

West Lothian Council

2025/26 Annual Audit Report



Prepared for West Lothian Council and the Controller of Audit
September 2026

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Summary of audit opinions and conclusions

Audit of the annual accounts

- 1 All audit opinions stated that the annual accounts were free from material misstatement.
- 2 All audit adjustments required to correct the financial statements were processed by council.

Wider scope audit

- 3 The council has effective and appropriate arrangements in place for Financial Management; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- 4 The council has an opportunity to strengthen its approach to medium-term financial planning. Introducing rolling three-year revenue forecasts, updated annually, would provide greater visibility of future financial pressures and support longer-term financial sustainability in line with CIPFA Financial Management Code principles.

Best Value audit

- 5 The council has effective and appropriate arrangements in place for securing Best Value.
 - 6 The Management Report on themes prescribed by the Accounts Commission reported the council has a clear asset management strategy in place which is supported by effective governance and accountability arrangements. The planned refresh of the Corporate Asset Management Strategy provides an opportunity to enhance asset information, strengthen partnership approaches, further embed net zero objectives and ensure continued scrutiny of capital programme reprofiling and project delivery assumptions.
 - 7 The council has effective and appropriate arrangements in place for preparing and publishing statutory performance information.
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Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2025/26 audit of West Lothian Council's annual accounts and the wider scope areas specified in the [Code of Audit Practice](#).
2. The Annual Audit Report is addressed to West Lothian Council, hereafter referred to as 'the council' and the Controller of Audit, and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. Claire Gardiner, of Audit Scotland, has been appointed as external auditor of the council for the period from 2023/24 until 2026/27. As reported in the Annual Audit Plan, the engagement lead and the audit team are independent of the council in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the council, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the council and its staff, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope, responsibilities, and fee

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report.
- Conclusions on the council's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on the council's arrangements for securing Best Value.
- Providing assurance on the Housing Benefit Subsidy Claim, Non-Domestic Rates Return and Whole of Government Accounts return.
- A review of the council's arrangements for preparing and publishing statutory performance information.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the council and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information

reported within the annual accounts, and concluding on the council's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the council from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

The council's responsibilities

10. The council has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the council and its group that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Audit Fee

11. The audit fee for the 2025/26 audit was reported in the Annual Audit Plan and was set at £437,050 (2024/25: £414,750). There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

National performance audit reporting

12. The Auditor General for Scotland and the Accounts Commission regularly publish performance audit reports. These cover a range of matters, many of which may be of interest to the council. Details of national and performance audit reports published over the last year can be seen in [Appendix 3](#).

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts were free from material misstatement.

All audit adjustments required to correct the financial statements were processed by the council.

Audit opinions on the annual accounts

13. The Council approved the annual accounts for West Lothian Council and its group on 22 September 2026. The Independent Auditor's Report is included in the council's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

14. The unaudited annual accounts and all working papers were received by 30 June 2026 in accordance with the agreed audit timetable.

Materiality

15. Materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

16. The concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

17. Materiality levels for the audit of the council and its group were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts. Materiality levels were updated and these can be seen in [Exhibit 1](#).

Exhibit 1**2025/26 Materiality levels for the council and its group**

Materiality	The council	Group
Materiality – set at 2% of gross expenditure	£21.0 million	£21.3 million
Performance materiality – set at 75% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£15.7 million	£15.9 million
Reporting threshold – set at 5% of materiality.	£1.0 million	£1.0 million

Source: Audit Scotland

Significant findings and key audit matters

18. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance, which for the council is the Audit Committee and the full Council.

19. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

20. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

21. The significant findings and key audit matters to report are outlined in [Exhibit 2](#).

Exhibit 2

Significant findings and key audit matters

Significant findings and key audit matters	Outcome
IFRS 16 Lease accounting system reporting issues Prior to the audit, the council identified problems with reports produced by its lease management system (LS2), which is used to support IFRS 16 lease accounting disclosures. The issues affected the reporting of lease movements during the year and meant that management could not rely on the system-generated reports. Management reviewed the underlying lease information and manually reconstructed the year-end lease balances and disclosures. During this process, one lease was found to have been incorrectly recorded in the system, resulting in an overstatement of lease liabilities and right-of-use assets. The council processed adjustments to update the accounts for the lease found to incorrectly recorded. Although the error was not material to the financial statements, it highlighted weaknesses in the accuracy and validation of lease data.	We assessed management's reconstruction of the lease balances and related disclosures by reviewing supporting reconciliations, testing a sample of leases back to underlying agreements, and evaluating the impact of the identified data error. We also considered whether the issues identified within LS2 could have resulted in a material misstatement of the financial statements. Based on the work performed, we concluded that the year-end lease balances and IFRS 16 disclosures were reasonably stated and that the identified errors were not material to the financial statements. However, the issues identified indicate that controls over lease data and system reporting require improvement. Recommendation 1 As part of the implementation of the new CC5 lease management system, the council should undertake a comprehensive review and validation of historical lease data prior to migration from LS2. This should include verification of additions, disposals, modifications, revaluations, lease liabilities and depreciation records to ensure that movement data is complete and accurately transferred. Completing this exercise will reduce the risk of reporting issues and provide a robust foundation for the preparation of the 2026/27 IFRS 16 disclosures.
Prepayments – Sale and leaseback As part of our testing of prepayments, we identified a balance of approximately £1.0 million relating to vehicles that had been purchased and owned by the council prior to 31 March 2026. The balance had been recorded within prepayments pending completion of sale and leaseback transactions which did not conclude until May 2026. Based on the supporting documentation reviewed, including sale invoices, lease	As part of our audit procedures, we reviewed all other prepayments recorded at 31 March 2026 and confirmed that no other sale and leaseback arrangements existed which would require similar adjustment. We are therefore satisfied that the issue identified does not indicate a wider or systemic issue in the council's accounting for prepayments. We reviewed the amended financial statements and supporting working papers and confirmed that the identified balance had been

Significant findings and key audit matters	Outcome
agreements and evidence of receipt of sale proceeds, we concluded that ownership and control of the vehicles had not transferred from the council to the lease provider prior to the year end. Accordingly, the assets continued to meet the recognition criteria for Property, Plant and Equipment at 31 March 2026 and should not have been classified as a prepayment. Following our findings, the council amended the financial statements and reclassified the balance from prepayments to non-current assets (vehicles within Property, Plant and Equipment).	appropriately reclassified from prepayments to Property, Plant and Equipment. We are satisfied that the revised accounting treatment and related disclosures are appropriate.

Source: Audit Scotland

Qualitative aspects of accounting practices

22. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the council's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

23. The appropriateness of accounting policies adopted by the council was assessed as part of the audit. These were considered to be appropriate to the circumstances of the council, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Accounting estimates

24. Accounting estimates are used in a number of areas in the council's financial statements, including the valuation of land and buildings assets and the valuation of the pension balance. Audit work considered the processes management has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

25. Details of the audit work performed and the outcome of the work on accounting estimates that gave rise to significant risks of material misstatement are outlined in [Exhibit 4](#).

Disclosures in the financial statements

26. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity, such as financial instruments and valuation of the pension position.

27. In accordance with normal audit practice, presentational and disclosure amendments were discussed and agreed with management and subsequently reflected in the revised financial statements. We have reviewed the updated disclosures and are satisfied that they are appropriate and consistent with the audit evidence obtained and the conclusions reached during our audit.

Group audit

28. The council prepares group financial statements comprising four components. The council is the parent entity and the audit work performed on the components is summarised in [Exhibit 3](#).

Exhibit 3

Summary of audit work on the group's components

Group component	Auditor and audit work required	Summary of audit work performed
West Lothian Council	Audit Scotland Fully scope audit of the council's annual accounts.	The outcome of audit work performed is reported within the Annual Audit Report, with details of significant findings and key audit matters reported in Exhibit 2 .
West Lothian Integration Joint Board (Joint Venture)	Audit Scotland Analytical procedures at group level.	Analytical procedures at the group level were performed by the audit team, and no significant issues were identified.
Lothian Valuation Joint Board (Associate)	Audit Scotland Analytical procedures at group level.	Analytical procedures at the group level were performed by the audit team, and no significant issues were identified.
West Lothian Leisure (Subsidiary)	Azets Analytical procedures at group level.	Analytical procedures at the group level were performed by the audit team, and no significant issues were identified.

Source: Audit Scotland

29. ISA (UK) 600 requires auditors to report the following matters if these are identified or encountered during an audit:

- any instances where review of a component auditor's work gave rise to issues and how this was resolved.
- any limitations on the group audit.
- any frauds or suspected frauds involving group or component management.

30. No issues were identified from our work in relation to these matters.

Audit adjustments

31. Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. Details of all audit adjustments greater than the reporting threshold are outlined in [Appendix 2](#). There were no unadjusted errors.

Whole of Government Accounts (WGA) return

32. The council is part of the WGA boundary and therefore prepares a return that is used by HM Treasury to prepare the WGA. The National Audit Office (NAO) is the auditor for the WGA and issues instructions outlining audit procedures auditors must follow when auditing a WGA return. The threshold for requiring audit procedures to be performed on the WGA return was set at £2 billion. The council was below this threshold and therefore only limited audit procedures were required, and submission of an assurance statement to the NAO.

Significant risks of material misstatement identified in the Annual Audit Plan

33. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in Exhibit [4](#).

Exhibit 4**Significant risks of material misstatement to the financial statements**

Risk of material misstatement	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	Controls • The design and implementation of controls over journal processing were appropriate. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. Methodology and assumptions • No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias. Testing • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. • No notable deficiencies were identified from testing of journal entries. • Focussed testing of accounting accruals and prepayments did not identify any issues. • We did not identify any transactions outside the normal course of business. • Confirmed through substantive testing that income and expenditure transactions around the year-end have been accounted for in the correct financial year. Results: We are satisfied that there is no material misstatement due to management override of controls.
Valuation of property, plant and equipment The council held £2 billion of property, plant, and equipment (PPE) at 31 March 2025, of which £1.6 billion was land and building assets. The council is required to value land and building assets at existing use value where an active market exists for these assets. Where there is no active market, these	Controls • The design and implementation of controls over the valuation process were appropriate. • Management's assessment of assets not subject to a valuation process in 2024/25 was reasonable and we concluded there was unlikely to be a material difference to the current value at the year-end. Management Experts • The valuer had sufficient competence, capabilities and objectivity to perform their work. Methodology and assumptions

Risk of material misstatement	Outcome of audit work
assets are valued on a depreciated cost replacement (DRC) basis. As a result, there is a significant degree of subjectivity in these valuations which are based on specialist assumptions, and changes in the assumptions can result in material changes to valuations. From 2025/26, CIPFA/LASAAC's revised Code introduces HM Treasury's reforms, moving local authorities to quinquennial valuations with annual indexation applied in intervening years. The first year of implementation brings an increased risk of material misstatement due to the change in accounting treatment and the new judgements required, particularly when selecting appropriate indices to apply.	• The information provided to the valuer was accurate and complete. • Management are involved in the valuation process and have an appropriate level of oversight. • Assessed the methodology used by the valuers by considering whether valuations were conducted in accordance with the RICS Valuation Professional Standards 'the Red Book'. • Assessed the reasonableness of valuations conducted by the professional valuers, including the use of any assumptions. Testing • Our review of the indices applied by management to assets not subject to valuation in 2025/26 confirmed that the rates used were reasonable and had been correctly applied. Results: We are satisfied the current valuation of land and buildings is not materially misstated.

Source: Audit Scotland

Other areas of audit focus

34. In addition to the significant risks of material misstatement, the following key audit matters were identified as part of our planning process.

- **Valuation of Pension Asset or Liability:** The calculation of the pension asset or liability requires the use of an actuarial methodology based on a range of assumptions including financial and demographic assumptions. We assessed the scope, independence and competence of the professionals engaged in providing estimates for pensions and reviewed the appropriateness of actuarial assumptions and results including comparison with other councils.

We also confirmed the arrangements for ensuring the reasonableness of the professional estimations and the accuracy of information provided to the actuary by the council. For 2025/26, the

actuary calculated a pension asset. The actuary applied an asset ceiling as required by accounting standards which resulted in only the unfunded liability of £16.9 million being recognised in the annual accounts.

Prior year recommendations

35. The council has implemented the agreed prior year audit recommendations. See [Appendix 1](#) for updated comments from the council.

Wider scope audit

Conclusion

The council has effective and appropriate arrangements in place for Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.

Audit approach to wider scope

Wider scope

36. As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

37. Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements the council has in place for each of these is reported in this chapter.

Conclusions on wider scope audit

Financial Management

Revenue budget outturn reflects continued in-year financial pressures

38. The council continues to operate in a challenging financial environment, with increasing demand for services placing sustained pressure on available resources. The 2025/26 annual accounts reported a core revenue budget overspend of £2.0 million which was funded from the council's Risk and Inflation Reserve, highlighting the continued financial pressures arising from demand led services.

39. Despite these pressures, the council has continued to demonstrate effective financial management through regular budget monitoring, budgetary control and management action taken to mitigate overspending during the year. The outturn was more favourable than the month nine forecast, reflecting active management of expenditure pressures and the identification of additional income and savings opportunities.

40. Exhibit 5 highlights that the council has faced recurring budget gaps over the past four years, ranging from £11.7 million to £16.6 million. These gaps have been addressed through a combination of savings measures, flexibilities and, in some years, the planned use of reserves. The exhibit also demonstrates the council's ability to deliver planned savings in previous years and maintain overall usable reserves despite ongoing financial pressures.

Exhibit 5

Key financial information

Budget setting	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
Budget gap	11.7	16.5	16.6	11.9
Planned to be met via:				
• Savings and flexibilities	9.1	8.4	13.4	11.9
• Use of reserves	2.6	8.1	3.2	0.0
Actual				
Savings delivered	9.1	8.4	13.4	11.9
Reserves				
Use of / (contribution to) reserves	(4.2)	19.9	5.7	(4.8)
Total usable reserves carried forward	57.1	37.2	31.5	36.3
General Fund:				
• Earmarked	54.9	35.2	29.5	34.3
• Uncommitted	2.2	2.0	2.0	2.0

Source: The council's 2025/26 annual accounts and committee papers

Earmarked reserves have been used to support the year-end financial position

41. The 2025/26 overspend is funded from the Risk and Inflation Reserve, reducing its balance from £3.3 million to £1.3 million at 31 March 2026. Total General Fund balances at the year-end were £36.3 million, of which £34.3 million were earmarked for specific purposes and £2.0 million remained uncommitted. The council continues to regard the £2.0 million uncommitted balance as the minimum level required.

42. Reviewing the reserves position over the five-year period from 2021/22 to 2025/26 shows that the council's overall General Fund reserves position has remained relatively stable. Whilst the uncommitted General Fund balance has consistently remained around £2.0 million throughout the period, limiting the level of reserves available to respond to unanticipated financial pressures, the council has mitigated this risk through the creation of earmarked reserves, including the Risk and Inflation Reserve and the Provision for Emerging Pressures Reserve, totalling £4.8 million at 31 March 2026. Committed General Fund reserves have fluctuated in line with the planned use of earmarked resources, reducing from £50.7 million in 2021/22 to £29.5 million in 2024/25 before increasing to £34.3 million in 2025/26.

43. In our view, these movements are broadly neutral rather than indicative of either a strengthening or deterioration in the council's financial position. The changes primarily reflect planned utilisation and replenishment of earmarked reserves to support approved expenditure and investment programmes. Importantly, the council has maintained its uncommitted General Fund balance at the approved minimum level throughout the period and continues to hold a significant level of earmarked reserves to support future commitments and known financial risks.

Financial controls and governance arrangements remain effective with no significant weaknesses identified

44. The council has appropriate financial control arrangements in place. As part of our audit work, we reviewed the design and implementation of systems of internal control, including key IT controls relevant to the financial statements. We did not identify any internal control weaknesses which could affect the council's ability to record, process, summarise and report financial and other relevant data, resulting in a material misstatement in the financial statements.

45. The council also has appropriate arrangements in place to support high standards of conduct and the prevention and detection of fraud and error. These arrangements are particularly important given the range of fraud risks faced by public sector bodies, including those relating to income collection, welfare benefits, grants and other claims. Based on our audit work, we concluded that the council's arrangements remain adequate and continue to support effective governance and accountability.

The Housing Revenue Account reported a breakeven outturn in 2025/26

46. The council has a statutory obligation to maintain a separate housing revenue account (HRA) and to ensure that rents are set at a level which will at least cover the costs of its social housing provision.

47. In 2025/26, West Lothian Council's Housing Revenue Account (HRA) achieved a breakeven outturn, with total expenditure and income both reaching £68.1 million. While expenditure was £0.5 million above budget

overall, this was largely due to a higher Capital Funded from Current Revenue (CFCR) contribution of £7.9 million, which was £1.1 million above budget and reflected savings elsewhere in the service.

48. Key underspends arose from employee costs, premises and repairs costs, bad debt provisions and net capital financing costs, offsetting pressures in supplies and services and capital financing charges. Rent collection remained strong at 98%, although void losses were higher than budget due to increased numbers of vacant properties. The average re-let times improved from 76 to 70 days and additional resources are planned in 2026/27 to return a further 150 void properties to use.

49. Overall, the HRA remained financially stable, generating a one-off CFCR surplus that will support both future housing capital investment and anticipated service pressures in 2026/27, demonstrating prudent financial management.

Despite project slippage in 2025/26, the council remains committed to its housing investment strategy

50. In 2025/26, West Lothian Council's Housing Capital Investment Programme delivered £41.9 million of expenditure against a revised budget of £49.7 million, with the underspend of £7.8 million mainly reflecting project slippage and savings in major upgrades, compliance works and energy efficiency programmes rather than a reduction in overall investment commitment.

51. New housing supply was a key priority, accounting for £17.3 million of spend. The housing capital programme was funded through a mix of borrowing (£25.0 million), revenue contributions (CFCR) (£7.9 million), government grants (£8.4 million) and other contributions, with borrowing requirements significantly lower than budgeted due to the lower-than-planned capital spend and higher revenue funding contribution.

52. Looking ahead, the council has increased its 2026/27 to 2027/28 Housing Capital Programme from the originally approved £65.7 million to £73.4 million through the carry forward of unspent budgets, with £56.2 million (77%) of funding expected to come from borrowing and significant investment planned in new build housing (£11.1 million), planned maintenance (£27.7 million) and compliance works (£22.2 million).

53. Overall, the programme demonstrates commitment to expanding affordable housing supply while improving the quality, safety and energy efficiency of existing stock, with borrowing remaining at a level the council assesses as prudent, affordable and sustainable within its Housing Revenue Account strategy.

The council plans to take action to strengthen capital expenditure forecasting following programme slippage

54. The council approved a 2025/26 General Services capital programme of £73.7 million and incurred capital expenditure of £60.6 million, representing delivery of approximately 82 per cent of the planned programme. This resulted in net slippage of £13.2 million (18 per cent of the approved budget).

55. Management reports that the principal cause of the variance was the rephasing of expenditure across a number of capital projects, with spend occurring later than originally anticipated rather than reflecting reductions in overall project costs.

56. The most significant area of slippage was within Property Assets, which accounted for approximately 97 per cent of the total net underspend. This indicates that delivery of major property and school-related projects was slower than originally profiled within the capital programme. While the council has advised that the variance reflects timing differences rather than savings, the level of slippage highlights challenges in forecasting and project delivery.

57. The council has acknowledged this and reports that officers have agreed improved procedures to enhance the robustness and accuracy of future spending estimates. This is a positive development and should help ensure that future capital budgets are profiled more closely to achievable delivery programmes and provide more reliable in-year monitoring information for members.

Financial Sustainability

The council has narrowed its projected budget gap, but financial sustainability challenges remain

58. The council approved its revenue budget for 2026/27 and 2027/28 in February 2026. The council faced an estimated funding gap of £26.7 million over the two years to 2027/28, with a recurring budget deficit of £15.4 million after taking account of previously agreed savings of £11.3 million.

59. Changes to grant allocations across both years of the revenue budget strategy, together with a proposed revised council tax increase of 8.4 per cent for 2026/27, enabled the council to reduce the two-year budget gap from £26.7 million to £18.9 million. After applying previously agreed savings of £11.3 million, the remaining funding gap to 2027/28 was £7.6 million. The council agreed recurring budget savings of £7.6 million to close the remaining gap, with £1 million of one-off reserves used to balance 2026/27, as the approved council tax increase was approved at 7.4 per cent. To close the remaining budget gap of £1.0 million in 2027/28 the council will take forward a review to identify and quantify options to fully address this on a recurring basis.

The council has effective arrangements in place to identify, monitor and respond to medium and longer-term financial sustainability risks

60. The council demonstrates a clear understanding of the key factors that could affect its future financial sustainability. Budget reports identify a range of significant risks and pressures, including demographic change, increasing demand and complexity in social care services, homelessness pressures, amongst others, along with the affordability of the capital programme. The council incorporates demographic projections and service demand assumptions within its financial planning model and has committed to undertaking a wider review of the implications of demographic change for council services as part of its longer-term financial strategy.

61. The council's financial resilience assessment also highlights a range of measures that support ongoing sustainability, including regular forecast updates, scenario planning, identification of recurring savings, active reserve management and continued monitoring of expenditure pressures. These arrangements provide a framework for identifying emerging risks at an early stage and taking action to mitigate their potential impact on the council's financial position.

Medium-Term Financial Planning

62. The council's current revenue budget strategy covers the two-year period from 2026/27 to 2027/28, reflecting the approach set out within its financial regulations, which align medium-term financial planning with political administrations. While this approach is consistent with the council's local governance arrangements, it provides a relatively short planning horizon when compared with recognised good practice in local government financial management.

63. The CIPFA Financial Management Code places significant emphasis on medium and longer-term financial sustainability and the importance of financial planning that supports informed decision-making and early identification of future funding pressures. A longer-term financial outlook provides greater visibility of emerging budget challenges, enables earlier development of savings and transformation programmes, and strengthens strategic decision-making.

64. The council's approach results in the planning horizon gradually reducing over an electoral cycle until a new medium-term strategy is prepared following local elections. This can limit transparency over the scale and timing of future financial challenges and reduces the period available for members and officers to plan and implement transformational change.

65. This is particularly relevant given the continuing financial pressures facing local government and the council's own recognition of the importance of demographic change, demand-led pressures and long-term financial sustainability. The contrast between a two-year revenue planning

horizon and the council's ten-year capital investment programme also suggests an opportunity to strengthen the integration of longer-term revenue and capital planning.

Recommendation 2

The council should review its approach to medium-term financial planning and develop rolling revenue forecasts covering at least three years, updated annually, to strengthen compliance with the principles of the CIPFA Financial Management Code and support longer-term financial sustainability.

Vision, Leadership and Governance

Strategic planning arrangements provide a clear framework for delivering council priorities and reflect stakeholder views

66. The council has a well-developed strategic planning framework centred on its Corporate Plan 2023-28, which sets out its vision, values and five corporate priorities. The plan is supported by a suite of corporate strategies and aligned Service Improvement Plans that translate strategic objectives into operational actions and outcomes.

67. The council has also embedded transformation and financial sustainability within its planning framework, recognising the significant financial and demographic challenges facing local government. This provides a clear line of sight between the council's long-term ambitions and service delivery arrangements.

68. The council has demonstrated a commitment to engaging with residents, service users and partners in developing its strategic priorities. The current Corporate Plan was informed by extensive public consultation, with over 5,000 responses received on community needs, expectations and aspirations.

69. The council also works closely with community planning partners, including NHS Lothian, Police Scotland and the Integration Joint Board, to support the delivery of shared outcomes. Consultation activity has also informed the council's financial planning and budget strategy, helping to align future priorities with stakeholder expectations and local needs.

Governance arrangements remain effective and support informed scrutiny and decision-making

70. The council has a well-established governance framework that provides appropriate oversight, accountability and scrutiny. The Annual Governance Statement concludes that corporate governance standards were substantially met during 2025/26 despite ongoing financial pressures and increasing service demands. This assessment is supported by the

annual internal audit opinion, compliance statements and regular governance monitoring.

71. The council's committee structure, Local Code of Corporate Governance and risk management arrangements provide a robust framework for oversight and decision-making. While a small number of governance issues remain under review, these are being managed through established governance processes and monitored by the Governance and Risk Committee. We note that the council ceased the broadcasting of committee meetings from June 2026. Members of the public can still attend council meetings in person.

72. Effective governance is supported by comprehensive arrangements for monitoring and reporting financial and performance information. A corporate performance framework links service performance to Corporate Plan priorities and is supported by a range of measures covering efficiency, effectiveness, service quality and customer satisfaction.

73. Quarterly financial and performance reports are reported to Policy Development and Scrutiny Panels, with further challenge and oversight provided through the Performance Committee, Audit Committee and Governance and Risk Committee. These arrangements support transparency and provide elected members with the information required to scrutinise performance and make informed decisions.

Use of Resources to Improve Outcomes

The council can show a clear alignment between resources and corporate priorities

74. The council can demonstrate a clear link between the use of resources and the delivery of its strategic priorities. The Corporate Plan 2023 to 2028 provides the overarching framework for directing resources towards agreed outcomes, supported by a suite of corporate strategies including the Performance and Transformation Strategy, Asset Management Strategy, Customer Strategy and People Strategy.

75. These strategies contain performance measures and targets that are monitored through established governance and scrutiny arrangements. The council's activity-based budgeting approach explicitly links resources, activities and outcomes, while service improvement plans align operational priorities and resource deployment with the objectives of the Corporate Plan.

76. The council has well-established arrangements for monitoring how resources contribute to outcomes. Regular performance and financial reporting is considered by Policy Development and Scrutiny Panels, committees and senior management teams, enabling elected members to scrutinise both service performance and resource use.

The council has established benchmarking arrangements to assess performance and support continuous improvement

77. The council has arrangements in place to benchmark performance and identify opportunities for improvement. Benchmarking forms a key part of its performance management framework and is used to compare performance, costs and service outcomes with other organisations, including all Scottish local authorities. The council publishes comparative performance information and uses benchmarking to identify areas of strong performance as well as opportunities for learning from others.

78. Performance improvement is further supported through a structured programme of self-assessment. All services participate in either the West Lothian Assessment Model (WLAM) or Validated Self Evaluation processes, with the outcomes reported to elected members for scrutiny.

79. The council also uses the European Foundation for Quality Management (EFQM) model to benchmark itself against leading organisations across sectors and continues to participate in external assessment regimes including Customer Service Excellence accreditation. These arrangements demonstrate an embedded approach to continuous improvement and organisational learning.

80. The council actively participates in national benchmarking arrangements, including the Local Government Benchmarking Framework (LGBF), that allow it to compare performance with all other Scottish local authorities. Participation in these arrangements gives the council access to comparative data which supports service challenge, performance improvement and informed decision-making.

81. We therefore concluded that the council has appropriate arrangements in place to assess its performance relative to comparable organisations and to identify and pursue improvement opportunities where required. Detailed consideration of the council's comparative performance results through the LGBF is included in the Best Value section of this report.

The new Programme for Government in September 2026 focuses on improving outcomes and addressing national challenges with wide ranging proposed reform

82. The Scottish Government's Programme for Government 2026-2031 focuses on eradicating child poverty, growing the economy, tackling the climate emergency, and delivering a strong NHS and public services. Within health and social care, it prioritises reducing waiting times, improving access to care, and shifting more services from hospitals into community settings to support prevention and independent living.

83. The Programme proposes modernisation and significant reform including replacing the current 14 territorial health boards with two strategic health boards. For local authorities, the Programme signals potential reform of health and social care governance and delivery arrangements and reducing duplication and increasing efficiency in the

delivery of public services. While the direction of travel is towards greater integration, prevention and community-based care, the full implications for local authorities remain uncertain. Greater clarity is expected in the coming months as the Scottish Government undertakes planned consultation and engagement on the future of social care and local governance.

Best Value audit

Conclusion

The council has effective and appropriate arrangements in place for securing Best Value.

The Management Report on themes prescribed by the Accounts Commission reported the council has a clear asset management strategy in place which is supported by effective governance and accountability arrangements. The planned refresh of the Corporate Asset Management Strategy provides an opportunity to enhance asset information, strengthen partnership approaches, further embed net zero objectives and ensure continued scrutiny of capital programme reprofiling and project delivery assumptions.

The council has effective and appropriate arrangements in place for preparing and publishing statutory performance information.

Audit approach to Best Value

85. Under the Code of Audit Practice, the audit of Best Value in councils is fully integrated within the annual audit. As part of the annual audit, auditors are required to take a risk-based approach to assessing and reporting on whether the council has made proper arrangements for securing Best Value in accordance with statutory guidance, including follow up of findings previously reported in relation to Best Value.

86. The Accounts Commission also reports nationally on thematic aspects of councils' approaches to, and performance in, meeting their Best Value duties. As part of the annual audit, thematic reviews, as directed by the Accounts Commission, are conducted on the council. The thematic review for 2025/26 is on the subject of asset management and involved considering how councils are managing their assets to ensure high-quality services while also responding to challenges around financial sustainability and climate change. Conclusions and judgements on the thematic review are reported in a separate Management Report and summarised in this chapter.

Conclusions on Best Value

The council's arrangements and performance in meeting Best Value and community planning duties

87. The audit work performed on the arrangements the council has in place for securing Best Value and its community planning arrangements found these were effective and appropriate. This judgement is evidenced by:

- the council having well established and effective governance arrangements in place, with Best Value being a key aspect of the governance arrangements.
- the arrangements the council has in place around the four wider scope audit areas, which are effective and appropriate, contribute to it being able to secure Best Value.
- progress the council is making to embed sustainability into corporate and operational plans and enhance reporting arrangements around sustainability.

Themes prescribed by the Accounts Commission

88. As previously outlined, the Accounts Commission reports nationally on thematic aspects of council's approaches to, and performance in, meeting their Best Value duties, with the thematic review for 2025/26 on the subject of asset management. Conclusions and judgements on the council's approach to asset management are outlined in a separate Management Report which is available on the Audit Scotland website. A summary of the conclusions and judgments made in the report is outlined below.

- The council has a clear asset management strategy that sets out its approach and priorities for managing and developing its assets and is clear about how progress will be monitored. This reflects that the core components of effective asset management are in place, including clear strategic direction, appropriate governance and performance monitoring.
- The council recognises that the development of a new Corporate Asset Management Strategy (CAMS) in late 2026 provides an opportunity to further enhance the existing approach. In particular, the revised CAMS could be strengthened by including more information on the council's asset portfolio to provide additional context for decision-making, and by setting out more explicit detail on how the council's net zero commitments will be delivered through its asset base.
- The council has effective reporting and monitoring arrangements that provide good oversight of progress on its capital programme and asset management plans, and these align well with CIPFA guidance.

- The council is performing strongly against both local and national asset management Key Performance Indicators.
- Monitoring of the 2025/26 general services capital programme at month nine indicates a projected outturn of £61.8 million, £13.5 million beyond the assumed overprogramming, primarily due to rephasing of property expenditure rather than underspend. While overall project costs remain unchanged, the scale of reprofiling reinforces the importance of continued scrutiny of capital phasing assumptions.
- The council clearly articulates its ambition to work with partners to manage its assets and there are examples of effective collaboration already in place, for example through its partnership centres. However, it has not yet developed a comprehensive plan to maximise the opportunities that partnership working could bring to asset management.
- The council takes a coordinated approach to community engagement using feedback from its Your Council, Your Say consultations to shape its corporate priorities and, in turn, its CAMS. This commitment to community engagement is reflected in a robust and transparent process for assessing community asset transfer applications.
- The review of the community centre estate was undertaken over an extended period and incorporated a broad range of engagement methods including consultation with community centre management committees. This informed the development of tailored operating models which were implemented from 1 April 2026. The council expects that these arrangements will deliver planned savings while maintaining service provision across all centres.

Statutory performance information (SPI)

89. The Accounts Commission has issued a Statutory Performance Information Direction which requires the council to publish information that will:

- enable comparisons of performance between councils and over time
- show how well it is improving local outcomes with community planning partners in their area.

90. Auditors have a statutory duty to satisfy themselves that the council has made proper arrangements for preparing and publishing SPI in accordance with the Direction and report a conclusion in the Annual Audit Report.

91. The arrangements the council has in place for preparing and publishing SPI were assessed by considering:

- whether information reported allowed comparison of performance between councils and over time
- the indicators it uses for reporting and whether it maximises use of the Local Government Benchmarking Framework (LGBF) indicators (and explaining the rationale when the LGBF is not used)
- whether information reported was balanced, timely, and accessible
- whether information reported covered the four key areas set out in the Schedule to the Direction.

92. Audit work on the arrangements the council has in place for preparing and publishing SPI concluded the arrangements in place were effective and appropriate.

Local Government Benchmarking Framework

93. The Accounts Commission also requires auditors to report a summary of the LGBF indicators the council has reported, which can be seen in Exhibit 6.

Exhibit 6

Summary of LGBF indicators the council has reported

	Cost indicators %	Performance indicators %	Satisfaction indicators %	All indicators %
Movement in last year:				
Improved	60	44	27	45
Stayed the same	5	23	18	19
Declined	35	33	55	35
Movement since base year:				
Improved	55	58	9	53
Stayed the same	0	9	0	6
Declined	45	32	91	41
Indicators in the top two quartiles:				
Most recent year	60	64	36	60

	Cost indicators	Performance indicators	Satisfaction indicators	All indicators
	%	%	%	%
Base year	50	53	64	53

Source: LGBF at 4 September 2026

94. [Exhibit 6](#) shows that the council continues to perform relatively strongly against the LGBF measures. Overall, 45 per cent of indicators improved in 2024/25 and 53 per cent have improved since the baseline year. The proportion of indicators in the top two quartiles has also increased over time, suggesting that the council's comparative performance has strengthened. However, performance remains mixed across service areas, with satisfaction measures showing a more challenging trend.

95. The most recent indicators present a mixed picture. The council has continued to improve performance in areas such as recycling, carbon reduction, building condition and self-directed social care, helping to maintain a relatively strong overall performance position. However, workforce-related indicators have weakened, with increasing levels of sickness absence among both teaching and non-teaching staff. Demand-led services, particularly social care and looked-after children's services, continue to experience rising costs, reflecting increasing complexity of need. Taken together, the indicators suggest the council is continuing to deliver key outcomes despite growing financial, workforce and demand pressures.

96. Over the longer term, the indicators demonstrate sustained improvement across a number of key outcomes. Investment in education and early years provision has increased, school exclusion rates have fallen, environmental performance has improved and claimant rates have reduced significantly. The council has also made progress in areas such as self-directed support and the suitability of operational buildings. These improvements have, however, been accompanied by reduced spending on some infrastructure and environmental services and increasing costs within social care and looked-after children's services, highlighting the need to balance resources across competing priorities.

Fairness and Equality compliance are well embedded across the council

97. During 2025/26, we undertook a review of the council's compliance with equality and fairness requirements. From a review of the information provided by the council, we concluded that the council has robust arrangements in place to support compliance with equality and Fairer Scotland duties, with a proactive and embedded approach to mainstreaming equality across the organisation.

Progress against previous Best Value findings and recommendations

98. Best Value findings and recommendations have been made in previous years' Annual Audit Reports, Management Reports on themes prescribed by the Accounts Commission, and in Best Value reports published by the Accounts Commission, which are based on Controller of Audit reports.

99. The council has made progress in implementing the recommendations arising from our 2024/25 Best Value work. Of the five recommendations made, three have been implemented and two remain in progress. Improvements delivered include:

- enhancing reporting to elected members and senior officers on the delivery and impact of transformation activity, including greater consideration of non-financial benefits through existing performance and governance reporting arrangements
- strengthening public reporting on transformation activity through the introduction of transformation scorecards within quarterly performance reporting, providing clearer information on the progress and impact of transformation projects
- internal tracking process has been put in place to track all consultations being undertaken by services. The outcome of which is reported back via the relevant PDSP or other reporting structure aligned to the engagement.

100. The recommendations remaining in progress are outlined at [Appendix 1](#) and relate to further developing partnership working to support transformational change, enhancing integrated impact assessment arrangements and implementing recommendations of a digital skills audit. The council has identified actions to address these areas and, while progress is being made, further work is required to embed the planned improvements.

Appendix 1

Action plan 2025/26

2025/26 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. IFRS 16 Lease Accounting System Reporting Issues Prior to the commencement of audit fieldwork, the council identified deficiencies within the LS2 lease management system reports used to support IFRS 16 disclosures. Whilst the LS2 reports did not provide a reliable record of movements during the year, the council's review indicated that the audited opening balances remained accurate and that the year-end lease liability and right-of-use asset balances were reasonable. Management therefore undertook a reconstruction of the 2025/26 IFRS 16 position using underlying lease data and independently prepared reconciliations rather than relying on the system-generated reports.	As part of the implementation of the new CC5 lease management system, the council should undertake a comprehensive review and validation of historical lease data prior to migration from LS2. This should include verification of additions, disposals, modifications, revaluations, lease liabilities and depreciation records to ensure that movement data is complete and accurately transferred. Completing this exercise will reduce the risk of reporting issues and provide a robust foundation for the preparation of the 2026/27 IFRS 16 disclosures.	Accepted The council will undertake a comprehensive review of historical lease data prior to migration from LS2 Lease Accounting Software to the new system CC5 in order to mitigate the risk of reporting issues and therefore ensure a robust foundation for 2026/27 IFRS16 disclosures. Responsible Officer: Director of Finance and Property Services Agreed Date: 31 March 2027
2. Medium Term Financial Planning The council's current revenue budget strategy covers the two-year period from 2026/27 to 2027/28, reflecting the approach set out within its financial regulations, which align medium-term financial planning with political	The council should review its approach to medium-term financial planning and develop rolling revenue forecasts covering at least three years, updated annually, to strengthen compliance with the principles of the CIPFA Financial Management Code and support	Accepted This will be taken forward in line with the development of the new five-year financial plan. Council Executive will receive updates on the development of the new five-year plan as part of

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
administrations. While this approach is consistent with the council's local governance arrangements, it provides a relatively short planning horizon when compared with recognised good practice in local government financial management.	longer-term financial sustainability.	the 2027/28 budget process. <u>Responsible Officer:</u> Director of Finance and Property Services <u>Agreed Date:</u> February 2027

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
1. Valuation methodology and assumptions applied to the materiality assessment for council assets not valued in current year The council undertakes valuations of its property, plant and equipment (PPE) on a rolling 5-year programme, using independent expert valuers and its own chartered surveyors. For assets not revalued in the current year, the council performs an indexation appraisal each year to assess whether there has been a material change in value since the last valuation. Audit identified an error in the indexation calculation for school assets during 2024/25, which, when corrected by the council across all non-revalued categories, resulted in a material movement. Additionally, the council did not review the adjustment factor used in the valuation of council houses in 2024/25, potentially affecting reliability.	Recommendation The council should ensure that, in years between full valuations, it performs robust assessments of any material movements identified through the correct indexation methodology and undertakes adjustment factor evaluations, to ensure asset values in the accounts remain accurate. Management response The council will ensure that, in years between full valuations, it continues to perform robust assessments of any material movements identified through the correct indexation methodology and will undertake adjustment factor evaluations, to ensure asset values in the accounts remain accurate. Responsible officer: Head of Finance and Property Services Original action date: 30 September 2025	Implemented The council has, in line with current guidance for 2025/26, introduced indexation in years between full valuations and has secured the services of both external and internal experts to provide appropriate indices. The council has engaged with the District Valuer to review council dwellings annually to ensure that the asset values in the accounts remain accurate. Responsible officer: Director of Finance and Property Services Action date: 30 September 2025

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
2. Externally hosted software provider In November 2024, the hosting arrangements of the PECOS application changed from being held at the Scottish Government's Saughton House data centre to being held and managed externally from the Scottish Government by third-party provider, Elcom. While the Scottish Government own the contractual arrangement with Elcom, it is for individual bodies to ensure themselves that there are appropriate application and hosting controls in place at Elcom. The council has not received any assurances around the operation of these controls at the third-party provider.	Recommendation Where key council systems are externally hosted by the software provider, the council should seek regular confirmation from the provider over the integrity and security of the data held on the system. Management Response The council notes the recommendation and action to verify the integrity of the application, PECOS, following the change in hosting location. The council will take appropriate action to seek assurances around the hosting of the application, ensuring strong and acceptable security protocols, including external certification are in place. Responsible Officer: Head of Corporate Services Original action date: 30 September 2025	Implemented The council received assurances in respect of the operation of controls by the third-party provider (ELCOM) via the Scottish Government in September 2026. Assurances were received around the hosting of the application to ensure strong and acceptable security protocols and confirmation of external certifications in place. Confirmation was received around the frequency of health / vulnerability penetration testing, identification of Cyber Risks, Cyber certifications, Cyber Incident Response Plans and Cyber Security Plans. Also considered was the financial sustainability and effectiveness of organisational controls, security functionality such as Two factor and Multi factor authentication and plans for communication controls and methods in the event of a Cyber Incident. Completion date: 30 September 2025

Follow-up of 2024/25 Best Value report findings and recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
1. Partnership working The examples the council provided of transformation demonstrated good partnership working aimed at improving outcomes and generating savings. It will be important for the council to continue to work with partners and seek to maximise opportunities for radical transformational change.	Recommendation The council should continue to work with partners to explore opportunities for radical transformational change. Management response The council has extensive and good partnership working arrangements and will continue to explore opportunities for further transformational change at both a West Lothian and national level. Responsible officer: Chief Executive Original action date: Ongoing	Work in Progress The council continues to foster good partnership working across services and is actively engaged in national work to explore and support opportunities to deliver transformation through collaboration. Responsible officer: Chief Executive Original action date: Ongoing
2. Integrated impact assessments The council carries out integrated impact assessments for its savings measures. These document potential impacts and mitigating actions. There is scope to set out more clearly how mitigating actions address the potential impacts identified.	Recommendation The council should clearly link mitigating actions to impacts in its integrated impact assessments. Management response The council is in the process of updating its committee report template. This includes the introduction of a specific section outlining the implications for equalities arising from the IIA. The council will revise the template to ensure that any mitigating actions and their impact are clearer in the IIA documentation and process. Responsible officer: Head of Corporate Services Original action date: 30 June 2025	Work in Progress The IIA template is being updated in conjunction with the council's report writing template. Work to finalise the report writing template and associated guidance will shortly be concluded and reported to Executive Management Team to seek approval for implementation. Responsible officer: Head of Corporate Services Agreed date: November 2026

Follow-up of 2023/24 Best Value report findings and recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
1. Digital Skills The council completed an audit of its staff digital skills in October 2022, 91 per cent of council staff assessed themselves as having basic digital skills and the results from this audit have been used to target training. The council acknowledges that addressing digital and analytical skills gaps will remain a critical area of focus, but it has not progressed work to understand what digital skills it will need for the future.	Recommendation The council should progress the recommendations of its digital skills audit to better understand what digital skills it will need for the future. Management Response A revised digital skills survey, with relevance to the different council services, has been developed with plan for full organisation rollout by directorate in place. Target completion across all non-teaching staff is Mid-December 2025. The Digital Survey for teaching staff will continue to be rolled out and support as planned across the academic session. An overview of planned dates is set out below: • Corporate Services – Survey in progress closing mid-September, with analysis scheduled for completion early October • Operational Services and Social Policy - launch survey October • Finance Property Services and Planning, Economic Development and Regeneration – launch survey November • Education Services – Survey being rolled out on a school-by-school basis 20% complete. As noted above, the programme is progressing systematically and will deliver actionable insights across all service areas.	Work in Progress Following a review of feedback received from the Corporate Services Digital Skills Survey in September 2025, changes were made to the survey's format and structure to improve usability and effectiveness. The revised survey has been reissued on a staggered basis across services. Completion is currently underway, with all services expected to have completed the survey by 31 December 2026. Responsible Officer: Depute Chief Executive Agreed date: December 2026

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
	Responsible Officer: Depute Chief Executive Original Agreed date: December 2025	

Appendix 2

Summary of corrected misstatements

Details	Comprehensive Income and Expenditure Statement (CIES)		Balance Sheet	
	Dr	Cr	Dr	Cr
Corrected misstatements	£000	£000	£000	£000
Purchase of vehicles for sale and leaseback where completion of contract did not occur until post year end, vehicles should appear as non-current asset at 31 March 2026				
Non-current assets (vehicles)	-	-	1,043	-
Prepayments	-	-	-	1,043
Classification error between prepayment and other receivables				
Other receivables	-	-	7,350	-
Prepayments	-	-	-	7,350
Correction of IFRS 16 Lease contract				
Short term creditors	-	-	638	-
Other long-term liabilities	-	-	1,373	-
Unusable Reserves – Capital Adjustment Account	-	-	341	-
Vehicles, Plant, Furniture and Equipment	-	-	-	2,352
Totals	-	-	10,745	10,745

Appendix 3

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2025/26	22 May 2025
NHS in Scotland: Spotlight on governance	28 May 2025
Delivering for the future: Responding to the workforce challenge	7 August 2025
Flooding in communities: Moving towards flood resilience	28 August 2025
Adult Disability Payment	18 September 2025
Scotland's colleges 2025	2 October 2025
Improving care experience: Delivering The Promise	8 October 2025
Local government performance: Spotlight on culture and leisure services	23 October 2025
Financial sustainability and taxes	13 November 2025
NHS in Scotland 2025: Finance and performance	4 December 2025
Delayed discharges: A symptom of the challenges facing health and social care	8 January 2026
Community health and social care: Performance 2025	8 January 2026
Administration of Scottish income tax 2024/25	16 January 2026
Local Government in Scotland: Financial bulletin 2024/25	29 January 2026
The Scottish Budget 2026/24: Supplement to the Financial bulletin 2024/25	12 February 2026
Integration Joint Boards: Finance bulletin 2024/25	26 February 2026
Annual Assurance and Risks Report: A review of 2024/25 local government audits in Scotland	12 March 2026
Transforming the approach to climate change: Lessons from public audit	19 March 2026

West Lothian Council

2025/26 Annual Audit Report



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