

POBE 2026: Revenue & Capital Guidance Notes

Version Control

Version Number	Date	By	Comments
1.0	27/02/2026	M Diver A Waugh	Original Version

What's New in POBE 2026?

- [Additional Guidance has been provided on Service Concessions.](#)
- A row has been added to record income from the Visitor Levy in 2026-27 onwards.

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1. General Notes

This return collects Provisional Outturn (PO) figures for 2025-26 and Budget Estimates (BE) for 2026-27 (plus 2027-28 and 2028-29 for capital only).

Please note that in line with changes introduced to the previous POBE returns:

- Revenue, capital and reserves are collected in one Excel workbook;
- Revenue, capital and reserves should be provided by all councils, VJBs, RTPs and the Tay Road Bridge authority.

This document provides guidance notes to be used when completing the POBE 2026 return. It is important that this guidance is followed to ensure all returns are completed consistently by local authorities so that valid and reliable figures for Scotland can be obtained. In general, the service breakdowns are in line with the CIPFA SeRCOP and [2024-25 LFR guidance](#), however some areas may deviate from this and so it is important to review all the guidance provided.

The following points should be applied throughout the return:

- Figures representing **expenditure** (debit amounts) should be entered as **positive** values and figures representing **income** (credit amounts) should be entered as **negative** values.
- All figures should be **entered in £ thousands**, unless otherwise specified, and **rounded to the nearest whole number**.
- Figures should be entered on an accruals basis, i.e. what you expect to treat as expenditure in each financial year.

If you have any queries on this return, please contact lgfstats@gov.scot.

1.1 Completing the Return

Local authorities should select their authority name from the dropdown list on the 'Front Page' tab first. This will pre-populate some figures for your local authority.



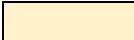




The 'Front Page' tab also collects contact details and the certification from the Director of Finance. The 'Changes' tab provides a detailed note of changes made to this years' return.

Comments on what basis the provisional outturn figures have been provided and any factors that may affect comparability with final, audited figures should be detailed in the comments boxes at Row 256 in the Revenue tab and Row 237 in the Capital tab.

Completed returns should be emailed to lgfstats@gov.scot by no later than 5pm on Tuesday 21st April 2026.

1.2 Colour Coding and Automatic Validation Checks

The following colour coding has been applied to the return:

	Pale red cells: data is to be entered must be a positive.
	Pale green cells: data is to be entered must be a negative.
	Plain yellow cells: data can be a positive or negative
	Light grey cells: data has been automatically populated , either from another cell in the return or from prior years' data. If the cause of an error is not clear, it may be because a different part of the return needs to be completed first.
	Light blue cells: subtotals
	Dark blue cells: totals
	Red cells: an automatic validation check has been flagged. Details of the broad types of validation checks are given below:

1. Pass / Fail validation checks test the figure entered against a specific set of criteria, for example ensuring figures sum to the appropriate total or the correct signage has been used.

2. Comment required checks highlight the comment box for lines where an explanatory comment is required, as advised in the row description.

3. Revenue budget estimates are validated against provisional outturn figures entered in Column D. Significant changes (those over £500k **and** 10%) will be flagged red and explanations for these changes should be provided in the relevant comments box in Column H.

'Failed Validation Checks' Count: This is shown in cell F2 of the revenue and capital tabs, and in Column E on the 'Front Page' tab. The count reflects the total number of validation checks of Type 1, as set out above, that have failed within each tab. Please ensure all data has been entered before reviewing any failed validation checks. Returns containing failed validation checks will **not** be accepted and will be returned to the local authority for review.

Cell-specific validation is used to ensure figures are entered in the correct format. If an incorrect format is used, a warning will appear and the figure should be reviewed and corrected as required. This will avoid these errors being picked up in validation.

1.3 Scottish Welfare Fund

There are two types of grants in the Scottish Welfare Fund (SWF):

- **Crisis Grants:** provide a safety net when someone experiences a disaster or emergency situation, such as a fire or flood and there is an immediate threat to health and safety.
- **Community Care Grants (CCG):** to enable people to live independently or continue to live independently, preventing the need for institutional care. A CCG may also be able to help a family facing exceptional pressure.

Grants should be recorded against the service area that best describes its purpose according to SeRCOP guidelines. LAAP Bulletin 98 in 2013-14 (paragraph 53 onwards) provides additional guidance and recommends the following initial treatment of SWF grants:

- Crisis grants should be recorded in Revenue: Building, Planning & Development: Economic Development (Row 196);
- CCGs should be recorded in Revenue: Social Work (Rows 121 to 124) against the relevant client group and community-based service.

As the SWF grant can be used for a wide range of services, authorities are free to record grants under other service headings if they believe that it better fits the purpose of the grant.

1.4 Covid-19 Expenditure and Income

Expenditure incurred in relation to Covid-19 should be recorded against the relevant subservice that incurred it. Where there is no appropriate existing subservice – for example, for activities relating to supporting individuals to shield or to Test & Protect – these should be recorded against Central Services: Other (Row 219 in Revenue and Rows 42, 79 or 96 in Capital) and a note of activities and net values included provided in Column M.

A total figure for additional gross expenditure incurred as a direct result of Covid-19 should also be provided in Row 239 of the Revenue tab – further guidance on what should be included in this figure is provided in Section 2.3.

Covid-19 related income should be recorded in line with the approach taken for LFR 2022-23, which was based on the [LASAAC Guidance on Accounting for Coronavirus Grants](#). That is:

- **amounts paid via GRG** should be recorded as GRG income in Row 36 of the Revenue tab, with no element of GRG to be recorded as service income;
- **service specific Covid-19 grants** should be recorded as service income against the relevant subservice, or against Other Central Services where there is no appropriate existing subservice, in line with the treatment for the associated expenditure;

- Covid-19 grants to be treated as **agency grants**, and the associated expenditure, should **not** be reflected anywhere in the return.

1.5 Financial Circulars

Finance Circulars can be found at:

[Local government finance circulars - gov.scot \(www.gov.scot\)](http://www.gov.scot)

1.6 LFR Guidance for 2024-25

[LFR Guidance 2024-25](#)

2. Revenue POBE

The 'Revenue' tab collects details of each local authority's net cost of services, as well as a summary of non-service expenditure / income and reserves balances. The information is collected in relation to the General Fund (including Harbour Account for Orkney and Shetland) **only**. It does **not** collect data on the HRA.

Please note that **requisition expenditure and income** to / from Valuation Joint Boards (VJBs) and Regional Transport Partnerships (RTPs) should be recorded as **service expenditure / income** for the purposes of this return.

2.1 Part 1: Comprehensive Income and Expenditure

Part 1 of the POBE return collects the equivalent figures to those used in the funding basis calculations in Columns H to K of LFR A0. Please note that the following costs / income which are required to be excluded when determining the movement on the General Fund balance, **must be excluded from this return**:

- depreciation and impairment of fixed assets;
- amortisation of intangible fixed assets;
- net gain or loss on the sale of fixed assets;
- IAS 19 costs;
- amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements (soft loans, premiums and discounts on the restructuring of debt – see [Finance Circular 4/2007](#) - which has now been superseded Local government [Finance Circular 7/2018](#));
- capital grants received, **except for** capital grant used to fund capital grants to third parties, in line with the conditions set out in the capital grant.

2.1.1 Net Cost of Services

Row 17 – Road Bridges: Only the net revenue expenditure PO and BE for the Tay Road Bridge Authority should be recorded here.

Row 22 – Trading Services: Record here net revenue expenditure relating to trading with the public and internal significant trading operations. This will include, but is not limited to, costs associated with fishery harbours and markets; statutory Harbour Accounts for Orkney & Shetland; other harbours; airports; tunnels; piers and slaughterhouses. The only **exception** is local authority transport undertakings, which should be recorded under Roads & Transport.

2.1.2 Financing, Investment and Other Operating Income and Expenditure

All financing and investment income and expenditure, as well as any other operating expenditure, should be recorded in this section of the return in accordance with CIPFA SeRCOP and [2024-25 LFR guidance](#).

Row 26 – Interest Payable and Similar Charges: Record here all interest payable for Loans Fund charges and finance leases.

Row 27 – Interest Receivable and Similar Income: All interest or investment income should be shown here. We would expect this to be a credit and therefore recorded as a negative figure.

Row 28 – Statutory Repayment of Debt – Loans Fund: Record here all debt repayments for loan charges. This should include any repayments relating to the use of Glasgow City Region Deal grant received in year that has been used to fund capital expenditure incurred in a prior financial year, in line with the letter from Scottish Government on 26 March 2021.

Any planned use of the Loans Fund repayment holiday should be reflected in this figure with the corresponding reduction in repayment value noted in Column H.

Row 29 – Statutory Repayment of Debt – Credit Arrangements: Record here all debt repayments for credit arrangements, including finance leases, PPP and PFI.

Service Concessions Accounting Flexibility – Local Government Finance

Circular 7/2023: The ‘windfall’ as a result of applying the service concessions flexibility should be recognised in full in the year in which the flexibility is applied – either 2022/23 or 2023/24 – in row 29 of the ‘Revenue’ tab (‘Statutory Repayment of Debt - Credit arrangements (Finance leases / PPP / PFI)’) with no further entries in relation to the statutory flexibility of Finance Circular 7/2023 beyond 2023/24.

However, a number of local authorities have not applied the expected accounting treatment of Finance Circular 7/2023, instead intending to recognise only a proportion of the windfall to the General Fund on an annual basis. To avoid a negative impact on General Fund reserves, this approach will also be permitted for those local authorities who did not recognise the windfall in full in either 2022/23 or 2023/24. The annual statutory repayment of debt for credit arrangements and the annual ‘windfall’ arising from applying the service concessions flexibility should continue to be reflected in row 29. For awareness, the combination of the statutory repayment of debt (+) and service concessions flexibility (-) may result in a negative figure in this cell.

Row 30 – Capital expenditure funded from General Fund / Harbour: Record here any revenue contributions to capital expenditure that were met directly from the General Fund, or Harbour Accounts for Orkney & Shetland.

Row 31 – Surplus (-) / Deficit (+) on Trading Operations not already included: Show here any surplus (recorded as a negative) or deficit (recorded as a positive) arising from significant trading operations which will be met from the General Fund. This should only be the surplus or deficit left after making any additional charges to services including any in respect of loan and leasing charges.

Row 32 – Other Operating Expenditure chargeable to the General Fund: Record here any other operating expenditure not already included that is chargeable to the General Fund, or the Harbour Account for Orkney and Shetland.

2.1.2 Taxation & Non-specific Grant Income

Row 36 – General Revenue Grant (GRG) as per Finance Circular: Record here the total amount of GRG received by the authority in the financial year, including any redetermination income. Redetermination income which has been applied to accounts of a previous year should be excluded from this return.

These figures for Councils are from [finance circular 2/2026](#).

Row 37 – Adjustments to GRG figure as per Finance Circular: Record here any adjustments required to the GRG figures from the Finance Circular (Row 36) to ensure total GRG (Row 38) matches that recorded by the local authority. An explanation for the adjustment must be provided in Column M, Note, ring fenced revenue grants (Annex E in the finance circular) should be recorded in row 241.

Row 39 – NDRI Distributable Amount as per Finance Circular: Record here the NDRI Distributable Amount for the financial year. These figures are from [finance circular 2/2026](#).

Row 40 – Adjustments to NDRI figure as per Finance Circular: Record here any adjustments required to the NDRI figures from the Finance Circular (Row 39) to ensure total NDRI (Row 41) matches that recorded by the local authority. An explanation for the adjustment must be provided in Column M.

Row 42 – Council Tax: Enter the total net local tax income collected in the financial year which will be used to fund services in year. **Include** previously uncollected / written off amounts of local tax and any additional income from the reduction of the Council Tax discount for Second Homes / Long-term Empty properties.

Row 43 – Discretionary Housing Payment – Balance of funding: Record here the figure to balance the funding for Discretionary Housing Payment if required.

Rows 44 & 45 – NDRI Retained – TIF & BRIS: Record the amount retained through NDR Tax Incremental Financing (TIF) and NDR Business Rates Incentivisation Scheme (BRIS) respectively. Amounts retained through BRIS are reported in the relevant Finance Circulars.

Row 46 – Visitor Levy: Please enter any income here resulting from the Visitor Levy. This applies from 2026/27 onwards.

Row 47 – Government Grant – VJBs and RTPs only: VJBs and RTPs should record here any government grant income received.

Row 48 – Glasgow City Region Deal Grant to be used to fund capital expenditure incurred in a prior financial year: Record here the amount of Glasgow City Region Deal grant received in year that has been used to fund capital expenditure incurred in a prior financial year, in line with the letter from Scottish Government on 26 March 2021. The equal and opposite of this value must be included within the Statutory Repayment of Debt – Loans Fund value in Row 28.

Any Glasgow City Region Deal grant received in year that has been used to fund capital expenditure **in the same year** should **not** be recorded here.

Local authorities who are **not** a member authority in the Glasgow City Region Deal should leave these cells blank. If another capital grant has been used to fund capital expenditure incurred in a prior financial year, please contact the team to discuss how this should be recorded.

Row 49 – Capital Grants and Contributions unapplied used to fund capital grants to third parties: Record here any capital grants / contributions unapplied that have been applied in year to fund capital grants to third parties.

2.1.3 Reserves Balances

Row 60 – General Fund (inc. Harbour Account) Opening Balance at 1 April: Record here the opening balance of the General Fund at 1 April. Orkney and Shetland should also include the opening balance on their Harbour Account in this figure, to ensure consistency with inclusion of Harbour Accounts in Trading Services.

These values will be validated against the General Fund closing balance from the prior year. Any significant differences between these values, including restatements of the opening balance within the accounts, should be explained in Column M.

Row 62 – Use of Capital Resources to fund revenue costs as permitted by statute: Record here amounts relating to the use of capital resources to fund revenue costs in the General Fund, and Harbour Accounts for Orkney & Shetland, as permitted by statute. In particular, this should include use of capital receipts to fund:

- statutory repayment of debt, as per the 1975 Act;
- equal pay, as per Circular 1/2019;
- transformation projects, as per Circular 4/2019;
- premiums incurred on refinancing;
- deferred premiums;
- the financial impact of Covid-19.

Where capital receipts are to be used to fund the financial impact of Covid-19, this should be noted, alongside the corresponding value, in Column M.

Row 63 – Transfers to (+) Capital Fund: Record here transfers **from** the General Fund, and Harbour Account for Orkney and Shetland, to the Capital Fund.

As transfers **to** the General Fund / Harbour Account from the Capital Fund must be in accordance with legislation, these should be recorded in the appropriate row above and **not** recorded as a general transfer. This row must therefore be positive and check has been included in Row 61 to flag where a negative has been entered.

Row 65 – Transfers to (+) / from (-) HRA: Record here transfers between the General Fund / Harbour Account and the Housing Revenue Account (HRA). Transfers to the HRA should be recorded as a positive figure; transfers from the HRA should be recorded as a negative figure.

Row 66 – Transfers to (+) / from (-) Other Reserves: Record here transfers between the General Fund / Harbour Account and any other usable revenue reserves. Transfers to other reserves should be recorded as a positive figure; transfers from other reserves should be recorded as a negative figure.

Transactions between the General Fund / Harbour Account and unusable reserves should **not** be recorded here.

Row 68 – IFRS 9 Unrealised Gains - LASAAC guidance: Record here any IFRS 9 unrealised gains at 31 March. This figure is required to ensure that IFRS 9 unrealised gains are excluded from the reported General Fund / Harbour Account balance at 31 March, in line with the approach taken in the LFRs.

2.2 Part 2: Service Breakdown

The following notes apply across service breakdowns:

- unless otherwise stated, this section should be completed in accordance with CIPFA SeRCOP and 2024-25 LFR guidance;
- unless otherwise stated, all service level figures should be presented as **net revenue expenditure on a funding basis**, in line with those recorded in the service level LFRs (e.g. LFR 01, LFR 02, LFR 03 etc.);
- expenditure and income already recorded in Rows 26 to 49 should **not** be included in the service breakdown figures;
- actual **pension costs / contributions** should be **included** in service level expenditure figures;
- **Revenue Contributions to Capital (RCC)** should be **excluded** in service level expenditure figures;
- **Ring-Fenced Revenue Grants** should be treated as service income and should therefore be included in the net revenue expenditure calculation;
- **Support Service costs** should be allocated in full against the relevant services, in accordance with the 2024-25 LFR guidance.

In line with how **transfers to and from Integrated Joint Boards (IJBs)** should be recorded in the LFR, please note the following:

- the total amount transferred **to** the IJB should be recorded against the IJB subservice of Social Care (Row 126);
- income received from IJBs to commission services should be recorded against the appropriate subservices throughout Part 2 as service income.

2.2.1 Education (Rows 71 to 98)

All expenditure and income relating to the education service, regardless of which department provides the service, should be recorded in this section of the return. Only the following exceptions apply:

- any Social Work component of local authority residential schools or childcare expenditure which to be recorded against Social Work: Children & Families (Row 123);
- childcare provision for primary / secondary age children funded from centrally managed budgets, including after school clubs, holiday clubs and play schemes, should be recorded against Culture and Related Services: Other Recreation and Sport (Row 115).
- School Crossing Patrols which should be recorded against Roads and Transport: School Crossing Patrols (Row 156).

For Education, SeRCOP divisions of service are requested in two different formats:

1. by school type (Rows 75 to 83);
2. by devolved and centrally managed (Rows 86 to 88).

The 2024-25 LFR guidance provides further detail on how the SeRCOP divisions of service relate to the subservices used within this return. In particular, please note:

Row 75 – Pre-Primary Education: Include all traditional education activity, including nursery schools and any expenditure on childcare for under-5s.

Please note, where pre-primary education settings fall under a budget devolved to a primary school head teacher, the amounts relating to the pre-primary setting should be allocated to Pre-Primary Education, rather than Primary Education. This is to ensure consistent recording of Pre-Primary Education expenditure and income across local authorities with different school set-ups and budgets.

Row 78 – Special Education: Please note that references within the SeRCOP guidance to Special Education Needs (SEN) should be considered to cover all Additional Support for Learning (ASL) needs. The latter term is concurrent with language used in the Additional Support for Learning (Scotland) Act 2009.

In line with the SeRCOP guidance, please ensure that all ASL provision funded from a centrally held education authority budget is included in the Special Education column, irrespective of where it is delivered. Any ASL provision that is funded by an individual school's budget should be included under the relevant school type.

For example, an ASL unit attached to a primary school that is funded by the Education Authority would be included in the Special Education subservice. However, if the ASL unit was funded from the primary school's own budget it would be included within the Primary subservice.

Rows 90 to 98 – Additional Information: Double counting between these rows **is permitted**. For example, employee costs with Additional Support for Learning should be counted in both the 'Additional Support for Learning' line (Row 98) and the relevant staff costs line (Rows 93 to 96).

Please note that Rows 93 to 98 must be provided as **gross expenditure** on a funding basis, rather than net revenue expenditure.

Row 91 – School Meals: Record here **net** expenditure relating to the provision of:

- school meals whilst schools were open and pupils were in attendance;
- meal alternatives for pupils studying remotely, whether this was due to school closures or pupils self-isolating;
- meal alternatives to pupils living in low-income families during school holiday periods.

Meal alternatives should include direct payments, vouchers, food parcels or food collection. Hardship grants paid to children in receipt of free school meals should **not** be included here, even if the grant may have been used to pay for meals.

Row 96 – Total School Non-Teaching Staff: Record here gross expenditure on school employees other than teachers. This includes, but is not limited to, classroom auxiliaries, laboratory technicians, school librarians, school bursars, school welfare officers, receptionists, clerks, janitors, cleaners, welfare attendants, nurses, therapists, other medical staff and educational psychologists.

Row 97 – School Transport incurred under Section 50-51: Record here gross expenditure on taxis, buses and any other transport costs arising from the transport of children from home to school incurred under Section 50-51 of the Education (Scotland) Act 1980. Non-statutory transport costs, such as transport to sporting events, should **not** be included.

Row 98 – Additional Support for Learning (ASL): Following an amendment in 2009 to The Education (Additional Support for Learning) (Scotland) Act 2004, Scottish Ministers have a duty to collect and publish a range of information from Education Authorities on additional support needs, including cost of provision.

This line collects the cost of provision of additional support needs. The 2024-25 LFR guidance provides further detail on what should be included in the cost of provision of Additional Support Needs.

2.2.2 Culture and Related Services (Rows 100 to 117)

All expenditure and income relating to culture and related services, regardless of which department provides the service, should be recorded in this section of the return, with the following exceptions:

- school Library services and Community Learning and Development which should both be recorded under Education;
- business related area promotional events which should be recorded under Building, Planning & Development: Economic Development (Row 196);
- travellers' sites and sites for those occupying mobile homes as a main residence which should be recorded under Other non-HRA Housing (Row 233).

The 2024-25 LFR guidance provides further detail on how the SeRCOP discretionary subdivisions of service should be allocated to the subservices used within this return.

2.2.3 Social Work (Rows 119 to 145)

All expenditure and income relating to social work services, regardless of which department provides the service, should be recorded in this section of the return, with the following exceptions:

- community Learning and Development which should be recorded under Education: Community Learning (Row 81).

Row 121 – Service Strategy: Include the costs / payments associated with social work policy making and related strategic activities, for example departmental service plans, community care plans, children’s service plans, criminal justice social work services strategic plan, social work input to NHS plans, and liaison with outside bodies for strategic planning purposes; and the complaints officer or procedure.

Row 122 – Children’s Hearings: Include here any costs associated with services supplied through service level agreements made with the National Convener of Children’s Hearings Scotland.

Row 123 – Children and Families: Include all expenditure / costs associated with social work services for children and families, including child protections; looked after and formerly looked after children; children with or affected by disability; fostering and adoption services; and other services for children in need and their families. Education related costs charged to Education services should be **excluded**.

Row 124 – Adult Social Care: Include all expenditure and income relating to the provision of adult social care services, including for:

- older persons aged over 65;
- adults with physical or sensory disabilities;
- adults with learning disabilities;
- adults with mental health needs;
- adults with other needs, including addictions / substance misuse; HIV / AIDS; and those on assessment, advice, welfare rights or assistance provided because they are asylum seekers or refugees.

Row 125 – Criminal Justice Social Work Services: Include all expenditure and income of social work involvement in the criminal justice system in Scotland, including services to the courts; to the offenders; and to victims of crime.

Please ensure income from the Criminal Justice Social Work (CJSW) ring-fenced grant, including the top-up amount, is netted off as service income.

Row 126 – Integration Joint Boards (IJBs): Record here the total amount transferred to the IJB only. Income received from the IJB to commission services must **not** be netted off from this figure, but should be recorded against the appropriate subservices in Part 2 as service income. A validation check has been included at Row 127 to ensure the figure in Row 126 is positive.

Rows 130 to 137 - Children & Families Services by Service Type - Exclude support services and income from IJBs: Record here the total gross expenditure.

Please exclude support services and income from IJBs. Links are given to the comparable cells in LFR 03 2024-25. Please [see section 9.8 of the LFR Guidance 2024-25](#) for further assistance on this section.

Rows 138 to 145 - Adult Social Care Services by Service Type - Exclude support services and income from IJBs: Record here the total gross expenditure. Please exclude support services and income from IJBs. Links are given to the comparable cells in LFR 03 2024-25. Please [see section 9.8 of the LFR Guidance 2024-25](#) for further assistance on this section.

2.2.4 Roads & Transport (Rows 147 to 172)

All expenditure and income relating to roads and transport, regardless of which department provides the service, should be recorded in this section of the return. In particular, Local Authority Transport Undertakings, which is a subdivision of Trading Services within SeRCOP, should be recorded here. Exceptions to this are:

- normal street sweeping or cleansing which should be recorded under Environmental Services;
- school transport costs which should be recorded under Education.

The 2024-25 LFR guidance provides further detail on how the SeRCOP discretionary subdivisions of service should be allocated to the subservices used within this return.

Regional Transport Partnerships (RTPs) are expected to complete this section of the return, however it is expected that most, if not all, of their expenditure will be recorded under 'Co-ordination'.

Row 165 – Local Authority Transport Undertakings: Include only General Fund contributions to local authority owned transport services. This will only apply to a small number of local authorities, for example island authorities that operate bus or ferry services.

Rows 168 & 169 – Gross Expenditure on Buses: Record here gross expenditure on buses relating to:

- Non-LA Public Transport, Row 168;
- Local Authority Transport Undertakings, Row 169.

The Non-LA figure entered in Row 167 should include any annual bus subsidy for tendered mileage.

Rows 171 & 172 – Air and Piers and Harbours: Record here only net revenue expenditure relating to 'Air' and 'Piers and Harbours' that is **not** a contribution to trading services. This should be a subset of the expenditure recorded in Row 164.

2.2.5 Environmental Services (Rows 174 to 186)

All expenditure and income relating to environmental services, regardless of which department provides the service, should be recorded in this section of the return, with the following exceptions:

- cleansing that relates to keeping carriageways free of litter for road safety purposes which should be recorded under Roads & Transport;
- Social Protection Teams / Wardens which should be recorded under Non-HRA Housing.

2.2.6 Building, Planning & Development (Rows 188 to 197)

All expenditure and income relating to building, planning and economic development, regardless of which department provides the service, should be recorded in this section of the return, with the following exception:

- expenditure on tourism that is used to promote economic development which should be included under Culture and Related Services: Tourism.

Please note that changes have been made to the subservice names under this service in line with those made in the 2023-24 LFR. It is not anticipated that these changes will require any changes to the recording of data within these subservices. A note of the changes is provided here for reference:

- 'Building Control' has been updated to 'Building Standards';
- 'Development Control' has been updated to 'Development Management';
- 'Total Planning' is now calculated as the sum of 'Development Management', 'Planning Policy' and 'Environmental Initiatives' with 'Building Standards' removed and treated as a standalone subservice.

2.2.7 Central Services (Rows 199 to 220)

All expenditure and income relating to central services, regardless of which department provides the service, should be recorded in this section of the return. This should include penalties for the late payment of Council Tax or other services.

In addition, expenditure / income is requested for:

- Housing Benefit Administration (Row 206);
- Council Tax Valuation (Row 212);
- Non-Domestic Lands Valuation (Row 213);
- Non-Road Lighting (Row 215).

VJBs are expected to provide figures for the following subservices:

- Registration of Electors (Row 211);
- Council Tax Valuation (Row 212);
- Non-Domestic Lands Valuation (Row 213);
- Corporate and Democratic Core Costs (Row 217);

- Non-Distributed Costs (Row 218).

RTPs are expected to provide figures for the following subservices:

- Corporate and Democratic Core Costs (Row 217);
- Non-Distributed Costs (Row 218).

VJBs and **RTPs** should record income received from their constituent councils against the relevant subservices. **Councils in areas served by VJBs and RTPs** should split the requisition paid out against the relevant subservices.

Row 202 – Council Tax Collection: Include council tax collection costs, any council tax discounts for prompt payment and any residual costs from community charge.

Rows 203 & 206 – CTR & HB Administration: Figures should relate to all costs of administering Council Tax Reduction (CTR) and Housing Benefits (HB) for which your local authority has statutory responsibility, and should be **net** of the DWP grant.

Where it is not possible to provide an exact split between these figures, please provide an estimate using an appropriate apportionment methodology.

Row 208 – Emergency Planning: Record here the total estimated expenditure of your local authority on civil protection / emergency planning.

Row 209 – Licensing: Include costs associated with licensing activity, for example entertainment licensing; theatres; cinemas; taxis / private hire vehicles etc.

Row 215 – Non-road Lighting: Include all costs associated with non-road lighting, such as lighting of parks and open spaces, and lighting of non-HRA stairwells.

Row 216 – General Grants, Bequests and Donations: Include grants, bequests or donations given out or received by the local authority where no specific purposes has been determined.

Row 217 – Corporate and Democratic Core: Include all costs associated with corporate management and democratic representation, including:

- members' allowances and expenses incurred when undertaking activities on behalf of the authority;
- subscriptions to local authority associations, such as CoSLA;
- Chief Executive;
- maintaining statutory registers, except the electoral register;
- providing information required by members of the public in the exercise of statutory rights, other than about a service.

Row 218 – Non-distributed Costs: Include all pension costs that relate to the relevant non-General Fund activities, such as those relating to a former employee who had some pension fund duties; and unused asset costs that arise because of a loss of work or function related to non-General Fund activities, for example the loss of a service due to changes in the legislation resulting in excess computer capacity previously borne by the HRA.

Row 219 – Other: It is expected that this row will be zero or near to zero as all expenditure and income should be recorded in the appropriate subservices above. The exceptions to this are:

- costs incurred relating to equal pay for **previous years only**;
- Covid-19 expenditure / income for which there is no appropriate existing subservice, for example for activities relating to supporting individuals to shield or to Test & Protect.
- Expenditure relating to the devolved non-domestic rates Empty Property Relief policy should be added here.

Where a local authority feels there is no appropriate subservice to record specific expenditure / income, this should be recorded here and an explanation of what the figures relate to should be provided in Column M.

2.2.8 Non-HRA Housing (Rows 222 to 234)

All expenditure and income relating to non-HRA housing, regardless of which department provides the service, should be recorded in this section of the return. Only the following exceptions apply:

- Housing Benefit Administration and Non-Road Lighting which should both be recorded under Central Services (Rows 206 & 215 respectively);
- expenditure and income relating to the Housing Revenue Account (HRA) which is not captured in this return.

Please note, Social Protection Teams / Wardens should be recorded in this section of the return to ensure consistency between local authorities.

Row 224 – Private Sector Housing Renewal: This should include subsidised and unsubsidised slum clearance under Part X of the Housing Scotland Act 1987; renewal activity, for example revenue expenditure in renewal areas and general improvement areas; and the costs of control and closing orders and their subsequent management costs.

Row 226 – Rent Allowances: Include rent allowances paid to the tenants of private landlords and Registered Social Landlords. Exclude any housing benefit paid to homeless people, which should be recorded against Homelessness (Row 229).

Row 227 – Rent Rebate: Include rent rebates paid to council tenants.

Row 229 – Homelessness: Include expenditure under the Housing (Scotland) Act 1987, for example, expenditure on hostels; bed and breakfast accommodation; other temporary accommodation; the cost of administering the homeless function; and expenditure on Housing Benefit for homeless people. This should also include housing support to certain homeless households arising from Section 32B of the Housing (Scotland) Act 1987 inserted by Housing (Scotland) Act 2010.

Row 230 – Welfare Service: Include welfare services provided by housing personnel and wardens in sheltered housing.

Row 231 – Administration of Housing Advances: Section 219(6) of the Housing (Scotland) Act 1987 requires that the administrative costs of this scheme are recovered from interest charged; as a result only any net debits or credits from the operation of the scheme should be shown. Any net debits or credits arising out of the financing of private house purchases should also be shown.

Row 232 – Housing Support Services: Include all housing support services expenditure, regardless of where the teams commissioning, managing or providing the services are located in organisational terms. Eligible services are defined in the Housing (Scotland) Act 2001 (Housing Support Services) Regulations 2002. They do **not** include services which may be defined as personal care or personal support, these services should be recorded as Social Work expenditure.

Row 233 – Other non-HRA Housing (excl. admin of Housing Benefits): Include:

- housing strategy, including review of housing needs, preparation of strategic plans;
- Registered Social Landlords, including liaison with Registered Social Landlords and any nomination fees paid;
- housing advice, for example any extra resources provided specifically to serve private tenants;
- other council property, such as traveller sites;
- payments to Registered Social Landlords resultant from reduction of the Council Tax discount for second homes / long-term empty properties;
- Discretionary Housing Payments.

2.3 Part 3: Memorandum Items

Row 238 – Council Tax Reduction (Income Foregone): Please enter the total value of Council Tax Reduction awarded, or expected to be awarded, under the Council Tax Reduction scheme. This will be combined with Council Tax income recorded in Row 42 to estimate the total Council Tax before CTR.

Row 239 – Additional gross expenditure directly incurred by Covid-19: Record here **new** gross expenditure that has been incurred **as a direct result of** the local authority response to the Covid-19 pandemic for each service. This should **not** include any reduced expenditure due to saving. This expenditure will already be included in the figures recorded in Part 2: Service Breakdown.

As a guide, figures should be in line with additional **expenditure** recorded in the Covid-19 Local Government Financial Pressures data collection run by CoSLA. However, please note that the following should **not** be included as additional Covid-19 expenditure:

- any reduced expenditure / netting off due to savings or reduced costs;
- redeployment of staff resources;
- continued payment of service providers to ensure future service provision;

- lost income, for example from sales, fees and charges, due to Covid-19.

Rows 242 to 245 – Service Income: Record here service income figures for the specified categories. This income will already be included in the figures recorded in Part 2: Service Breakdown. Please note that the sum of these lines should **not** reflect total service income, only service income for the categories specified should be recorded here. In particular:

- **Row 242 – Ring-Fenced Revenue Grants (RFRG):** Record here grant income received from the Scottish Government **outwith GRG** that has attached terms and conditions requiring the grant to **only** be used to fund specific expenditure.

Where the total RFRG amount has not yet been distributed, an estimate of the local authority's RFRG income should be included **only** where this is included in that local authority's accounts / budgets.

- **Rows 243 to 245 – Customer and Client Receipts:** Record here income from customer and client receipts on the same basis as those recorded in 2024-25 LFR 00.

2.3.1 Harbour Accounts

Rows 248 to 253 – Harbour Accounts: These lines should be completed by Orkney and Shetland Island Councils in relation to their statutory Harbour Accounts **only**. These lines are required to provide context to the reserve figures in Part 1 which now include both General Fund and Harbour Account reserves.

Row 253 – Please enter the Net Cost of Service on a Funding Basis for the Harbour Account. This should be calculated on the same basis as LFR A0, cell J12.

3. Capital POBE

The 'Capital' tab collects details of each local authority's capital expenditure, revenue expenditure funded from borrowing or capital grant (grants or direct expenditure on a third parties' assets), and capital lending from borrowing. The information is collected separately for the General Fund and HRA. It collects provisional outturn figures for 2025-26 and budget estimates for 2026-27, 2027-28 and 2028-29, as required by the Prudential Code.

3.1 Part A: Summary of Capital Expenditure and Financing

This section is calculated automatically and no use input is needed.

3.2 Part B: 1. General Fund Capital Expenditure and Financing

This section should only include expenditure which may be capitalised in accordance with the Code of Practice on Local Authority Accounting in the UK. Revenue expenditure funded from capital resources should be recorded in Part B, Section 2.

Rows 33 to 42 – General Fund Capital Expenditure: These lines should reflect a service level breakdown of the General Fund capital expenditure of the local authority. Do **not** record grants or loans to third parties to fund capital expenditure here, these should be recorded in Part B, Section 2.

Rows 46 to 60 – General Fund Capital Financing: These lines should provide a breakdown of how General Fund capital expenditure, as shown in Row 43, was financed by the local authority. Do **not** record financing of grants or loans to third parties to fund capital expenditure here, this should be recorded in Part B, Section 2.

Please ensure amounts are recorded against the correct row. More information on what should be included in each row is provided below:

- **Row 46 – General Capital Grant (GCG) from Scottish Government:** Record here **only** the amount of Scottish Government General Capital Grant used to finance capital expenditure¹.
- **Row 47 – Capital grants from Scottish Government, excluding GCG:** Record here capital grant received from Scottish Government, **excluding GCG**, used to finance capital expenditure.
- **Row 48 – City Deal / Growth Deal Grant:** Record here the amount of City Deal / Growth Deal Grant used to fund capital expenditure.

¹ Additional £120.60 million Capital Grant – per Capital Consent Letter of 6 December 2022: With regards to the additional capital grant allocation this should be recognised as part of the general capital grant. [Local government finance circular 12/2022: accounting for capital grants - temporary statutory guidance - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/local-government-finance-circular-12-2022/pages/12-2022-accounting-for-capital-grants-temporary-statutory-guidance.aspx)

- **Row 49 – Grants from Scottish Government Agencies and / or NDPBs:** Record here any grants received from [Scottish Government Agencies or NDPBs](#) used to finance capital expenditure.
- **Row 50 – Grants from Other Local Authorities:** Record any grants received from other local authorities, including VJBs, RTPs and Bridge Authorities, used to fund capital expenditure.
- **Row 51 – Capital Grants from Private Developers:** Record here any capital grants from private developers, sometimes referred to as Developer Contributions or Section 75 Planning Obligations, used to finance capital expenditure.
- **Row 52 – Other Grants and Contributions:** Record here any grants received from third parties that are not Scottish Government, Scottish Government Agencies or NDPBs, or local authorities used to finance capital expenditure. This should include any grants received from the UK Government or UK Government Agencies / NDPBs. Any Donated Asset Income used to fund capital expenditure should also be included here.
- **Row 53 – Borrowing from Loans Fund:** As per Local Authority (Capital Financing and Accounting) (Scotland) Regulations 2016, local authorities are required to make a loans fund advance for capital expenditure which the local authority has determined should be met from borrowing. Record here the advances made from the loans fund to fund capital expenditure **only**. Do **not** record the value of external borrowing.
- **Row 54 – Capital receipts used from asset sales / disposals:** Record here the application of capital receipts used to finance capital expenditure. This may include capital receipts received in a prior year and / or capital receipts anticipated to be received in future financial years. Do **not** record the total amount of capital receipts anticipated to be received in the financial year unless they will all be used to finance capital expenditure in that year.
- **Row 55 – Capital Fund applied:** Record here the application of the Capital Fund used to finance capital expenditure. Do **not** record capital expenditure financed from revenue reserves.
- **Row 56 – Capital expenditure funded from revenue:** Record here any amount from revenue reserves used to finance capital expenditure. This should include the use of earmarked reserves relating to Council Tax discounts on second homes / long-term empty properties.
- **Row 57 – Assets acquired under service concessions:** Where a local authority is required to recognise an asset which is the subject of a PPP / PFI / NPD scheme, the expenditure is capital expenditure of the local authority. Record here the value of the liability recognised for those assets.
- **Row 58 – Assets acquired under finance leases:** Record here the value of the lease liability for assets acquired under a lease. The accounting for leases changed from 1 April 2022. For years prior to this, only include the liability relating to finance leases in this row.

- **Row 59 – Assets acquired under PPP / PFI / NPD (e.g. Finance Leases):** This row has been included for historical purposes and does not need to be completed.
- **Row 60 – Assets acquired under other credit arrangements (e.g. Finance Leases):** This row has been included for historical purposes and does not need to be completed.

3.3 Part B: 2. General Fund Capital Support to Third Parties

This section collects information on capital support to third parties, that is:

- grants to third parties to support the capital plans of that third party / direct expenditure on third party assets which are funded from borrowing;
- lending to be funded from borrowing which is permitted by legislation or requires a borrowing consent from Scottish Ministers; and
- expenditure on grants to third parties to support the capital plans of that third party and which the authority plans to fund from a capital grant or contribution, as permitted by the grant conditions.

Local authorities have the legislative power to borrow to support the capital plans of third parties – see Regulations 2(1)(b) and 2(1)(c) of the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016. A local authority has limited legislative powers to lend to third parties, set out in Part 3 of the 2016 Regulations. Borrowing to lend to other third parties requires the consent of Scottish Ministers.

Government grant conditions may permit a local authority to use capital grant to fund the capital expenditure of third parties. In accounting terms, this is required to be treated as revenue expenditure, however for national budgeting / accounts purposes, the use of all capital resources needs to be identified and recorded. Whilst we collect this information as capital, there is no requirement to treat the expenditure or grant as capital in Annual Accounts – see Local Government Finance Circular 3/2018, Capital grants, contributions and donated assets – or include this in the calculation of an authority's Capital Financing Requirement (CFR).

Rows 70 to 79 – Third Party Capital Projects funded from Borrowing: Record here any expenditure on capital support to third parties which the authority has determined should be funded from borrowing. Expenditure to be met from borrowing must satisfy the conditions set out in the Regulations, i.e. the expenditure would be capital expenditure if the local authority incurred the cost / had an interest in the land or building. Do **not** record here any borrowing to lend to third parties.

Rows 82 to 84 – Consented / Statutory Borrowing: Record here loans made to third parties for which Scottish Ministers have provided a consent to borrow or any lending to a statutory body as permitted by Part 3 of the 2016 Regulations.

Rows 87 to 96 – Third Party Capital Projects funded from Capital Grants: Record here any expenditure on capital support to third parties which the authority plans to fund from capital grant or capital contributions.

Rows 101 to 108 – Financing: Rows 101 to 108 should provide a breakdown of how capital expenditure recorded in Row 98 was financed by the local authority. Specific guidance on what should be included in each row is provided in Section 3.1.

Row 108, Borrowing from Loans Fund, is calculated automatically based on figures in Rows 80 and 85. This can be done as expenditure in these rows **must** be funded from borrowing and expenditure in Row 98 **must** be funded from capital grants / contributions.

3.4 Part C: 1. HRA Capital Expenditure and Financing

Rows 118 to 122 – HRA Capital Expenditure: These lines should provide a breakdown of HRA capital expenditure of the local authority. Do **not** record grants or loans to third parties to fund HRA-related capital expenditure here, these should be recorded in Part C, Section 2.

Please ensure amounts are recorded against the correct row. More information on what should be included in each row is provided below:

- **Row 118 – Enhancements to existing buildings to maintain SHQS:** Record here the amount invested to improve homes to meet SHQS as reported to the SHR under heading C29(a)(ii) in the ARC return.
- **Row 119 – Enhancements to existing buildings to meet EESSH in 2020:** Record here the total amount invested to bring homes up to EESSH as reported to the SHR under heading C37(ii)(a)-(c) in the EESSH return.
- **Row 120 – All other enhancements to existing buildings:** Record here any other enhancements to existing building not included in Rows 118 or 119.
- **Row 121 – New construction and conversions:** Record here all capital expenditure on construction of new assets or conversion of existing assets.
- **Row 122 – Other capital expenditure:** Record here any other HRA capital expenditure that has not been captured in Rows 118 to 121.

Rows 126 to 138 – HRA Capital Financing: These lines should provide a breakdown of how HRA Capital Expenditure, as shown in Row 123, was financed by the local authority. Do **not** record financing of grants or loans to third parties to fund HRA capital expenditure here, this should be recorded in Part C, Section 2.

Please ensure amounts are recorded against the correct row. Specific guidance on what should be included in each row is provided in Section 3.1.

Please note, Scottish Government GCG is provided to support General Fund capital expenditure and has a condition which requires Scottish Ministers consent to use the grant to fund HRA expenditure. Therefore Row 126 should only contain figures **where permission has been given** by Scottish Ministers to use GCG to finance HRA capital expenditure.

3.5 Part C: 2. HRA Capital Support to Third Parties

Row 147 – Third Party Capital Projects funded from Borrowing: Record here any expenditure on HRA-related capital support to third parties which the authority has determined should be funded from borrowing. Expenditure to be met from borrowing must satisfy the conditions set out in the Regulations, i.e. the expenditure would be capital expenditure if the local authority incurred the cost / had an interest in the land or building. Do **not** record here any borrowing to lend to third parties.

Rows 148 – Consented Borrowing: Record here loans made to third parties for which Scottish Ministers have provided a consent to borrow.

Rows 149 – Third Party Capital Projects funded from Capital Grants: Record here any expenditure on HRA-related capital support to third parties which the authority plans to fund from capital grant or capital contributions.

Rows 153 to 158 – Financing: Rows 153 to 158 should provide a breakdown of how capital expenditure recorded in Row 150 was financed by the local authority. Specific guidance on what should be included in each row is provided in Section 3.1.

Row 158, Borrowing from Loans Fund, is calculated automatically based on figures in Rows 147 and 148. This can be done as expenditure in these rows **must** be funded from borrowing and expenditure in Row 159 **must** be funded from capital grants / contributions.

3.6 Part D: Prudential System Information

This section collects data on key prudential indicators, as set out in the Prudential Code, and should be completed by **all** local authorities. Local authorities should calculate these indicators to demonstrate that their capital investment plans are affordable, prudent and sustainable.

Rows 167 to 196 – Capital Financing Requirement (CFR): The Prudential Code requires the estimate for the CFR to be calculated by reference to estimates of capital expenditure and reductions for use of grant and capital receipts and for repayments of debt. There is not currently a consistent approach across local authorities on whether borrowing to lend to statutory bodies is included in the CFR so this section has been reviewed to improve consistency of recording.

Separate CFR calculations are required for the General Fund (Rows 168 to 180) and HRA (Rows 181 to 193). Where possible, the figures required for these calculations are pre-populated based on figures recorded in Parts B and C, however local authorities are asked to provide the following figures:

- **Cells C169 & C182 – CFR at 1 April as per Statutory Annual Accounts:** Record here the CFR at 1 April on the same basis as it would be calculated in the statutory annual accounts.
- **Rows 170 & 183 – Value of loans to statutory bodies included in CFR at 1 April as per Statutory Annual Accounts:** Record here the value of Police, Fire or any other loans to statutory bodies **that is included** in the CFR at 1

April as recorded in Rows 169 and 182. A comment advising what this amount relates to should be provided in Column M.

If no loans to statutory bodies are included in the CFR at 1 April figure recorded in Rows 169 and 182, then please enter zeroes in these rows.

- **Rows 174 & 187 – Loans Fund repayments – As charged to annual accounts:** Record here the value of the principal repayments made to the Loans Fund in year as would be charged to the annual accounts; do **not** include interest payments. These figures should include any statutory repayment of debt relating to consented borrowing debtors but **must exclude** any repayments by statutory bodies.
- **Rows 175 & 188 – Loans Fund repayments – Reduction in capital prudential debtors:** There is a requirement in the legislation to make a loans fund advance for consented borrowing loans and these result in a prudential debtor. For some local authorities, this has led to a loans fund advance but no statutory repayment of debt made to the annual accounts, instead the loans fund is reduced by the same value as the reduction in debtor. To resolve this difference, the reduction in capital prudential debtors relating to consented borrowing loans where a local authority does **not** make a statutory repayment of debt but just reduces their CFR must be recorded here.

Please note that these figures **must exclude** any reduction in capital debtors that relates to repayments by statutory bodies.

- **Rows 176 & 189 – Credit Arrangements repayments:** Record here repayment figures for Credit Arrangements. General Fund figures for 2025-26 and 2026-27 have been pre-populated based on the Revenue tab.
- **Rows 177 & 190 – Transfer of assets between GF and HRA:** Record here the value of any assets transferred between the General Fund and HRA, with transfers **in** recorded as negative values. As the transfer of assets must have an overall nil effect, the HRA figures are pre-populated as equal and opposite to those recorded for the General Fund.
- **Rows 179 & 192 – Value of loans to statutory bodies included in CFR at 31 March as per Statutory Annual Accounts:** Record here the value of Police, Fire or any other loans to statutory bodies **that is included** in the CFR at 31 March to ensure that the values calculated in Rows 180 and 193 are on the same basis as those calculated in the statutory annual accounts.

If no loans to statutory bodies are included in the CFR at 31 March figure, then please enter zeroes in these rows.

Row 199 – Gross External Borrowing: Record here the gross external borrowing as calculated from the Balance Sheet, i.e. short-term borrowing (including bank overdrafts) + long-term borrowing.

Rows 200 & 201 - Long and short-term liabilities for PPP / PFI / NPD and leases from the Balance Sheet: Record here the total long and short-term liabilities for PPP / PFI / NPD and leases as per the Balance Sheet for the General Fund and HRA respectively.

Row 203 – Accounting adjustments for actual external borrowing: Record here the accounting adjustment made to calculate actual external borrowing as per the Prudential Code, including premiums and discounts, transaction costs, accrued interest and effective interest rate adjustments which should be excluded.

Row 204 – Actual External Borrowing as per the Prudential Code: This cell calculates the Actual External Borrowing figure and should be equal to actual outstanding external borrowing at the end of the financial year.

Row 205 – Adjustments to exclude debt associated with lending to other statutory bodies from actual external borrowing: The CIPFA Prudential Code advises that loans to statutory bodies should be treated the same as transferred debt and so the debt of the local authority should be reduced by the value of these loans. Record here the value of debt associated with lending to other statutory bodies to be excluded for the purposes of the prudential indicator Gross Debt and the CFR.

Row 206 – Actual Gross External Debt for Comparison to CFR: This cell calculates the actual gross external debt for comparison to the CFR as advised in the Prudential Code.

Rows 211 & 212 – Operational Boundary and Authorised Limit: Record here the Operational Boundary and the Authorised Limit for external debt at 31 March as required by the Prudential Code and approved by the local authority at the start and end of each financial year.

3.7 Part E: Priorities and Capital Investment Overview

Rows 218 to 220 – Priorities: Record here the three highest-priority projects over the time period collected by the return, alongside the estimated total investment.

Priority does not mean value, and this should not necessarily be the three largest projects. Different people may have different opinions on investment priorities so this is a judgement call and should be completed by the Director of Finance.

The estimated level of investment recorded should cover the lifetime of the project, rather than the level of expenditure during the year.

Row 224 – Capital Investment Overview: Please provide a brief overview of your capital investment plan for the years included in the return. The information being sought is to explain the priority projects outlined in the rows above and to provide a general overview of the capital strategy and what the capital investment plan is seeking to achieve.