



Unaudited Annual Accounts
2025/26

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Management Commentary

The purpose of the Management Commentary is to present an overview of Scotland Excel's financial performance during the year 2025/26 and to help readers understand its financial position at 31 March 2026. In addition, it outlines the main risks and uncertainties facing the organisation for the financial year 2026/27 and beyond.

Structure

Scotland Excel is a Joint Committee constituted by Scottish local authorities and formed under Section 57 of the Local Government (Scotland) Act, 1973 for the purpose of regulating the joint discharge of the functions by the Constituent Authorities. Scotland Excel is governed by three groups of stakeholders drawn from our member organisations:

The **Joint Committee** is made up of one or more Elected Members (Councillors) from each of Scotland's 32 local authorities. It meets twice a year and is responsible for the strategic direction of the organisation and for approving the annual budget and business plan.

The **Executive Sub-Committee** is a sub-group of Elected Members from the Joint Committee who meet regularly to approve contract awards and other business decisions.

The **Management Group** consists of six local authority Chief Executives ensuring delivery of Scotland Excel's overall business plan objectives and providing strategic direction across a range of operational areas.

Internally, the organisation has Executive and Senior Management Teams that run the day-to-day business of Scotland Excel. There is also an Employee Forum that facilitates employee engagement, as well as leading the organisational Health and Wellbeing programme, and organising charity and social events.

Strategic Aims

The Scotland Excel Corporate Strategy 2023-2028, approved by the Joint Committee in December 2022, sets out our ambitions over the coming years, providing even greater support to councils and other public and third sector stakeholders.

The Strategy looks forward over a period of five years to support a longer-term view of our goals and objectives, to enable us to plan accordingly.

The Strategy can be found at the following link: [About Us>Publications>Corporate Strategy](#)



The current Scotland Excel Strategy Map, included in the 2023-28 Corporate Strategy, is extracted below, for information.

Vision

To provide collaborative, innovative and transformative solutions that support social, economic and environmental wellbeing.

Mission

We will make the most of our expertise and experience by leading and collaborating on solutions that support local and national aims for fairer, wealthier and greener communities.

Corporate Goals

Through our experience, expertise, innovation and collaboration, we will create and deliver solutions which provide value to our members across key strategic areas:

- Journey towards a net zero Scotland by 2045.
- Drive for efficiency to support the financial sustainability of local public service.
- Community wellbeing with equal access to services, economic development and fair work jobs.
- Resilient supply chains that maximise opportunities for Scottish businesses and the third sector.
- Advancement of skills to deliver Scotland’s economic transformation.

Procurement & Commissioning

We will continue to develop and manage procurement solutions which provide an effective route to market for our members. Our frameworks will continue to deliver additional social, economic and environmental value for communities.

We will:

- Support our members with their drive for financial sustainability by helping them to maximise savings, efficiencies and benefits from our frameworks.
- Implement our new sustainable procurement and net zero strategies to support our members’ net zero journey.
- Develop and deliver new and next generation contracts for key strategic areas including construction, digital and care.
- Respond to new policy and legislation that may impact the value delivered by our frameworks.

Services

We will continue to provide services for our members to help them strengthen their procurement capability, including through the Scotland Excel Academy.

We will:

- Develop proposals for growing our membership and expanding the market for our services.
- Identify and evaluate new service opportunities that provide value to our members.
- Explore alternative business models to support growth and reduce reliance on membership fees.
- Develop and implement new qualification and procurement training programmes based on member requirements.
- Champion public procurement talent through employment and training initiatives.

Partnerships

We will continue to work with the Scottish Government and other national public sector organisations to influence and support policies and programmes that deliver benefits for our members.

We will:

- Develop a partnership strategy to plan and prioritise engagement activity which maximises the value of our relationships.
- We will strengthen our relationships with other local government bodies to provide a unified connection between policy, finance and procurement.
- Develop mutually beneficial relationships with care and other third sector organisations.
- Explore opportunities to provide additional value for members through working in partnership with UK organisations.

Strategic Enablers: Corporate, Finance & ICT

We will continue to develop robust and cost-effective corporate, finance and ICT services which support all business operations and underpin the delivery of our five-year strategy.

We will:

- Explore the opportunities, benefits and risks of alternative business models.
- Enhance our income forecasting and rebate monitoring tools.
- Explore office and facilities solutions appropriate for hybrid and remote working.
- Develop and implement a new business intelligence strategy and plan.
- Develop and deliver a new five-year ICT strategy and plan to enhance business efficiency.
- Explore methods to reduce the carbon footprint of our business operations.

Strategic Enablers: Organisational Development

We will continue to implement our People Strategy and the recommendations of our Gold Standard Investors in People report to ensure that our staff fulfill their potential. A culture of performance management will support career development and underpin the delivery of effective and efficient services.

We will:

- Implement an employee journey that supports the recruitment and retention of talented staff.
- Undertake succession planning to support career development and create a steady pipeline of talent at all levels.
- Equip staff with the skills required to provide value to our customers, now and in the future.
- Support the wellbeing of our staff through flexible working, physical and mental health resources, and staff engagement platforms.

Strategic Enablers: Engagement & Communication

We will continue to develop and deliver engagement and communications plans which increase Scotland Excel’s influence and ensure our members obtain maximum value from our services.

We will:

- Increase engagement with elected members and other senior stakeholders.
- Improve customer experience and increase satisfaction.
- Engage with partners and stakeholders on net zero strategies and other key policy areas.
- Provide advocacy and representation for our members within key national policy groups and programmes.

Performance

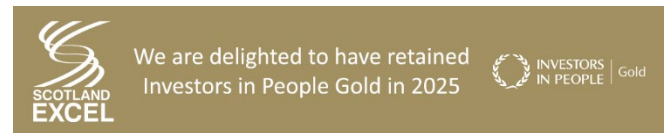
Review of the Year

During 2025/26, Scotland Excel continued to deliver against target outcomes detailed within ‘Our Corporate Strategy 2023-28’. For financial year 2025/26, Scotland Excel concluded 11 national frameworks with an overall anticipated annual value of almost c£290m, bringing the estimated total value of the contract portfolio managed and administered by Scotland Excel to c£2.2bn. The graph below shows the rise in estimated value of the managed contract portfolio administered by Scotland Excel over the past 7 years.



Scotland Excel continues to carry out Workforce Development Planning to ensure that the Scotland Excel workforce and structure meets the growing and diversifying demands of its stakeholders, within an ever-changing and challenging environment.

In March 2025, Scotland Excel successfully retained its Investors in People (IiP) Gold Award, having initially gaining accreditation in May 2022.



The graph below tracks Scotland Excel staffing numbers over the past 7 years.



Key Performance Indicators

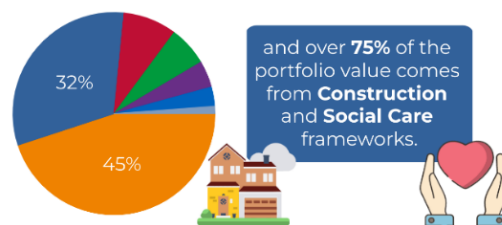
The following section provides an overview of Key Performance Indicators (KPI) as at 31 March 2025. Information for 2025/26 is not available at the time of writing.

Portfolio Overview

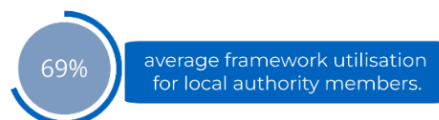
Our portfolio of frameworks provides support to a wide range of local government services including...



Our portfolio has an annual value of **£2.1 bn...**

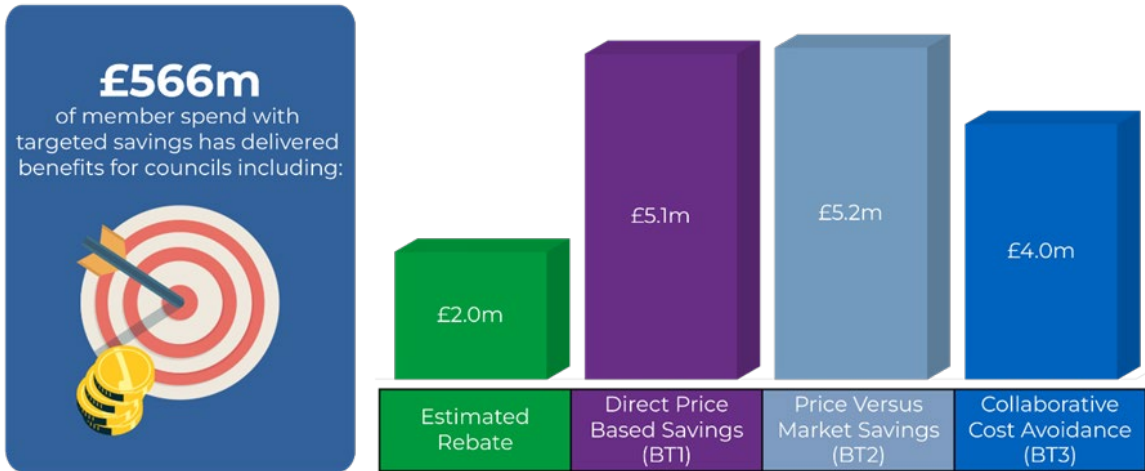


Use of our frameworks supports members to deliver public sector outcomes cost-effectively.



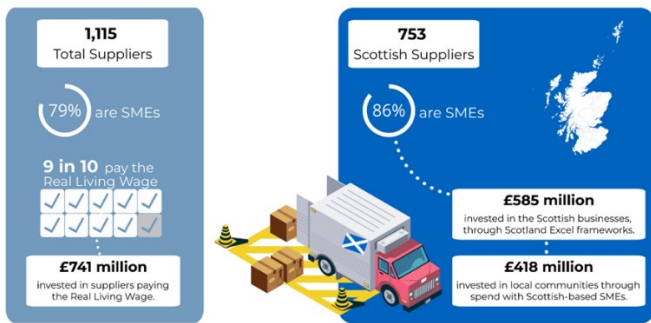
Value Proposition

Use of frameworks delivers a range of financial benefits for members that can be measured in different ways.



Scotland Excel Supply Chain

Frameworks promote opportunities for SMEs and Scottish suppliers throughout supply chains, whilst supporting Fair Work First principles.



Community Benefits

Community Benefits delivered through Scotland Excel's frameworks in 24/25 have contributed to national and local outcomes including...



Contract Rebates

The use of volume Contract Rebates within appropriate contracts was approved by Scotland Excel at its June 2018 Joint Committee. As part of the internal contract governance process, the inclusion of rebates is now standard practice within the organisation.

Income from Contract Rebates was budgeted within the core operating budget to deliver a contribution of £1.813m to core operating costs in financial year 2025/26; and this figure was achieved.

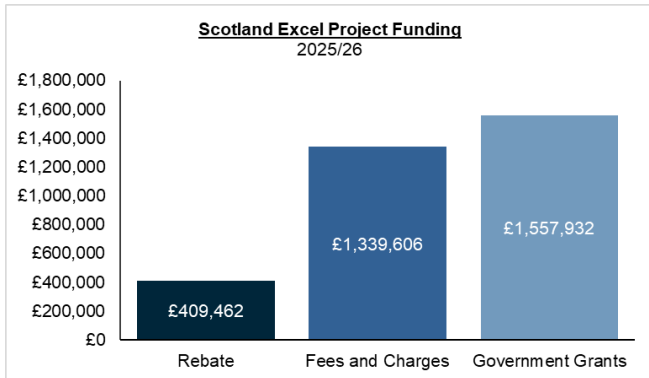
The number of Scotland Excel frameworks with built-in rebates increased during financial year 2025/26, and will continue to increase during

2026/27. The contribution from Contract Rebates to core operating costs during 2026/27 is budgeted to reach £2.540m.

Consultancy

During 2025/2026, Scotland Excel has worked closely with a range of public, third and Government sector organisations, delivering procurement-related projects and consultancy services. Projects are resourced through a range of funding models, including Scottish Government grant funding, contractual rebate, and specific project fees for individual projects/services.

Sources and levels of project funding for 2025/26 are shown in the chart below.



In total, 13 projects were delivered by Scotland Excel during 2025/26, generating a turnover of £3.307m and achieving a contribution to core running costs of £0.547m. The increase in consultancy income during 2025/26 was due to a number of new projects commencing during the year. Scotland Excel continued to administer the Residential Rehabilitation Additional Placement Fund on behalf of the Scottish Government.

The Flexible Procurement project continued to develop during 2025/26, generating an annual turnover of c£0.580m. This project team is available for members to purchase specific procurement activity they wish to be carried out by Scotland Excel. Members who requested additional procurement services from the Flexible Procurement Team during 2025/26 included a number of local authorities, Crown Estate Scotland, City Property Glasgow Investments LLP, the Care Inspectorate, and Forestry and Land Scotland.

Learning and Development

Learning and Development opportunities delivered by the Scotland Excel Academy during 2025/26 include the Virtual Learning Environment (VLE), Formal Development Pathways, and Supported Learning programmes.

The Scotland Excel Academy, **Virtual Learning Environment (VLE)** has 3,790 registered learners who access accredited and unaccredited

programmes, workshops, video content, eLearning modules and discussion forums. Learners have secure access to accredited programmes and public access to free learning and development materials.

Formal Development Pathways

- Professional Development Award (PDA):** Procurement Practitioner - In response to increasing financial pressures across the public sector, the Academy launched the SQA PDA in Scottish Public Procurement (Level 8) in February 2026, creating a more cost-effective professional development route for procurement practitioners.

- Professional Development Awards (Soft Skills)** The Academy completed seven accredited professional development cohorts, across Business Analysis, Decision Making and Innovation, Strategic Leadership and Project Management, strengthening critical leadership, innovation and delivery capability across the Scottish Public Sector workforce.

Supported Learning

- One-day Workshops** - As part of the Scottish Government Procurement and Commercial Training Framework (SG PCTF), the Academy delivered 66 workshops during 2025/26, engaging 959 learners across the Scottish public sector.

- Chartered Manager Award** -The Academy awarded two people Chartered Manager (CMgr) in 2025/26; this is the highest award in the leadership and management profession.

Free Learning and Development Offering

To support continued professional development across the Scottish public sector, the Academy continues to expand its free learning and development offering. This offering enables organisations and individuals to engage in high quality professional learning without financial barriers, supporting workforce capability,

knowledge sharing, and continuous improvement across the sector. Examples include:

- **Driving Commercial Improvement Programme** - focused on developing a commercial mindset in public sector procurement, these short sessions were designed around the need to drive value across organisations through the supply chain environment. The Academy engaged 169 learners in two of these free workshops during 2025/26.

- **Open Academy** - our Open Academy continued to provide free access to a wide range of professional learning and knowledge-sharing resources during 2025/26, including stay connected videos, best practices webinars, conference sessions, and resources. Across the financial year, the Open Academy recorded 4,960 learner interactions from 387 unique users, demonstrating sustained engagement with flexible on-demand professional development resources across the Scottish public sector.

- **Procurement eLearning Modules** - Working in partnership the Scottish Government Procurement and Property Directorate (SPPD), the Academy developed three procurement eLearning modules that provide free, scalable access to consistent procurement learning resources.

Associate Membership Expansion

Scotland Excel continues to build its portfolio of Associate Members, which currently number 181 in total. Associate Members include 28 Arm’s Length External Organisations (ALEOs) who gain associate membership through their host local authority. A further 153 Associate Members are drawn from a range of sectors including Social Housing, NHS, Universities and Colleges, Third Sector, and also a number of Scottish Government Bodies.

Scotland Excel Associate Members have access to the full range of contracts and frameworks administered by Scotland Excel, along with access to the procurement expertise available within the organisation.

The graph below details the growth in Associate membership for Scotland Excel over the past seven years.



The budgeted income target from Associates for 2025/26 was £0.260m. This figure has been exceeded, with the actual contribution to Core from Associate members totalling £0.274m in 2025/26.

New Build Housing

During 2025/26, 18 new build projects were procured through the Scotland Excel New Build framework by seven local authorities. Rebate generated from the framework has covered all running costs for the framework during 2025/26, with increasing member utilisation anticipated for future years.

Primary Financial Statements

The annual accounts are prepared in accordance with the International Accounting Standards Board Framework for the Preparation and Presentation of Financial Statements as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). Under Section 106 of the Local Government (Scotland) Act 1973, joint committees are classed as local authorities.

The annual accounts summarise the Joint Committee's transactions for the year and its position at 31 March 2026. The Primary Financial Statements include the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement (MIRS) and the Balance Sheet. These statements are accompanied by Notes to the Accounts, which provide more details on the figures shown in the statements and set out the Accounting Policies adopted by the Joint Committee.

The Joint Committee does not have a bank account. All transactions are accounted for through Renfrewshire Council as the administering authority.

Financial Performance

Excluding Project expenditure and income, the Joint Committee returned a net overspend in 2025/26 of £17k against a planned drawdown from reserves (deficit) of £332k, resulting in an in-year favourable variance of £315k.

There were underspends in the year within Employee Costs of £43k, mainly due to recruitment delays, and £68k in Supplies and Services, which relates to underspends in external legal costs, mobile phones, advertising and events. Transport Costs were underspent by £13k, due to less travel to meetings, training and conferences.

The underspend that can be seen within Support Costs of £17k arose from a competitive tender process for Professional Indemnity Insurance renewal costs for 2025/26. The net result was a budget underspend in gross expenditure for 2025/26 of £155k.

Income from requisitions was fully recovered in the year, and within Other Income there was a higher level of investment interest received in-year than budgeted (£133k). Income from Projects over-recovered in Core (£13k) arising mainly from Consultancy Services relating to the Procurement Improvement Plan.

Scotland Excel's Projects ended the year at 31 March 2026 with a surplus of income over expenditure of £43k. Project Reserves are committed for future Project spend, as outlined in Note 3: Transfers to / from Earmarked Reserves on page 20. The Comprehensive Income and Expenditure (CIES) on page 16 summarises the total costs of providing services and the income available to fund those services.

The difference between Employee Costs in the figure below and the figure reported in the CIES is due to accounting adjustments for pension costs of £329k and accrued employee benefits £41k.

The difference between the Other Income figure below and the figure reported in the CIES is net interest receivable of £133k, and £1.5m relating to accounting adjustments made for the Scottish Government Additional Placement Fund project.

The CIES also records capital charges and capital grants that affect the accounting deficit. These reporting differences are presented in Note 1: Expenditure and Funding Analysis on page 19.

	Core Budget £	Actual £	Variance £	Projects Actual £	Total Actual £
Employee Costs	5,855,301	5,812,188	43,113	1,161,119	6,973,307
Property Costs	266,490	257,741	8,749	0	257,741
Transport Costs	20,000	7,101	12,899	94	7,195
Supplies and Services	385,071	317,063	68,008	1,659,691	1,976,754
Transfer Payments	29,000	23,988	5,012	4,009	27,997
Support Costs	395,540	378,070	17,470	0	378,070
Total Expenditure	6,951,402	6,796,151	155,251	2,824,913	9,621,064
Requisitions from Member Authorities	(3,999,009)	(3,999,009)	0	0	(3,999,009)
Income from Projects	(547,489)	(560,850)	13,361	(1,367,604)	(1,928,454)
Other Income	(2,073,000)	(2,219,430)	146,430	(1,500,275)	(3,719,705)
Total Income	(6,619,498)	(6,779,289)	159,791	(2,867,879)	(9,647,168)
Contribution to Reserves	331,904	16,862	315,042	(42,966)	(26,104)

The Balance Sheet at 31 March 2026

The Balance Sheet sets out the total net worth of Scotland Excel at a snapshot in time. When comparing the net worth at 31 March 2026 to that of the prior year, an overall increase of £22k can be seen. This is primarily driven by the overall revenue surplus position.

Non-current assets held by the Joint Committee include IT equipment and software, and the property rental of Renfrewshire House office space. Details can be found in Note 6: Intangible Assets, Note 7: Property, Plant and Equipment, and Note 9: Right of Use Assets/Lease Liabilities.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed at Note 15: Retirement Benefits on page 29.

The appointed actuaries have confirmed a net asset of £13.117m (£11.337m in 2024/25), an improvement of £1.780m, in their assessment of the position of the pension fund. Some of this can be attributed to the LGPS Fund investment performance returns being higher than assumed. However, there is a cap on the value of a pension

asset that can be reported for accounting purposes. For 2025/26, this adjusts the value of the pension asset shown in the balance sheet to nil.

There is an unfunded pension liability of £391k that is not part of the asset cap calculation (£394k 2024/25).

A potential change to pension rules is outlined in Note 16: Contingent Liabilities on page 32; however, this has not been reflected in the pension liability reported in the Balance Sheet.

Reserves

Scotland Excel holds a Revenue Reserve balance that comprises an uncommitted element to mitigate the impact of future cost pressures, along with balances specifically earmarked for the future delivery of Projects. Further detail on these balances can be found in Note 3: Transfers to / from Earmarked Reserves on page 20. The closing balance of Usable Reserves at 31 March 2026 was £3.872m.

Principal Risks and Uncertainty

Scotland Excel maintains a Strategic Risk Register to assess risk that could adversely impact on the delivery of organisational objectives, and identifies actions currently undertaken to control and mitigate the likelihood and impact of these risks. The Strategic Risk Register is reviewed quarterly by the organisation’s Senior Management Team and is presented regularly to the Scotland Excel Executive Sub-Committee and bi-annually to the Joint Committee.

Currently, there are 14 risks identified within the Scotland Excel Strategic Risk Register. Factors taken into consideration by Scotland Excel when reviewing the risk register over the past year include the impact of global conflicts on framework supply chains; continued recruitment challenges within the procurement sector; continuing financial

uncertainty across local government; the increasing incidence of cyber-crime and growing importance of cyber security; the ongoing redesign of Scottish public services and the increasing importance of corporate social responsibility, including environmental considerations, within our contract strategies.

The Risk Strategy 2025 - 2028 was approved by the Joint Committee of Scotland Excel in December 2024. This seeks to enhance Scotland Excel’s existing robust risk management methodology by formalising and creating more structured strategic risk management processes. Subsequently, a new Strategic Risk Register was presented to the Executive Sub-Committee and Joint Committee during 2025/26.

The table below summarises the Strategic Risk Register presented to the Joint Committee in December 2025 and details the residual risk score allocated to each following quarterly review.

Risk Driver	Risk Name	Risk Reference	Residual Likelihood	Residual Impact	Residual Evaluation
Reputation	Delivering for Members	SXLR_012	4	5	20
Service and Operational	Service Delivery Disruption	SXLR_007	4	4	16
Service and Operational	ICT and Cyber Security	SXLR_008	4	4	16
Financial	Membership Model	SXLR_002	3	5	15
Transformational	Redesign of Scottish Public Services	SXLR_004	3	4	12
Personnel	Staff Retention and Performance	SXLR_006	4	3	12
Environmental and Social	Environmental Impact and Climate Change	SXLR_010	3	4	12
Reputation	Managing Stakeholder Relationships	SXLR_011	3	4	12
Compliance	Political and Policy Change	SXLR_014	3	4	12
Transformational	Managing Growth and Diversity	SXLR_003	3	3	9
Personnel	Staff Recruitment	SXLR_005	3	3	9
Financial	Income and Budget Management	SXLR_001	2	4	8
Environmental and Social	Social Responsibility	SXLR_009	2	3	6
Compliance	Legal and Regulatory Compliance	SXLR_013	3	2	6

Outlook and Future Plans

Despite a range of challenges, Scotland Excel had a strong year, both financially and operationally, in 2025/26. Against a backdrop of ongoing economic and financial uncertainty within the Scottish local government sector, we have maintained high standards of delivery. Income streams continued to grow and exceeded expectations over the course of the year. As the sector adjusts to an increasingly uncertain environment, Scotland Excel remains committed to ensuring that service delivery requirements are not only met but surpassed, while continuing to secure best value for all of our partners.

The Joint Committee approved its budget for 2026/27 on 12 December 2025, which comprised £7.623m Core expenditure and £2.061m Project expenditure. Core requisitions were frozen again at 2023/24 levels, enabled by improvement across other income streams, which are forecast to make up 48% of operating costs for 2026/27.

Conclusion

We would wish to take this opportunity to acknowledge the team effort required to produce the accounts and to record our thanks to all the staff involved for their continued hard work and support. Further information on the Annual Accounts can be obtained either by writing to: Scotland Excel, Renfrewshire House, Cotton Street, Paisley, PA1 1AR, by emailing us on: contactus@scotland-excel.org.uk, or by telephoning 0141 488 8230.

Councillor John Shaw
Convener

Alastair MacArthur
Treasurer

Julie Welsh
Chief Executive

Statement of Responsibilities for the Annual Accounts

The Joint Committee's Responsibilities

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Joint Committee has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The designated officer is Renfrewshire Council's Director of Finance and Resources, who is also the Treasurer of Scotland Excel;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure that 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 Joint Committee at its meeting on 19 June 2026.

Signed on behalf of Scotland Excel.

Councillor John Shaw

Convener

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee'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 Code).

In preparing the Annual Accounts, the Treasurer has:

- selected suitable accounting policies and then 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 Treasurer has also:

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

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

Alastair MacArthur

Treasurer

Annual Governance Statement

Scope of Responsibility

Scotland Excel's Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Joint Committee also has a statutory duty to secure best value under the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Joint Committee's elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Joint Committee's Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Joint Committee is directed and controlled. It also describes the way it engages with, and accounts to its stakeholders.

The Joint Committee has also put in place a system of internal control designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The main features of our governance arrangements are summarised below:

- Clearly defined Procedural Standing Orders, Scheme of Delegation, Financial Regulations and Standing Orders Relating to Contracts.

- Comprehensive business planning arrangements, setting key targets and action plans designed to achieve our corporate objectives,
- Application of the Chartered Institute of Procurement and Supply, Code of Professional Ethics,
- Regular performance reporting to the Executive Sub Committee and public performance reporting through the Annual Report,
- A range of policies to regulate employee related matters, including the employee code of conduct, and disciplinary procedures,
- Arrangements to manage risk, including the Corporate Risk Register and business continuity plans,
- Clear customer complaints procedures,
- Comprehensive policies and procedures for information security,
- Arrangements supported by a range of policies and guidelines in compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

Within the overall control arrangements, the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded and material errors are detected and corrected. The system is based on a framework of management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability.

The system includes:

- Financial management is supported by comprehensive financial regulations and codes,
- Comprehensive budgeting systems, and detailed guidance for budget holders,
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts,

- The preparation of regular financial reports that indicate actual expenditure against the forecasts,
- The Chief Finance Officer is the Treasurer who complies with the CIPFA Statement on the Role of The CFO in Public Services.
- With Renfrewshire Council being the lead authority, all financial transactions of the Joint Committee are processed through the financial systems of the Council and are subject to the same controls and scrutiny as those of as those of Renfrewshire Council. This includes regular reviews by Renfrewshire Council's Chief Auditor.

Review of Effectiveness

Members and officers of the Joint Committee are committed to the concept of sound governance and the effective delivery of services and take into account comments made by internal and external auditors.

The effectiveness of the governance framework is reviewed annually by the Chief Executive, including the use of a self-assessment tool covering five key areas of governance:

- Service Planning and Performance Management;
- Internal Control Environment;
- Budgeting, Accounting and Financial Control;
- Risk Management and Business Continuity;
- Conflicts of Interest and whistleblowing.

This self-assessment indicated that the governance framework is being complied with in all material respects.

The Joint Committee's internal audit service is provided by the Lead Authority's Internal Auditors, who operated during 2025/26, in accordance with the Global Internal Audit Standards in the UK Public Sector. The Chief Auditor conforms to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019). Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process.

The Council's Chief Auditor provides an annual report to the Joint Committee and an independent opinion on the adequacy and effectiveness of the system of internal control. The Chief Auditor's annual assurance statement concluded that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Joint Committee's internal control systems. The review has not identified any significant governance issues to be reported on for 2025/26 and no actions arising for the 2024/25 governance statement that require to be reported on.

This governance framework has been in place throughout the year.

Assurance

In conclusion, it is our opinion that the annual review of governance together with the work of internal audit, any comments received from external audit and certification of assurance from the Chief Executive provide sufficient evidence that the principles of good governance operated effectively and the Joint Committee complies with its governance arrangements in all material respects. Systems are in place to continually review and improve the governance and internal control environment. Future actions will be taken as necessary to maintain and further enhance the Joint Committee's governance arrangements.

Councillor John Shaw
Convener

Julie Welsh
Chief Executive

Remuneration Report

All information disclosed in the tables in this Remuneration Report will be audited by the appointed auditor, Azets. The other sections of the Remuneration Report will be reviewed by Azets to ensure that they are consistent with the financial statements.

Remuneration of elected members

The Joint Committee makes no remuneration payment to any elected member, nor does it pay any expenses, fees or allowances to elected members. Further, no recharges have been made by member authorities in relation to elected member remuneration.

Remuneration of senior employees

2024/25 Total Salary, fees and allowances £	Name	Post Held	2025/26 Total Salary, fees and allowances £
132,873	Julie Welsh	Chief Executive	139,019
109,564	Hugh Carr	Director of Strategic Procurement	114,095
109,564	Stephen Brannagan	Director of Customer & Business Services	114,095

Salary, fees and allowances includes any other payments made to or receivable by the person in connection with the termination of their employment, or, in the case of a councillor, the total of any payment made to that person in connection with their ceasing to hold office before the end of a fixed term appointment.

The Chief Executive's salary is matched to the Renfrewshire Council Chief Officer pay scale CO21.

The above tables show the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2026, whether or not those amounts were actually paid to, or received by, those persons within that period.

Pension rights

Pension benefits for Joint Committee employees are provided through the Local Government Pension Scheme (LGPS). From 1 April 2015 benefits are based on career average pay. Pension benefits are based on the pay received for each year in the scheme, uplifted by the increase in the cost of living, as measured by the appropriate index (or indices).

The scheme's normal retirement age is linked to the state pension age for each member.

From 1 April 2009 a five-tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

Tiered contribution rates on whole time pay 2025/26		Equivalent bandings for 2024/25
Up to £27,500	5.5%	Up to £27,000
£27,501 to £33,600	7.25%	£27,001 to £33,000
£33,601 to £46,100	8.5%	£33,001 to £45,300
£46,101 to £61,400	9.5%	£45,301 to £60,400
Over £61,401	12%	Over £60,401

If a person works part-time their contribution rate will be based on their part-time pay.

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 accrual rate guarantees a pension based on 1/49th of the pensionable pay for each year of

membership, adjusted in line with the cost of living (prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any

option to commute pension entitlement into a lump sum; and without 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 total local government employment, not just that relating to their current post.

In 2024/25, Strathclyde Pension Fund reduced the employer's contribution rate to 6.5% and this rate continued into 2025/26.

Name	Post Held	Accrued Pension Benefits				Contributions made by Scotland Excel	
		As at 31 March 2026		Change from 31 March 2025		2025/26	2024/25
		Pension	Lump Sum	Pension	Lump Sum	£	£
		£000	£000	£000	£000		
Julie Welsh	Chief Executive	48	3	5	1	9,036	8,790
Hugh Carr	Director of Strategic Procurement	34	0	4	0	7,416	7,248
Stephen Brannagan	Director of Customer & Business Services	25	0	3	0	7,416	7,248

Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2025/26, in bands of £5,000. Bands not shown contain nil employees.

2024/25 Number of employees	Remuneration Band	2025/26 Number of employees
12	£50,000 - £54,999	17
10	£55,000 - £59,999	18
6	£60,000 - £64,999	8
4	£65,000 - £69,999	5
2	£70,000 - £74,999	2
0	£75,000 - £79,999	1
1	£90,000 - £94,999	0
0	£95,000 - £99,999	1
2	£105,000 - £109,999	0
0	£110,000 - £114,999	2
1	£130,000 - £134,999	0
0	£135,000 - £139,999	1
38		55

Exit packages

Scotland Excel only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment are sufficient to pay back the costs of the exit package within an acceptable period. The assessment of the payback period takes account of the total cost of the exit package.

There were no exit packages agreed in both 2025/26 and 2024/25.

Councillor John Shaw

Convener

Julie Welsh

Chief Executive

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services and managing the Joint Committee during the year. It includes, on an accruals basis, all of the Joint Committee's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that local authorities need to take into account. The required adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

2024/25			Note	2025/26		
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £
6,727,411	0	6,727,411	Employee Costs	7,343,608	0	7,343,608
119,500	0	119,500	Property Costs	148,573	0	148,573
362,141	0	362,141	Supplies and Services	450,019	0	450,019
320,117	0	320,117	Support Costs	378,070	0	378,070
25,440	0	25,440	Transfer Payments	27,997	0	27,997
5,807	0	5,807	Transport Costs	7,195	0	7,195
25,974	0	25,974	Capital Charges	128,378	0	128,378
0	(2,478,344)	(2,478,344)	Income from Projects	0	(1,820,221)	(1,820,221)
0	(203,296)	(203,296)	Government Grants	0	(108,233)	(108,233)
0	(1,311,093)	(1,311,093)	Other Income	0	(2,086,650)	(2,086,650)
7,586,390	(3,992,733)	3,593,657	Cost of Services	8,483,840	(4,015,104)	4,468,736
			Financing and Investment Income and Expenditure			
0	(72,879)	(72,879)	Investment interest receivable	0	(132,780)	(132,780)
20,686	0	20,686	Interest on Right of Use Assets	16,832	0	16,832
34,000	0	34,000	Pension interest cost 15	32,000	0	32,000
			Taxation and Non-Specific Grant Income			
0	(3,999,009)	(3,999,009)	Requisitions from Member Authorities 14	0	(3,999,009)	(3,999,009)
7,641,076	(8,064,621)	(423,545)	(Surplus)/Deficit on the provision of services	8,532,672	(8,146,893)	385,779
			Other Comprehensive Income and Expenditure			
		(614,000)	Actuarial (Gains) or losses on pension assets and liabilities 15			(364,000)
		(516,523)	(Surplus)/ Deficit on the revaluation of non-current assets 4			0
		(1,554,068)	Total Comprehensive Income and Expenditure			21,779

Note that figures in brackets represent income or gains, and figures without brackets represent expenditure or losses.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into usable reserves (that is, those reserves that can be applied to fund expenditure) and unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Movement in reserves during the year	Note	Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 1 April 2025		(3,845,934)	(174,783)	(4,020,717)
Total Comprehensive Income and Expenditure		385,779	(364,000)	21,779
Adjustments between accounting basis and funding basis under regulations	5	(411,883)	411,883	0
Increase or (decrease) in year		(26,104)	47,883	21,779
Balance at 31 March 2026		(3,872,037)	(126,900)	(3,998,938)

Comparative movements in 2024/25	Note	Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 1 April 2024		(2,929,188)	462,539	(2,466,649)
Total Comprehensive Income and Expenditure		(423,545)	(1,130,523)	(1,554,068)
Adjustments between accounting basis and funding basis under regulations	5	(493,201)	493,201	0
Increase or (decrease) in year		(916,746)	(637,322)	(1,554,068)
Balance at 31 March 2025		(3,845,934)	(174,783)	(4,020,717)

Balance Sheet

The balance sheet shows the value as at 31 March 2026 of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Joint Committee is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets.

As at 31 March 2025 £		Note	As at 31 March 2026 £
56,400	Intangible Assets	6	43,434
962,988	Property, Plant and Equipment	7	886,204
1,019,388	Long-term Assets		929,638
3,498,414	Funds held by Renfrewshire Council		3,216,031
2,309,027	Short-term Debtors and Prepayments	11	2,455,659
5,807,441	Current Assets		5,671,690
(2,158,980)	Creditors And Accruals	12	(2,042,474)
(2,158,980)	Current Liabilities		(2,042,474)
(253,133)	Long-term Creditors	12	(168,917)
(394,000)	Pension (liability)/Asset	15	(391,000)
(647,133)	Long Term Liabilities		(559,917)
4,020,716	Net Assets / (Liabilities)		3,998,937
(3,845,933)	Usable Reserves	3	(3,872,037)
(174,783)	Unusable Reserves	4	(126,900)
(4,020,716)	Total Reserves		(3,998,937)

The unaudited accounts were issued on 19 June 2026.

Alastair MacArthur
Treasurer

Note 1: Expenditure and Funding Analysis

This statement shows how annual expenditure is used and funded from resources and provides a reconciliation of the statutory adjustments between the Joint Committee's financial performance on a funding basis and the (surplus) or deficit on the provision of service in the Comprehensive Income and Expenditure Statement.

2025/26	Net Expenditure chargeable to £	Adjustments for capital £	Adjustments for pensions £	Other adjustments £	Net Expenditure in the CIES £
Employee Costs	6,973,307		329,000	41,301	7,343,608
Property Costs	257,741	(109,168)			148,573
Supplies and Services	1,976,754	(26,460)		(1,500,275)	450,019
Support Costs	378,070				378,070
Transfer Payments	27,997				27,997
Transport Costs	7,195				7,195
Capital Charges	0	128,378			128,378
Income from Projects	(1,928,454)			108,233	(1,820,221)
Government Grants	0			(108,233)	(108,233)
Other Income	(3,719,705)			1,633,055	(2,086,650)
Cost of Services	3,972,905	(7,250)	329,000	174,081	4,468,736
Other income and expenditure	(3,999,009)	16,832	32,000	(132,780)	(4,082,957)
(Surplus) or deficit on the provision of service	(26,104)	9,582	361,000	41,301	385,779

2024/25	Net Expenditure chargeable to £	Adjustments for capital £	Adjustments for pensions £	Other adjustments £	Net Expenditure in the CIES £
Employee Costs	6,217,868		524,000	(14,459)	6,727,411
Property Costs	216,500	(97,000)			119,500
Supplies and Services	620,100			(257,959)	362,141
Support Costs	320,116				320,117
Transfer Payments	25,442				25,440
Transport Costs	5,806				5,807
Capital Charges	0	25,974			25,974
Income from Projects	(2,478,343)				(2,478,344)
Government Grants	0			(203,296)	(203,296)
Other Income	(1,845,228)			534,135	(1,311,093)
Cost of Services	3,082,261	(71,026)	524,000	58,421	3,593,657
Other income and expenditure	(3,999,007)	0	34,000	(52,194)	(4,017,202)
(Surplus) or deficit on the provision of service	(916,746)	(71,026)	558,000	6,227	(423,545)

Note 2: Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. There are no new standards that are expected to have a material impact on the accounts of Scotland Excel.

Note 3: Transfers to / from Earmarked Reserves

This note sets out the amounts transferred to and from Revenue and Project balances to meet expenditure in 2025/26 and beyond.

	Balance at 1 April 2025 £	Transfers out £	Transfers in £	Balance at 31 March 2026 £
Revenue Reserve - uncommitted balance	(943,092)	16,862	(3,701)	(929,931)
The Academy	(105,551)	0	(21,620)	(127,171)
Digital Transformation	(13,319)	0	(5,996)	(19,315)
Hosted Procurement	(228,686)	0	(104,886)	(333,572)
New Build Project	73,345	31,211	0	104,556
South Lanarkshire Council	(145,234)	0	(17,597)	(162,831)
Small Value Procurement	(2,393,179)	90,227	0	(2,302,952)
Scottish Government Rehab Project	(3,701)	3,701	0	0
Dundee City Council	(73,632)	18,368	0	(55,264)
Savings Team	0	0	(19,336)	(19,336)
Scottish Government Grants	2,264	758	0	3,022
Renfrewshire Council Project	(15,148)	0	(14,095)	(29,243)
Total Usable Reserves	(3,845,933)	161,127	(187,231)	(3,872,037)

	Balance at 31 March 2026 £	Committed £	Uncommitted Balance £	Note
Revenue Reserve - uncommitted balance	(929,931)	0	(929,931)	(a)
The Academy	(127,171)	(127,171)	0	(b)
Digital Transformation	(19,315)	(19,315)	0	(b)
Hosted Procurement	(333,572)	(333,572)	0	(b)
New Build Project	104,556	104,556	0	(b)
South Lanarkshire Council	(162,831)	(162,831)	0	(b)
Small Value Procurement	(2,302,952)	(2,302,952)	0	(b)
Dundee City Council	(55,264)	(55,264)	0	(b)
Savings Team	(19,336)	(19,336)	0	(b)
Scottish Government Grants	3,022	3,022	0	(b)
Renfrewshire Council Project	(29,243)	(29,243)	0	(b)
Total Usable Reserves	(3,872,037)	(2,942,106)	(929,931)	

Notes

- The balance on the Revenue Reserve represents 25.9% of the Cost of Services in 2025/26 (26.2% in 2024/25);
- Balances are ring-fenced for continuing 2026/27 Project delivery.

Note 4: Unusable Reserves

Unusable reserves are those reserves that Scotland Excel is not able to utilise to provide services, and comprise:

- Reserves that hold unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment, where amounts will only become available to provide services (or limit resources in the case of losses) once the gains or losses are realised as the assets are disposed of. This category of reserves relates to the Revaluation Reserve.
- Adjustment accounts that deal with situations where income and expenditure are recognised according to statutory regulations against the Revenue Reserve Balance on a different basis from that expected by generally accepted accounting practices. The adjustment accounts comprise the Capital Adjustment Account, the Financial Instruments, the Pension Reserve and the Employee Statutory Adjustment Account.

As at 31 March 2025 £	Unusable Reserves	As at 31 March 2026 £
394,000	Pension Reserve	391,000
117,302	Employee Statutory Adjustment Account	158,603
(169,562)	Capital Adjustment Account	(159,980)
(516,523)	Revaluation Reserve	(516,523)
(174,783)	Total Unusable Reserves	(126,900)

Pension Reserve

The Pension 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.

Scotland Excel 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 Joint Committee makes employer's contributions to pension funds. The credit balance on the Pension Reserve at 31 March 2026 (before the asset cap is applied) indicates a net asset position in the Joint Committee's share of Strathclyde Pension Fund resources available to meet the cost of benefits earned by past and current employees (£13.117m at March 2026). Statutory arrangements, such as the triennial valuations, ensure that sufficient funding will have been set aside by the time that benefits come to be paid.

2024/25 £	Pension Reserve	2025/26 £
450,000	Balance as at 1 April	394,000
(3,740,000)	Actuarial (gains) and losses on pension assets and liabilities	(1,487,000)
3,126,000	Restriction to pension asset ceiling	1,123,000
558,000	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	361,000
394,000	Balance as at 31 March	391,000

Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on revenue balances from accruing for compensated absences earned, but not taken at the end of the financial year. However, statutory arrangements, or regulations, require that the impact of such accrued expenditure on revenue balances is neutralised by transfers to or from this Account.

2024/25 £	Employee Statutory Adjustment Account	2025/26 £
131,761	Balance as at 1 April	117,302
(131,761)	Reversal of prior year accrual for short-term accumulating compensated absences	(117,302)
117,302	Accrual for short-term accumulating compensating absences at 31 March	158,603
117,302	Balance as at 31 March	158,603

Capital Adjustment Account

The Capital Adjustment Account absorbs 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. It is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES and credited with the amounts set aside as finance for these costs.

2024/25 £	Capital Adjustment Account	2025/26 £
(119,222)	Balance as at 1 April	(169,562)
25,974	Charges for depreciation of non-current assets	128,378
0	Capital expenditure charged against Revenue balances	(38,628)
(76,314)	Statutory Provision for the repayment of Right of Use Assets	(80,168)
(169,562)	Balance as at 31 March	(159,980)

Revaluation Reserve

The Revaluation Reserve contains the gains made by Scotland Excel arising from increases in the value of its non-current assets. The balance is reduced when assets with accumulated gains are:

- revalued 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 Revaluation Reserve contains only revaluation gains accumulated since 1 April 2024, which was the date that the Revaluation Reserve was created as a consequence of the implementation of IFRS16.

2024/25 £	Revaluation Reserve	2025/26 £
0	Balance as at 1 April	(516,523)
(516,523)	Upward revaluation of non-current assets	0
(516,523)	Balance as at 31 March	(516,523)

Note 5: Adjustments between Accounting Basis and Funding Basis under Regulations

The surplus for the year on the Revenue Reserve was £411,883 more than the deficit shown in the Comprehensive Income and Expenditure Statement. The table below gives a breakdown of the differences between the income and expenditure included in the CIES in accordance with the Code and the amounts that statute and non-statutory proper practice require the Joint Committee to debit and credit the Revenue Reserve Balance.

2025/26	Usable Reserves £	Unusable Reserves £
Adjustments primarily involving the Capital Adjustment Account:		
Charges for depreciation of non-current assets	(128,378)	128,378
Capital expenditure charged against Revenue balances	38,628	(38,628)
Statutory Provision for the repayment of Right of Use Assets	80,168	(80,168)
Adjustments primarily involving the Pension Reserve:		
Net charges made for retirement benefits in accordance with IAS19	(745,000)	745,000
Employers contributions payable to the Strathclyde Pension Fund	384,000	(384,000)
Adjustments primarily involving the Employee Statutory Adjustment Account:		
Net charges for employment short-term accumulating absences	(41,301)	41,301
Total adjustments	(411,883)	411,883

2024/25	Usable Reserves £	Unusable Reserves £
Adjustments primarily involving the Capital Adjustment Account:		
Charges for depreciation of non-current assets	(25,974)	25,974
Statutory Provision for the repayment of Right of Use Assets	76,314	(76,314)
Adjustments primarily involving the Pension Reserve:		
Net charges made for retirement benefits in accordance with IAS19	(953,000)	953,000
Employers contributions payable to the Strathclyde Pension Fund	395,000	(395,000)
Adjustments primarily involving the Employee Statutory Adjustment Account:		
Net charges for employment short-term accumulating absences	14,459	(14,459)
Total adjustments	(493,201)	493,201

Note 6: Intangible Assets

2024/25 £	Software	2025/26 £
	Opening balance at 1 April	
129,660	Gross carrying amounts	129,660
(60,294)	Accumulated amortisation	(73,260)
69,366	Net carrying amount at 1 April	56,400
(12,966)	Amortisation for the year	(12,966)
56,400	Net carrying amount at 31 March	43,434
	Comprising:	
129,660	Gross carrying amounts	129,660
(73,260)	Accumulated amortisation	(86,226)
56,400		43,434

Note 7: Property, Plant and Equipment

2024/25		Property, Plant and Equipment	2025/26			
Total £	Of Which Right of Use Assets £		Plant and Equipment £	Other Land and Buildings £	Total £	Of Which Right of Use Assets £
		Cost or Valuation				
89,019	0	Opening balance at 1 April	89,019	926,139	1,015,158	926,139
409,616	409,616	Recognition of Right of Use Assets	0	0	0	0
516,523	516,523	Revaluation Adjustments taken to the Revaluation Reserve	0	0	0	0
0	0	Additions	38,628	0	38,628	0
1,015,158	926,139	Gross Book Value at 31 March	127,647	926,139	1,053,786	926,139
		Depreciation and Impairment				
(39,162)	0	Accumulated depreciation at 1 April	(52,170)	0	(52,170)	0
(13,008)	0	Depreciation charge for year	(13,008)	(102,404)	(115,412)	(102,404)
(52,170)	0	Accumulated depreciation at 31 March	(65,178)	(102,404)	(167,582)	(102,404)
49,857	0	Opening Net Book Value	36,849	926,139	962,988	926,139
962,988	926,139	Closing Net Book Value	62,469	823,735	886,204	823,735

Note 8: Agency Services

The Scottish Government has commissioned Scotland Excel to administer the Residential Rehabilitation Additional Placement Fund, which involves distribution of grant funding to Alcohol and Drugs Partnerships across Scotland. Scotland Excel has no discretion over the use of these funds, so they do not feature in the Comprehensive Income and Expenditure Statement (CIES). Any sums not yet disbursed are carried forward in the Balance Sheet as a Creditor; it is not treated as reserves. Only commission income relating to this arrangement has been recognised in the CIES, as outlined below:

2024/25 £	Agency Services	2025/26 £
(1,970,000)	Income from the Scottish Government for the Residential Rehabilitation Additional Placement Fund	(1,246,227)
257,960	Amounts disbursed to Alcohol and Drugs Partnerships for the Residential Rehabilitation Additional Placement Fund	1,500,275
(1,712,040)	Balance carried forward (Creditors)	254,049
30,000	Service Income recognised in the CIES	42,198

Note 9: Right of Use Assets/Lease Liabilities

Scotland Excel adopted International Financial Reporting Standard 16 (IFRS 16: Leases) from 1 April 2024, to recognise right of use assets, which means that the majority of leases where Scotland Excel acts as lessee are recognised on the Balance Sheet with effect from 1 April 2024. Any right-of-use assets and lease liabilities are calculated as if IFRS 16 had always applied, but recognised in the year of adoption and not by adjusting prior year figures.

As a lessee, Scotland Excel has previously classified its property lease at Renfrewshire House as an operating lease, based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Scotland Excel. Under IFRS 16, right-of-use assets and lease liabilities are instead recognised on the Balance Sheet for any material leases.

The application of the Code's adaptation of IFRS 16 resulted in additions to the balance sheet in 2024/25 of Other Land and Buildings and corresponding liabilities, amounting to £592,837. A weighted average incremental borrowing rate of 5.05% was applied to lease liabilities.

2024/25 £	Right of Use Assets: Lease Liabilities	2025/26 £
(80,168)	Not later than one year	(84,217)
(253,133)	Between one and five years	(168,917)
(333,302)	Total	(253,133)

2024/25 £	Capital Finance Requirement	2025/26 £
0	Balance as at 1 April	333,302
409,616	Right of Use Assets Recognised in Year	0
(76,314)	Right of Use Asset Principal Repayment in Year	(80,168)
333,302	Balance as at 31 March	253,133

Note 10: External audit costs

2024/25 £		2025/26 £
12,370	Fees payable in respect of external audit services	12,878

Note 11: Debtors

As at 31 March 2025 £	Short-term debtors	As at 31 March 2026 £
86,640	Prepayments	253,590
2,222,387	Other receivable amounts	2,202,069
2,309,027	Total	2,455,659

Note 12: Creditors

As at 31 March 2025 £	Short-term creditors	As at 31 March 2026 £
(61,446)	Trade payables	(121,885)
(2,017,366)	Other payables	(1,836,372)
(80,168)	Lease Liabilities	(84,217)
(2,158,980)	Total	(2,042,474)

As at 31 March £	Long-term creditors	As at 31 March £
(253,133)	Lease Liabilities	(168,917)
(253,133)	Total	(168,917)

Note 13: Events after the balance sheet date

The unaudited accounts were issued to the Joint Committee on 19 June 2026. 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.

Events taking place after this date are not reflected in the financial statements or notes.

Note 14: Related parties

Related parties are those bodies or individuals that have the potential to control or significantly influence the Joint Committee, or to be controlled or significantly influenced by the Joint Committee. The Joint Committee is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties.

Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related

parties. Disclosure of this information allows readers to assess the extent to which the Joint Committee 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 Joint Committee.

Elected member interests in related parties

Under the relevant Codes of Conduct, elected members and senior officials must declare any registered interests in any bodies or organisations. Each member's Register of Interest can be found by searching for an individual councillor on each of their respective Council's websites, or clicking the link next to their name on the table opposite.

Elected Members and senior officers

Members of the Joint Committee and senior officers have control over Scotland Excel's financial and operating policies. They have the responsibility to adhere to a Code of Conduct, requiring them to declare an interest in matters that directly or indirectly influence, or appear to influence, their judgement or decisions taken during the course of their work. The total senior officers' remuneration allowances paid in 2025/26 is shown in the Remuneration Report on page 14.

There is no specific remuneration paid to elected members by Scotland Excel.

The Joint Committee consists of one or more representative of all 32 councils in Scotland. It meets twice a year and is responsible for the strategic direction of the organisation and for approving the annual budget and business plan.

The Executive Sub-Committee is a sub-group of elected members from the Joint Committee who meet regularly to approve contract awards and

other business decisions. At 31 March 2026, it was comprised of the following councillors:

Member	Link to Member Interests
John Shaw (Convener)	Renfrewshire Council
Altany Craik (Vice)	Fife Council
David Keating	Aberdeenshire Council
Iain Gall	Angus Council
Mandy Watt	City of Edinburgh Council
Kenny MacLeod	Comhairle nan Eilean Siar
Carolyn Wilson	Dumfries and Galloway Council
Ruairi Kelly	Glasgow City Council
Paul Oldham	Highland Council
Christina Larsen	North Ayrshire Council
Michael McPake	North Lanarkshire Council
Dennis Leask	Shetland Islands Council
Chris Cullen	South Ayrshire Council
Walter Brogan	South Lanarkshire Council

Key Related Parties – member authorities

Scotland Excel is funded principally by requisitions from all 32 local authorities in Scotland, who have contributed in the following proportions to enable the Joint Committee to carry out its objectives. It should be noted that from 1 April 2025, all National Care Home Contract activity is carried out as part of the core requisition payment and not funded separately.

A number of councils participated in targeted procurement projects over the course of 2025/26, and related income received was as shown in the second table below.

2024/25 £	Core Requisitions Council	%	2025/26 £
157,769	Aberdeen City	3.9%	157,769
178,354	Aberdeenshire	4.5%	178,354
92,786	Angus	2.3%	92,786
75,330	Argyll and Bute	1.9%	75,330
55,083	Clackmannanshire	1.4%	55,083
111,859	Dumfries and Galloway	2.8%	111,859
111,234	Dundee City	2.8%	111,234
96,230	East Ayrshire	2.4%	96,230
88,571	East Dunbartonshire	2.2%	88,571
88,967	East Lothian	2.2%	88,967
81,378	East Renfrewshire	2.0%	81,378
332,351	City of Edinburgh	8.3%	332,351
40,547	Eilean Siar	1.0%	40,547
118,812	Falkirk	3.0%	118,812
243,764	Fife	6.1%	243,764
395,787	Glasgow City	9.9%	395,787
163,975	Highland	4.1%	163,975
69,772	Inverclyde	1.7%	69,772
80,269	Midlothian	2.0%	80,269
81,279	Moray	2.0%	81,279
103,352	North Ayrshire	2.6%	103,352
224,305	North Lanarkshire	5.6%	224,305
38,153	Orkney Islands	1.0%	38,153
114,789	Perth and Kinross	2.9%	114,789
130,044	Renfrewshire	3.3%	130,044
92,727	Scottish Borders	2.3%	92,727
38,387	Shetland Islands	1.0%	38,387
90,643	South Ayrshire	2.3%	90,643
213,347	South Lanarkshire	5.3%	213,347
79,562	Stirling	2.0%	79,562
76,246	West Dunbartonshire	1.9%	76,246
133,337	West Lothian	3.3%	133,337
3,999,009	Total	100%	3,999,009

Projects Council	2025/26 £
Aberdeen City	166,679
Argyll and Bute	5,650
Dumfries and Galloway	23,115
Dundee City	91,792
East Lothian	10,815
East Renfrewshire	1,000
City of Edinburgh	1,107
Fife	4,000
Glasgow City	3,268
Highland	1,757
Inverclyde	1,130
Moray	630
North Ayrshire	1,000
North Lanarkshire	6,032
Orkney Islands	1,140
Perth and Kinross	1,920
Renfrewshire	100,000
Shetland Islands	3,485
South Ayrshire	50,690
South Lanarkshire	101,130
Total	576,340

Renfrewshire Council is the lead authority for Scotland Excel, providing Treasurer and Clerking services, as well as support services, such as HR, Legal and Internal Audit. Scotland Excel has a service level agreement with Renfrewshire Council that sets out how much this support should cost each year. In 2025/26, Scotland Excel paid Renfrewshire Council £284k for support services (2024/25 £218k). Scotland Excel also received £133k from Renfrewshire Council for interest earned on cash balances (reserves) held by the Council on its behalf.

There were no further material transactions between Scotland Excel and its member authorities.

Other public bodies

Strathclyde Pension Fund is the principal administrators of the post-retirement funds held on behalf of the current and former employees of Scotland Excel. Information about transactions during the year and outstanding assets and liabilities in relation to Scotland Excel's pension fund can be found in Note 15: Retirement Benefits.

The Scottish Government commissioned Scotland Excel to administer the distribution of grant funding to Alcohol and Drugs Partnerships across Scotland. Further information can be found in Note 8: Agency Services on page 24.

Scotland Excel has a number of public bodies, including Housing Associations who are associate members and pay an annual fee to access its frameworks. In addition, a number of public bodies participated in targeted procurement projects over the course of 2025/26. Those bodies contributing a material level of income for 2025/26 were as follows:

Other Public and Associated Bodies	£
APUC	9,640
Bield Housing Association	8,667
City Property Glasgow LLP	4,200
Clyde Valley Housing Association	36,958
Crown Estate Scotland	83,475
Forestry and Land Scotland	216,830
Glasgow West Housing Association Ltd	8,837
Kingdom Housing Association Ltd	30,766
Link Group Ltd	14,770
Linthouse Housing Association	9,939
Queens Cross Housing Association	6,698
Nature Scot	48,505
North Glasgow Housing Association Ltd	8,457
Public Services Delivery Scotland	16,040
Renfrewshire Leisure Ltd	24,075
River Clyde Homes	9,126
Scottish Enterprise	13,440
Scottish Fire & Rescue Service	88,810
Scottish Government	15,960
Scottish Police Authority	17,630
SEEMiS Group LLP	34,907
Strathclyde Partnership for Transport	10,815
Trust Housing Association Ltd	8,735
Scottish Courts & Tribunal Service	22,060
Wheatley Housing Group Limited	41,200
Total	790,540

There were no other material transactions between Scotland Excel and other public bodies.

Note 15: Retirement Benefits

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The scheme for employees is Strathclyde Pension Fund, which is administered by Glasgow City Council. This is a funded defined benefit final salary scheme, meaning that the Joint Committee and its employees pay contributions into a fund, calculated at a level intended to balance the pension liability with investment assets.

15a: Transactions relating to retirement benefits

The cost of retirement benefits is recognised in Gross Expenditure when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made in the accounts is based upon pension contributions payable by the Joint Committee in the year, and an adjustment is made within the Movement in Reserves Statement to replace the cost of retirement benefits with employers' contributions.

The net change in the pension liability is recognised in the Movement in Reserves Statement for pension payments made by the Joint Committee to the Strathclyde Pension Fund during the year. The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2025/26 these amounted to £30,291 (2024/25 £29,876).

The following transactions have been made in the accounting statements in 2025/26:

2024/25 £		2025/26 £
	Comprehensive Income & Expenditure Statement (CIES)	
919,000	Current service cost	713,000
919,000		713,000
	Financing & Investment Income & Expenditure	
34,000	Net Interest	32,000
953,000	Total post employment benefit charged to the Surplus or Deficit on the Provision of Services	745,000
	Other post employment benefit charged to the CIES	
325,000	Return on assets excluding amounts included in net interest	(926,000)
(4,065,000)	Actuarial (gains) and losses arising on changes in financial assumptions	(561,000)
(3,740,000)	Total Actuarial (gains) and losses	(1,487,000)
(2,787,000)	Total post employment benefit charged to the CIES	(742,000)
	Movement in Reserves Statement	
3,182,000	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code	1,126,000
395,000	Employers Contributions paid to Strathclyde Pension Fund	384,000

Current service cost is the cost of future entitlements to pension payments to current employees.

Past service cost is the estimated increase in liabilities arising from current year decisions that relates to years of service earned prior to this year.

Net Interest is an actuarial adjustment to the inflation element in the cost of funding current and future pension obligations. This is the expected increase during the year in the present value of the Joint Committee's share of Strathclyde Pension Fund's liabilities because they are one year closer to settlement.

15b: Assets and liabilities in relation to retirement benefits

A reconciliation of Scotland Excel's share of the present value of Strathclyde Pension Fund's net asset is as follows:

2024/25 £000		2025/26 £000
18,254	Opening present value	16,313
919	Current service cost	713
904	Interest Cost	964
330	Contributions from employees	371
0	Benefits Paid	(428)
(29)	Unfunded Benefits Paid	(30)
	Remeasurement (gains)/losses:	
(4,065)	Actuarial (gains)/losses arising from changes in financial assumptions	(561)
16,313	Balance as at 31 March	17,342

2024/25 £000		2025/26 £000
25,639	Opening Fair Value	27,256
1,246	Interest Income	1,589
366	Contributions from employer	354
330	Contributions from employees	371
0	Benefits Paid	(428)
29	Contributions in respect of unfunded benefits	30
(29)	Unfunded Benefits Paid	(30)
	Remeasurement gain/(loss):	
(325)	Return on assets excluding amounts included in net interest	926
27,256	Closing fair value of scheme assets	30,068

A reconciliation of Scotland Excel's share of the fair value of Strathclyde Pension Fund's assets is as follows:

15c: Fund history

	2021/23 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Present Value of Liabilities	(25,688)	(16,304)	(18,254)	(16,313)	(17,342)
Fair value of assets	23,592	23,939	25,639	27,256	30,068
Restriction to asset ceiling	0	(7,635)	(7,835)	(11,337)	(13,117)
Surplus/(deficit) in the Fund	(2,096)	0	(450)	(394)	(391)

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching (ALM) strategy. The total pension asset of £13.117m has a significant impact on the net worth of the Joint Committee. However, this surplus of scheme assets is restricted to the 'asset ceiling' i.e. the net present value of future service costs less net present value of future contributions over the future working lifetime as at 31 March 2026. This ceiling, or cap, has been calculated to be £0; this excludes unfunded pension obligations of £391k.

2024/25 £000		2025/26 £000
(16,313)	Present value of defined benefit obligation	(17,342)
27,256	Fair Value of scheme assets	30,068
(11,337)	Restriction to asset ceiling	(13,117)
(394)	Net asset/(liability) arising from defined benefit obligation	(391)

15d: Impact on cashflows

An objective of the fund is to keep employer's contributions at as constant a rate as possible. The fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating employers. The rate for employer contributions was reduced from 19.3% to 6.5% for the financial years 2024/25 and 2025/26, and is forecast to revert to a rate of 17.5% in 2026/27.

The total contributions expected to be made by the Joint Committee to the Strathclyde Pension Fund in the forthcoming year to 31 March 2027 is £952k.

15e: Basis for estimating assets and liabilities

Scotland Excel's share of the assets and liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, which estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Scheme's liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2026. The principal assumptions used by the actuary have been:

2024/25	Mortality assumptions	2025/26
Longevity at 65 for current pensioners (years)		
19.6	Men	20.0
22.4	Women	22.5
Longevity at 65 for Future pensioners (years)		
20.5	Men	20.8
24.1	Women	24.2
Other assumptions		
3.50%	Rate of increase in salaries	3.70%
2.75%	Rate of increase in pensions	3.00%
5.80%	Rate for discounting scheme liabilities	6.30%
Take-up of option to convert annual pension into retirement lump sum:		
50.0%	Pre-April 2009 service	50.0%
75.0%	Post-April 2009 service	75.0%

The value of the pension fund liability is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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.

Sensitivity Analysis	2025/26	
Impact on Pension Scheme Liability	%	£000
0.1% decrease in Real Discount Rate	2.0%	337
1 Yr increase in member life expectancy	4.0%	694
0.1% increase in Salary Increase Rate	0.0%	17
0.1% increase in Pension Increase Rate	2.0%	320

The pension scheme's assets consist of the following categories, by proportion of the total assets held:

2024/25 £000		%	2025/26 £000
11,964	Equity instruments	45.1%	13,556
2,057	Real Estate	6.9%	2,085
12,572	Investment Funds and Unit Trusts	44.8%	13,459
663	Cash and Cash Equivalents	3.2%	970
27,256	Total	100.0%	30,068

Note 16: Contingent Liabilities

Following two court cases, including *Mrs Goodwin v Department for Education*, it is expected that proposed changes to public service pension schemes will be required, to ensure that surviving same-sex spouses and civil partners receive benefits equivalent to those received by the surviving spouses of opposite-sex marriages. Strathclyde Pension Fund's actuary estimates that the potential impact may be in the range of 0.1% of gross obligations, around £26k for Scotland Excel. This estimate is not reflected in the Primary Financial Statements because the remedy is still uncertain.

The actuary is aware of two further two court cases that may affect future LGPS benefits (*Walker and O'Brien*), however, these are not expected to have a significant impact on the pension fund obligations.

Note 17: Summary of Significant Accounting Policies

A General Principles

The Annual Accounts summarise the Joint Committee's transactions for the 2025/26 financial year and its financial position as at 31 March 2026. The Joint Committee is required to prepare Annual Accounts by the Local Authority (Scotland)

Regulations 2014 and section 12 of the Local Government in Scotland Act 2003 requires these accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The Code is issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and is designed to give a true and fair view of the financial performance of the Joint Committee.

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the valuation of pension assets and liabilities where appropriate. The Annual Accounts have been prepared on a going concern basis.

B Accruals of Expenditure and Income

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

- revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee;
- revenue from the provision of services is recognised when the Joint Committee has satisfied the performance obligation and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee;
- expenditure in relation to services received (including services provided by employees) is recorded when the service is received rather than when payment is made;

- 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;
- where income 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.

C Prior Period Adjustments, Changes in Accounting Policies and Estimates, and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

Material misstatement or omission discovered in prior period figures are corrected retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period.

D Contingent Liabilities

Contingent liabilities are disclosed in the accounts, but not recognised in the Balance Sheet, in circumstances where:

- an event has taken place that gives Scotland Excel 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 Joint Committee; or
- 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.

E Employee Benefits

Benefits payable during employment

All salaries and wages earned up to the Balance Sheet date are included in the accounts irrespective of when payment was made. An accrual is made for the cost of holiday entitlements earned, but not taken before the year end that employees may carry forward into the next financial year.

Post-employment benefits

The Joint Committee participates in the Local Government Pension Scheme (LGPS), administered by Strathclyde Pension Fund. The LGPS is accounted for as a defined benefit scheme and in accordance with International Accounting Standard 19 (IAS19) the Joint Committee has disclosed certain information concerning the assets, liabilities, income and expenditure relating to the pension scheme. IAS19 requires that an organisation must account for retirement benefits when it is committed to giving them, even if the payment will be many years into the future.

This involves the recognition in the Balance Sheet of the Joint Committee's share of the net pension asset or liability in Strathclyde Pension Fund and a pension reserve.

The liabilities of the Strathclyde Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return on high quality corporate bonds.

The assets of the Strathclyde Pension Fund attributable to the Joint Committee are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

The Comprehensive Income and Expenditure Statement (CIES) also recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year.

The change in the net pension liability is analysed into the following components:

- **current service cost** – the increase in liabilities as a 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 arising from current year decisions whose effect relates to years of service earned in earlier years, which is debited to the Surplus or Deficit on the Provision of Services in the CIES;
- **net interest cost on the defined benefit liability** – the change during the period in the net defined benefit liability 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 at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments;

- **return on scheme assets** – excluding amounts included in net interest on the net defined benefit liability which are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- **actuarial gains and losses** – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions, which is charged to the Pensions Reserve. Actuarial gains and losses are shown within Other Comprehensive Income and Expenditure within the CIES; and
- **contributions paid to the pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities which are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the amount payable by the Joint Committee to be amount paid directly to pensioners in the year, not the amount calculated according to the relevant accounting standards in the CIES.

In the Movement in Reserves Statement this means that there are transfers 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.

F Events after the Balance Sheet date

Events after the balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and

the date when the accounts are authorised for issue.

There are two types of events:

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period and the accounts are adjusted to reflect such events; and

Non-adjusting events – those that are indicative of conditions that arose after the reporting period and the accounts are not adjusted. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

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

G Government Grants and other Contributions

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

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

Amounts recognised as due to the Joint Committee are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied.

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 CIES.

H Right of Use Assets

Scotland Excel adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of this is

that, for arrangements previously accounted for as operating leases, a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024. Scotland Excel 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 2026, and new leases with a duration of less than 12 months.

I 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 plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Plant and Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of an asset (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

Plant, furniture and computer equipment costing less than £9,000 are not treated as fixed assets. This de minimis level does not apply where certain categories of these assets are grouped together and form part of an approved capital programme. Assets are then carried in the Balance Sheet using the depreciated historical cost.

Impairment

Assets are assessed at each year-end to determine 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, an impairment loss is recognised for the shortfall and the carrying amount of the asset is written down in the CIES.

Where an impairment loss is subsequently reversed, the reversal is credited to 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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the CIES as part of the gain or loss on disposal. Any receipts from disposals are credited to 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).

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. For ICT equipment, this is calculated on a straight-line basis over 5 years. Depreciation is not charged until the year following the purchase of an asset.

J Intangible Assets

Expenditure on non-monetary assets that do not have physical substance, but are controlled by the Joint Committee 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 Joint Committee.

Intangible assets are measured initially at cost. Amounts are revalued where the fair value of the assets held can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life on a straight-line basis in the CIES. Amortisation is not charged until the year following the purchase of an asset.

An asset is tested for impairment whenever there is an indication that the asset might be impaired and any losses recognised are posted 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 Revenue Reserve. The gains and losses are therefore reversed out of the Revenue Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and a Capital Receipts Reserve.

All capital expenditure is charged to the constituent authorities, meaning that the Joint Committee has no requirement to borrow. A notional capital grant is applied to the CIES in the year of spend and removed from affecting the Revenue Reserve through the Movement in Reserves Statement.

Software costing less than £9,000 is not treated as an intangible asset and is charged to the CIES. This de minimis does not apply where certain categories of assets are grouped together.

K Reserves

Reserves are classified under accounting regulations into two categories: usable reserves, which are available to spend; and unusable reserves, which are unrealised net gains or losses that have a deferred impact on the Joint Committee.

Usable Reserves

The Revenue Reserve represents surplus funds held by the Joint Committee, which are ultimately repayable to the member authorities in the same allocation proportions as the requisitions.

Balances accumulated from Project activity are distributable only to participating authorities.

Unusable Reserves

Certain reserves are held to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for Scotland Excel; these reserves are explained in the Unusable Reserves note.

L Value Added Tax (VAT)

Income and expenditure exclude any amount relating to VAT, as all VAT collected is payable to HM Revenue & Customs (HMRC) and all VAT paid is recoverable from them.

Note 18: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 17, the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made, this is referred to in the relevant note to the core financial statements. There are no significant areas to highlight here.

Note 19: Assumptions made about the future

The Annual Accounts contain estimated figures that are based on assumptions made by the Joint Committee 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 assumptions and estimates.

The items in the Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are outlined in the table below.

Item	Uncertainties	Effect if Results differ from Assumption
Pensions Liability	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. A firm of consulting actuaries is engaged to provide the Joint Committee with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £0.337m, equating to a 2% increase. The carrying value of the pension liability was £13.117m as at 31 March 2026 (before asset cap). For further details see Note 16: Retirement Benefits.