273)	19,026	Housing and Communities		32,571	(13,884)	18,687
85,064	(6,098)	78,966	Property Services		95,206	(9,374)	85,832
5,637	(1,078)	4,559	Legal and Governance		5,335	(1,330)	4,005
36,545	(19,359)	17,186	Customer and Digital Services		32,959	(15,397)	17,562
6,304	(799)	5,505	Strategic Planning, People and Performance		5,524	(303)	5,221
283	0	283	Projects and Programmes		325	0	325
10,980	(2,691)	8,289	Finance and Business Support		11,189	(2,656)	8,533
1,327	0	1,327	Directorate Core Costs		578	(2)	576
38,239	(35,437)	2,802	Housing Revenue Account		42,747	(38,522)	4,225
1,434	0	1,434	Valuation Joint Board		1,393	0	1,393
732,471	(227,314)	505,157	COST OF SERVICES		781,112	(252,768)	528,344
138	(244)	(106)	Other Operating Income and Expenditure	8	1,728	(769)	959
25,079	(5,649)	19,430	Financing and Investment Income and				
0	(498,321)	(498,321)	Expenditure	9	28,506	(4,465)	24,041
			Taxation and Non-Specific Grant Income	10	0	(510,772)	(510,772)
757,688	(731,528)	26,160	Deficit on Provision of Services		811,346	(768,774)	42,572
			(Surplus)/Deficit on revaluation of non				
		83,518	current assets				(46,752)
		341	Remeasurement of the net defined benefit				
			liability				3,706
		83,859	Other Comprehensive Income and				
			Expenditure				(43,046)
		110,019	Total Comprehensive Income and				
			Expenditure				(474)

BALANCE SHEET

<u>31 March 2025</u>		Notes	<u>31 March 2026</u>
£'000			£'000
1,580,002	Property, Plant and Equipment	21	1,681,371
52,099	Heritage Assets	22	52,099
16,184	Investment Property	23	17,029
2,189	Intangible Assets	24	1,216
<u>530</u>	Long Term Debtors	26	<u>357</u>
1,651,004	Long Term Assets		1,752,072
0	Short Term Investments	39	5,014
875	Assets Held for Sale	25	565
620	Inventories	27	593
50,007	Short Term Debtors	28	47,971
<u>24,645</u>	Cash and Cash Equivalents	44	<u>17,559</u>
76,147	Current Assets		71,702
(40,581)	Short Term Borrowing	39	(133,925)
(95,500)	Short Term Creditors	29	(84,063)
<u>(2,814)</u>	Provisions	30	<u>(1,391)</u>
(138,895)	Current Liabilities		(219,379)
(1,951)	Provisions	30	(3,664)
(683,808)	Long Term Borrowing	39	(699,871)
<u>(172,800)</u>	Other Long Term Liabilities	18, 20 and 36	<u>(170,689)</u>
(858,559)	Long Term Liabilities		(874,224)
<u>729,697</u>	NET ASSETS		<u>730,171</u>
110,636	Usable Reserves		108,534
619,061	Unusable Reserves	32	621,637
<u>729,697</u>	TOTAL RESERVES		<u>730,171</u>

The Unaudited Annual Accounts were issued on 29 June 2026.

The accompanying notes form an integral part of these financial statements.

Scott Walker CPFA
Chief Finance Officer
Date: 29 June 2026

CASH FLOW STATEMENT

<u>2024/25</u>		Notes	<u>2025/26</u>
£'000			£'000
(26,160)	Deficit on the provision of services		(42,572)
73,936	Adjustments to net deficit on the provision of services for non cash movements		80,758
(43,242)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities		(24,813)
<u>4,534</u>	Net cash flows from Operating Activities		<u>13,373</u>
(91,070)	Investing Activities	42	(121,928)
79,998	Financing Activities	43	101,469
<u>(6,538)</u>	Net decrease in cash and cash equivalents		<u>(7,086)</u>
31,183	Cash and cash equivalents at the beginning of the reporting period		24,645
<u><u>24,645</u></u>	Cash and cash equivalents at the end of the reporting period	44	<u><u>17,559</u></u>

Statement of Responsibilities for the Annual Accounts

The Council's Responsibilities

The Council is required:

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

I confirm that these Annual Accounts were approved for signature by the Audit and Risk Committee at its meeting in November 2026.

Signed on behalf of Perth and Kinross Council

Councillor Eric Drysdale
Leader of the Council

Date:

The Responsibilities of the Chief Finance Officer

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

In preparing these Annual Accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- used the going concern basis of accounting on the assumption that the Council will continue in operational existence for the twelve months following the approval of the Annual Accounts.

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

Scott Walker CPFA
Chief Finance Officer
Date:

Notes to the Financial Statements

1. Accounting Policies

General

The Annual Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and adapted to the Code of Practice as required by the Local Authority Accounts (Scotland) Regulations 2014 and section 12 of the Local Government in Scotland Act 2003. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and supported by International Financial Reporting Standards. The Annual Accounts are intended to present a true and fair view of the financial position and transactions of the authority and have been prepared in accordance with the fundamental accounting principles of relevance, reliability, comparability, understandability and materiality.

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, or when the Council is entitled to the income, not simply when cash payments are made or received.

In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods and services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where the Council is acting as an agent for another party (e.g. in the collection of Non-Domestic Rates and Water and Wastewater), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

Cash and Cash Equivalents

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

Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events or conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with the Statutory Repayment of Loans Fund Advances, depreciation, revaluation and impairment losses and amortisations are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account (CAA) in the Movement in Reserves Statement (MiRS) for the difference between the two.

Contingent Assets and Liabilities

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

Contingent Assets and Liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Employee Statutory Adjustment Account in the MiRS.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy, and are charged in the Comprehensive Income and Expenditure Statement (CIES) when the Council is demonstrably committed to terminate the employment of an officer.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Council are members of two separate pension schemes: The Scottish Teachers' Superannuation Scheme and the Local Government Pension Scheme.

The Scottish Teachers' Superannuation Scheme is a statutory unfunded defined final benefit salary scheme administered nationally by the Scottish Public Pensions Agency on behalf of the Scottish Government. There are no investment assets built up under the scheme to meet pension liabilities. The contributions paid into the scheme by the Council and teaching employees are determined nationally and member's pension benefits are prescribed under the Teachers' Superannuation (Scotland) Regulations 2005 with the Scottish Government being responsible for meeting the scheme's liabilities.

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme (LGPS). The LGPS is a statutory funded defined final benefit salary scheme operated through local pension funds. Perth and Kinross Council and its employees pay contributions into the Tayside Pension Fund administered by Dundee City Council calculated at a level to balance the pension liabilities with investment assets. The contributions paid into the scheme by employees and member pension benefits are prescribed, for the period to which the accounts relate, by the Local Government Pensions Scheme (Scotland) Regulations 1998 as amended. Perth and Kinross Council's contributions, as employer, into the Tayside Pension Fund are subject to the advice of the Fund actuary.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be attributed specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Education Service line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Scheme is accounted for as a defined benefits scheme. The liabilities of the Tayside Pension Fund attributable to the Council 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, etc., and projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate which is based on the indicative rate of return on the high quality corporate bond index (i Boxx AA).

The assets of the Tayside Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unitised securities – current bid price;
- property – market value.

The change in the net pension's asset / liability is analysed into the following components:

- Service cost comprising:
 - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the CIES to the services for which the employees worked;
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the CIES as part of Non Distributed Costs;
 - net interest on the net defined liability / (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability / (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability / (asset) at the end of the period – taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability / (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Tayside Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for the asset or liability.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the CIES in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount respectively is deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term of the replacement loan. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MiRS.

Financial Assets

Financial assets are classified based upon a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:-

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where cash flows do not take the form of a basic debt instrument).

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For deposits that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the agreement.

However, the Council has made loans to various organisations at less than market rates (soft loans). When a soft loan is made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. In subsequent years interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

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 Financing and Investment Income and Expenditure line in the CIES. 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 de-recognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the year they incur in the CIES.

Going Concern

The Chief Finance Officer is responsible for making an annual assessment of whether it is appropriate to prepare the accounts on a going concern basis. In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, an authority's financial statements shall be prepared on a going concern basis; that is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for at least twelve months from the date of approval of the financial statements and it can only be discontinued under statutory prescription. The Council has significant net assets, investments and cash and a track record of preparing a balanced budget which incorporates significant savings that are subsequently achieved. The Council has put in place robust measures to ensure the continuing strong financial management of its activities which demonstrates its ability to continue as a going concern. Taken together, the Chief Finance Officer has determined that it remains appropriate to prepare the financial statements on a going concern basis.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the CAA. Amounts in the Capital Grants Unapplied Account are transferred to the CAA once they have been applied to fund capital expenditure.

Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage Assets include museum and gallery collections and works of art. These assets are held by the Council in pursuit of its overall objectives in relation to the maintenance of the heritage. Since 1 April 2016 Culture Perth and Kinross has responsibility for the delivery and development of museum and library services in Perth and Kinross. The Trust manages the museum and gallery collections on behalf of the Council; however, the Council will continue to be custodian of the collections.

Tangible Heritage Assets

The Council's Heritage Assets are held in the Perth Museum, Perth Art Gallery and Alyth Museum. The collections include Art, History and Natural History and are held in support of Council objectives i.e. to increase knowledge, understanding and appreciation of the local area and its history. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council has embarked upon a revaluation programme for all collection items deemed to have significant value, these being mainly items within Fine and Applied Art collections. In recognition of the key qualitative characteristics of the financial statements, i.e. understandability, relevance, reliability and comparability, the Council has chosen to apply a £10,000 de-minimis level for which items will be recognised within the Balance Sheet. The exclusion of individual items having a value of less than £10,000 does not impact upon the characteristics of the financial statements and a summary of the main collections and applicable accounting treatment is as follows.

Art Collection

The Fine Art collection includes paintings and sketches in various mediums, and although international in scope, its greatest strength is in the holding of Scottish pictures. The collection seeks to retain a balance between the historical and the contemporary whilst continuing to develop the holdings of works of specifically local interest. The Applied Art collection has been acquired since 1785 through purchase, gift or bequest. It covers a wide variety of objects and materials, within which the collections of Perth silver and Perthshire glass are unsurpassed in terms of national importance.

Subject to the de-minimis noted above, items donated or acquired are valued by the curators at point of acquisition; in addition, there is a rolling programme of valuation to ensure all significant items in the Art collection are valued. All valuations are undertaken by the curators having relevant knowledge and experience and with reference to appropriate commercial markets.

Art collection items are held in the Council balance sheet at market value and are tested annually for impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

As the assets within the art collection are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation.

History Collection

The History collection includes social history, archaeology, arms and armour, costume, archives, coins, medals and stamps, photography and world cultures collections. These items cannot be readily and/or reliably valued due to their diverse nature. The cost of valuation would be disproportionate in terms of any benefit derived to the user of the financial statements and the History Collection is consequently excluded from the Council Balance Sheet.

Natural History Collection

The Natural History collection includes zoology, botany and geology collections. No market exists for these items and collections and there is no comparable data to form the basis of valuation. The cost of obtaining valuations would be disproportionate in terms of any benefit derived to the user of the financial statements and Natural History Collections are consequently excluded from the Council Balance Sheet.

Heritage Assets – General

The Council may dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

The promotion of other cultural events and programmes during the year makes it difficult to reliably estimate the percentage of the Art Collection on display for public viewing. All items not on display are held in secure storage and access is permitted to scholars and others for research purposes.

The Culture Perth and Kinross Collections Management Framework provides guidance on the collection, disposal or lending of heritage assets.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES. Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. To comply with these restrictions, the gain or loss on the derecognition of an intangible fixed asset shall be reversed out of the General Fund or Housing Revenue Account. The General Fund or Housing Revenue Account shall be debited (in the case of the gain) or credited (in the case of a loss) with an amount equal to the gain or loss on derecognition of the intangible asset. The gain or loss that is reversed out of the General Fund or Housing Revenue Account excludes any costs of disposal that either cannot be capitalised under regulation or statutory guidance or that the authority has chosen not to capitalise. The double entries are a credit to the capital receipts reserve or a capital grants and receipts unapplied account of an amount equal to the disposal proceeds and a debit to the capital adjustment account equal to the carrying amount of the intangible asset.

Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts.

Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is valued at the cost of direct materials and labour plus attributable overheads based on the normal level of activity less any attributable losses.

Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. To comply with these restrictions, the gain or loss on derecognition of an investment property shall be reversed out of the General Fund. The General Fund shall be debited (in the case of a gain) or credited (in the case of a loss) with an amount equal to the gain or loss on derecognition of the investment property. The double entries are a credit to the capital receipts reserve or a statutory capital fund or capital grants and receipts unapplied account of an amount equal to the disposal proceeds and a debit to the CAA equal to the carrying amount of the investment property.

Leases

Leases that are exempt from IFRS 16 (Right of Use Assets – see policy on page 46) are classified as operating leases.

The Council as Lessee

Operating Leases - Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting 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 (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Operating Leases - Where the Council 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 CIES. 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.

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 accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council 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 (e.g. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located where there is a legal or constructive obligation to do so.

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the CAA in the MiRS.

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

- infrastructure and community assets – depreciated historical cost;
- assets under construction – historical cost;
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH). The Council values these assets using the Beacon approach (Adjusted Vacant Possession);
- other land and buildings – current value based on existing use value (EUV) for operational assets where there is an active market, or if there is no market based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold, depreciated replacement cost (DRC) using the instant build approach;
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
- all other assets – current value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV).

Assets included in the Balance Sheet at current value are indexed annually to ensure that their carrying amount is adjusted to reflect market movements between the previous revaluation and the year-end, and are subject to formal revaluation as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to

recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, the revaluation loss is 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);
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) 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:

- 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);
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

Disposals and Assets Held for Sale

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 recognised losses. 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 CIES as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the CIES 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 CAA.

Amounts received for a disposal are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the MiRS. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing.

Amounts are appropriated to the CAA from the General Fund Balance in the MiRS.

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 and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Leasehold Properties	over period of lease
Roads and Bridges	15-30 years
Other Infrastructure Assets	10-30 years
Vehicles, Plant and Equipment	3-15 years
Council Buildings	up to 50 years
Council Dwellings	10-30 years
Intangible Fixed Assets	3-5 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the General Fund.

Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

- fair value of the services received during the year – debited to the relevant service in the CIES;
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES;
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES;
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- lifecycle replacement costs – debited to the relevant service in the CIES.

Provisions

The Council is required to make provisions where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provision has been made for bad and doubtful debts in respect of Council Tax, Housing Rents and other items of income, where appropriate. In all cases the level of provision is based on experience and an assessment of the prospects of recovering the related debt.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the council becomes aware of the obligation and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus/Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MiRS so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council – these reserves are explained in the relevant notes.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset is charged as expenditure to the relevant Service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MiRS from the General Fund Balance to the CAA then reverses out the amounts charged so that there is no impact on the level of council tax.

Right of Use Assets

The Council has adopted IFRS 16 (Leases) with effect from 1 April 2024. The adoption of the new standard resulted in the balance sheet recognition of a right-of-use asset and related lease liability in relation to former operating leases. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short-term leases i.e. existing leases that expire on or before 31 March 2027, and new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time, including arrangements for nil consideration.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards that have been issued but have not been adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by The Code:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

These standards apply to Perth and Kinross Council from 1 April 2026 and are not expected to have a significant impact on the financial statements.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Annual Accounts are:

Group Entities

The Council has an interest in a number of subsidiary and associate companies and trusts. The most significant of these companies in terms of the size of trading operations, shareholding and board representation and other factors have been assessed and where deemed material to the Council, are included in the Group Accounts. Full details of these interests are shown in Note 1 to the Group Accounts.

Public Sector Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Public Private Partnership (PPP)

The Council is deemed to control the services provided under the agreement for the provision of educational establishments. The accounting policies for PPP schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant and Equipment on the Council's Balance Sheet. Note 36 provides further details.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are in respect of the Council's Net Pensions Asset / Liability and valuation of Property, Plant and Equipment.

Net Pension Liability

Uncertainty

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. This is further detailed in Note 18 to the Accounts which includes a table setting out the potential sensitivity of change in assumptions on the Pension Liability. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

Effect if Actual Results Differ from Assumptions

The effects on the net pension asset / liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a reduction in the pension liability of £11.333 million. However, the assumptions interact in complex ways, and the pension asset had increased from £442.944 million in 2024/25 to £585.068 million in 2025/26. However, by applying IAS 19 and the asset ceiling provision contained therein, the Council has actually recognised a pension liability of £17.753 million in 2025/26 (£18.533 million in 2024/25).

Property, Plant and Equipment - Valuations

Uncertainty

Although markets are functioning and transaction volumes are at levels where there is sufficient evidence on which to base opinions on value, there remain uncertainties due to worldwide events which continue to influence pricing.

A combination of valuation reports provided by Royal Institution of Chartered Surveyors (RICS) registered valuers in the current year, and indexation applied to previous professional valuations, have been used to inform the measurement of non-current assets in these financial statements.

Specialised assets such as educational buildings are valued on the basis of depreciated replacement cost. Here the valuer bases their assessment on the cost to the Council of replacing the service potential of the assets; the uncertainty relates to the estimated costs of, rather than the extent of, service potential to be replaced.

The indexation of assets utilises the index considered as most suitable for the type of asset, as provided by the internal RICS registered valuers. Uncertainty relates to the potential for an alternative index that may be considered more suitable, and which may provide for a different indexed movement in asset value.

The valuer has provided estimates for the range of uncertainty attached to the valuation of Council dwellings. The valuation of Council dwellings requires the use of an Adjustment Factor which is applied to the vacant possession value of the housing stock to arrive at the reported Existing Use Value – Social Housing (EUV-SH). The Adjustment Factor is based on the ratio of private and public sector rents and yields. Rental ratios are established from data provided by the Council and from Local Housing Allowances, HM Rent Service, RICS, and using information on private sector rents from research including local letting agents. Information on yields is derived from the RICS, Building Society and Chartered Surveyor firm publications, and government publications.

Effect if Actual Results Differ from Assumptions

A sensitivity analysis has been undertaken in respect of all properties revalued using indexation to determine the potential movement in value had an alternative index been utilised. For this purpose, alternative indices were not identified and applied as there are a number of possibilities. As a proxy, an increase and decrease of 1% has been applied to reflect the potential movement, had an alternative index been adopted, which indicated an alternative indexation adjustment. Indexation calculations and the sensitivity analysis include assumptions that the Gross Internal Area (GIA) and Land Area of each site remains unchanged, and the building use and condition remains in line with the previous valuation. The gross book value decrease when applying the selected indices is £12.542 million. A 1% decrease in index rates would result in a gross book value decrease of £19.680 million.

A sensitivity analysis on the Council housing revaluation has been undertaken by the valuer to examine the potential impact if the Adjustment Factor was increased or decreased by 5%, this being the tolerance listed within the valuation guidance published by the Ministry for Housing Communities and Local Government (MHCLG). The EUV-SH for the Council housing stock at 31 March 2026 is £339.583 million. A 5% increase or decrease to the Adjustment Factor would result in an increase or decrease of £44.227 million (13.02%) to the value of the Council housing stock.

5. Adjustments between Accounting Basis and Funding Basis under Regulations

	Usable Reserves				Total	2024/25
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied		
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Adjustments involving the Capital Adjustment Account</u>						
Depreciation and impairment on non-current assets	(49,997)	(17,082)	0	0	(67,079)	(59,925)
Revaluation Losses on Property, Plant and Equipment	(18,570)	(1,544)	0	0	(20,114)	(11,888)
Reversal revaluation gains	4,737	247	0	0	4,984	1,301
Movements in Fair Value of Investment Properties	1,518	(85)	0	0	1,433	1,480
Amortisation of Intangible Assets	(1,191)	0	0	0	(1,191)	(1,232)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	15,476	8,722	0	0	24,198	42,079
Amounts of non current assets written off on disposal as part of the gain/loss	(2,089)	(217)	0	0	(2,306)	(1,040)
Revenue Expenditure Funded by Capital Under Statute	(202)	0	0	0	(202)	(2,618)
Donated Assets	80	0	0	0	80	285
<u>Items not debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Statutory provision for repayment of debt	14,313	3,503	0	0	17,816	16,321
Capital expenditure charged to the General Fund and HRA balances	2,136	1,881	0	0	4,017	5,136
<u>Adjustments involving the Capital Receipts Reserve</u>						
Transfer of sale proceeds credited as part of the gain/loss on disposal	560	18	(578)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	404	0	404	1,672
<u>Adjustments involving the Financial Instruments Adjustment Account</u>						
	487	136	0	0	623	626
<u>Adjustments involving the Capital Grants unapplied</u>						
Application of grants unapplied	0	0	0	(215)	(215)	(1,060)
<u>Adjustments involving the Pensions Reserve</u>						
Employer's pensions contributions and direct payments to pensioners payable in the year	21,622	1,801	0	0	23,423	23,294
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(17,455)	(1,482)	0	0	(18,937)	(20,738)
<u>Adjustments involving Short Term Accumulated Absences Account</u>						
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	(227)	(46)	0	0	(273)	(1,186)
Total Adjustments	(28,802)	(4,148)	(174)	(215)	(33,339)	(7,493)

6. Expenditure and Funding Analysis - 2025/26

	Net Expenditure charged to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Education and Learning	178,383	(1,029)	177,354
Health and Social Care	109,914	356	110,270
Children, Families and Justice	24,855	(189)	24,666
Economy, Development and Planning	15,766	6,715	22,481
Environment and Infrastructure	27,941	19,273	47,214
Housing and Communities	17,709	978	18,687
Property Services	49,602	36,230	85,832
Legal and Governance	3,960	45	4,005
Customer and Digital Services	11,983	5,579	17,562
Strategic Planning, People and Performance	5,218	3	5,221
Projects and Programmes	324	1	325
Finance and Business Support	9,074	(541)	8,533
Directorate Core Costs	572	4	576
Housing Revenue Account	(9,686)	13,911	4,225
Valuation Joint Board	1,393	0	1,393
Non Distributed Costs	1,680	(1,680)	0
Cost of Services	448,688	79,656	528,344
Other Income and Expenditure	(443,451)	(42,321)	(485,772)
Deficit on Provision of Services	5,237	37,335	42,572
Opening General Fund and HRA Balance	(70,542)		
Surplus on General Fund and HRA Balance in Year	5,237		
Transfers from other Statutory Reserves	4,365		
Service concession flexibility	(2,746)		
Closing General Fund and HRA Balance at 31 March 2026	(63,686)		

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between Reserves are explained in the Movement in Reserves Statement.

The split of the General Fund and HRA Balance is in the Movement in Reserves Statement.

Notes to the Expenditure and Funding Analysis - adjustments between funding and accounting basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note A £ '000	Net change for the Pensions Adjustments Note B £ '000	Other Differences Note C £ '000	Total Adjustments £ '000
COUNCIL SERVICES				
Education and Learning	(178)	(734)	(117)	(1,029)
Health and Social Care	714	(441)	83	356
Children, Families and Justice	0	(253)	64	(189)
Economy, Development and Planning	6,803	(123)	35	6,715
Environment and Infrastructure	19,474	(267)	66	19,273
Housing and Communities	1,109	(133)	2	978
Property Services	36,195	0	35	36,230
Legal and Governance	0	0	45	45
Customer and Digital Services	5,578	0	1	5,579
Strategic Planning, People and Performance	0	0	3	3
Projects and Programmes	0	0	1	1
Finance and Business Support	9	(555)	5	(541)
Directorate Core Costs	0	0	4	4
Housing Revenue Account	14,186	(321)	46	13,911
Valuation Joint Board	0	0	0	0
Non Distributed Costs	0	(1,680)	0	(1,680)
Cost of Services	83,890	(4,507)	273	79,656
Other Operating Expenditure and Income	1,728	0	0	1,728
Financing and Investment Income and Expenditure	(19,249)	21	(623)	(19,851)
Taxation and Non-Specific Grant Income	(24,198)	0	0	(24,198)
Other income and expenditure from the Expenditure and Funding Analysis	(41,719)	21	(623)	(42,321)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	42,171	(4,486)	(350)	37,335

Expenditure and Funding Analysis - 2024/25

	Net Expenditure charged to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Education and Learning	166,361	1,613	167,974
Health and Social Care	96,045	1,183	97,228
Children, Families and Justice	23,770	237	24,007
Economy, Development and Planning	17,742	8,955	26,697
Environment and Infrastructure	31,860	18,014	49,874
Housing and Communities	18,544	482	19,026
Property Services	49,147	29,819	78,966
Legal and Governance	4,539	20	4,559
Customer and Digital Services	12,104	5,082	17,186
Strategic Planning, People and Performance	5,483	22	5,505
Projects and Programmes	282	1	283
Finance and Business Support	7,851	438	8,289
Directorate Core Costs	1,325	2	1,327
Housing Revenue Account	(8,237)	11,039	2,802
Valuation Joint Board	1,434	0	1,434
Non Distributed Costs	1,689	(1,689)	0
Cost of Services	429,939	75,218	505,157
Other Income and Expenditure	(416,393)	(62,604)	(478,997)
Deficit on Provision of Services	13,546	12,614	26,160
Opening General Fund and HRA Balance	(86,054)		
Surplus on General Fund and HRA Balance in Year	13,546		
Transfers to other Statutory Reserves	4,880		
Service concession flexibility	(2,914)		
Closing General Fund and HRA Balance at 31 March 2025	(70,542)		

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between Reserves are explained in the Movement in Reserves Statement.

The split of the General Fund and HRA Balance is in the Movement in Reserves Statement.

Notes to the Expenditure and Funding Analysis - adjustments between funding and accounting basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note A £ '000	Net change for the Pensions Adjustments Note B £ '000	Other Differences Note C £ '000	Total Adjustments £ '000
COUNCIL SERVICES				
Education and Learning	751	199	663	1,613
Health and Social Care	791	287	105	1,183
Children, Families and Justice	(5)	159	83	237
Economy, Development and Planning	8,838	82	35	8,955
Environment and Infrastructure	17,795	161	58	18,014
Housing and Communities	346	90	46	482
Property Services	29,785	0	34	29,819
Legal and Governance	2	0	18	20
Customer and Digital Services	5,037	0	45	5,082
Strategic Planning, People and Performance	0	0	22	22
Projects and Programmes	0	0	1	1
Finance and Business Support	14	387	37	438
Directorate Core Costs	0	0	2	2
Housing Revenue Account	10,998	4	37	11,039
Valuation Joint Board	0	0	0	0
Non Distributed Costs	0	(1,689)	0	(1,689)
Cost of Services	74,352	(320)	1,186	75,218
Other Operating Expenditure and Income	138	0	0	138
Financing and Investment Income and Expenditure	(17,801)	(2,236)	(626)	(20,663)
Taxation and Non-Specific Grant Income	(42,079)	0	0	(42,079)
Other income and expenditure from the Expenditure and Funding Analysis	(59,742)	(2,236)	(626)	(62,604)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	14,610	(2,556)	560	12,614

Note 6 cont'd

Explanation to the Expenditure and Funding Analysis

Adjustments for Capital Purposes

- Note A Adjustments for Capital Purposes adds in depreciation and impairment and revaluation gains and losses in the services 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 and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from that receivable in the year to that receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for conditions which were satisfied in the year.

Net Change for the Pensions Adjustments

- Note B Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits 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 Comprehensive Income and Expenditure Statement.

Other Differences

- Note C Other differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
- **For services** – this represents the removal of the increase or decrease in the employee statutory adjustment account.
 - For **Financing and investment income and expenditure** – the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts and stepped interest rate loans.

7. Transfer (to)/from Earmarked Reserves

The Reserves Strategy that the Council approved in March 2026 earmarked funding towards specific or known future commitments. The following table sets out the updated balances as at 31 March 2026 for these Earmarked Reserves taking cognisance of the final year-end position.

	Balance as at 1 April 2025 £'000	Transfers (In)/Out £'000	Balance as at 31 March 2026 £'000
Revenue Grants	(13,355)	1,269	(12,086)
Affordable Housing (Resources accrued from reduced Council Tax Discounts)	(4,796)	(1,452)	(6,248)
Developer Contributions: Commuted Sums and Infrastructure and Affordable Housing	(5,829)	350	(5,479)
Transformation and Workforce Management	(4,837)	305	(4,532)
Service concession flexibility	(13,262)	10,262	(3,000)
Waste Initiatives	0	(1,894)	(1,894)
Non-Recurring Pressures b/f from previous years	(1,483)	(178)	(1,661)
Anti-Poverty Measures	(1,313)	(107)	(1,420)
Car Parking	(977)	(101)	(1,078)
Social Care	0	(1,000)	(1,000)
Future Legal Claims	0	(1,000)	(1,000)
Community Resilience	0	(800)	(800)
Communities	(1,003)	280	(723)
Devolved School Management (DSM)	(527)	(15)	(542)
Culture	(499)	105	(394)
School Estate	(311)	58	(253)
Climate Change	(295)	49	(246)
Works Maintenance	(200)	0	(200)
Local Government Elections	(106)	(53)	(159)
Modern Apprentices/Graduate Trainees	(186)	72	(114)
Salix Fund	(75)	(3)	(78)
Financial Assistance	(40)	(20)	(60)
Community Investment Fund	(61)	15	(46)
Child Abuse	(50)	11	(39)
Local Action Partnerships	(36)	6	(30)
Pullar House Lifecycle	0	(30)	(30)
School Counsellors	(151)	124	(27)
Property Maintenance	(80)	76	(4)
Events	(97)	97	0
Earmarked Balances	(49,569)	6,426	(43,143)

Purpose of Earmarked General Fund Balances

The application and monitoring of the following reserves is part of the remit of the Finance and Resources Committee.

Revenue Grants – these grants are being carried forward in reserves as the grant conditions have been met but the expenditure has not been fully incurred.

Affordable Housing (Resources accrued from reduced Council Tax Discounts) – these reserves have been generated as a result of the Council's policy on varying the level of council tax charged for long term empty properties and second homes. These resources can only be used for the provision of affordable housing.

Developer Contributions: Commuted Sums and Infrastructure and Affordable Housing – the Environment, Infrastructure and Economic Development Committee approved supplementary guidance on 20 September 2023 for developer contributions covering community greenspace, primary education, Auchterarder A9 junction improvements, affordable housing and transport infrastructure. These sums are held in the Council's Reserves until they are applied to relevant schemes.

Transformation and Workforce Management – the Council has resources earmarked to enable the Transformation and Change Strategy and workforce management in future years.

Service Concession flexibility – these resources are earmarked to be phased over a number of years to contribute to the funding of the Revenue Budget.

Waste Initiatives – the Finance and Resources Committee has approved earmarking resources to support waste initiatives in 2026/27 and 2027/28.

Non-Recurring Pressures b/f from previous years - the 2026/27 Revenue Budget includes non-recurring expenditure proposals which have been approved during the year at Finance and Resources Committee and as part of the year end process.

Anti-Poverty measures – The Council approved the creation of a COVID-19 Reserve on 27 January 2021 (Report 21/8 refers) to assist with addressing the ongoing impact of Covid-19 in future years. This has now been redirected towards Anti-Poverty measures.

Car Parking – this balance is the accumulated surplus at 31 March 2026 which is restricted in its application under the Road Traffic Regulation Act 1984. Any proposals to utilise these resources will require approval by the Finance and Resources Committee.

Social Care – The 2026/27 revenue budget approved earmarking £1 million towards the future costs of social care.

Future Legal Claims – the Finance and Resources Committee in June 2026 approved earmarking £1 million for any potential future legal claims if they arise.

Community Resilience – the 2025/26 revenue budget created a reserve for future community resilience expenditure.

Communities – the Finance and Resources Committee in April 2025 approved the allocation of any resources above 4% of unearmarked reserves at year end towards a reserve for Communities.

Devolved School Management (DSM) – the amount shown is the accumulated sum available to be carried forward at 31 March 2026 under the approved scheme for managing these budgets. The purposes for which the earmarked amount can be used and the procedures for its management and control are detailed in the Council's approved DSM scheme.

Culture – these resources continue to be earmarked for cultural initiatives across the Council.

School Estate – These resources include amounts previously approved by the Council for the primary and secondary school estate including maintenance works and resources for new schools.

Climate Change – the Finance and Resources Committee in April 2023 approved the earmarking of resources for climate change activities due to a rephasing between years.

Works Maintenance – The Council continues to earmark resources for future works maintenance.

Local Government Elections – These resources are earmarked in reserves as a contribution to local elections.

Modern Apprentices/Graduate Trainees – the Strategic Policy and Resources Committee approved the transfer of any final under spend on modern apprentices and graduate trainees. The remaining resources will be utilised in future years.

Financial Assistance – There is a recurring annual contribution from reserves to fund any future Mods and other events across Perth and Kinross.

Salix Fund – Salix Finance Ltd is a Government owned non-departmental public body which provides interest free loan funding for energy efficiency works. The loan is re-paid to the fund over a number of years and re-invested in future energy efficiency works.

Community Investment Fund – The Council continues to earmark the resources remaining from the fund for future investment.

Child Abuse – the 2025/26 revenue budget approved the earmarking of resources in respect of future costs incurred in preparing for public hearings in respect of investigations into Child Abuse arising from residential care claims.

Local Action Partnership – these resources are earmarked and utilised by an application process for payment to groups in one of the seven local action partnerships.

Pullar House Lifecycle – the Finance and Resources Committee in June 2026 earmarked lifecycle costs for future expenditure to be incurred within the Pullar House building.

School Counsellors – Revenue Budget 2020/21 Update No 2 to the Strategic Policy and Resources Committee approved the earmarking of resources received from the Scottish Government in respect of counselling in schools which are anticipated to be spent during 2026/27 (Report 20/225).

Property Maintenance – Revenue Budget Report No 3 to the Strategic Policy and Resources Committee on 21 November 2021 approved the earmarking of £250,000 resources in respect of property maintenance to be utilised in future years. This was increased by a further £55,000 in 2021/22.

The remaining earmarked reserve detailed in the table were fully utilised or un-earmarked during 2025/26.

Events – the Finance and Resources Committee in April 2025 approved earmarking £97,000 for future events from resources received in respect of an insurance claim in respect of the Christmas Light switch on.

8. Other Operating Expenditure / Income

	2025/26 £'000	2024/25 £'000
Losses and (Gains) on the Disposal of Non Current Assets	1,728	138
Share of Tayside Contracts Surplus	(769)	(244)
Total	<u>959</u>	<u>(106)</u>

9. Financing and Investment Income and Expenditure

	2025/26 £'000	2024/25 £'000
Interest payable and similar charges	27,531	25,029
Pensions interest cost and expected return on pensions assets	21	(2,236)
Interest receivable and similar income	(1,172)	(994)
Income in relation to investment properties and changes in their fair value	(2,339)	(2,369)
Total	24,041	19,430

10. Taxation and Non Specific Grant Income

	2025/26 £'000	<i>Restated</i> 2024/25 £'000
Council Tax Income	(109,802)	(100,379)
Non Domestic Rates	(63,537)	(64,717)
Non Ring-fenced Government Grants	(313,235)	(291,146)
Capital Grants and Contributions	(24,198)	(42,079)
Total	(510,772)	(498,321)

Non-Domestic Rates Income in 2024/25 was restated for the costs of discretionary relief which are included within Finance and Business Support rather than netted off Non-Domestic Rate Income.

11. Material Items of Income and Expense

In 2025/26 the Council did not receive any material items of income or expenditure not otherwise disclosed in the financial statements and notes. There were no material items of income or expenditure in 2025/26 not otherwise disclosed.

12. Premiums and Discounts on Debt Rescheduling Written Down

The Code requires that any premiums or discounts arising from debt rescheduling should be written off in the year they were incurred, except in limited circumstances where they would qualify as a 'modification' of debt. During 2025/26 there were no such debt modifications, however a total of £2.901 million of premiums were incurred and £5.945 million of discounts received, following the early repayment of debt and charged in full in 2025/26.

The net amount of premium and discount debited to the General Fund and HRA, including for transactions prior to 1 April 2007 (as permitted by statutory guidance), from the Financial Instruments Adjustment Account was £492,000 (2024/25 £604,000).

13. General Grants, Bequests and Donations

Perth and Kinross Council is represented on, exercises influence over and provides grants to a large number of outside bodies which provide services to the public, consistent with the Council's statutory responsibilities.

During 2025/26 a total of £22.542 million (2024/25 £21.984 million) was paid out in support of these organisations ranging from remission of hall rents of a few pounds to the contribution towards the operational and other costs of Live Active Leisure Limited of £4.963 million (2024/25 £4.894 million). Details of grants are shown below.

	2025/26 £'000	2024/25 £'000
Service Level Agreements with Outside Organisations	8,833	8,674
Live Active Leisure Limited	4,963	4,894
Culture Perth and Kinross	3,925	3,919
Perth Theatre and Concert Hall Ltd	1,068	1,056
Green Capital Recovery Fund	254	547
Perth Money Advice Service	413	413
Community Investment Fund	0	326
Churches Action for the Homeless	304	290
Pitlochry Festival Theatre	220	220
Commercial Property Regeneration Grants	311	210
Warm Spaces Grant	150	191
Local Action Partnerships	0	114
Perthshire Women's Aid	110	108
Perth and Kinross Heritage Trust	80	100
Perth and Kinross Countryside Trust	30	100
Other Miscellaneous Grants	1,881	822
Total	22,542	21,984

14. Expenditure and Income Analysed by Nature

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

	2025/26 £'000	2024/25 £'000
Expenditure / Income		
Expenditure		
Employee benefits expenses	283,152	270,615
Other services expenses	297,636	287,763
Contribution to Integrated Joint Board	105,639	92,223
Support service recharges	6,900	4,715
Depreciation, amortisation, impairment	87,785	77,155
Interest payments	28,506	25,079
Loss on the disposal of assets	1,728	138
Total Expenditure	811,346	757,688
Income		
Fees, charges and other service income	212,254	188,246
Interest and investment income	4,465	5,649
Taxation and Non-Specific Grant income	510,772	498,321
Grants and contributions	41,283	39,312
Total Income	768,774	731,528
Deficit on the Provision of Services	42,572	26,160

15. Agency Services

Agency arrangements operate in some Services where the Council undertakes work on behalf of other local authorities; Scottish Water; government; and other public bodies. The Council received £561,000 in 2025/26 (£554,000 in 2024/25) in relation to the administration of collecting Scottish Water income on their behalf. This has been recognised in the Comprehensive Income and Expenditure Statement.

16. External Audit Costs

	2025/26 £'000	2024/25 £'000
External Audit Fees	<u>372</u>	<u>358</u>

17. Termination Benefits

The Council terminated the contracts of nine employees in 2025/26, incurring costs of £172,000 (nineteen employees in 2024/25, incurring costs of £601,000).

18. Post-Employment Benefits

International Accounting Standard 19 'Employee Benefits' (IAS 19) prescribes how pension costs and liabilities are to be disclosed in the financial statements. The standard requires employing organisations to account for post-employment benefits in the period in which they are committed to give them, even if the actual payment of these benefits will be many years in the future. The following notes are prepared in accordance with the code guidance on disclosure requirements in respect of IAS 19.

Perth and Kinross Council participates in two different pension schemes, one for teaching staff and a separate scheme for all other employees.

Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Scottish Government. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is technically a defined benefit scheme. However, the Scheme is unfunded, and the Scottish Government uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Annual Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26, the Council paid **£20.609 million** to the Teachers' Pensions scheme in respect of teachers' retirement benefits, representing 26% of pensionable pay. The figures for 2024/25 were £19.608 million and 26%. There were no contributions remaining payable at the year-end. Additional payments relating to added year's benefits, which the Council has inherited from predecessor authorities or awarded itself, together with related increases, amounted to **£158,056** (2024/25 £172,461).

Pension Schemes Accounted for as Defined Benefit Pension Schemes

Local Government Pension Scheme

The post-employment scheme for other employees, subject to certain qualifying criteria, is the Local Government Pension Scheme (LGPS) which is administered in this area by Dundee City Council in respect of all local authorities and admitted bodies in the former Tayside area. This is a multi-employer scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. Employer's liabilities can be evaluated directly by the Actuary at any time on membership data.

Benefits

- It is a Career Average Revalued Earnings scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level to balance the pension's liability with investment assets.
- The pension's accrual rate guarantees a pension based on 1/49th of career average revalued earnings and years of pensionable service. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. Pensions are increased annually in line with changes to the Pensions (Increases) Act 1971 and Section 59 of the Social Security Pensions Act 1975.

Governance

- The Tayside Pension Fund is operated under the regulatory framework for the LGPS in Scotland and the governance of the scheme is the responsibility of the Tayside Pension Fund Committee. This Committee is comprised solely of elected members of Dundee City Council. Employing authorities (including Perth and Kinross Council) are represented at the Tayside Pension Board.
- Policy is determined in accordance with the Local Government Pension Scheme (Scotland) Regulations. Management of the Fund's investments is carried out by the Fund's Investment Advisory Panel which selects and appoints a number of external investment managers/partners and monitors their investment performance.

- Under the Regulations, employers fall into three categories, scheme employers (also known as scheduled bodies) such as Perth and Kinross Council, community admission bodies and transferee admission bodies. Admission agreements are generally assumed to be open-ended. However, either party can voluntarily terminate the admission agreement by giving an appropriate period of notice to the other parties. Any deficit arising from the cessation valuation will usually be levied on the departing admission body as a capital payment.

Principal Risks

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

Discretionary Post-employment Benefits

- Discretionary post-retirement benefits on early retirements are an unfunded defined benefit arrangement, under which liabilities are recognised when an award is made. There are no plan assets built up to meet these pension liabilities.

The contributions paid into the scheme by employees and member pension benefits are prescribed, for the period to which the accounts relate, by the Local Government Pensions Scheme (Scotland) Regulations 1998 as amended. Perth and Kinross Council's contributions, as an employer, into the Tayside Pension Fund are subject to the advice of the Fund actuary.

The Local Government Pension Scheme allows for the award of discretionary post-employment benefits upon early retirement. This is an unfunded defined benefit final arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet the pension's liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due.

Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our understanding that HM Treasury has confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes".

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

The Council's valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the Council has assumed that the Fund will be required to pay the entire inflationary increase. This assumption is consistent with the consultation outcome and the actuaries do not believe that it is necessary to make any adjustments to the value placed on the liabilities as a result of the above outcome.

Career Average Revalued Earnings Scheme (CARE)

The Local Government Pension Scheme changed from Final Salary to Career Average Revalued Earnings (CARE) on 1 April 2015, with a change of accrual rate from 1/60th to 1/49th. Employees who were previously paying into the Final Salary scheme were automatically transferred into the new CARE scheme on 1 April 2015.

Transactions Relating to Post-Employment Benefits

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

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

Local Government Pension Scheme

2025/26
£'000

2024/25
£'000

Comprehensive Income and Expenditure Statement

Cost of Services		
- Service Cost	18,916	22,974
Financing and Investment Income and Expenditure		
- Net Interest on the Defined Liability	(429)	(2,599)
Administration Expenses	450	363
Total Post Employment Benefit Charged to the Deficit on the Provision of Services	<u>18,937</u>	<u>20,738</u>
Remeasurement of the net defined benefit liability comprising:		
Expected return on pension fund assets in excess of interest	(87,874)	24,909
Changes in demographic assumptions	7,240	(2,446)
Changes in financial assumptions	(34,786)	(124,687)
Experience (gain)/loss on defined benefit obligation	2,582	(2,282)
Changes in effect of asset ceiling	116,544	104,847
Total Post Employment Benefit Credited to the Comprehensive Income and Expenditure Statement	<u>3,706</u>	<u>341</u>

Movement in Reserves Statement

Reversal of Net Charges made to the surplus or deficit on the provision of Services for post-employment benefits in accordance with the Code	<u>(18,937)</u>	<u>(20,738)</u>
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IAS 19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. IAS 19 defines the asset ceiling as the present value of any economic benefits available in the form of reductions in future contributions to the plan. In accordance with International Financial Reporting Interpretations Committee - Interpretation 14 (IFRIC 14), the actuary has calculated the impact of the asset ceiling as **£585.068 million** (2024/25 £442.994 million). Therefore, a corresponding reduction has been applied to the defined benefit plan asset which results in a pension net liability of **£17.753 million** (2024/25 £18.533 million).

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	31 March 2026 £'000	31 March 2025 £'000
Present Value of the Defined Benefit Obligation	771,014	764,472
Present Value of Unfunded Obligation	<u>17,753</u>	<u>18,533</u>
Closing Defined Benefit Obligation	788,767	783,005
Impact of Asset Ceiling	585,068	442,994
Fair Value of Pension Fund Assets (Bid Value)	(1,356,082)	(1,207,466)
Net Liability in Balance Sheet	<u><u>17,753</u></u>	<u><u>18,533</u></u>

A reconciliation of Perth and Kinross Council's share of the present value of Tayside Pension Fund's defined benefit obligation (liabilities) is as follows:

	31 March 2026 £'000	31 March 2025 £'000
Opening Defined Benefit Obligation	783,005	875,216
Current Service Cost	18,522	22,308
Interest Cost	43,398	43,135
Change in Financial Assumptions	(34,786)	(124,687)
Change in demographic assumptions	7,240	(2,446)
Experience Gain on Defined Benefit Obligation	2,582	(2,282)
Estimated Benefits Paid Net of Transfers In	(37,949)	(35,398)
Past Service Costs (including Curtailments)	394	666
Contributions by Scheme Participants	8,162	8,197
Unfunded Pensions Payments	(1,801)	(1,704)
Closing Defined Benefit Obligation	<u>788,767</u>	<u>783,005</u>

A reconciliation of the movements in Perth and Kinross Council's share of the fair value of Tayside Pension Fund's assets is as follows:

	31 March 2026 £'000	31 March 2025 £'000
Opening Fair Value of Scheme Assets	1,207,466	1,175,381
Interest on Assets	69,357	62,968
Return on Assets Less Interest	87,874	(24,909)
Administration Expenses	(450)	(363)
Contributions by Employer Including Unfunded	23,423	23,294
Contributions by Scheme Participants	8,162	8,197
Estimated Benefits Paid Plus Unfunded Net of Transfers (Out)/In	(39,750)	(37,102)
Closing Fair Value of Scheme Assets	<u>1,356,082</u>	<u>1,207,466</u>

	31 March 2026 £'000	31 March 2025 £'000
Opening Impact of Asset Ceiling	442,994	320,913
Interest on impact of Asset Ceiling	25,530	17,234
Actuarial Losses	116,544	104,847
Closing Impact of Asset Ceiling	<u>585,068</u>	<u>442,994</u>

Perth and Kinross Council's share of Tayside Pension Fund's assets at 31 March 2026 comprised:

	31 March 2026		31 March 2025	
	£'000	%	£'000	%
Equities	1,016,841	75%	801,957	66%
Gilts	82,155	6%	77,015	6%
Other Bonds	83,931	6%	79,510	7%
Property	135,688	10%	183,216	15%
Cash	36,656	2%	65,449	5%
Alternatives	811	1%	319	1%
Total	<u>1,356,082</u>	<u>100%</u>	<u>1,207,466</u>	<u>100%</u>

A further breakdown of the assets is as follows:

	31 March 2026	28 February 2025
Equities		
Consumer	6%	8%
Manufacturing	7%	7%
Energy and Utilities	3%	2%
Financial Institutions	7%	8%
Health and Care	4%	5%
Information Technology	13%	10%
Others	0%	0%
	<u>40%</u>	<u>40%</u>
Debt Securities		
Corporate Bonds	4%	4%
UK Government Bonds	0%	0%
Others	0%	1%
	<u>4%</u>	<u>5%</u>
Private Equity	2%	2%
Property		
UK Property	10%	10%
	<u>10%</u>	<u>10%</u>
Investment Fund Unit Trusts		
Equities	29%	27%
Bonds	6%	6%
Infrastructure	6%	5%
	<u>41%</u>	<u>38%</u>
Cash and Cash Equivalents	3%	5%
Total	<u><u>100%</u></u>	<u><u>100%</u></u>

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham Public Sector Consulting, an independent firm of actuaries. Estimates for the Tayside Pension Fund are based on the latest full valuation of the scheme as at 31 March 2023.

The principal assumptions used by the actuary have been:

	2025/26	2024/25
Mortality Assumptions		
Longevity at 65 for Current Pensioners:		
- Men	19.4	18.8
- Women	21.9	21.7
Longevity at 65 for Future Pensioners:		
- Men	20.7	20.2
- Women	23.4	23.2
Rate of Increase in Salaries	3.9%	3.9%
Rate of Increase in Pensions	2.9%	2.9%
Rate for Discounting Scheme Liabilities	6.1%	5.8%

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The net liability of **£17.753 million** has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains sound:

- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contribution expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2027 is **£21.061 million**.

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analysis below have been determined based on 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. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	£m	£m	£m	£m	£m
Adjustment to discount rate	+0.5%	+0.1%	0%	-0.1%	-0.5%
- Present value of total obligation	734.695	777.434	788.767	800.377	849.755
- Projected Service cost	15.164	17.031	17.878	18.472	21.044
Adjustment to long term salary increase	+0.5%	+0.1%	0%	-0.1%	-0.5%
- Present value of total obligation	794.450	789.888	788.767	787.655	783.283
- Projected Service cost	17.878	17.878	17.878	17.878	17.878
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0%	-0.1%	-0.5%
- Present value of total obligation	843.891	799.269	788.767	778.513	739.826
- Projected Service cost	21.084	18.481	17.878	17.291	15.111
Adjustment to mortality age rating assumption		£m	£m	£m	
Present value of total obligation		+ 1 year	None	-1 year	
Projected Service cost		816.213	788.767	762.387	
		18.494	17.878	17.276	

19. Related Parties

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

Scottish Government

The Scottish Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills). Grants received from government departments are set out in the subjective analysis in Note 14 on expenditure and income analysed by nature.

Tayside Valuation Joint Board

The Tayside Valuation Joint Board provides services on behalf of Perth and Kinross, Angus and Dundee Councils. The Council does not have any direct control or influence over the board and the amount payable to this body for valuation services and electoral registration services was £1.712 million (2024/25 £1.762 million). £1.393 million is disclosed in the Comprehensive Income and Expenditure Statement under Valuation Joint Board and £319,000 under Chief Executive for electoral and registration services.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in the Remuneration Report. During 2025/26, three councillors had an interest in businesses from which the Council commissioned works and services to the value of £2,346, £1,438 and £49 respectively. Contracts were entered into in full compliance with the Council's standing orders and the Councillors' Code of Conduct.

In addition the Council makes revenue and capital payments to a large number of organisations on which Council members are represented.

Chief Officers

Chief Officers of the Council have control over the Council's financial and operating policies. The total of Chief Officers' remuneration is shown in the Remuneration Report. Officers have a responsibility to adhere to a Code of Conduct which requires them to declare any interests in matters that directly or indirectly influence, or be thought to influence, their judgement or decisions taken during their work.

During 2024/25 the Chief Executive was appointed as a Trustee and Company Director for Enable Scotland, Enable Scotland (Leading the Way), Crossroads Caring Scotland and the Mungo Foundation. During 2025/26 the Council made payments of £1.170 million with Enable Scotland (2024/25 £1.1 million) and £610,000 with Crossroads (2024/25 £572,000). Contracts were entered into in full compliance with procurement rules.

Live Active Leisure Ltd

This organisation provides leisure services within the area served by the Council. A grant was provided in 2025/26 amounting to £4.963 million (2024/25 £4.894 million). It is a sole member Company with the Council as that member.

Perth Theatre and Concert Hall Ltd

This organisation operates Perth Concert Hall and Perth Theatre. A grant was provided in 2025/26 amounting to £1.068 million (2024/25 £1.056 million). It is a sole member Company with the Council as that member.

Culture Perth and Kinross Ltd

This organisation has operated libraries, museums and arts galleries in Perth and Kinross since 1 April 2016. A grant was provided in 2025/26 amounting to £3.965 million (2024/25 £3.919 million). It is a sole member Company with the Council as that member.

Tayside Contracts Joint Committee

This organisation provides roads maintenance; catering and cleaning services to the Council. Payments to Tayside Contracts in 2025/26 amounted to £37.972 million (2024/25 £39.037 million). The Joint Committee is administered and controlled by Dundee City, Angus and Perth and Kinross Councils.

Health and Social Care Partnership

This organisation is a joint venture between Perth and Kinross Council and Tayside Health Board and has since 1 April 2016 provided an integrated Health and Social Care service. Contributions to the Health and Social Care Partnership in 2025/26 amounted to £105.639 million (2024/25 £92.223 million) and income received from the Partnership for commissioned services £127.006 million (2024/25 £115.844 million). The Council has a Creditor of £11,000 due to the Health and Social Care Partnership as at 31 March 2026 (2024/25 £232,000).

20. Leases

Council as Lessee

The Council has adopted IFRS 16 Leases with effect from 1 April 2024. Properties and other vehicles, plant and equipment which fall within scope for IFRS 16 have been captured as right of use assets on the Council's Balance Sheet. The following disclosures relate to low value assets having an individual value of less than £10,000, agreements with less than 12 months to run, and agreements which fail IFRS 16 tests.

The Council operates a Lease Car Scheme which is available to eligible employees and lease rental payments are recovered from employees. The Council also leases in some fleet vehicles for use in the Council's operations. All current leasing agreements for cars and operational vehicles are due to expire during the financial years 2026/27 to 2028/29.

The Council has also acquired the use of a number of properties by entering into leasing arrangements. The majority of such properties are used for office accommodation and any capital works undertaken within these premises is written down over the shorter of the lease term or the useful life of the property.

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

	2025/26 £'000	2024/25 £'000
Not later than one year	108	182
Later than one year and not later than five years	197	253
Later than five years	33	33
	<u>338</u>	<u>468</u>

The expenditure charged to the Services lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2025/26 £'000	2024/25 £'000
Minimum lease payments	115	153
Sublease payments receivable	(26)	(25)
	<u>89</u>	<u>128</u>

Council as Lessor

The Council leases out property under operating leases at normal market rents with the following purpose:

Land for the generation of rental income arising from its use; land and buildings, which include offices and shops, for the supply of suitable business accommodation to promote economic development or satisfy social needs, or to solely generate rental income for the Council.

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

	2025/26 £'000	2024/25 £'000
Not later than one year	1,292	1,348
Later than one year and not later than five years	4,626	4,161
Later than five years	54,868	51,282
	<u>60,786</u>	<u>56,791</u>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no material adjustments in respect of contingent rents during the years 2024/25 and 2025/26.

Right of Use Assets

As a lessee, the Council has previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council.

The CIPFA Code mandated the adoption of IFRS 16 Leases from 1 April 2024. The main impact of the accounting requirement is that a right of use asset and a corresponding lease liability are now included on the balance sheet.

The CIPFA Code does include recognition exemptions to short-term leases and low value assets, and the Council has applied these. Right of use assets and the lease liabilities for short term leases that have a term of 12 months or less from the Balance Sheet date, and leases of low value assets, are not recognised on the balance sheet. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but are recognised in the year of adoption and not by adjusting prior year figures.

The Council has applied PWLB interest rates, at the date of lease inception, to the outstanding lease rentals. The weighted average incremental borrowing rate equates to 4.81%.

IFRS 16 also applies to service concession arrangements i.e. Public Private Partnerships (PPP) and similar schemes, and the contractual arrangements continue to be disclosed in Note 36.

Right of Use (IFRS 16) liabilities:

	2025/26 £'000	2024/25 £'000
Value at 1 April	376	443
Initial Measurement Additions	87	0
Principal repaid in the year	(108)	(67)
Value at 31 March	<u>355</u>	<u>376</u>
Other land and buildings	301	291
Vehicles, plant and equipment	54	85
	<u>355</u>	<u>376</u>
Liability analysed by:		
Current	113	69
Non-current	242	307
	<u>355</u>	<u>376</u>
Lease liabilities		
Within 1 year	113	69
Between 2 and 5 years	79	130
Over 5 years	163	177
Total liabilities	<u>355</u>	<u>376</u>

The Interest expense charged to the Comprehensive Income and Expenditure Statement during 2025/26 is £20,000 (£19,000 in 2024/25), and the expense relating to short term leases is £38,000 (£54,000 in 2024/25).

21. Property, Plant and Equipment

Movements on Fixed Assets 2025/26 in respect of Property, Plant and Equipment are shown below:

Movements in 2025/26	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE £'000	PFI and DBFM Assets included in PPE £'000
<u>Gross Book Value</u>								
As at 1 April 2025	306,940	800,626	82,214	28,149	1,677	98,691	1,318,297	221,419
Additions	34,088	37,839	11,729	1,177	0	8,508	93,341	5,235
Revaluation increases recognised in the Revaluation Reserve	1,941	16,825	0	0	1,063	0	19,829	(2,831)
Revaluation decreases recognised in the Revaluation Reserve	0	(20,924)	0	0	(225)	0	(21,149)	(7,737)
Revaluation increases recognised in the Surplus / Deficit on the Provision of Services	0	763	0	0	22	0	785	(161)
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	0	(23,521)	0	0	(49)	0	(23,570)	(4,867)
Derecognition - Disposals	(7,291)	(1,982)	(18,275)	(2,399)	(35)	(216)	(30,198)	0
Asset reclassifications	4,901	94,200	0	879	461	(99,648)	793	(4,016)
Other movements	0	(1)	0	1	1	(1)	0	0
As at 31 March 2026	340,579	903,825	75,668	27,807	2,915	7,334	1,358,128	207,042
<u>Depreciation</u>								
As at 1 April 2025	(34)	(54,519)	(50,615)	(17,663)	0	0	(122,831)	(14,674)
Depreciation charge for 2025/26	(14,151)	(24,426)	(10,415)	(1,166)	0	0	(50,158)	(5,334)
Depreciation written out to the Revaluation Reserve - Revaluation Gain	6,827	32,337	0	0	0	0	39,164	9,185
Depreciation written out to the Revaluation Reserve - Revaluation Loss	0	8,908	0	0	0	0	8,908	3,332
Depreciation written out to the Surplus / Deficit on the Provision of Services - Revaluation Gain	0	4,139	0	0	0	0	4,139	1,794
Depreciation written out to the Surplus / Deficit on the Provision of Services - Revaluation Loss	0	3,456	0	0	0	0	3,456	363
Derecognition - Disposals	7,291	241	18,126	2,399	0	0	28,057	0
Derecognition - Other	0	0	23	0	0	0	23	0
Asset reclassifications	0	0	0	0	0	0	0	0
Other movements	0	1	0	0	0	0	1	(2)
As at 31 March 2026	(67)	(29,863)	(42,881)	(16,430)	0	0	(89,241)	(5,336)
 Net Book Value at 31 March 2026	 340,512	 873,962	 32,787	 11,377	 2,915	 7,334	 1,268,887	 201,706

The gross book value above includes £17.791 million of fully depreciated assets which may still be in use (2024/25 £29.585 million). A review has resulted in a derecognition policy for assets that are highly likely to no longer be providing a benefit to the Council, to be disposed of from the fixed asset register. The initial reduction from 2024/25 reflects the implementation of the policy and continued reductions in the value is anticipated for 2026/27.

The reporting of book values for Infrastructure Assets is amended following the issue of the Local Government Finance Circular 09/2022. The Finance Circular outlines historic issues for the consistent accounting treatment of derecognised infrastructure components and the reporting of book values by local authorities. A CIPFA task group is progressing a remedy and the CIPFA Code will be updated in due course. To satisfy the audit of the 2025/26 accounts, the following statutory overrides are provided in the Circular: -

Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2027 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.

Statutory Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2027 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken to be and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

The Council has elected to adopt both statutory overrides. The Net Book Value above excludes Infrastructure Assets, when these assets are included the NBV is as follows:

	Infrastructure Assets £'000
Net Book Value at 1 April 2025	384,536
Additions	49,253
Depreciation	(21,305)
Net Book Value at 31 March 2026	<u>412,484</u>

The total for all PPE, when Infrastructure Assets are included, is set out below:

	Total PPE £'000
Total PPE (above)	1,268,887
Net Book Value of Infrastructure Assets	<u>412,484</u>
Total PPE Net Book Value at 31 March 2026 (including Infrastructure Assets)	<u>1,681,371</u>

Property, Plant and Equipment cont'd

	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Gross Book Value</u>								
As at 1 April 2024	319,682	805,561	76,554	26,465	691	36,447	1,265,400	221,776
Additions	29,708	16,159	13,490	1,456	4	54,967	115,784	45
Revaluation increases recognised in the Revaluation Reserve	0	1,252	0	0	126	0	1,378	0
Revaluation decreases recognised in the Revaluation Reserve	(45,488)	(49,933)	0	0	(40)	0	(95,461)	(49,399)
Revaluation increases recognised in the Surplus / Deficit on the Provision of Services	0	940	0	0	211	0	1,151	0
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	0	(13,426)	0	0	(194)	0	(13,620)	(6,358)
Derecognition - Disposals	(3,249)	(508)	(7,830)	0	(204)	0	(11,791)	0
Asset reclassifications	6,287	(14,771)	0	228	1,084	7,276	104	0
Other movements	0	55,352	0	0	(1)	1	55,352	55,353
As at 31 March 2025	306,940	800,626	82,214	28,149	1,677	98,691	1,318,297	221,417
<u>Depreciation</u>								
As at 1 April 2024	0	(35,595)	(48,354)	(16,383)	0	0	(100,332)	(8,467)
Depreciation charge for 2023/24	(13,188)	(21,219)	(9,908)	(1,240)	0	0	(45,555)	(6,207)
Depreciation written out to the Revaluation Reserve - Revaluation Gain	0	495	0	0	0	0	495	0
Depreciation written out to the Revaluation Reserve - Revaluation Loss	10,058	12	0	0	0	0	10,070	0
Depreciation written out to the Surplus / Deficit on the Provision of Services - Revaluation Gain	0	8	0	0	0	0	8	0
Depreciation written out to the Surplus / Deficit on the Provision of Services - Revaluation Loss	0	1,732	0	0	0	0	1,732	0
Derecognition - Disposals	3,096	8	7,647	0	0	0	10,751	0
Other movements	0	40	0	(40)	0	0	0	0
As at 31 March 2025	(34)	(54,519)	(50,615)	(17,663)	0	0	(122,831)	(14,674)
Net Book Value at 31 March 2025	306,906	746,107	31,599	10,486	1,677	98,691	1,195,466	206,743

The reporting of book values for Infrastructure Assets is amended following the issue of the Local Government Finance Circular 09/2022.

The Net Book Value above excludes Infrastructure Assets, when these assets are included the NBV is as follows:

	Infrastructure Assets £'000
Net Book Value at 1 April 2024	347,765
Additions	56,551
Depreciation	(19,780)
Net Book Value at 31 March 2025	<u>384,536</u>

The total for all PPE, when Infrastructure Assets are included, is set out below:

	Total PPE £'000
Total PPE (above)	1,195,466
Net Book Value of Infrastructure Assets	<u>384,536</u>
Total PPE Net Book Value at 31 March 2025 (including Infrastructure Assets)	<u>1,580,002</u>

Property, Plant and Equipment cont'd

Capital Commitments

At 31 March 2026, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2025/26 and future years budgeted to cost £41.080 million (31 March 2025 £74.720 million). The total commitment is made up of the following:

	2025/26 £'000	2024/25 £'000
Education Projects	10,334	22,045
Roads and Bridges Improvement Schemes	7,929	12,634
Flood Protection	16,196	30,823
Fleet Vehicles	285	779
Council Dwellings	1,985	4,546
Other Capital Projects	4,351	3,893
	<u>41,080</u>	<u>74,720</u>

Education projects include Perth High School and Blairgowrie Recreation Centre. Roads and Bridges Improvement Schemes includes the Bertha Park Link Road. Flood Protection includes the Comrie Flood Protection Scheme.

Valuation of Assets

Revaluations

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at its current value is revalued by a registered valuer at least every five years. In the intervening years, the Council applies indexation to the previous valuations to reflect the potential inflationary change in the carrying value.

Professional Revaluations

The Council commissioned a potential movement review of the full 2023/24 valuation for Council Dwellings as at 31 March 2026; and an external valuation for a further selection of assets which was performed during the last quarter of financial year 2025/26. In addition, the Council's internal valuers performed valuations for a number of assets, including investment properties, and properties requiring revaluation due to redevelopment or a change of use, during the last quarter of financial year 2025/26. In applying the Royal Institution of Chartered Surveyors (RICS) Valuation Global Standards ('Red Book'), the valuation reports include an explanatory note which provides an update on market conditions and confirms there is adequate evidence on which to base an opinion of value. However, uncertainties do remain and there is the potential for markets to move rapidly in response to the effects of conflict in Eastern Europe and the Middle East.

The valuation reports have been used to inform the measurement of non-current assets in these financial statements. The valuers have continued to exercise professional judgment in preparing the valuations and, therefore, this is the best information available to the Council as at 31 March 2026 and can be relied upon.

Indexed Revaluations

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of Property, Plant and Equipment. Where authorities have a rolling programme of revaluations in place and/or the assets are non-property assets subject to indexation, authorities revalue their assets on a rolling basis every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

To meet the requirement, the Council's internal valuers have researched potential indices and provided a recommendation for those that should be adopted for the calculation of movements in asset values, in the intervening years within the five-year cycle of professional valuations. Indices will be kept under review to ensure they remain relevant for the associated asset types; if a more appropriate index is identified the Council may elect to adopt this in place of the previously utilised index. For 2025/26 the adopted indices are as follows:

- BCIS Reference Rates for assets revalued using the DRC methodology;
- Consumer Price Index for assets revalued using EUV where a Building is in situ, with Land indexed similarly where it is intrinsically linked to that building (this includes Car Parks);
- Savills Scotland Greenfield Land Index for assets revalued using EUV, where the asset only comprises Land (this includes Land based elements of DRC assets).

The movements on indices as set out above for 2025/26 are:

	Average Change %	Valuation Movement £'000
BCIS Reference Rates*	2.5%	(15,634)
Consumer Price Index	3.3%	487
Savills Scotland Greenfield Land Index	4.2%	2,605
Total Indexation Applied 2025/26	<u>3.3%</u>	<u>(12,542)</u>

*The BCIS movement in the table above is an average of the rates that are applicable to Perth and Kinross Council assets. The greatest increase was 15.5% and the greatest reduction was 18.0%.

Professional revaluations are carried out in accordance with RICS Red Book requirements, while indexation reflects market-based movements applied in intervening period. Although the valuation approaches differ, both are treated equally for accounting purposes under the revaluation model.

Note 4 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty provides additional information on revaluations.

Surplus Assets are valued annually on a fair value basis. In terms of the fair value hierarchy, all Surplus Assets are valued at Level 2 and there were no transfers between Levels during the year.

The table below sets out the Gross Book Value of asset categories carried at historic cost and current value at 31 March 2026. This includes assets that have been revalued using indices, introduced for accounting periods commencing from 1 April 2025.

	Council Dwellings £'000	Other Land and Buildings £'000	Surplus Assets £'000	Total £'000
Carried at historical cost	0	9,726	0	9,726
Values at current value as at:				
31 March 2026	339,583	886,813	2,915	1,229,311
31 March 2025	0	140	0	140
31 March 2024	996	0	0	996
31 March 2023	0	7,146	0	7,146
31 March 2022	0	0	0	0
Total Cost or Valuation	<u>340,579</u>	<u>903,825</u>	<u>2,915</u>	<u>1,247,319</u>

Changes in Estimates

The Council has made no material changes to accounting estimates for Property, Plant and Equipment in 2025/26 or 2024/25.

22. Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council

	Art Collection £'000	War Memorials £'000	Other £'000	Total £'000
<u>Cost or Valuation</u>				
Balance at 1 April 2024	51,740	48	26	51,814
Additions	<u>285</u>	<u>0</u>	<u>0</u>	<u>285</u>
Balance at 31 March 2025	<u>52,025</u>	<u>48</u>	<u>26</u>	<u>52,099</u>
<u>Cost or Valuation</u>				
Balance at 1 April 2025	52,025	48	26	52,099
Additions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance at 31 March 2026	<u>52,025</u>	<u>48</u>	<u>26</u>	<u>52,099</u>

Art Collection

The collection of Fine Art maintained and preserved by Culture Perth and Kinross, on behalf of Perth and Kinross Council, is varied and includes oil paintings (approximately 1,225 items), watercolours (900), drawings (4,000), prints (1,500) and

sculptures (150). The Fine Art collection also includes J D Fergusson and Margaret Morris archives which number approximately 30,000 items and include a number of significant works.

The Art Collection also includes silver, glass, ceramics, furniture, Oriental materials, horology, metalwork and jewellery; these are collectively identified as Applied Art.

Curators within Culture Perth and Kinross continually monitor the sales values of works by artists within the collection and will revalue similar items if there is evidence of a movement in value.

A significant pearl jewellery collection was recognised as donated to Heritage Assets in 2024/25. There were no significant additions in 2025/26.

Additions and Disposals of Heritage Assets

There has been no significant addition, other than the pearl jewellery collection, either by purchase or donation, to the Fine and Applied Art collection during the current or previous five financial years. The majority of the collections are held in perpetuity, or have disposal conditions attached, and consequently no Fine and Applied Art disposals have occurred during the current and previous five financial years.

Fine and Applied Art

The Fine Art collection owes its existence largely to the 1,926 bequests of local patrons Robert Hay Robertson and Robert Brough, although the first painting entered the collection as early as 1785.

The collection is international in its scope and numbers over 4,000 items. It includes an interesting group of Italian 'Old Masters', a small but important group of 19th Century French works, a good group of 17th century Dutch and Flemish paintings and work by English artists including a small but highly important collection of natural history watercolours by Beatrix Potter.

Its greatest strength however lies in its holding of Scottish pictures. These span the 16th to the 21st century and include such important works as Loch Katrine by Horatio McCulloch and D Y Cameron's The Wilds of Assynt, as well as pictures with strong local connections. Amongst these are pictures by local artists, local topographical views and portraits of local individuals. The collection seeks to retain a balance between the historical and the contemporary aspects whilst continuing to develop the holdings of works of specifically local interest.

In 1991 the collection was effectively doubled in size with the gifting of the J D Fergusson Art Foundation's collection of artworks by the Scottish 'Colourist' John Duncan Fergusson (1874-1961) and its associated archive.

The Applied Art collection has been acquired since 1785 through purchase, gift or bequest. It covers a wide variety of objects and materials, within which the collections of Perth silver and Perthshire glass are unsurpassed in terms of national importance. The ceramics collection contains significant collections of Staffordshire flat-back figures and Martinware studio pottery as well as a collection of studio pottery produced by potter's native to or resident in the Perth and Kinross area. Other smaller collections include furniture, timepieces, Oriental and other items.

The promotion of other cultural events and programmes during the year makes it difficult to reliably estimate the percentage of the Art Collection on display for public viewing. However, all items are held in secure storage and access is permitted to scholars and others for research purposes.

The museum collection also includes History and Natural History collections for which an amount of insurance cover has been obtained. These objects and collections, in most instances, are rare and irreplaceable and there is insufficient evidence on which to place a reliable estimate of value. There are in excess of 289,000 items within the History and Natural History collections and the cost of obtaining valuations would be disproportionate in terms of any benefit derived to the user of the financial statements. On this basis, the History and Natural History collections are, therefore, excluded from the carrying value of Heritage Assets held by the Council.

The Culture Perth and Kinross Limited Collections Management Framework provides guidance on the collection, disposal or lending of heritage assets.

23. Investment Properties

	2025/26 £'000	2024/25 £'000
Rental income from investment property	(954)	(939)
Direct operating expenses arising from investment property	48	50
Balance at end of year	<u>(906)</u>	<u>(889)</u>

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

	2025/26 £'000	2024/25 £'000
Balance at start of year	16,184	14,715
Additions - Purchases	0	150
Net gain / (loss) from fair value adjustments	1,433	1,480
Transfer to Property, Plant and Equipment	(588)	(161)
Balance at end of year	<u>17,029</u>	<u>16,184</u>

All of the Authority's investment properties are valued at Level 2 on the fair value hierarchy. Values as at 31 March 2026 and 31 March 2025 are as follows:

	2025/26 £'000	2024/25 £'000
Recurring fair value measurements using:		
Industrial and Commercial Land	15,484	14,658
Shops and Offices	1,000	971
Other Investment Properties	545	555
Total Fair Value	<u>17,029</u>	<u>16,184</u>

Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The majority of the value of Industrial and Commercial Land relates to sites leased out on ground leases. Market data is available at national and local levels from sector specialists to provide the valuers with information, such as trends and rent yields, for the commercial and industrial markets. Local market activity for ground leases tends to follow national trends and valuations are undertaken using a discounted income approach. Ground leases are longer term arrangements and sites of this nature enjoy 100% occupancy levels; the rental income stream is known and market data for rent yields is available, all of which are observable input. As a result of the conditions of the ground lease agreement, there is no unobservable input. The valuation of investment land leased out on a ground lease therefore requires the use of observable market data and minimal, if any, unobservable data and is regarded as Level 2.

Market data providing information on trends and rent yield is available from sector specialists for leased Shops and Offices. Local market data is used to assist the valuation process, and valuations are undertaken using the income approach, discounted using market rates to arrive at a net present value for the income stream. The valuer will also consider other factors, such as the age and condition of the property, when arriving at the final valuation. This requires judgement; however, any unobservable input is not considered to be significant in terms of any adjustment to the fair value of the property. The valuation of the shops and offices is mainly representative of the available market data, and the valuation input is primarily based on observable data. Therefore, the properties are categorised as Level 2.

Other Investment Properties primarily relate to land held for development by the private sector, which will generate a receipt to the Council on disposal. Sites held for redevelopment are valued on the basis of the highest and best use of the site, taking into account adjacent and surrounding property, recent market activity, and development plan restrictions. The valuation of these sites is therefore based upon observable input, i.e. local market data, and as such will be regarded as Level 2.

Highest and Best Use of Investment Properties

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. The majority of valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the Chief Finance Officer on a regular basis regarding all valuation matters.

The valuation reports have been used to inform the measurement of Investment properties in these financial statements. The valuers have continued to exercise professional judgement in preparing the valuation and, therefore, this is the best information available to Council as at 31 March 2026 and can be relied upon.

24. Intangible Assets

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

	2025/26 Assets £'000	2024/25 Assets £'000
Balance at start of year		
Gross carrying amount	5,151	4,292
Accumulated amortisation	(2,962)	(3,944)
Net carrying amount at start of year	<u>2,189</u>	<u>348</u>
Additions: Purchases	240	3,073
Other disposals:		
Gross Carrying Amount	(1,380)	(2,214)
Accumulated amortisation	1,358	2,214
Amortisation for the period	(1,191)	(1,232)
Net carrying amount at end of year	<u>1,216</u>	<u>2,189</u>
Comprising:		
Gross carrying amounts	4,011	5,151
Accumulated amortisation	(2,795)	(2,962)
	<u>1,216</u>	<u>2,189</u>

Intangible Assets include the cost of software licences and bespoke software solutions deemed to provide future benefit to the Council. These items have been included and amortised over their perceived useful life.

25. Assets Held for Sale

	Current 2025/26 £'000	2024/25 £'000
Balance outstanding at start of year	875	676
Assets newly classified as held for sale	0	205
Revaluation gains	60	142
Assets declassified as held for sale	(205)	(148)
Assets sold	<u>(165)</u>	<u>0</u>
Balance outstanding at year end	<u>565</u>	<u>875</u>

26. Long Term Debtors

	2025/26 £'000	2024/25 £'000
Other Entities and Individuals	357	530
Total	<u>357</u>	<u>530</u>

27. Inventories

	Consumables and Maintenance Materials 2025/26 £'000	2024/25 £'000
Balance outstanding at start of year	620	632
Purchases	3,715	3,621
Recognised as an expense in the year	(3,741)	(3,604)
Written off balances	(4)	(32)
Reversal of write-offs previous years	3	3
Balance outstanding at end of year	<u>593</u>	<u>620</u>

28. Debtors

	2025/25 £'000 Gross	2025/26 £'000 Net	2024/25 £'000 Gross	2024/25 £'000 Net
Scottish Government		15,341		12,969
Central Government		8,064		10,418
Other Local Authorities		387		184
NHS Bodies		1,088		704
Public Corporations		53		6
Other Entities and Individuals:				
Housing Rent	4,008		3,471	
less: Impairment	<u>(2,126)</u>		<u>(1,923)</u>	
		1,882		1,548
Statutory Additions	7,003		6,649	
less: Impairment	<u>(7,003)</u>		<u>(6,649)</u>	
		0		0
Other	9,194		10,497	
less: Impairment	<u>(1,669)</u>		<u>(1,915)</u>	
		7,525		8,582
Trade	12,168		12,467	
less: Impairment	<u>(3,217)</u>		<u>(1,488)</u>	
		8,951		10,979
Council Tax	22,698		22,812	
less: Impairment	<u>(18,018)</u>		<u>(18,195)</u>	
		4,680		4,617
Total		<u>47,971</u>		<u>50,007</u>

29. Creditors

	2025/26 £'000 Gross	2025/26 £'000 Net	2024/25 £'000 Gross	2024/25 £'000 Net
Scottish Government		(914)		(446)
Central Government		(8,509)		(8,005)
Other Local Authorities		(333)		(1,292)
NHS Bodies		(139)		(241)
Public Corporations and Trading Funds		0		0
Other Entities and Individuals:				
Current Right of Use Liability	(6,244)		(9,129)	
Employee Statutory Adjustment Account	(9,645)		(9,372)	
Prepaid Council Tax	(2,169)		(2,712)	
Other	<u>(29,215)</u>		<u>(28,734)</u>	
		(47,273)		(49,947)
Trade Creditors		(26,895)		(35,569)
Total		<u>(84,063)</u>		<u>(95,500)</u>

30. Provisions Other than Bad and Doubtful Debts

Self-Insured/Uninsured Losses

The Insurance Fund makes provision for losses arising from Property, Employers' Liability, Public Liability, Motor, Fidelity Guarantee, Computer, Engineering and Travel/Personal Accident claims.

The provision provides for an estimate of all liabilities likely to be incurred by the Council in respect of self-insured and uninsured losses in respect of incidents that have arisen prior to 1 April 2026.

Payments to 3rd parties

The Council has made provision for a number of potential compensation claims arising from significant capital projects within the Council's capital programme.

Commercial Rent

The Council manages the rental leases for a number of commercial properties. The Council had previously made provision for rent refunds due to the downturn in the economic climate affecting retail trading performance which are no longer required.

Contractor disputes/legal cases

The Council manages disputes and legal claims. Provision has been made for an ongoing legal appeal which may result in additional costs to the Council.

	Self Insured/ Uninsured Losses £'000	Payments to 3rd parties £'000	Commercial Rent £'000	Contractor disputes/ legal cases £'000	Total £'000
Balance as at 1 April 2025	2,014	2,577	40	134	4,765
Additional provisions made in 2025/26	935	954	0	1,000	2,889
Amounts used in 2025/26	(1,097)	(763)		(134)	(1,994)
Unused amounts reversed in 2025/26	0	(565)	(40)	0	(605)
Balance as at 31 March 2026	<u>1,852</u>	<u>2,203</u>	<u>0</u>	<u>1,000</u>	<u>5,055</u>
Balance Sheet Disclosure:					
Less than 12 months	391	0	0	1,000	1,391
Over 12 months	<u>1,461</u>	<u>2,203</u>	<u>0</u>	<u>0</u>	<u>3,664</u>
	<u>1,852</u>	<u>2,203</u>	<u>0</u>	<u>1,000</u>	<u>5,055</u>

31. Usable Reserves

Movements in the Council's Usable Reserves are detailed in the Movement in Reserves Statement and notes 5 and 6.

32. Unusable Reserves

	2025/26 £'000	2024/25 £'000
Revaluation Reserve	(377,955)	(336,851)
Capital Adjustments Account	(286,189)	(325,847)
Financial Instruments Adjustment Account	15,109	15,732
Pensions Reserve	17,753	18,533
Employee Statutory Adjustment Account	9,645	9,372
Total Unusable Reserves	<u>(621,637)</u>	<u>(619,061)</u>

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2025/26 £'000	2024/25 £'000
Balance at 1 April	(336,851)	(425,931)
Upward revaluation of assets	(58,993)	(1,873)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/ Deficit on the Provision of Services	12,241	85,391
Sub-Total	<u>(383,603)</u>	<u>(342,413)</u>
Difference between fair value depreciation and historical cost depreciation	4,385	5,411
Accumulated gains on assets sold or scrapped written out to the Capital Adjustment Account	1,263	151
Balance at 31 March	<u>(377,955)</u>	<u>(336,851)</u>

Capital Adjustment 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. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

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.

	2025/26 £'000	2024/25 £'000
Balance at 1 April	(325,847)	(338,099)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and impairment of non current assets	67,079	59,923
Revaluation (gains)/losses on Property, Plant and Equipment	15,130	10,587
Amortisation of intangible assets	1,191	1,232
Revenue expenditure funded from capital under statute	202	2,619
Amounts of non current assets written off on disposal as part of the gain/loss	<u>2,306</u>	<u>1,040</u>
	(239,939)	(262,698)
Adjusting amounts written out of the Revaluation Reserve	<u>(1,263)</u>	<u>(151)</u>
	(241,202)	(262,849)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(404)	(1,672)
Donated assets	(80)	(285)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(24,198)	(42,079)
Application of grants to capital financing from the Capital Grants Unapplied Account	215	1,060
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(17,707)	(16,387)
Statutory adjustment for Financial Flexibilities applied to Service Concession Arrangements (see note 36)	2,746	2,914
Capital expenditure charged against the general fund and HRA balances	<u>(4,017)</u>	<u>(5,136)</u>
	(284,647)	(324,434)
Movements in the fair value of the Investment Properties	(1,433)	(1,480)
Movements in value of finance leases	(109)	67
Balance at 31 March	<u>(286,189)</u>	<u>(325,847)</u>

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account (FIAA) is used to hold the losses or gains arising on the early redemption of loans per statutory provisions, as well as the historic timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments. These statutory provisions allow for annual charges to be made in accordance with the original amortisation schedules which existed at the time the provisions were introduced.

The Council uses the Account to manage the balance of premiums and discounts which existed at 31 March 2007 which arose on the early redemption of loans. Any premiums or discounts incurred or received after this date may also be held in this Account. These are subsequently charged to the General Fund and Housing Revenue Account (HRA) in accordance with statutory provisions and so spreading the burden on Council Tax and Housing Rents.

The Council also uses the FIAA to hold the difference in interest charges which arose on stepped interest rate loans. These had low interest rates in the early years before "stepping up" to a higher interest rate. Interest on such loans is now required to be charged consistently over the life of the loan using the Effective Interest Rate Method. The difference in the cumulative charges to 31 March 2007 under this new method was debited to the FIAA and will be charged to the General Fund and the HRA over the life of the loans under the statutory provisions.

Accordingly, the balance on the FIAA as at 31 March 2026 in respect of the above provisions will be charged to the General Fund and HRA over the next 42 years. The movements on the FIAA during the year are shown below:

	2025/26 £'000	2024/25 £'000
Balance at 1 April	15,732	16,358
Proportion of discounts incurred in previous financial years credited against the General Fund and HRA Balance in accordance with statutory requirements in the year	4	4
Proportion of premiums incurred in previous financial years charged against the General Fund and HRA Balance in accordance with statutory requirements in the year	(495)	(608)
Difference on restatement of Stepped Interest Rate Loans charged against the General Fund and HRA Balance in accordance with statutory requirements in the year	(21)	(22)
Adjustment on the extinguishment of stepped interest rate loans charged against the General Fund and HRA Balance in accordance with statutory requirements in the year	(111)	0
Balance at 31 March	<u>15,109</u>	<u>15,732</u>

Pensions Reserve

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

	2025/26 £'000	2024/25 £'000
Balance at 1 April	18,533	20,748
Actuarial Loss on Pensions Assets and Liabilities	3,706	341
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	18,937	20,738
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(23,423)	(23,294)
Balance at 31 March	<u>17,753</u>	<u>18,533</u>

Employee Statutory Adjustment Account

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

	2025/26 £'000	2024/25 £'000
Balance at 1 April	9,372	8,186
Cancellation of accrual made at the end of the preceding year	(9,372)	(8,186)
Amounts accrued at the end of the current year	9,645	9,372
Balance at 31 March	<u>9,645</u>	<u>9,372</u>

33. Impairment Losses

Movements in the value of properties during the year were mainly due to the revaluation of Council Dwellings and the revaluation, including indexation, of various other individual operational buildings such as Schools (including IIL Community Campuses), Offices, Depots, Industrial Units and Shops. Investment properties were also revalued during 2025/26. One impairment loss of £216,463 is recognised in 2025/26 because of changes to an HRA New Build scheme at Balhousie. The value impaired has been calculated as an apportionment of the addition recognised in 2024/25 that is no longer included in the updated plans for this site. All other losses arising have been assessed as a revaluation loss rather than a loss attributed to deterioration in the anticipated level of the performance of the properties.

34. Grants

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

	2025/26 £'000	2024/25 £'000
Credited to Taxation and Non Specific Grant Income		
Scottish Government - General Capital Grant	12,438	27,564
Scottish Government - Council Dwellings	7,941	9,615
Scottish Government - Specific Capital Grant	1,601	480
Developer Contributions	824	2,401
Other Third Party Contributions	1,179	2,019
	<u>23,983</u>	<u>42,079</u>
Credited to Services		
Scottish Government - Bertha Park	2,529	2,525
Scottish Government - Riverside Primary	2,088	681
Scottish Government - Bail Supervision	3,062	791
Scottish Government - Pupil Equity Funding	1,864	1,864
Scottish Government - Scottish Attainment	997	748
Scottish Government - Community Led Local Development	739	691
Scottish Government - No One Left Behind	2,037	1,826
Scottish Government - Criminal Justice	1,922	1,834
Scottish Government - Other	7,449	5,371
Scottish Government Directorates & Bodies	241	245
Sport Scotland	405	423
Ukraine funding	357	1,087
Department for Levelling Up, Housing and Communities - Shared Prosperity	1,877	2,664
Other Third Party Contributions	3,877	820
	<u>29,444</u>	<u>21,570</u>

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned. The balance at the year-end is as follows:

	2025/26 £'000	2024/25 £'000
<u>Revenue Grants - Received in Advance</u>		
Scottish Government	779	619
Other grants and contributions	340	493
Balance at 31 March	<u>1,119</u>	<u>1,112</u>

35. Capital Expenditure and Capital Financing

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

	2025/26 £'000	2024/25 £'000
Capital Financing Requirements b/fwd	932,783	816,351
<u>Capital Expenditure</u>		
Property, Plant and Equipment	137,287	173,884
Intangible Assets	240	3,073
Revenue Expenditure funded from Capital	<u>202</u>	<u>775</u>
	<u>137,729</u>	<u>177,732</u>
	<u>1,070,512</u>	<u>994,083</u>
<u>Sources of Finance</u>		
Capital Receipts	(403)	(1,672)
Government Grants and Contributions	(23,983)	(41,019)
Revenue Contributions	(4,017)	(5,135)
Service concession flexibility	2,746	2,914
Loans Fund Principal Repayments	<u>(17,702)</u>	<u>(16,388)</u>
	<u>(43,359)</u>	<u>(61,300)</u>
Closing Capital Financing Requirement c/fwd	<u>1,027,153</u>	<u>932,783</u>
Movement	94,370	116,432
<u>Analysed as:</u>		
Increase in need to borrow	99,406	122,375
Net assets acquired under PPP contract	<u>(5,036)</u>	<u>(5,943)</u>
	<u>94,370</u>	<u>116,432</u>

36. Public Finance Initiatives and Similar Contracts

The Council has an obligation for 25 years commencing September 2000 in respect of a unitary charge payment to be made for office accommodation and a car park.

The unitary charge for 2025/26 for the office accommodation was £1.257 million until September 2025 (2024/25 £2.657 million).

The unitary charge for 2025/26 for the car park was £186,000 (2024/25 £408,000).

The contract payments ended in September 2025 and the Council purchased both Pullar House office accommodation and the car park at that point.

The project agreement for provision of the facilities included the transfer of four Council properties to the operator in exchange for reduced annual payments over the life of the agreement. At the end of this project these assets did not revert back to the Council.

The Council has an obligation for six school campuses in a Public Private Partnership with Axiom Education (Perth and Kinross) Ltd. North Inch Primary was brought into operation in 2011/12. Breadalbane Campus at Aberfeldy was completed

in 2010/11 and the campuses at Blairgowrie, Perth South, Kinross, Crieff and the Roman Catholic School Campus were brought into operation during 2009/10. The Council will make unitary charge payments until the contract ends in 2042, at which time the campuses will be handed back to the Council at no cost. The estimated capital value of the scheme is £127.687 million.

The unitary charge for 2025/26 for the campuses operating in the year was £23.612 million (2024/25 £22.404 million).

Future agreed payments will increase in line with inflation. The unitary charge payments for 2026/27 for all school campuses will be £24.475 million.

During 2019/20 the Council incurred an obligation for Bertha Park High School with the asset and liability recognised in the Annual Accounts. The unitary charge for 2025/26 was £3.351 million (2024/25 £3.311 million).

Future agreed payments will increase in line with inflation. The unitary charge for 2026/27 for Bertha Park will be £3.369 million.

With effect from 1 April 2024, IFRS 16 Leases applies to service concession arrangements. IFRS 16 requires the lease liability to be remeasured whenever there is a change in indexation, or other changes in a rate, which impacts upon future unitary charge payments. Under IAS17 Leases, the additional cost relating to the financing of the asset was expensed as Contingent Rent. Under IFRS 16, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. This has resulted in an increase in Balance Sheet assets of £5.142 million in 2025/26 (opening adjustment £54.476 million in 2024/25 with £876,000 in respect of the annual recalculation) this is subsequently reduced through the revaluation process. The increase in the Balance Sheet assets is met with a corresponding increase in the Balance Sheet liabilities.

Movements in Fixed Assets under Public Private Partnerships during the year were:

	2025/26 £'000	2024/25 £'000
Net Book Value at 1 April	206,743	213,309
IFRS16 Transition Restatement	0	54,476
IFRS16 Annual Revaluation	5,142	876
Additions	5,235	795
Reclassification	(4,016)	0
Revaluations	(20,738)	(56,506)
Depreciation	(5,334)	(6,207)
Depreciation write back	14,674	0
Net Book Value at 31 March	<u>201,706</u>	<u>206,743</u>

Movements in Public Private Partnership Liabilities during the year were:

	2025/26 £'000	2024/25 £'000
Liabilities at 1 April	161,535	115,040
IFRS16 Transition Restatement	0	54,476
IFRS16 Annual Revaluation	5,142	876
Amounts repaid in year	(7,782)	(8,857)
Liabilities at 31 March	<u>158,895</u>	<u>161,535</u>
Disclosed in the Balance Sheet as:		
Long Term Liabilities	152,694	153,960
Creditors	<u>6,201</u>	<u>7,575</u>
Liabilities at 31 March	<u>158,895</u>	<u>161,535</u>

Future Public Private Partnership liabilities due to be met:

	Repayment of Liability £'000	Interest £'000	Service Charges £'000	Lifecycle Maintenance £'000	TOTAL £'000
Due within one year	6,201	7,367	8,672	4,883	27,123
Due in 2 to 5 years	28,766	26,427	37,058	19,543	111,794
Due in 6 to 10 years	49,180	24,460	52,159	20,807	146,606
Due in 11 to 5 years	61,218	11,834	59,504	23,207	155,763
Due in 16 to 20 years	13,530	1,096	8,442	3,297	26,365
Total	<u>158,895</u>	<u>71,184</u>	<u>165,835</u>	<u>71,737</u>	<u>467,651</u>

These figures are based on the actual cash amount estimated to be payable and not on prices at 31 March 2026. The estimates for Service Charges and Lifecycle Maintenance include an assumed 2.5% inflationary uplift in future years. The future inflationary uplift is not applied to the estimates for the Repayment of Liability and Interest costs. IFRS 16 requires that these reflect only the actual RPI movement to date.

In September 2022, the Scottish Government issued statutory guidance ([Local Government Finance Circular 10-2022](#)) which allowed Councils temporary flexibility in accounting for Service Concession Arrangements entered into prior to April 2022. The guidance sets out the accounting requirements and options for recognising the capital repayment element of these arrangements and permits Councils to undertake internal accounting changes to reprofile the repayment charged to General Fund over an extended period of time.

The Service Concession Arrangements for which the revised accounting treatment has been adopted include the Council's PPP arrangement for the six school campuses, and the Design, Build, Finance, Maintain (DBFM) scheme for the Bertha Park Secondary School. The Council has applied the permitted flexibility in financial year 2023/24 on a retrospective annuity basis over 50 years. This approach is consistent with current Council Loans Fund policy and is considered prudent, sustainable, and affordable over the useful life of the asset. The 50 year annuity period replicates the useful asset life of other similar type assets held on the Council's balance sheet i.e. schools.

The current unitary charge repayments to contractors will continue until the end of the PPP and DBFM contracts, however, the use of this flexibility results in a one-off credit to the General Fund and ongoing annual savings for a period of time. At the end of the PPP and DBFM contracts, the unitary charge is no longer paid but reprofiled debt repayments continue to be charged to the General Fund until the debt liability has been extinguished. The calculation of the repayment charges, using the asset life annuity basis, is compared to the current charges which are made over the contract period. By applying the flexibility, savings pre 2025/26 are £37.175 million (as detailed in the table below).

<u>Comparison of current and revised debt repayments</u>	<u>Current Repayment</u> £'000	<u>Revised Repayment</u> £'000	<u>(Reduction) / Cost</u> £'000
Pre 2025/26	53,069	15,894	(37,175)
Paid in 2025/26	4,320	1,574	(2,746)
Payable in 2026/27	3,943	1,647	(2,296)
Payable within 2 to 5 years	18,143	7,378	(10,765)
Payable within 6 to 10 years	31,033	11,299	(19,734)
Payable within 11 to 15 years	39,070	14,150	(24,920)
Payable within 16 to 20 years	11,156	17,726	6,570
Payable within 21 to 25 years	0	22,212	22,212
Payable within 26 to 30 years	0	27,842	27,842
Payable within 31 to 35 years	0	27,996	27,996
Payable within 36 to 40 years	0	7,259	7,259
Payable within 41 to 45 years	0	5,757	5,757
	<u>160,734</u>	<u>160,734</u>	<u>0</u>

In addition, an in-year saving occurs in scheduled debt repayments in 2025/26 of £2.746 million (2024/25 £2.914 million). This will be followed by a reduction in the annual charges for a further 17 years and then the statutory charges will continue until the end of the reprofiled debt repayment period. Over the full asset lives the total repayment for the debt liability remains the same.

The statutory adjustment for 2025/26 has the following impact on the 2025/26 Balance sheet (Capital Adjustment Account) and Movement in Reserves statement:

<u>Impact on Balance Sheet and Movement in Reserves Statement</u>	<u>2025/26 £'000</u>	<u>2024/25 £'000</u>
Capital Adjustment Account	2,746	2,914
Movement in Reserves Statement	(2,746)	(2,914)

37. Authorisation of Annual Accounts

The unaudited Annual Accounts were authorised for issue by the Chief Finance Officer on 29 June 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

38. Contingent Liabilities

The Council has made provision for insurance claims where appropriate and has an Insurance Fund to manage insurable risks. There is also a contingent liability in respect of potential insurance claims incurred but not reported which cannot be forecast with any certainty.

There is a contingent liability relating to Municipal Mutual Insurance (MMI), who were the insurers for Tayside Regional Council (TRC). Following a Supreme Court judgement in November 2012 a scheme of arrangement has been put in place where MMI will seek to recover, from the scheme members or successors, 25% (and increase from 15% applied after April 2016) of all claims paid out since 1993 on policies taken out by TRC (less an overall total reduction of £50,000). Perth and Kinross Council is one of the successor bodies of TRC.

The remaining assets of the TRC Insurance Fund will not be sufficient to meet all future liabilities due to the long-time horizon for certain types of claims.

The Limitation (Childhood Abuse) (Scotland) Act 2017 came into force on 4 October 2017 and removed the time limit on raising civil court actions relating to childhood abuse. The Council continues to receive claims; these claims continue to be assessed. In addition, it is not possible to estimate the potential financial effect in respect of future claims the Council may receive due to a number of uncertainties. This includes the number of claims which may arise and the extent of compensation which could arise. Additionally, the extent of re-imbursement which might arise from historic or current insurance policies cannot currently be assessed. The Council may also receive claims in respect of educational provision.

Previous land tribunal and adjudication claims are now settled.

The Council operates services from a number of properties as a tenant. In the future there may be a liability in respect of property costs to reinstate buildings to their original specification and design.

The Council has a potential liability in respect of financial guarantees for the Tayside Pension Fund in respect of Scheduled Bodies and Admitted Bodies should they cease to exist, withdraw from the Pension Scheme or otherwise become unable to continue covering any unfunded liabilities. These bodies include Tayside and Central Scotland Transport Partnership, Live Active Leisure Ltd, Perth Theatre and Concert Hall Limited, Perth and Kinross Countryside Trust, Perth and Kinross Society for the Blind, Perth Citizens' Advice Bureau and Culture Perth and Kinross. In addition, the Council has a potential liability in respect of pensions for the Convention of Scottish Local Authorities (COSLA) should the organisation cease to exist.

The Council may have a pay liability pertaining to changes in legislation which could impact on calculation of pay.

Following the issue of the Reinforced Autoclaved Aerated Concrete (RAAC) safety alert in 2019, the Council previously carried out a review of existing building condition information which was followed up with non-invasive visual inspections where required. A subsequent inspection identified two sites with RAAC, one of which has been remediated. A RAAC Management Plan is in place for the remaining site and regular inspections are undertaken to monitor the condition of RAAC for any signs of deterioration. No significant changes have been recorded to date. The Council has a robust Building Condition Survey programme in place which comprises a 5-year rolling survey programme and also includes an annual review of survey data to monitor any changes in asset condition.

39. Financial Instruments

Accounting regulations require the 'financial instruments' (investment, lending and borrowing) of the Council shown on the balance sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the balance sheet are made up of the following categories of 'financial instruments'.

	Long-Term		Current		Total	
	31 March	31 March	31 March	31 March	31 March	31 March
	2026	2025	2026	2025	2026	2025
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Financial Liabilities at amortised cost</u>						
Public works Loan Board (PWLB)	645,695	619,500	112,000	35,697	757,695	655,197
Market Loans	54,176	64,308	515	515	54,691	64,823
Short Term Borrowing	0	0	21,410	4,369	21,410	4,369
Creditors	0	0	52,878	61,852	52,878	61,852
Total borrowings	699,871	683,808	186,803	102,433	886,674	786,241
<u>Financial Assets at amortised cost</u>						
Cash and Cash Equivalents	0	0	17,559	24,645	17,559	24,645
Investment Deposits	0	0	5,014	0	5,014	0
Mortgages / Loans to Others	357	530	253	185	610	715
Debtors	0	0	7,941	8,333	7,941	8,333
Total investments	357	530	30,767	33,163	31,124	33,693

Lender Option Borrower Option (LOBO) borrowings of £34.176 million have been included in long term borrowing as at 31 March 2026 but have a call date in the next 12 months.

The above long term figures are based on the 2016 Code which requires that in undertaking Effective Interest Rate (EIR) calculations, the maturity period for a LOBO is taken as being the contractual period to maturity.

Financial Instruments Gains / Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Account in relation to financial instruments are as follows:

	<u>Financial Liabilities</u>	<u>Financial Assets</u>		
	Liabilities measured at amortised cost	Loans and receivables	Total 2025/26	Total 2024/25
	£'000	£'000	£'000	£'000
Interest expense	29,325	0	29,325	25,519
Losses on derecognition	2,901	0	2,901	0
Interest payable and similar charges	32,226	0	32,226	25,519
Interest income	0	(1,207)	(1,207)	(2,551)
Gains on derecognition	(6,056)	0	(6,056)	0
Interest and investment income	(6,056)	(1,207)	(7,263)	(2,551)
(Gains)/losses on revaluation	(21)	(5)	(26)	(2)
Surplus arising on revaluation of financial assets	(21)	(5)	(26)	(2)
Net loss/(gain) for the year	26,149	(1,212)	24,937	22,966

Fair Value of Liabilities Carried at Amortised Cost

The fair value of each class of financial assets and liabilities which are carried in the balance sheet as at 31 March 2026 at amortised cost is disclosed below.

Methods and Assumptions in valuation technique:

The fair value of an instrument is determined by calculating the Net Present Value (NPV) of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

In addition, lenders do not have the ability to force the Council to repay debt early.

The rates quoted in this valuation were obtained by the Council's treasury management consultants from the market on 31 March 2026, using bid prices where applicable.

The calculations are made with the following assumptions:

- For Public Works Loans Board (PWLB) debt, the discount rates used are the rates for new borrowing as per rate sheet number 126/26 on 31 March 2026 (pm).
- For other market debt and investments, the discount rates used are the rates available for an instrument with the same terms from a comparable lender.
- Interpolation techniques have been used between available rates where the exact maturity period was not available.
- No early repayment or impairment is recognised.
- Fair values have been calculated for all instruments in the portfolio.

The fair values are calculated as follows:

Fair Value of Financial Liabilities Carried at Amortised Cost

	31 March 2026		31 March 2025	
	Carrying Amount	Fair Value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Public Works Loans Board (PWLB)	757,695	479,344	655,197	379,618
Market Loans (including LOBOs)	54,691	46,562	64,823	54,785
Short-term Borrowing	18,605	18,605	1,648	1,648
Other (Special Loans)	2,805	2,805	2,721	2,721
Creditors	52,878	52,878	61,852	61,852
Total Financial Liabilities	886,674	600,194	786,241	500,624

The Fair value is significantly less than the carrying amount because the majority of the Council's long-term portfolio of loans are fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the balance sheet date. The difference between the carrying amount and the fair value therefore represents the discount the Council would receive from the lender in the event these loans were to be repaid at that date.

For comparison, if the Council were to have repaid all the loans to the PWLB on the balance sheet date, a total of £515 million would have been payable after applying the PWLB's premature redemption rates applicable on that date. This is higher than the Fair Value shown in the table above, as the PWLB premature redemption rates include an additional profit margin over their comparative new borrowing rates.

Fair Value of Financial Assets Carried at Amortised Cost

	31 March 2026		31 March 2025	
	Carrying Amount	Fair Value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	17,559	17,559	24,645	24,645
Deposits with Banks and Building Societies	5,014	5,014	0	0
Mortgages	215	215	230	230
Loans to Others	395	395	485	485
Debtors (Long and short term)	7,941	7,941	8,333	8,333
Total Financial Assets	31,124	31,124	33,693	33,693

Where the fair value is higher than the carrying amount it's because the Council's portfolio of investments includes fixed rate deposits where the interest rate receivable is higher than rates available for similar deposits at the balance sheet date. Where the fair value is the same or lower than the carrying value, it's because the interest receivable is the same or lower than the rates on the balance sheet date, or there is only a very short time left to maturity. For 2025/26, the fair value has been taken as the principal amount outstanding together with accrued interest, given the short-term nature of the instruments.

Nature and Extent of Risks Arising from Financial Instruments

The Council's management of treasury risks is intended to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council 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.

(i) Credit Risk

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

Under the terms of the Council's approved Treasury policy, only the highest rated banks and financial institutions are used. Accordingly, the expected credit loss on such deposits is deemed negligible, and no expected credit loss provision has been provided in the Income and Expenditure account for 2025/26 (2024/25 nil) on the grounds of immateriality. Applying historic default rates for the counterparties used by the Council as at 31 March 2026 shows the expected credit loss to be less than 0.02% to 0.03% of the principal sums deposited, whilst the actual historic default experienced by the Council is nil. Further, there is no information to indicate that this position has changed since the balance sheet date.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions.

	Amounts at 31 March 2026	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 2026	Estimated maximum exposure to default and uncollectability
	£'000	%	%	£'000
Deposits with banks and other financial institutions	22,000	0	0	0
Loans to Others	610	0	0	0
Customers	7,941	16.1	16.1	1,278
Total	30,551	-	-	1,278

The Council's overall exposure to credit risk in relation to its deposits in banks and other financial institutions of £22 million above cannot be assessed generally, as the risk of non-payment of the principal sums or interest is specific to each individual institution. Experience indicates that any such non-payment is rare, and there is no evidence that any risk of default existed at 31 March 2026. The repayment profile of these deposits, including loans to others, is shown below:

	31 March 2026 £'000	31 March 2025 £'000
Less than three months	16,986	24,182
Three to six months	5,014	0
Total	22,000	24,182

Loans to Others

The Council initiates a legal charge on property where, for example, clients require assistance with payment of care fees, but cannot pay immediately until such time as their property is sold. The carrying value of the total amount outstanding as at 31 March 2026 in this category is £395,000 and experience of default is minimal. The Council has granted mortgages for essential property repairs in shared ownership properties, as well as secured loans to property owners to bring their properties back into use for affordable rent under the Empty Home Loans Fund (EHLF) scheme. The total amount outstanding as at 31 March 2026 is £215,000 with no experience of default. The total amount of Loans to Others of £610,000 can be analysed as follows:

	31 March 2026 £'000	31 March 2025 £'000
Less than three months	63	81
Three to six months	63	77
Six months to one year	127	145
More than one year	357	412
Total	610	715

Debtors

The Council does not generally allow credit for customers, such that £3.141 million of the £7.941 million balance is past its due date for payment.

	31 March 2026 £'000	31 March 2025 £'000
Less than three months	48	1,901
Three to six months	232	1,085
Six months to one year	910	884
More than one year	1,951	1,523
Total	3,141	5,393

(ii) Liquidity Risk

The Council has access to borrowings from the money markets to cover day to day cashflow needs, as well as borrowing from the Public Works Loans Board or money markets for longer term funding requirements. As a result, there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council manages its portfolio in conjunction with interest rate forecasts to reduce the risk of a large proportion of its borrowing maturing at a time of higher interest rates, and so reduce the financial impact of re-financing at an unfavourable time. In addition, the monitoring of interest rate movements for the identification of debt rescheduling opportunities to amend the maturity profile, as well as achieving savings in interest charges, is undertaken on a continuous basis to further mitigate any refinancing risks.

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

Loans outstanding	31 March 2026 £'000	31 March 2025 £'000
Public Works Loans Board	754,000	652,000
Market debt	53,200	63,200
Temporary borrowing	18,287	1,599
Local bonds	2,796	2,711
Total	828,283	719,510
Less than 1 year	129,389	36,810
Between 1 and 2 years	125,805	27,500
Between 2 and 5 years	97,139	87,500
Between 5 and 10 years	3,750	20,000
Between 10 to 15 years	5,000	5,000
More than 15 years	467,200	542,700
Total	828,283	719,510

In the more than 15 years category there are £33.2 million of LOBO borrowings which have a call date in the next 12 months.

(iii) Market Risk

Interest rate risk

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

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

- Reductions in interest rates will affect interest earned on variable rate investments, and reduces income credited to the Comprehensive Income and Expenditure Statement. There would only be a small reduction in the interest payable on variable rate borrowing.
- Increases in interest rates will affect interest paid on variable rate borrowings, and increases the interest expense charged to the Comprehensive Income and Expenditure Statement, but is offset by increased investment returns.
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact the balance sheet for assets held at amortised cost, but will impact the disclosure note for fair value. It would have a negative effect on the balance sheet for any assets held at fair value in the balance sheet, which would also be reflected in the Comprehensive Income and Expenditure Statement. However, no such assets at fair value were held by the Council as at 31 March 2026.
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact the balance sheet for liabilities held at amortised cost, but will impact the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk. The policy is to keep a maximum of 35% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to higher costs, whilst fixed deposits may be undertaken for longer periods (within policy and counterparty limits).

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget throughout the year. This allows any favourable or adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

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

	£'000
Increase in interest payable on variable rate borrowings	543
Increase in interest receivable on variable rate investments	(845)
Impact on Comprehensive Income and Expenditure Statement	<u>(302)</u>
Share of overall impact credited to the HRA	(66)

The impact of a 1% fall in interest rates would have been an estimated cost of £845,000 to the Council as a result of a reduction in investment income, whilst it would be unlikely that the lenders of the market loans borrowed would pass on the reduction in rates payable. However, there would be a reduction of £211,000 payable on other loans. Therefore, the net cost of a 1% fall in interest rates would be £634,000 of which £139,000 would be debited to the HRA.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to losses arising from movements in exchange rates.

Price Risk

The Council does not invest in equities, however, does invest in other tradable instruments but with the intention of holding them until their maturity date. Therefore, the Council does not actively trade in such instruments, and is therefore not exposed to gains or losses on movements in their price. The Council held no such financial instruments at 31 March 2026.

40. Devolved School Management (DSM) Schools

The accumulated balance on the General Fund at 31 March 2026 includes net surplus funds of £542,000 (31 March 2025 £527,000) in respect of schools participating in the Devolved School Management scheme. There are a small number of schools carrying forward deficits of £27,000 with the remaining schools having surpluses of £554,000. These balances are earmarked in 2025/26 for the individual schools concerned.

There is Pupil Equity Funding from the Scottish Government of £103,000 (31 March 2025 £195,000) which is being carried forward to 2026/27 for schools within the Council's earmarked general fund balances.

41. Operating Activities

The cash flows for operating activities include the following items:

	2025/26 £'000	2024/25 £'000
Interest received	(1,226)	(994)
Interest paid	33,286	29,035
	<u>32,060</u>	<u>28,041</u>

42. Investing Activities

	2025/26 £'000	2024/25 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(141,690)	(170,611)
Purchase of short-term and long-term investments	(5,014)	(6,000)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	578	902
Proceeds of short-term and long-term investments	0	42,560
Other receipts for investing activities	24,198	42,079
	<u>(121,928)</u>	<u>(91,070)</u>

43. Financing Activities

	2025/26 £'000	2024/25 £'000
Cash receipts of short and long-term borrowing	425,353	162,659
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(7,787)	(8,857)
Repayments of short and long-term borrowing	(316,097)	(73,804)
	<u>101,469</u>	<u>79,998</u>

44. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	2025/26 £'000	2024/25 £'000
Petty Cash held	31	25
Bank current accounts	543	438
Short-term deposits with banks and building societies	216	42
Short-term deposits with Local Authorities	11,019	15,025
Short-term deposits with other organisations	5,750	9,115
Total cash and cash equivalents	17,559	24,645

45. Trust Funds

Perth and Kinross Council administers a number of Charitable Funds of varying sizes. The Income and Expenditure Account and Balance Sheet are detailed on page 98.

These funds include Educational Trusts and other trusts which are primarily for the residents of Perth and Kinross. An exercise has been undertaken to reorganise many of the non-educational trusts in order for the funds to be more readily accessible.

The Perth and Kinross Educational Trust gives financial assistance towards scholarships, second or subsequent degrees, mature students and further education. Assistance is also provided to schools for sports facilities and special equipment, promoting visual arts and education in music and drama. There are also preferences for certain beneficiaries usually named schools for prizes etc. Also, within the Perth and Kinross Educational Trust there are eight individual endowments for maintaining, furnishing and equipping school buildings.

The other charitable trusts purposes include providing financial assistance in different areas of Perth and Kinross.

	31 March 2026 £'000	31 March 2025 £'000
<u>Educational Trust - Financial Assistance</u>		
Net Assets	1,150	1,068
Net Incoming/(Outgoing) Resources before other recognised gains and losses	6	7
<u>Educational Trust - Endowments</u>		
Net Assets	53	50
<u>Other Charitable Trusts</u>		
Net Assets	2,854	2,663
Net Incoming Resources before other recognised gains and losses	20	39
Total Net Assets	4,057	3,781
Total Net Incoming Resources before other recognised gains and losses	26	46

Detailed Accounts for the Charities are available from the Chief Finance Officer, 2 High Street, Perth, PH1 5PH by contacting chxfinance@pkc.gov.uk or phoning 01738 475000.

46. The Statutory Loans Fund

Loans Fund accounting is governed by The Local Authority (Capital Financing and Accounting) (Scotland) Regulations 2016, which came into force on 1 April 2016, and amended by the Local Authority (Capital Finance and Accounting) (Scotland) Amendment Regulations 2024 (the 2024 Amendment Regulations) which came into force on 1 April 2024. These regulations outline the way the Loans Fund is operated in relation to the repayment period and method that capital advances (capital expenditure funded by borrowing) are repaid (charged) on an annual basis.

The Loans Fund is an internal fund operated by the Council to manage the amortisation of capital expenditure (capital advances) over the life of the various assets being funded by borrowing, and also to manage the external borrowing raised to finance the capital expenditure. Whilst both elements of the Loans Fund operate independently of each other, because they are based on the same capital plans, they will broadly be consistent to each other over the long term. However, significant differences may arise over the short-term. This may include, for example, delaying external borrowing due to unfavourable prevailing interest rates, where the Council's daily cashflow remains positive, or where the Council has significant levels of Reserves.

The annuity repayment method is used for all internal capital advances through the Loans Fund. For advances made from 2024/25, the Council applies a 4.0% annuity rate as an appropriate rate to calculate the annual repayment of the loans fund advances, whilst advances from previous years continue to calculate the annual repayments using a 6.25% annuity rate. The Council repays (amortises) the capital advances over the life of the asset being funded, up to a maximum of 50 years. The Council also defers the repayment of Loans Fund advances until the asset being funded is completed and operational. Therefore, the total number of years may exceed 50 years from the year the capital expenditure was incurred where the total expenditure on an asset is spread over two or more years before the asset becomes operational.

The value of Loans Fund advances outstanding at 31 March 2026 is £888.9 million. This is made up as follows:

	Advances 1 April 2025 £'000	Debt Transferred £'000	Repaid 2025/26 £'000	Net Advances 2025/26 £'000	Advances 31 March 2026 £'000
General Fund	569,907	0	(3,228)	61,773	628,452
Prudential Borrowing	50,705	0	(3,190)	14,113	61,628
Sub Total	620,612	0	(6,418)	75,886	690,080
HRA	168,883	0	(3,502)	33,439	198,820
Total	789,495	0	(9,920)	109,325	888,900

The estimated future repayments of these advances is summarised in the table below:

	General Fund £'000	Prudential Borrowing £'000	Sub Total: General Fund £'000	HRA £'000	Total 31 March 2026 £'000
Within 1 year	3,915	4,010	7,925	3,013	10,938
Between 1 and 2 years	4,317	3,670	7,987	3,187	11,174
Between 2 and 5 years	14,264	10,143	24,407	10,390	34,797
Between 5 and 10 years	27,922	7,758	35,680	20,573	56,253
Between 10 and 15 years	37,666	5,396	43,062	22,697	65,759
between 15 and 20 years	50,004	4,867	54,871	22,702	77,573
Between 20 and 25 years	66,457	5,501	71,958	21,012	92,970
More than 25 years	423,907	20,283	444,190	95,246	539,436
Total	628,452	61,628	690,080	198,820	888,900

Comparison of the outstanding capital advances above with the Council's long-term external debt demonstrates that actual capital expenditure funded by borrowing is higher than the actual borrowing undertaken to date by around £81.7 million. This "under-borrowed" position has increased from £74.3 million at the start of the year. This reflects the strategy adopted in recent years of deferring new borrowing whilst rates were at high levels and applying maturing investment balances to meet immediate cashflow requirements. New borrowing would only be undertaken when there were insufficient available balances, or where rates dropped below current forecasts. It should also be noted that the Council has approved a significant borrowing requirement over the next 6 years on its Capital programmes.

The Council approved its new Composite Capital Budget to 2031/32 on 4 March 2026 (Report No. 26/55 refers), whilst the Housing and Social Wellbeing Committee approved the HRA Capital Investment Programme to 2030/31 on 21 January 2026 (Report No. 26/21 refers). The last report to the Finance and Resources Committee on 22 April 2026 (Report No. 26/111 refers) approved adjustments to these Programmes.

The latest approved General Fund (Composite) Capital Budget and Housing Investment (HRA) Programme includes the amount of capital expenditure to be funded by borrowing (i.e. new Loans Fund advances) in each of the next 6 years as follows:

	General Fund	Housing Investment Programme	Total
	£'000	£'000	£'000
2026/27	107,840	32,605	140,445
2027/28	79,904	16,874	96,778
2028/29	64,581	9,196	73,777
2029/30	54,825	7,432	62,257
2030/31	57,362	18,735	76,097
2031/32	31,063	0	31,063
Total	<u>395,575</u>	<u>84,842</u>	<u>480,417</u>

All the above Loans Fund repayments have been included in the Loan Charge estimates within the approved Medium-Term Financial Plan and therefore remain affordable under the current Loan Charge Budget strategy. This also includes estimates of new borrowing for the years beyond 2031/32.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

2024/25		2025/26		
£'000		£'000	£'000	£'000
	Income			
(33,613)	Dwelling Rents	(36,414)		
519	less Voids	495		
			(35,919)	
(619)	Non-Dwelling Rents	(653)		
38	less Voids	42		
			(611)	
(1,762)	Other Income		(1,992)	
(35,437)	Total Income			(38,522)
	Expenditure			
8,878	Repairs and Maintenance		9,605	
16,174	Supervision and Management		16,567	
12,831	Depreciation, impairment and revaluation losses on non current assets		16,068	
77	Movement in the Impairment of Debtors		203	
279	Other expenditure		304	
38,239	Total Expenditure			42,747
2,802	Net Expenditure for HRA Services as included in the Comprehensive Income and Expenditure Statement			4,225
269	HRA services' share of Corporate and Democratic Core			225
3,071	Net Expenditure for HRA Services			4,450
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
(39)	(Gain) / Loss on sale of HRA Non-Current Assets			199
4,998	Interest payable and similar charges			5,455
(247)	Interest and investment income			(128)
(167)	Net Interest on the net defined benefit liability			2
0	Market value investment properties			85
(10,365)	Capital Grants and Contributions Receivable			(8,722)
(2,749)	Deficit/(surplus) for the year on HRA services			1,341

STATEMENT OF MOVEMENTS ON THE HOUSING REVENUE ACCOUNT BALANCE

The Statement of Movement on the Housing Revenue Account balance reconciles the Housing Revenue Account to the HRA balance, an earmarked element of the Council's General Fund Balance.

<u>2024/25</u>		<u>2025/26</u>	
£'000		£'000	£'000
(2,260)	Balance on the HRA at the end of the Previous Year		(2,258)
(2,749)	Deficit/(Surplus) for the year on the HRA Income and Expenditure Account	1,341	
1,975	Adjustments to Usable reserves permitted by Statute	(4,148)	
776	Adjustments between Accounting Basis and Funding Basis Under Statute	2,312	
2	Net Decrease before Transfers to or from Reserves	(495)	
0	Transfer from Reserves	0	
2	Movement in Year on the HRA		(495)
(2,258)	Balance on the HRA at the end of the Current Year		(2,753)

Note to the Statement of Movement on the HRA Balance

<u>2024/25</u>		<u>2025/26</u>	
£'000		£'000	£'000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year			
39	(Gain)/Loss on sale of HRA Non-current assets	(199)	
(14,194)	Depreciation and impairment of non current assets	(17,082)	
587	Revaluation Loss/(gain)	(1,297)	
10,365	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	8,722	
0	Movements in Fair Value of Investment properties	(85)	
(37)	Adjustments involving Short Term Accumulated Absences Account	(46)	
(1,544)	Reversal of items relating to retirement benefits credited to the Comprehensive Income and Expenditure Statement	(1,482)	
(4,784)			(11,469)
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year			
1,707	Employer's pension contributions and direct payments to pensioners payable in the year	1,801	
136	Adjustments involving the Financial Instruments Adjustment Account	136	
3,083	Statutory provision for the repayment of debt	3,503	
1,833	Capital expenditure charged to the HRA balances	1,881	
6,759			7,321
1,975	Net additional amount required by statute to be (credited)/debited to the HRA Balance for the year		(4,148)

THE ACCOMPANYING NOTES TO THE HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

1. **Housing Stock** at 31 March 2026

	No. of Dwellings 31 March 2026	No. of Dwellings 31 March 2025
Sheltered accommodation	284	284
Detached/Semi-Detached/Terraced	4,019	3,965
High Rise Flats	194	152
Tenement Flats/Other Flats/Maisonettes	3,871	3,825
Total	8,368	8,226

2. **Rent Arrears** at 31 March 2026

	Gross Arrears 31 March 2026		Gross Arrears 31 March 2025	
	£'000	% of Income	£'000	% of Income
Houses	3,361	9.2	3,281	9.8
Other Subjects	118	18.1	73	11.8
Totals	3,479	10.2	3,354	9.8

3. **Impairment of Debtors**

In 2025/26 an impairment of £2.126 million has been provided in the Balance Sheet, an increase of £203,000 from the impairment in 2024/25.

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 Comprehensive Income and Expenditure Statement of the Council.

<u>2024/25</u>		<u>2025/26</u>	
£'000		£'000	£'000
120,432	Gross Charge		132,876
	Deduct -		
(3,716)	Exemptions		(3,976)
(204)	Disabled Relief		(229)
(6,763)	Discounts and Reductions		(7,723)
(7,590)	Council Tax Reduction Scheme		(8,426)
<u>102,159</u>	Net Council Tax		<u>112,522</u>
	Deduct -		
(7)	Ministry of Defence Properties	(8)	
7	Contribution Received	<u>8</u>	
			0
(1,765)	Provision for Bad and Doubtful Debts		(1,881)
<u>100,394</u>	Total Council Tax Income		<u>110,641</u>
(15)	Adjustments for prior years for Council Tax		(839)
<u><u>100,379</u></u>	Total Council Tax Income to Comprehensive Income and Expenditure Statement		<u><u>109,802</u></u>

THE ACCOMPANYING NOTES TO THE COUNCIL TAX INCOME ACCOUNT

1. CALCULATION OF THE COUNCIL TAX BASE AT 31 MARCH 2026

	A	B	C	D	E	F	G	H	2025/26 TOTAL	2024/25 TOTAL
No. of Properties	8,725	15,056	13,101	12,094	12,469	8,495	6,877	721	77,538	77,100
Exemptions	(671)	(636)	(474)	(282)	(250)	(122)	(96)	(23)	(2,554)	(2,720)
Disabled Relief	66	48	(2)	35	(52)	(5)	(85)	(5)	0	0
Discounts	(1,400)	(1,971)	(1,436)	(1,106)	(861)	(454)	(277)	(28)	(7,533)	(7,400)
Effective No. of Properties	6,720	12,497	11,189	10,741	11,306	7,914	6,419	665	67,451	66,980
Ratio	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360		
Band D Equivalents	4,477	9,720	9,946	10,741	14,855	12,860	12,570	1,629	76,798	76,162
Contributions in lieu									7	7
TOTAL									76,805	76,169
Provision for non-payment at 1.75%									(1,344)	(1,333)
COUNCIL TAX BASE									75,461	74,836

2. THE COUNCIL TAX CHARGE

The Council Tax is based on the value of a domestic property together with a personal element which takes into account the number and circumstances of that property's occupants.

Each property is placed in one of eight valuation bands (A-H) in accordance with their value as at 1 April 1991. The Council Tax charge levied for each property is calculated in proportion to the Council Tax charge for a band D property by applying fractions.

A discount of 25% is given where there is only one adult resident in a property or where all others are disregarded for Council Tax purposes; those disregarded include persons in detention, students, and those with a severe mental impairment. Where a dwelling is occupied only by disregarded persons a full exemption may apply. A 200% charge is payable on long term empty dwellings and most second homes. Second homes that are job-related or purpose-built holiday homes can receive a 50% discount. Reductions in Council Tax are also granted for dwellings adapted to meet the needs of persons with a disability.

The valuation bands, the fractions used in calculating the Council Tax payable for each valuation band and the actual charges determined for 2025/26 are set out below:

Valuation Band	Property Valuation Range	Fraction of band D	2025/26 Actual Charge	2024/25 Actual Charge
A	£0 - £27,000	240/360	£1,024.69	£935.79
B	£27,001 - £35,000	280/360	£1,195.47	£1,091.75
C	£35,001 - £45,000	320/360	£1,366.25	£1,247.72
D	£45,001 - £58,000	360/360	£1,537.04	£1,403.69
E	£58,001 - £80,000	473/360	£2,019.49	£1,844.29
F	£80,001 - £106,000	585/360	£2,497.69	£2,280.99
G	£106,001 - £212,000	705/360	£3,010.03	£2,748.89
H	Over £212,000	882/360	£3,765.74	£3,439.04

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.

2024/25		2025/26	
£'000		£'000	£'000
90,104	Gross Rate Levied		91,019
738	Discretionary Relief funded by the Council		747
(1,218)	Transitional Relief		(731)
			<u>91,035</u>
	Deduct:		
(3,138)	Rate Rebates	(3,212)	
(10)	Interest on Overpaid Rates	(1)	
(19,446)	Reliefs, Charities etc.	(21,199)	
(369)	Provision for Bad and Doubtful Debts	(456)	
			<u>(24,868)</u>
	Adjustments to Previous Years:		
(1,319)	Gross Rate Levied	(1,557)	
56	Transitional Surcharge/Relief	(355)	
(1,002)	Reliefs, Charities etc.	(1,018)	
(156)	Impairment for Bad and Doubtful Debts and Abatements	(724)	
			<u>(3,654)</u>
<u>64,240</u>	Net Non-Domestic Rate Income-		<u>62,513</u>
(64,240)	Contribution to National Non-Domestic Rate Pool	(62,513)	
64,717	Contribution from National Non-Domestic Rate Pool	63,537	
<u>477</u>	Net contribution (to) / from National Non-Domestic Rate Pool		<u>1,024</u>
<u>64,717</u>	Total Non-Domestic Rate Income to Comprehensive Income and Expenditure Statement		<u>63,537</u>

THE ACCOMPANYING NOTES TO THE NON-DOMESTIC RATE INCOME ACCOUNT

1. NON-DOMESTIC RATES

Non-Domestic Rates Income is set and pooled nationally but generated and collected locally by Scottish Local Authorities. It is distributed back to those local authorities through a distribution formula agreed with COSLA as part of the local government finance settlement, therefore it bears no direct relationship to the amounts collected by those authorities. The rate poundage set by the Scottish Government for 2025/26 was 49.8p (unchanged from 2024/25).

The Small Business Bonus Scheme, introduced from 1 April 2008, provides relief to businesses based on their combined rateable value. Significant changes were made from 1 April 2023; the combined rateable value threshold remained at £35,000 with relief now available on all individual properties with a rateable value of £20,000 or less. Subject to eligibility, this provides 100% relief where the rateable value is £12,000 or less and a tapered award where the rateable value is greater than £12,000. Awards totalling around £10 million were provided to businesses within the Perth and Kinross area in 2025/26.

A supplement of 4.7p was charged on properties with a rateable value of between £51,001 and £100,000 and a supplement of 6.1p was charged on properties with a rateable value exceeding £100,000 to contribute towards the additional cost of the Small Business Bonus scheme (4.7p and 6.1p respectively in 2024/25).

2. RATEABLE SUBJECTS AND VALUES

<i>No. of Subjects at 1 April 2024</i>	<i>Rateable Value £'000 at 1 April 2024</i>		<i>No. of Subjects at 1 April 2025</i>	<i>Rateable Value £'000 at 1 April 2025</i>
1,689	34,446	Shops	1,690	33,614
78	1,645	Public Houses	78	1,607
1,043	13,401	Offices (including banks)	1,040	13,110
204	14,672	Hotels etc.	202	14,443
1,781	26,142	Industrial Subjects etc.	1,813	26,394
1,824	13,876	Leisure, Entertainment, Caravans etc.	1,857	13,895
150	5,007	Garages and Petrol Stations	151	5,047
59	1,471	Cultural	60	1,699
1,405	3,256	Sporting Subjects	1,403	3,151
119	16,697	Education and Training	119	16,750
421	8,677	Public Service Subjects	417	8,670
1	0	Communications	1	0
23	535	Quarries, Mines etc.	23	535
2	4,165	Petrochemical	2	3,876
238	1,914	Religious	237	1,917
114	6,296	Health, Medical	113	6,292
750	2,363	Other	721	2,072
60	3,556	Care Facilities	59	3,777
28	89	Advertising	22	103
96	12,883	Undertaking	97	12,975
10,085	171,091	Total	10,105	169,927

Charitable Trusts

The Council administers Perth and Kinross Educational Trust and various other Charitable Trusts and Endowments. The figures below summarise the aggregate income and expenditure for the year and the assets and liabilities at 31 March 2026.

INCOME AND EXPENDITURE ACCOUNT FOR YEAR TO 31 MARCH 2026

	2025/26 £'000	2025/26 £'000	2024/25 £'000
Incoming Resources			
Income resources from generated funds:			
Income from donations and legacies	0		96
Investment income	172		158
Total Incoming Resources		172	254
Resources Expended			
Costs of generating funds:			
Investment management costs	18		17
Charitable activities	115		159
Governance costs	13		12
Reorganisation of trusts	0		20
Total Resources Expended		146	208
Net Incoming Resources before other Recognised Gains and Losses		26	46
Other Recognised Gains:			
Gains on revaluation of fixed assets for charity's own use		4	0
Gain/(losses) on Investment Assets		246	12
Net Movement in Funds for the Year		276	58
Reconciliation of Funds			
Total Funds Brought Forward		3,781	3,723
Total Funds Carried Forward		4,057	3,781

BALANCE SHEET AS AT 31 MARCH 2026

	2025/26 £'000	2025/26 £'000	2024/25 £'000
Fixed Assets			
Tangible Assets		84	80
Investments		3,427	3,210
		3,511	3,290
Current Assets			
Debtors	3		26
Investments - Amounts due by Perth and Kinross Council			
Loans Fund	562		474
	565		500
Liabilities			
Creditors: amounts falling due within one year	(19)		(9)
Net Current Assets		546	491
Net Assets		4,057	3,781
Total Funds		4,057	3,781

Notes to Charitable Trusts

1. The market value of Investments at 31 March 2026 was £3.427 million (31 March 2025 £3.210 million).
2. The unaudited accounts were issued on 29 June 2026.

Scott Walker CPFA
Chief Finance Officer
Date: 29 June 2026

Common Good

The Council administers the Common Good Accounts for ten former burghs within Perth and Kinross. The figures below summarise the aggregate income and expenditure for the year and detail the Assets and Liabilities at 31 March 2026.

INCOME AND EXPENDITURE STATEMENT FOR YEAR TO 31 MARCH 2026

	2025/26 £'000	2025/26 £'000	2024/25 £'000
Expenditure			
Grants to Voluntary Organisations	233		161
Christmas Lighting	30		39
Property Costs	95		60
Supplies and Services	15		15
		373	275
Income			
Rents, Fees, Charges etc.	288		285
Interest on Loans	111		130
Other	0		15
		399	430
Operating Surplus for the Year		26	155
Surplus Brought Forward		2,525	2,370
Accumulated Surplus at 31 March		2,551	2,525

BALANCE SHEET AS AT 31 MARCH 2026

	2025/26 £'000	2025/26 £'000	2024/25 £'000
Fixed Assets			
Property, Plant and Equipment		5,480	5,363
Right of Use Asset		10	20
Current Assets			
Debtors	27		22
Investments	2,803		2,693
Cash and Cash Equivalents	147		168
		2,977	2,883
Current Liabilities			
Creditors and Accruals		(146)	(78)
Net Current Assets / (Liabilities)		2,831	2,805
Long Term Liability - Right of Use		0	(10)
Total Net Assets		8,321	8,178
Reserves			
Revenue		2,551	2,525
Capital		477	477
Revaluation Reserve		5,293	5,176
		8,321	8,178

The unaudited accounts were issued on 29 June 2026.

Scott Walker CPFA
Chief Finance Officer
Date: 29 June 2026

The Accompanying Notes to the Common Good Accounts

1. The use of common good assets is accounted for on a risk and rewards based approach. The Council General Fund or Housing Revenue Account will meet the day-to-day operating costs of the property, and any repairs or improvement works required to the property, in return for the use of the common good asset for the delivery of Council services. No rent for the use of the property is payable to the Common Good Fund on the basis that the Fund benefits from the Council expenditure incurred in maintaining and upgrading the sites. No expenditure is charged to the Common Good Fund for the Council expertise in managing the assets.

In respect of common good sites that are leased out to a party external to the Council, the tenant will bear the responsibility for the upkeep of the property. The Common Good Fund is, therefore, credited with the annual rental income arising from the lease agreement.

2. Depreciation

Depreciation on Common Good Funds is charged on buildings, based on current value less residual value over the remaining useful life of the property. The buildings have a life expectancy of over 50 years and depreciation has been charged on a straight line basis over that period.

3. Common Good Reserve Funds

Fund:	Balance at 1 April 2025 £'000	Surplus / (Deficit) 2025/26 £'000	Balance at 31 March 2026 £'000
Perth City	1,820	6	1,826
Aberfeldy	132	4	136
Abernethy	3	0	3
Alyth	22	0	22
Auchterarder	327	9	336
Blairstown	22	1	23
Crieff	16	1	17
Kinross	171	2	173
Pitlochry	12	3	15
Total	2,525	26	2,551

Coupar Angus Common Good Fund has a nil balance for both years.

4. Common Good Fixed Assets

The Community Empowerment (Scotland) Act 2015 requires the Council to establish and maintain a list of property which is held as part of the Common Good. The review of property titles to facilitate the publication of the list has been completed, and following a period of public consultation, the findings are now available on the [Common Good Land Register](#) page of the Perth and Kinross Council website.

The review of moveable Common Good property has continued in 2025/26 and is expected to complete in 2026/27.

5. Right of Use Assets

IFRS 16 Leases has been applied to the Perth site leased in for the storage of Christmas lighting. It is therefore considered a Right of Use asset, and results in a Balance Sheet asset in respect of the site with a corresponding liability for the remaining lease payments.

The opening balance of the asset and liability is £20,000, the principal repaid during the year is £10,000, and the liability at 31 March 2026 is £10,000.

The PWLB rate used for the calculation of the liability at 1 April 2025 is 5.24%, and the Interest expense charged to the Income and Expenditure Statement during the year is £1,000 (2024/25 £1,500).

GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Housing Revenue Account	Capital Fund	Insurance Fund	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	TOTAL Authority Reserves	Restated Authority's share of subsidiaries and managed funds £'000	Restated Authority's share of associates and joint ventures £'000	TOTAL Reserves £'000
Balance at 1 April 2024	(83,794)	(2,260)	(31,026)	(1,709)	(2,102)	(87)	(120,978)	(718,738)	(839,716)	(29,576)	(5,441)	(874,733)
<u>Movement in reserves during 2024/25</u>												
Adjustment on transition to new accounting arrangements for leases	0	0	0	0	0	0	0	0	0	0	(4,195)	(4,195)
	(83,794)	(2,260)	(31,026)	(1,709)	(2,102)	(87)	(120,978)	(718,738)	(839,716)	(29,576)	(9,636)	(878,928)
<u>Movement in reserves during 2024/25</u>												
Total Comprehensive Income and Expenditure	28,909	(2,749)	0	0	0	0	26,160	83,859	110,019	3,757	(3,097)	110,679
Adjustments to Usable Reserves permitted by accounting standards	(6,187)	776	0	0	0	0	(5,411)	5,411	0	0	0	0
Adjustments from income and expenditure charged under the accounting basis to the funding basis	(9,178)	1,975	0	0	770	(1,060)	(7,493)	7,493	0	0	0	0
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	(2,914)	0	0	0	0	0	(2,914)	2,914	0	0	0	0
(Increase)/Decrease in 2024/25	10,630	2	0	0	770	(1,060)	10,342	99,677	110,019	3,757	(3,097)	110,679
Transfers to/(from) Other Statutory Reserves	4,880	0	(5,966)	1,086	0	0	0	0	0	0	0	0
Balance at 31 March 2025 carried forward	(68,284)	(2,258)	(36,992)	(623)	(1,332)	(1,147)	(110,636)	(619,061)	(729,697)	(25,819)	(8,538)	(768,248)
Total Comprehensive Income and Expenditure	41,231	1,341	0	0	0	0	42,572	(43,046)	(474)	202	3,836	3,564
Adjustments to Usable Reserves permitted by accounting standards	(6,697)	2,312	0	0	0	0	(4,385)	4,385	0	0	0	0
Adjustments from income and expenditure charged under the accounting basis to the funding basis	(28,802)	(4,148)	0	0	(174)	(215)	(33,339)	33,339	0	0	0	0
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	(2,746)	0	0	0	0	0	(2,746)	2,746	0	0	0	0
(Increase) or Decrease in 2025/26	2,986	(495)	0	0	(174)	(215)	2,102	(2,576)	(474)	202	3,836	3,564
Transfers to/(from) Other Statutory Reserves	4,365	0	(2,477)	(1,888)	0	0	0	0	0	0	0	0
Balance at 31 March 2026 carried forward	(60,933)	(2,753)	(39,469)	(2,511)	(1,506)	(1,362)	(108,534)	(621,637)	(730,171)	(25,617)	(4,702)	(764,684)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2024/25			2025/26		
Net		Note	Gross	Income	Net
Expenditure			Expenditure		Expenditure
£'000			£'000	£'000	£'000
	SERVICES				
167,974	Education and Learning		183,268	(5,914)	177,354
97,228	Health and Social Care		245,219	(134,949)	110,270
24,007	Children, Families and Justice		30,612	(5,946)	24,666
29,203	Economy, Development and Planning		44,949	(23,028)	21,921
49,874	Environment and Infrastructure		59,643	(12,429)	47,214
19,026	Housing and Communities		32,571	(13,884)	18,687
78,966	Property Services		95,206	(9,374)	85,832
4,559	Legal and Governance		5,335	(1,330)	4,005
17,186	Customer and Digital Services		32,959	(15,397)	17,562
5,505	Strategic Planning, People and Performance		5,524	(303)	5,221
283	Projects and Programmes		325	0	325
8,289	Finance and Business Support		11,189	(2,656)	8,533
1,327	Directorate Core Costs		578	(2)	576
2,802	Housing Revenue Account		42,747	(38,522)	4,225
1,434	Valuation Joint Board		1,393	0	1,393
112	Charitable Trusts		146	0	146
(25)	Common Good		373	(288)	85
507,750	COST OF SERVICES		792,037	(264,022)	528,015
(106)	Other Operating Expenditure / Income		1,728	(769)	959
18,832	Financing and Investment Income and Expenditure	4	28,506	(5,227)	23,279
(498,321)	Taxation and Non-Specific Grant Income		0	(510,772)	(510,772)
28,155	Deficit on Provision of Services		822,271	(780,790)	41,481
2,473	Share of the (Surplus)/Deficit on the provision of services by Associates and Joint Ventures				(1,566)
30,628	Group Deficit				39,915
83,470	(Surplus)/Deficit on revaluation of non current assets				(46,869)
1,002	Remeasurement of the net defined benefit liability				5,044
1,148	Other gains and losses				72
(5,202)	Share of the other comprehensive income and expenditure of Associates and Joint Ventures				5,402
80,418	Other Comprehensive Income and Expenditure				(36,351)
111,046	Total Comprehensive Income and Expenditure				3,564

GROUP BALANCE SHEET

31 March 2025		Notes	31 March 2026
£'000			£'000
1,593,666	Property, Plant and Equipment		1,694,595
52,099	Heritage Assets		52,099
16,184	Investment Property		17,029
2,189	Intangible Assets		1,216
4,298	Long Term Investments	5	7,484
12,732	Investment in Joint Venture		8,895
530	Long Term Debtors		357
1,681,698	Long Term Assets		1,781,675
2,693	Short Term Investments	5	7,817
875	Assets Held for Sale		565
747	Inventories		726
51,617	Short Term Debtors	6	49,572
31,259	Cash and Cash Equivalents		21,156
87,191	Current Assets		79,836
(40,581)	Short Term Borrowing		(133,925)
(98,660)	Short Term Creditors	7	(87,282)
(2,814)	Provisions		(1,391)
(142,055)	Current Liabilities		(222,598)
(1,951)	Provisions		(3,664)
(683,808)	Long Term Borrowing		(699,871)
(172,827)	Other Long Term Liabilities		(170,694)
(858,586)	Long Term Liabilities		(874,229)
768,248	NET ASSETS		764,684
110,636	Usable Reserves		108,534
619,061	Unusable Reserves		621,637
26,592	Group Reserves		22,135
11,959	Charitable and Common Good Reserves		12,378
768,248	TOTAL RESERVES		764,684

The Unaudited Annual Accounts were issued on 29 June 2026.

The accompanying notes form an integral part of these financial statements.

Scott Walker CPFA
Chief Finance Officer
Date: 29 June 2026

GROUP CASH FLOW STATEMENT

<u>2024/25</u>		<u>Notes</u>	<u>2025/26</u>
£'000			£'000
(28,155)	Deficit on the provision of services		(41,181)
72,585	Adjustments to net surplus or deficit on the provision of services for non cash movements		79,014
(43,242)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(24,813)
<u>1,188</u>	Net cash flows from Operating Activities		<u>13,020</u>
(86,402)	Investing Activities	10	(124,417)
80,017	Financing Activities	11	101,294
<u>(5,197)</u>	Net increase/(decrease) in cash and cash equivalents		<u>(10,103)</u>
36,456	Cash and cash equivalents at the beginning of the reporting period		31,259
<u><u>31,259</u></u>	Cash and cash equivalents at the end of the reporting period		<u><u>21,156</u></u>

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

<u>2024/25</u>		<u>2025/26</u>
<u>£'000</u>		<u>£'000</u>
26,160	Deficit on the single entity Comprehensive Income and Expenditure Statement for the year	42,572
	Add:	
(213)	• Managed Funds - Charitable Trusts and Common Good	(302)
2,373	• Joint Venture	(1,687)
100	• Associates	121
2,208	• Subsidiaries	(789)
<u>30,628</u>	Deficit for the year on the Group Comprehensive Income and Expenditure Statement	<u>39,915</u>

Notes to the Group Accounts

1. Combining Entities

The results of Tayside Valuation Joint Board which is jointly administered with Dundee City and Angus Councils have been included in the Group Accounts. The Council is exempt from including the Board as a subsidiary as the Scottish Government exercises a dominant influence on the Board evidenced particularly by its ability to reconstitute or abolish statutory bodies or otherwise influence their operating and financial policies.

A number of Councillors have voting rights on the Board. The Council has an obligation to contribute to the Joint Board losses or deficits and the ability to exercise significant influence over it. The Joint Board has therefore been incorporated in the Group Accounts under the equity method of Accounting for Associates.

For the purpose of consolidation and incorporation within the Group Accounts, recognition has been made of the Council's interest which is based on its share of the contributions made to the Tayside Valuation Joint Board, which in 2025/26 was 39.42% (2024/25 42.46%). The accounting period for the Board is the year to 31 March 2026 and the Board Statements of Accounts presents fairly its individual financial position.

The individual accounts relating to Tayside Valuation Joint Board are published separately and can be obtained from the Director of Corporate Services, Dundee City Council, Dundee House, 50 North Lindsay Street, Dundee, DD1 1QE.

In addition, the Council has also included Live Active Leisure Ltd., Perth Theatre and Concert Hall Ltd. and Culture Perth and Kinross Ltd. as subsidiaries within its Group Accounts in accordance with IAS 27 Consolidated and Separate Financial Statements, and in particular SIC 12 Consolidation – Special Purpose Entities. These organisations deliver services on behalf of the Council, and the Council therefore obtains benefit from their operations. In addition, service delivery is managed through Service Level Agreements specific to the service provision required from the organisations by the Council. Live Active Leisure Ltd., Perth Theatre and Concert Hall Ltd. and Culture Perth and Kinross Ltd. are governed by company and charitable trust regulations. For the purpose of consolidation and incorporation within the Group Accounts it has been assumed that the Council's interest in these organisations is 100% due to the nature of Council control and direction over their operations.

Live Active Leisure Ltd., Perth Theatre and Concert Hall Ltd. and Culture Perth and Kinross Ltd. are arm's length companies with sole member status with the Council being the sole member in each company.

The individual accounts relating to these organisations are published separately, and can be obtained from the following addresses:-

Live Active Leisure Ltd.	Caledonia House, Hay Street, Perth, PH1 5HS
Perth Theatre and Concert Hall Ltd.	Perth Concert Hall, Mill Street, Perth, PH1 5HZ
Culture Perth and Kinross Ltd.	A K Bell Library, 2-8 York Place, Perth, PH2 8EP

The income, expenditure, assets and liabilities of the Charitable Trusts which are administered and controlled by the Council have also been included as a managed fund. The nature of the assets of the managed fund are heritable property, investments and debtors. The assets are not the property of Perth and Kinross Council and are subject to charitable trust regulations. The Income and Expenditure Account of the Charitable Trusts is detailed on page 98 of the Annual Accounts.

The income, expenditure, assets and liabilities of the Common Good Accounts which are administered and controlled by the Council have also been included as a managed fund. The nature of the assets of the managed fund are heritable property, investments and debtors. The assets are the property of Perth and Kinross Council and are subject to the Accounting Code of Practice. The Income and Expenditure Account of the Common Good is detailed on page 99 of the Annual Accounts.

Perth and Kinross Council's share of the assets and liabilities of Tayside Contracts Joint Committee, which is jointly administered and controlled with Dundee City Council and Angus Council, has been included in the Group Accounts using the equity method for an associate due to the Council having significant influence, rather than joint control over the entity. The Council's investment in Tayside Contracts for 2025/26 is 41% (2024/25 41%). Copies of Tayside Contracts Joint Committee's individual accounts are published separately, and can be obtained from Tayside Contracts, 1 Soutar Street, Dundee, DD3 8SS.

Perth and Kinross Integration Joint Board (IJB) is the statutory body established to integrate health and social care services between the Council and NHS Tayside. The IJB Board consists of eight voting members, four of whom are Perth and Kinross councillors. The Council can therefore exercise joint control over the arrangement and the IJB has been consolidated into the Council Group accounts as a joint venture using the equity method and a percentage share of 50%. Copies of the Perth and Kinross Integration Joint Board individual accounts are published separately and can be obtained from the Chief Financial Officer, Perth and Kinross Integration Joint Board, 2 High Street, Perth, PH1 5PH.

Tayside and Central Scotland Transport Partnership (TACTRAN) is a statutory body established under the Transport (Scotland) Act 2005. The partnership covers Angus, Dundee City, Perth and Kinross and Stirling Council areas. The results of TACTRAN have been excluded from Perth and Kinross Council's Group accounts on the grounds of materiality.

2. Nature of Combination

The Council inherited its interest in the Tayside Valuation Joint Board following the reorganisation of local government in 1996. It is considered that the Council's interest was obtained on an acquisition basis. However, as no consideration was given, no goodwill requires to be accounted for.

3. Financial Impact of Consolidation and Going Concern

The effect of inclusion of the Subsidiaries and Associates listed above in the Group Balance Sheet is to increase both reserves and net assets by £34.513 million (2024/25 £38.551 million increase).

All Subsidiaries and the Associate have prepared their accounts on a 'going concern' basis. The Council's Group Accounts have been prepared on a 'going concern' basis as there is no reason to suggest that future funding will not continue. Apart from the disclosures made in the Notes to the Group Accounts there were no material amounts or details in relation to associates or managed funds.

4. Group Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

	2025/26 £'000	2024/25 £'000
Council Financing and Investment Income and Expenditure	24,041	19,430
Subsidiaries	(229)	(298)
Charitable Trusts	(422)	(170)
Common Good	(111)	(130)
Total Group CIES Financing and Investment Income and Expenditure	23,279	18,832

5. Group Balance Sheet – Investments

	2025/26 £'000	2024/25 £'000
Council Investments	5,014	0
Charitable Trusts Investments	3,427	3,210
Common Good Investments	2,803	2,693
Subsidiaries	4,057	1,088
Total Group Investments	15,301	6,991

6. Group Balance Sheet – Short Term Debtors (net of provisions)

	2025/26 £'000	2024/25 £'000
Net Debtors Balance - Note 28 to the Financial Statements	47,971	50,007
Subsidiary Debtors	1,571	1,562
Charitable Trust		
Debtors	565	500
Inter-company elimination	(562)	(474)
Common Good		
Debtors	174	190
Inter-company elimination	(147)	(168)
Total Group Debtors	49,572	51,617

7. Group Balance Sheet – Short Term Creditors

	2025/26 £'000	2024/25 £'000
Net Creditors Balance - Note 29 to the Financial Statements	(84,063)	(95,500)
Charitable Trust		
Creditors	(146)	(9)
Inter-company elimination	147	474
Common Good		
Creditors	(19)	(68)
Inter-company elimination	562	168
	<u>(83,519)</u>	<u>(94,935)</u>
Subsidiary Creditors	(3,763)	(3,725)
Total Group Creditors	<u><u>(87,282)</u></u>	<u><u>(98,660)</u></u>

8. Group Balance Sheet – Pension Liability

	2025/26 £'000	2024/25 £'000
Net Pensions Liability at 31 March - Note 18 to the Financial Statements	(17,753)	(18,533)
Subsidiaries	(5)	(7)
Group Pension Liability at 31 March	<u><u>(17,758)</u></u>	<u><u>(18,540)</u></u>

9. Group Cash Flow Statement

There has been no impact on the Group Cash Flow Statement from the inclusion of the Tayside Valuation Joint Board, Tayside Contracts Joint Committee, or the Perth and Kinross Integration Joint Board. Cash transactions between the Joint Boards and the Council are already included within the Council's Cash Flow Statement and there were no dividend transactions.

The impact of the inclusion of Live Active Leisure Ltd., Perth Theatre and Concert Hall Ltd. and Culture Perth and Kinross Ltd. within the Group Cash Flow Statement is to increase the movement in the net cash position by £3.597 million (2024/25 increase of £6.614 million). A cash increase of £1.683 million represents the Council's 100% share of Live Active Leisure Ltd., a cash increase of £1.057 million represents the Council's 100% share of Perth Theatre and Concert Hall Ltd. and a cash increase of £0.857 million represents the Council's 100% share of Culture Perth and Kinross Ltd.

10. Group Cash Flow – Investment Activities

	2025/26 £'000	2024/25 £'000
Council Investing Activities	(121,928)	(91,070)
Subsidiaries	(2,489)	4,668
	<u><u>(124,417)</u></u>	<u><u>(86,402)</u></u>

11. Group Cash Flow – Financing Activities

	2025/26 £'000	2024/25 £'000
Council Financing Activities	101,469	79,998
Subsidiaries	(175)	19
	<u><u>101,294</u></u>	<u><u>80,017</u></u>

Remuneration Report

1. Introduction

[The Local Authority Accounts \(Scotland\) Amendment Regulations 2011 \(SSI No. 2011/64\)](#) require local authorities in Scotland to prepare a Remuneration Report as part of their annual statutory accounts. The disclosures within this report have been prepared in accordance with guidance issued by the Scottish Government on 13 May 2011 in [Local Government Finance Circular No 8/2011](#) (subsequently updated). This guidance prescribes the content and format of the information presented within the Remuneration Report and specifies that remuneration disclosures are to be based upon taxable expenses and benefits. The disclosures are set out in accordance with proper accounting practice as prescribed by the [Code of Practice on Local Authority Accounting in the UK](#) and include prior year comparative figures.

2. Audit of Remuneration Report

The Remuneration Report is a statement in its own right rather than a note to the accounts and certain disclosures within the report are subject to audit.

All information disclosed in **Tables 1 to 7** in this Remuneration Report will be audited by the Council's appointed auditor, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

3. Remuneration of Senior Councillors

- 3.1 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 (Provost), 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.
- 3.2 When determining the level of remuneration for Councillors, the Scottish Ministers considered the recommendations of the former Scottish Local Authority Remuneration Committee (SLARC). SLARC was 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 Committee was stood down in February 2013 however reconvened in April 2023 to undertake a one-off independent review of Councillor Remuneration to ensure terms and conditions continue to reflect the responsibilities of a modern-day Councillor. The recommendations in relation to pay and banding changes were accepted by the Scottish Government and implemented from 1 April 2025.
- 3.3 The Regulations set out the salary that is to be paid to the Leader of the Council in accordance with bandings also set out in the Regulations. The Regulations also permit the Council to remunerate one Civic Head, which in the case of Perth and Kinross Council is the Provost, and sets out the maximum salary that may be paid to that Civic Head. For 2025/26 the maximum salary for the Leader of Perth and Kinross Council is **£50,063** and the Council has agreed that the Civic Head be paid 75% of the salary of the Leader, which for 2025/26 is a maximum of **£37,548**. Please refer to **Table 1**.
- 3.4 In addition to the Leader of the Council and Civic Head, Regulations also set out the maximum number of senior councillors the Council may have; the maximum yearly amount that may be paid to a senior councillor (75% of the total yearly amount payable to the Leader of the Council) and the maximum yearly amount payable by the Council for all senior councillors. Perth and Kinross Council may have a maximum of 14 senior councillors with a maximum salary of **£37,548** and a maximum yearly amount payable for all senior councillors of **£444,710** in 2025/26 (excluding the Council Leader, Civic Head, Conveners and Vice Conveners of Joint Boards). 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.
- 3.5 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 Tayside Valuation Joint Board. The Regulations require the remuneration to be paid by the Council of which the Convener or Vice-Convener is a member. Joint Board Conveners and Vice-Conveners are considered to be senior councillors for remuneration disclosure purposes. In financial year 2025/26, one councillor from Perth and Kinross Council served as Convener or Vice-Convener of a Joint Board.
- 3.6 During 2025/26 Perth and Kinross Council had 13 Senior Councillors and a Vice-Convener of a Joint Board. Details are provided in **Table 1**. Together with the Leader of the Council and the Provost, the total remuneration including taxable expenses paid to these Councillors was **£541,040**. The individual amounts payable to the Leader of the Council, the Provost, Senior Councillors of Perth and Kinross Council and the Vice-Convener of a Joint Board in 2025/26 are set out in **Table 1**. 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 councillor members of the pension scheme.

Table 1: Remuneration of Senior Councillors, Conveners and Vice-Conveners of Joint Boards for Financial Year 2025/26

Name and Post Title	Salary, Fees and Allowances 2025/26 £	Total Remuneration 2025/26 £	Total Remuneration 2024/25 £
Eric Drysdale Council Leader (from 25/09/2025) Depute Leader (until 24/09/2025) (Note 2)	42,511	42,511	29,448
Xander McDade Provost (Civic Head)	37,548	37,548	32,024
Peter Barrett Convener Licensing Board (Note 3)	34,190	34,190	26,176
Bob Brawn Convener Local Review Body (Note 3)	34,190	34,190	26,176
Dave Cuthbert Vice-Convener Tayside Valuation Joint Board and Vice-Convener Tayside Contracts Joint Committee (Note 4)	28,926	28,926	25,352
Stewart Donaldson Convener Finance and Resources Committee	34,528	34,528	29,448
John Duff Leader of Largest Opposition Party	34,528	34,528	29,448
David Illingworth Convener Audit and Risk Committee	34,528	34,528	29,448
Grant Laing Convener Economy and Infrastructure Committee (from 25/02/2026) Council Leader (until 22/09/2025) (Note 5)	26,073	26,073	42,698
Ian Massie Convener Planning and Placemaking Committee	34,528	34,528	29,448
Tom McEwan Convener Housing and Social Wellbeing Committee	34,528	34,528	29,448
Andrew Parrott Depute Provost	30,689	30,689	26,176
John Rebbeck Convener Learning and Families Committee	34,528	34,528	29,448
Colin Stewart Convener Scrutiny and Performance Committee	34,528	34,528	29,448
Richard Watters Convener Climate Change and Sustainability Committee	34,528	34,528	29,448
Michael Williamson Convener Licensing Committee	30,689	30,689	26,176
TOTAL	541,040	541,040	469,810

Notes:

- (1) After adjusting for the salaries of the Leader of the Council, the Civic Head (Provost) and the Vice-Convener of Tayside Valuation Joint Board and Tayside Contracts Joint Committee, the total salaries paid to Senior Councillors in 2025/26 was **£425,800** which compares with the maximum under Regulations of **£444,710**.
- (2) Appointed to Council Leader from 25/09/2025 (FTE Allowance £50,063). Allowance from 01/04/2025 to 24/09/2025 was £34,528.
- (3) Increase in Senior Allowance from £30,689 to £34,528 from 8 May 2025 following Council decision on 7 May 2025.
- (4) Increase in Allowance from £26,797 to £30,689 from 11 September 2025 following Council decision on 10 September 2025.
- (5) Councillor Laing held the position of Council Leader until 22/09/2025 (FTE Allowance £50,063) and was subsequently appointed as a Senior Councillor from 25/02/2026 (FTE Allowance £34,528). The remuneration disclosed above relates solely to the periods 01/04/2025 to 22/09/2025 and 25/02/2026 to 31/03/2026, when senior responsibilities were held. For the intervening period, Councillor Laing received basic councillor remuneration, which is disclosed in the Councillors' Remuneration Report.

- 3.7 The arrangements for political decision-making structures within Perth and Kinross Council as at 31 March 2026, which encompassed the salaries of all elected members including the Council Leader, Civic Head and Senior Councillors, were agreed at the meeting of the Council on 25 May 2022 (Report No. 22/110 refers) and are available on the Council's website.
- 3.8 The Council paid the following salaries and expenses to all Councillors (including those listed in **Table 1** above) in financial year 2025/26:

Table 2: Remuneration Paid to Councillors 1 April 2025 to 31 March 2026

	2025/26	2024/25
Type of Remuneration	£	£
Salaries	1,175,790	974,424
Allowances & Expenses	27,743	32,253
Total	<u>1,203,533</u>	<u>1,006,677</u>

- 3.9 The annual return of Councillors' salaries and expenses for 2025/26 is available for any member of the public to view at Culture Perth and Kinross Ltd. libraries and Council local area offices during normal working hours and is also available on the Council's website at Councillors Expenses.

4. Remuneration of Senior Employees

- 4.1 The Council is required to publish the remuneration of senior employees as defined by the disclosure regulations. Senior employees are defined with reference to their management authority; to the political restriction placed upon their post under section 2(1) (a), (b) or (c) of the Local Government Housing Act 1989 and with reference to their reporting relationship to the Council's 'Head of Paid Service' or Chief Executive. The disclosure requirements also include any employee whose annual remuneration is £150,000 or more. One employee of Perth and Kinross Council was remunerated at this level in 2025/26 (Chief Executive).
- 4.2 The application of the disclosure regulations in relation to the management structure of Perth and Kinross Council defines the following post-holders as senior employees in 2025/26:
- The Chief Executive as statutory head of paid service.
 - The Strategic Lead of Education and Learning as the Council's chief education officer, the Strategic Lead of Legal and Governance Services as the Council's statutory monitoring officer; the Strategic Lead of Finance and Business Support as the Council's proper officer for financial administration and the Council's statutory chief social work officer.
 - The following officers are directly accountable to the Council's head of paid service and/or are directly accountable to the Council or any committee or sub-committee:
 - Depute Chief Executive
 - Director/Chief Officer of the Perth and Kinross Health and Social Care Partnership
 - Strategic Lead - Education and Learning and Chief Education Officer
 - Strategic Lead – Children, Families and Justice
 - Strategic Lead - Finance and Business Support and Chief Finance Officer
 - Strategic Lead – Legal and Governance and Statutory Monitoring Officer
 - Strategic Lead – Strategic Planning, People and Performance
 - Strategic Lead – Projects and Programmes
 - Strategic Lead – Economy, Development and Planning
 - Strategic Lead – Environment and Infrastructure
 - Strategic Lead – Customer and Digital Services
 - Strategic Lead – Housing and Communities
 - Strategic Lead – Property Services
 - Head of Integrated Health and Care - Adults
 - Head of Integrated Health and Care – Older People
 - Chief Finance Officer and Head of Governance/Performance, Health and Social Care

4.3 The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities.

4.4 The remuneration of senior employees of Perth and Kinross Council for 2025/26 is detailed in **Table 3** below:

Table 3: Remuneration of Senior Employees of the Council for Financial Year 2025/26
(Job titles as at 31 March 2026)

Name and Post Title	Salary, Fees and Allowances 2025/26	Termination Payments 2025/26	Total Remuneration 2025/26	Total Remuneration 2024/25 (Note 4)
	£	£	£	£
Thomas Glen Chief Executive (Note 1)	171,287	n/a	171,287	163,305
Clare Mailer Depute Chief Executive	146,043	n/a	146,043	141,133
Jacqueline Pepper Director/Chief Officer of the Health and Social Care Partnership	146,012	n/a	146,012	140,396
David Macluskey Strategic Lead – Education and Learning	113,656	n/a	113,656	24,154
Arun Singh Strategic Lead – Children, Families and Justice	113,656	n/a	113,656	109,285
Scott Walker Strategic Lead – Finance and Business Support	113,690	n/a	113,690	110,477
Lisa Simpson Strategic Lead – Legal and Governance	113,656	n/a	113,656	110,132
Greg Boland Strategic Lead – Strategic Planning, People and Performance	106,735	n/a	106,735	102,630
Charlene Guild Strategic Lead – Projects and Programmes	106,735	n/a	106,735	93,721
Serge Merone Strategic Lead – Economy, Development and Planning	113,656	n/a	113,656	26,133
Fraser Crofts Strategic Lead – Environment and Infrastructure	106,735	n/a	106,735	102,630
Stephen Crawford Strategic Lead – Property Services (up to 10/10/25) (Note 2)	56,473	533	57,006	102,968
John Beveridge Strategic Lead – Property Services (from 06/10/2025) (Note 3)	52,207	n/a	52,207	n/a
Alan Taylor Strategic Lead – Customer and Digital Services	106,747	n/a	106,747	103,071
Elaine Ritchie Strategic Lead – Housing and Communities	106,735	n/a	106,735	102,630
Jane Menzies Head of Integrated Health and Care – Adults	106,735	n/a	106,735	47,906
Zoe Robertson Head of Integrated Health and Care – Older People	106,735	n/a	106,735	98,967
Donna Mitchell Chief Finance Officer and Head of Governance/Performance, Health and Social Care	106,735	n/a	106,735	102,630
TOTAL	1,994,228	533	1,994,761	1,682,168

(see notes)

Notes:

- (1) The substantive salary for the Chief Executive is laid down in COSLA Circular CO-155 and IR 11-25.
 - (2) The substantive salary for Strategic Lead – Property Services is £106,735. Postholder retired 10/10/2025. Termination payment relates to Pay In Lieu of Holidays.
 - (3) The substantive salary for Strategic Lead – Property Services is £106,735. Postholder appointed on 06/10/2025.
 - (4) Total Remuneration for 2024/25 was £1,996,636. The reduction of £314,468 relates to leavers Devlin, Littlejohn, Scott and Williams, who ceased employment during that year and are therefore not included in the 2025/26 disclosure.
- 4.5 Election fees (where applicable) are included with senior employee salaries. No other taxable benefits or bonuses were received by the above-named senior employees of Perth and Kinross Council in 2025/26.
- 4.6 The remuneration paid to the Chief Executive of each of the Council's subsidiary bodies for 2025/26 is detailed in **Table 3A** below:

Table 3A: Remuneration of Council's Subsidiary Bodies Senior Employees for Financial Year 2025/26

Name and Post Title	Salary, Fees and Allowances 2025/26 £	Total Remuneration 2025/26 £	Total Remuneration 2024/25 £
Paul Cromwell Live Active Leisure – Chief Executive	92,120	92,120	89,437
Helen Smout Culture Perth and Kinross Limited – Chief Executive	76,602	76,602	73,730
Christopher Glasgow Perth Theatre and Concert Hall Limited – Chief Executive	72,842	72,842	73,281
TOTAL	241,564	241,564	236,448

5. General Disclosure of Remuneration by Pay Band

- 5.1 In accordance with the disclosure regulations, **Table 4** below details the number of Perth and Kinross Council employees (including teachers) whose annual remuneration in 2025/26 was £50,000 or more, including senior employees subject to individual disclosure in section 4 of this report. The information is presented, as required, in bandings of £5,000.

Table 4: Remuneration of Employees by Pay Band for 2025/26

Remuneration Bands	Number of Employees	
	2025/26	2024/25
£50,000-£54,999	613	212
£55,000-£59,999	199	195
£60,000-£64,999	144	139
£65,000-£69,999	78	78
£70,000-£74,999	63	52
£75,000-£79,999	41	17
£80,000-£84,999	25	18
£85,000-£89,999	5	5
£90,000-£94,999	2	3
£95,000-£99,999	1	4
£100,000-£104,999	3	7
£105,000-£109,999	12	6
£110,000-£114,999	5	0
£115,000-£119,999	0	0
£120,000-£124,999	0	0
£125,000-£129,999	0	0
£130,000-£134,999	0	0
£135,000-£139,999	0	1
£140,000-£144,999	0	2
£145,000-£149,999	2	0
£150,000-£154,999	0	0
£155,000-£159,999	0	0
£160,000-£164,999	0	1
£165,000-£169,999	0	0
£170,000-£174,999	1	0
Total	1,194	740

Notes:

For 2025/26, the £50,000 - £54,999, £55,000 - £59,999 and £60,000 - £64,999 pay bands include 508, 76 and 115 teaching staff respectively.

For 2025/26 1,194 employees fell into the bandings above; 872 were teaching staff. For context, the top of the main grade teacher scale is £52,614 effective from 1 August 2025.

Table 5: The number of Exit Packages with Total Cost per band and Total Cost of Compulsory and Other Redundancies

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band (b) + (c)		(e) Total cost of exit packages in each band	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26 £'000	2024/25 £'000
£0 - £20,000	2	2	4	6	6	8	28	39
£20,001 - £40,000	1	0	0	3	1	3	34	73
£40,001 - £60,000	0	1	1	4	1	5	44	239
£60,001 - £80,000	0	0	1	1	1	1	66	75
£80,001 - £100,000	0	0	0	2	0	2	0	175
Over £100,000	0	0	0	0	0	0	0	0
Total	3	3	6	16	9	19	172	601

5.2 The costs included within **Table 5** are all non-recurring and include payments to individual officers and to the relevant Pension Fund.

5.3 All of the individual exit packages included within **Table 5** have been subject to a full business case or legal agreement where appropriate outlining the implications for the Council or are related to officers who have temporary contracts, and their contract has ceased but they are entitled to a redundancy payment due to their length of employment. In terms of the financial assessment for each business case, the maximum payback period is up to five years. The departure of individuals has delivered significant recurring savings to the Council in the past and also facilitated the delivery of an ambitious and challenging transformation / modernisation programme.

6. Remuneration by Subsidiary Bodies of Perth and Kinross Council

6.1 Councillors and senior employees of Perth and Kinross Council serve as board members, officials and technical advisors to subsidiary bodies of the Council. In 2025/26, the Strategic Lead of Legal and Governance and Strategic Lead of Finance and Business Support served as a proper officers to the Tayside and Central Scotland Transport Partnership (TACTRAN). No remuneration was paid to councillors or senior employees of Perth and Kinross Council by subsidiary bodies of the Council in 2025/26.

7. Disclosure of Pension Benefits

7.1 The disclosure regulations require the separate disclosure of accrued pension benefits for senior councillors and senior employees of Perth and Kinross Council. Pension Benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS). Councillors have only been eligible to join this scheme since May 2007.

7.2 Councillor's pension benefits are based on career average pay. The councillor's 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 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.

7.3 From 1 April 2015 a career average scheme was implemented for local government employees. This means that pension is built up based on the pensionable pay for each year. The benefit is added to the employee's pension account plus inflation increases. The scheme's normal retirement age for both councillors and employees will vary dependant on age and length of pensionable service.

7.4 From 1 April 2009 a tiered contribution scheme was introduced with contributions from scheme members being based on how much pay falls into each tier. Prior to 2009 contribution rates were set at 6% for all non-manual employees.

Tiered Pension Contribution Rates for Local Government Pension Scheme Members in 2025/26

Actual Pensionable pay	Contribution Rate 2025/26
On earnings up to and including £27,500	5.5%
On earnings above £27,501 and up to £33,600	7.25%
On earnings above £33,601 and up to £46,100	8.5%
On earnings above £46,101 and up to £61,400	9.5%
On earnings of £61,401 and above	12%

- 7.5 Pensionable Pay includes salary, plus any contractual elements of pay such as shift payment, night working payment, standby and the monetary value of any accommodation or other allowances in kind pertaining to employment.
- 7.6 Under the scheme there is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The pension is built up based on pensionable pay in the year with an accrual rate of 1/49th added to the pension account. (Prior to 2015 the accrual rate was 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).
- 7.7 The value of accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on their retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their local government service, and not just their current appointment.
- 7.8 Pension Entitlements of Senior Councillors

The pension entitlements of senior councillors of Perth and Kinross Council for the year to 31 March 2026 are shown in **Table 6** below, together with the contribution made by the Council to each senior councillor's pension during the year.

Table 6: Pension Entitlements of Senior Councillors for Financial Year 2025/26

Name and Post Title	In-year pension contributions (Note 1)		Accrued Pension Benefits (Note 2)			
	2025/26 £	2024/25 £		as at 31/03/2026 £'000	as at 31/03/2025 £'000	Difference £'000
Eric Drysdale Council Leader (from 25/09/2025) Depute Leader (up to 24/09/2025)	6,674	4,623	Pension Lump Sum	6 0	5 0	1 0
Xander McDade Provost (Civic Head)	5,895	5,028	Pension Lump Sum	5 0	4 0	1 0
Peter Barrett Convener Licensing Board	5,368	4,110	Pension Lump Sum	10 2	9 2	1 0
Bob Brawn Convener Local Review Board	5,368	4,110	Pension Lump Sum	6 0	5 0	1 0
Dave Cuthbert Vice-Convener Tayside Valuation Joint Board and Vice-Convener Tayside Contracts Joint Committee	4,541	3,980	Pension Lump Sum	5 0	2 0	3 0
Stewart Donaldson Convener Finance and Resources Committee	5,421	4,623	Pension Lump Sum	7 0	5 0	2 0
John Duff Leader of Largest Opposition Party	5,421	4,623	Pension Lump Sum	5 0	4 0	1 0
David Illingworth Convener Audit and Risk Committee	5,421	4,623	Pension Lump Sum	5 0	4 0	1 0
Grant Laing Convener Economy and Infrastructure Committee (from 25/02/2026) Council Leader (to 22/09/25)	5,849	6,704	Pension Lump Sum	9 0	8 0	1 0
Ian Massie Convener Planning and Placemaking Committee	5,421	4,623	Pension Lump Sum	3 0	2 0	1 0
Tom McEwan Convener Housing and Social Wellbeing Committee	5,421	4,623	Pension Lump Sum	5 0	4 0	1 0

Name and Post Title	In-year pension contributions (Note 1)		Accrued Pension Benefits (Note 2)			
	2025/26	2024/25		as at 31/03/2026	as at 31/03/2025	Difference
	£	£		£'000	£'000	£'000
Andrew Parrott Depute Provost	4,818	4,110	Pension Lump Sum	6 0	5 0	1 0
John Rebbeck Convener Learning and Families Committee	5,421	4,623	Pension Lump Sum	5 0	4 0	1 0
Colin Stewart Convener Scrutiny and Performance Committee	5,421	4,623	Pension Lump Sum	5 0	4 0	1 0
Richard Watters Convener Climate Change and Sustainability Committee	5,421	4,623	Pension Lump Sum	5 0	4 0	1 0
Michael Williamson Convener Licensing Committee	4,818	4,110	Pension Lump Sum	7 0	6 0	1 0
TOTAL	86,699	73,759				

Notes:

- (1) The in-year employer pension contributions shown are based on **all** pensionable earnings for financial year 2025/26, not just current appointments.
- (2) The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total local government service, including any service with a Council subsidiary body, and not just their current appointment. Councillors have only been eligible to join the Local Government Pension Scheme since May 2007.

7.9 The pension entitlements of senior employees of Perth and Kinross for the year to 31 March 2026 are shown in **Table 7** below, together with the contribution made by the Council to each senior employee's pension during the year.

**Table 7: Pension Entitlements of Senior Employees of the Council for Financial Year 2025/26
(Post titles as at 31 March 2026)**

Name and Post Title	In-year pension contributions (Note 1)		Accrued Pension Benefits (Note 2)			
	2025/26	2024/25		as at 31/03/2026	as at 31/03/2025	Difference
	£	£		£'000	£'000	£'000
Thomas Glen Chief Executive	26,892	25,639	Pension Lump Sum	92 0	84 0	8 0
Clare Mailer Depute Chief Executive	22,924	22,043	Pension Lump Sum	66 78	61 75	5 3
Jacqueline Pepper Director/Chief Officer, Perth and Kinross Health and Social Care Partnership	22,924	22,042	Pension Lump Sum	65 38	60 37	5 1
David Macluskey Strategic Lead – Education and Learning	17,773	13,592	Pension Lump Sum	10 0	7 0	3 0
Arun Singh Strategic Lead – Children, Families and Justice	17,840	17,158	Pension Lump Sum	5 0	3 0	2 0
Scott Walker Strategic Lead – Finance and Business Support	17,844	17,159	Pension Lump Sum	55 71	51 69	4 2
Lisa Simpson Strategic Lead – Legal and Governance	17,844	17,161	Pension Lump Sum	26 0	23 0	3 0
Greg Boland Strategic Lead – Strategic Planning, People and Performance	16,757	16,113	Pension Lump Sum	53 63	49 61	4 2

Name and Post Title	In-year pension contributions (Note 1)		Accrued Pension Benefits (Note 2)			
	2025/26 £	2024/25 £		as at 31/03/2026 £'000	as at 31/03/2025 £'000	Difference £'000
Charlene Guild Strategic Lead – Projects and Programmes	16,757	14,714	Pension Lump Sum	39 27	36 26	3 1
Serge Merone Strategic Lead – Economy, Development and Planning	17,844	12,159	Pension Lump Sum	44 49	33 33	11 16
Fraser Crofts Strategic Lead – Environment and Infrastructure	16,757	16,113	Pension Lump Sum	51 54	47 52	4 2
Stephen Crawford Strategic Lead – Property Services (up to 10/10/2025)	8,864	16,113	Pension Lump Sum	47 41	45 40	2 1
John Beveridge Strategic Lead - Property Services (from 06/10/2025)	13,388	n/a	Pension Lump Sum	47 66	n/a n/a	n/a n/a
Alan Taylor Strategic Lead – Customer and Digital Services	16,757	16,113	Pension Lump Sum	55 60	51 57	4 3
Elaine Ritchie Strategic Lead – Housing and Communities	16,757	16,113	Pension Lump Sum	39 27	35 26	4 1
Jane Menzies Head of Integrated Health and Care – Adults	16,757	7,805	Pension Lump Sum	3 0	1 0	2 0
Zoe Robertson Head of Integrated Health and Care – Older People	16,757	15,538	Pension Lump Sum	17 0	15 0	2 0
Donna Mitchell Chief Finance Officer and Head of Governance/Performance, Health and Social Care	16,701	16,061	Pension Lump Sum	29 14	26 13	3 1
TOTAL	318,137	281,636				

Notes:

- (1) The in-year employer pension contributions shown are based on **all** pensionable earnings for financial year 2025/26, not just the current appointment.
- (2) Accrued pension benefits include total benefits accumulated during all membership of the Local Government Pension Scheme and not just service in their current role.

7.10 Pension Entitlements – Council's Subsidiary Bodies

The pension entitlements of the Chief Executives of each of the Council's subsidiary bodies for the year to 31 March 2026 are shown in **Table 7A** below, together with the contribution made to each Senior Employees' pension during the year.

Table 7A: Pension Entitlements of Senior Employees of each of the Council's Subsidiary Bodies for Financial Year 2025/26

Name and Post Title	In-year pension contributions (Note 1)		Accrued Pension Benefits (Note 2)			
	2025/26 £	2024/25 £		as at 31/03/2026 £'000	as at 31/03/2025 £'000	Difference £'000
Paul Cromwell Live Active Leisure – Chief Executive	14,463	14,042	Pension Lump Sum	33 14	31 13	2 1
Helen Smout Culture Perth and Kinross Limited - Chief Executive	12,027	11,577	Pension Lump Sum	34 27	32 26	2 1
Christopher Glasgow Perth Theatre and Concert Hall Limited – Chief Executive	11,436	11,103	Pension Lump Sum	6 0	4 0	2 0
TOTAL	37,926	36,722				

Notes:

- (1) The in-year employer pension contributions shown are based on all pensionable earnings for financial year 2025/26, not just the current appointment.
- (2) Accrued pension benefits include total benefits accumulated during all membership of the Local Government Pension Scheme and not just service in their current role.

8. Trade Union (Facility Time Publication Requirements) Regulations 2017

- 8.1 The Trade Union (Facility Time Publication Requirements) Regulations 2017 were repealed with effect from 18 February 2026. As a result, Perth and Kinross Council is no longer required to publish facility time information for the 2025/26 reporting period. The Council however has chosen to publish this information for transparency.

The return for 2025/26 is available via the following link: [Trade Unions Statutory Return 2025/26](#).

Signed:

Thomas Glen
Chief Executive
Perth and Kinross Council
Date:

Councillor Eric Drysdale
Leader of the Council
Perth and Kinross Council
Date:

Glossary

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

BEACON METHOD (ADJUSTED VACANT POSSESSION METHOD)

Based on the (vacant possession) market value of the asset which is the adjusted to reflect the assets' use for social housing with a sitting tenant.

CAA

Capital Adjustment Account

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing. Leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government but they cannot be used to finance revenue expenditure.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE and DEMOCRATIC CORE

The corporate and democratic core comprises all the activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITOR

Amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the Council by the end of that accounting period.

CRR

Capital Receipts Reserve

CURRENT VALUE

The measurement of operational assets used for the delivery of Council services. Property, plant and equipment is measured on the basis of service potential using existing use value for assets where an active market exists, existing use value-social housing for operational Council dwellings or depreciated replacement cost for assets where there is no market and/or the asset is specialised.

DBFM

Design Build Finance Maintain - A Non-Profit Distribution (NPD) model to Design, Build, Finance, and Maintain infrastructure which requires the private sector to take a fixed rate of return. The DBFM agreement provides the Council with the right to receive services in return for an annual payment (unitary charge) which comprises the costs of construction, finance, and maintenance, and for the provision of any agreed additional services, for the duration of the agreement.

DEBTOR

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the Council by the end of that period.

EXISTING USE VALUE FOR SOCIAL HOUSING (EUV-SH)

Is the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FIAA

Financial Instruments Adjustment Account

IMPAIRMENT

A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

MATERIALITY

The concept that the Annual Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet. i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NON-DISTRIBUTED COSTS

These are overheads which cannot be directly allocated to a specific area of activity and as such are not apportioned to services.

PPE

Property, Plant and Equipment

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLb)

An agency of HM Treasury, which provides loans mainly for capital purposes of one year or more to authorities at interest rates of up to 2% above those at which the UK Government can itself borrow at.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

SERVICE CONCESSION ARRANGEMENTS

Service concession (PPP and PFI) arrangements involve the operator undertaking an obligation to provide assets (and related services) that are used to provide services to the public (irrespective of who provides those services to the public).