

ANNUAL ACCOUNTS

2025-2026



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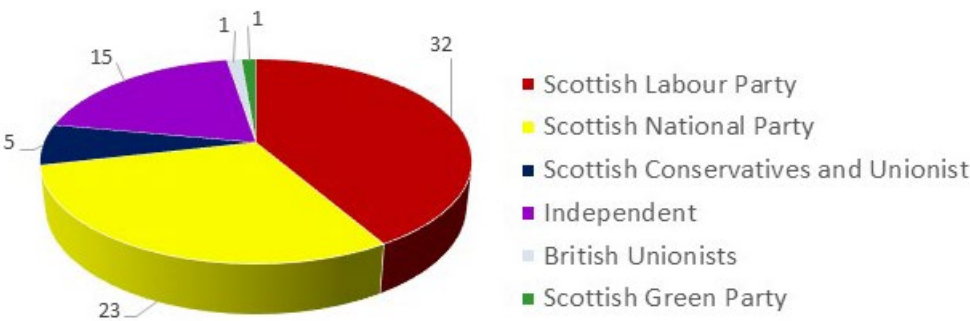
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Introduction

North Lanarkshire is Scotland’s fourth largest local authority area by population. It is ideally situated in the heart of Scotland with first-rate connectivity to the rest of Scotland, the UK, and the world. As the fifth most densely populated council area, North Lanarkshire is divided into 21 wards which are represented by 77 elected members. The Council is the main provider of services to a population of 344,540 residents and those who come to *Live, Learn, Work, Invest and Visit*.

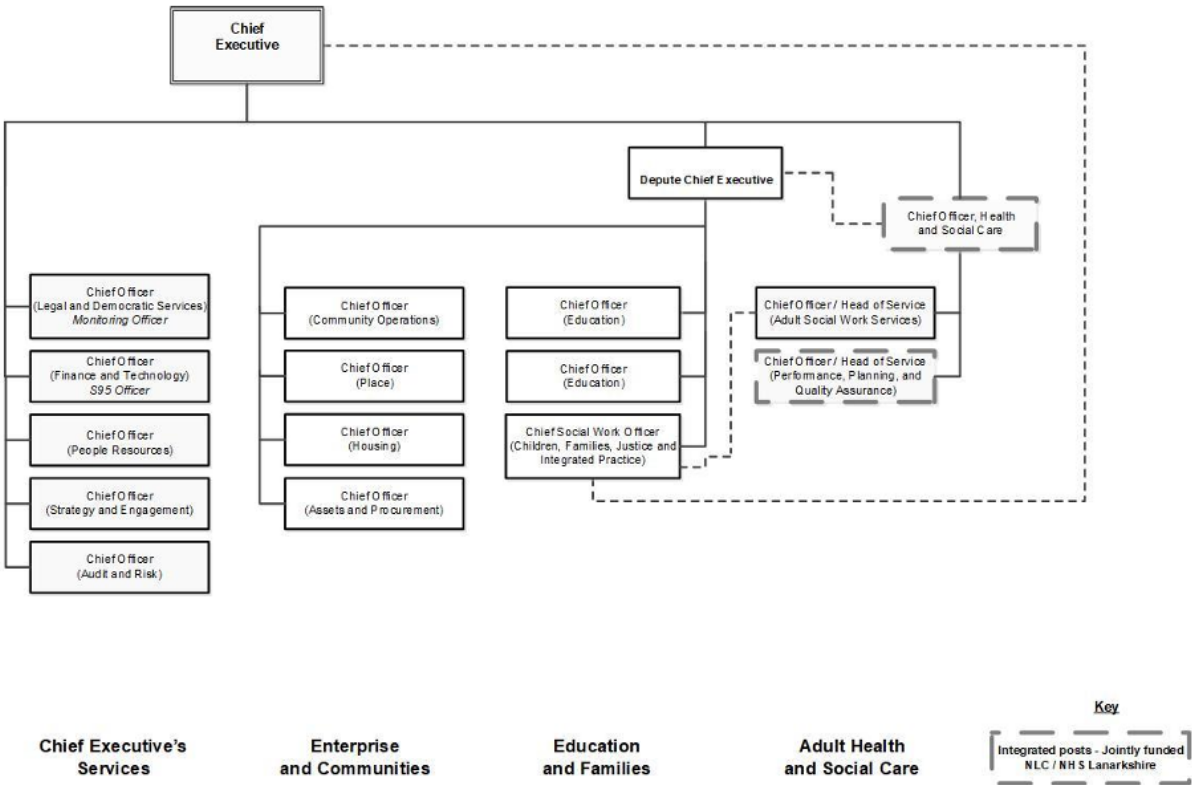
Political Composition and Council Structure

The Council was overseen by 77 elected members at the balance sheet date. The political composition of the elected members for North Lanarkshire Council is shown below:



Further information on the political composition of the Council, Committee membership and Councillors is available on the [Council’s website](#).

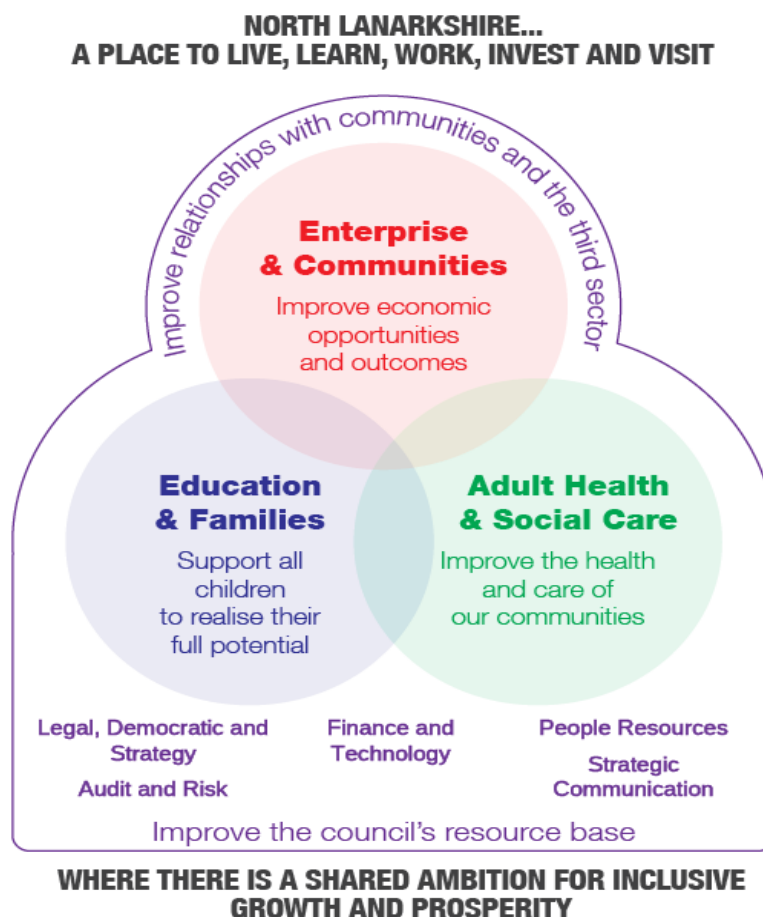
The Council’s reporting structure during 2025/26 is illustrated in the diagram below and is reflected in the Financial Statements.



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The vision for North Lanarkshire to be a place of inclusive growth and prosperity for all that brings equal benefits and a fairer distribution of wealth to all North Lanarkshire's people and communities was founded on the evidence presented in the report, A Shared Ambition for North Lanarkshire, approved at Committee in September 2018. The 2018 report also set out the operating framework required for the Council to enhance the alignment of, and synergies between, strategic and operational functions in order to successfully deliver on the vision which was thereafter formalised through approval of The Plan for North Lanarkshire in February 2019. At this time the Council's operating framework was realigned to group service functions around relationships with communities and the key stages of a person's life.

The Council's operating framework during 2025/26, as established in September 2018, is illustrated in the diagram below.



Since then, then, structural realignments have continued to embed the narrative of The Plan for North Lanarkshire consistently across service delivery, as well as strategic and financial decision-making, strategy and policy development, and corporate governance. Approved by Committee in December 2020, the Delivering for Communities report further strengthened the focus on local communities and aligned the senior management structure with the model established through the nine Community Boards.

In addition, annual governance reviews of the Council's operating framework (reported in [December 2022](#), [December 2023](#), [September 2024](#) and [December 2025](#)) have focussed on the incremental structural refinements to maintain alignment of vision, plan, governance, and operations. These reviews aim to safeguard the sustainability of the organisation's capacity, maximise increasingly constrained resources, and strengthen integrated council and community approaches to solutions development and delivery.

The creation of single council operations, single Chief Officer portfolios, and single service accountability has underpinned these refinements, with changes to date including:

- formalisation of Chief Officer titles (from Head of Service) and a realignment of Chief Officer reporting lines (under the Depute Chief Executive) to support a more balanced senior management structure. This collective oversight of the services within both education and families and enterprise and

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communities provides important opportunities to capitalise on synergies, use of resources, and economies of scale.

- creating a single place-based operation to shift attention upstream of service delivery, supporting The Plan for North Lanarkshire's place-based approach and driving inclusive and green growth to support people and communities to thrive.
- strengthening a single service approach to housing to enhance the multi-dimensional health, economic, and social benefits for tenants and residents.
- establishing a single front-line community operation (with a common resource base and similar terms and conditions), allowing for greater integration and collaboration of working practices and supporting synergies and economies of scale and purpose.
- strengthening communications through a single, centralised corporate function to deliver clear, consistent messaging across the organisation, improve engagement with staff, communities, and partners, support delivery of The Plan for North Lanarkshire, and actively promote the area to realise North Lanarkshire as the place to live, learn, work, invest, and visit.
- realigning functions to strengthen single Chief Officer portfolios and improve co-ordination and efficiency: integrating strategy functions within Legal, Democratic and Strategy to enhance governance; aligning community planning with Housing to support place-based community engagement; and aligning elements of the hubs operating model aligned with Assets and Procurement to better integrate investment and delivery.

Financial Performance Overview

The Annual Accounts demonstrate the stewardship of the public funds with which the Council is entrusted. The financial statements represent the financial position of North Lanarkshire Council as at 31 March 2026. They have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which is based on International Financial Reporting Standards (IFRS), which is a set of accounting standards developed by the independent International Accounting Standards Board (IASB) in order to provide a global framework and general guidance to allow organisations to prepare and disclose financial statements. The Accounts also reflect the requirements of accounting and statutory guidance set by the Government.

Comprehensive Income and Expenditure Statement (CIES)

The CIES (page 20) sets out the day-to-day operational expenditure incurred by each Council service and the level of income received to support that service provision. It includes cash payments made in the provision of services and payments to employees, and non-cash expenditure including depreciation and accrued expenditure representing the cost of goods or services received by the authority by 31 March, for which payment has not yet been made. It also reflects all sources of income received, and accrued in the year representing income due as at 31 March but not yet received.

The CIES shows the accounting position before statutory adjustments are applied. It analyses income and expenditure in line with the organisational structure against which performance has been monitored throughout the year.

There is a Net Cost of Services of £1,077.942m and other corporate charges totalling £68.954m. These were funded by Taxation and Non-Specific Grant Income (including Council Tax, General Revenue Grant and Non Domestic Rates) of £1,135.968m. This resulted in an accounting deficit on the provision of services for the year of £10.928m.

Other net income not related to the provision of services totalling £65.732m is also reported, resulting in the Total Comprehensive Income and Expenditure for the year showing a surplus of £54.804m. This is an increase of £111.035m from the deficit position reported in 2024/25, primarily due to increased Taxation and Non-Specific Grant Income.

Movement in Reserves Statement (MiRS)

The MiRS statement (page 22) shows the movement in year on both usable and unusable reserves held by the Council, as a result of the Council's performance, accounting adjustments and statutory adjustments. Reserves represent the authority's net worth and show its spending power. The key figure in the Accounts is the General Fund balance. The credit balance in the General Fund is the excess of income over expenditure in the revenue account over time, after adjusting for movements to and from reserves and other non-cash items such as

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depreciation. When account is taken of those items excluded from the Comprehensive Income and Expenditure Statement, the overall surplus on the General Fund Account for the year is £17.788m.

The net General Fund surplus for the year has been added to the surplus of £281.970m brought forward from 2024/25 resulting in an overall surplus to be carried forward into 2026/27 of £299.758m. This balance has generally increased over recent years largely due to proactive management within the Council to maximise reserves to support future budget challenges and to help ensure the delivery of Council services are financially sustainable.

The overall balance is represented by:

	£m
Earmarked for Service Expenditure	258.273
Change Management Fund	10.258
Contingency	11.800
Future Budget Pressures	19.427
Total General Fund Balance	299.758

Expenditure and Funding Analysis

The Expenditure and Funding Analysis (Note 2 page 36) shows how expenditure is incurred and funded from resources (government grants, housing rents, Council Tax and Non-Domestic Rates) in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated across Council Services. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

Housing Revenue Account

The Council is required by statute to maintain a separate Housing Revenue Account, as distinct from the General Fund Revenue Account. The movements in the Housing Revenue Account are outlined in the Movement in Reserves Statement (page 22), with the Housing Revenue Account financial statements detailed on page 83. These reflect transactions linked to managing the Council's housing stock. The account shows an in-year surplus of £2.939m, which when added to the 2024/25 balance brought forward results in a cumulative surplus of £25.098m, shown within the Council's Usable Reserves. Of this surplus, £13.913m has been approved for specific purposes including Loan Charges of £8.501m, Council Ambition of £1.306m and £4.106m for other service initiatives. In addition, there is an approved £1.864m contingency fund, which leaves an unallocated balance of £9.321m.

Capital Account

In March 2025, the Council approved a revised [Strategic Capital Investment Programme](#) for the 5-year period from 2024/25 to 2028/29, with record levels of capital investment of c.£856.000m planned over the five year period as the Council continues the delivery of its long-term place shaping transformation of North Lanarkshire's towns and communities. Alongside record levels of investment in the Council's housing provision through the Housing Revenue Account, this represents total potential investment of c.£1,685.000m in North Lanarkshire's town and communities.

During 2025/26 the Council's Strategic Capital Investment Programme continued to face a number of delivery challenges linked to the wider economic climate and the availability of materials and labour, and inflationary pressures. These resulted in reduced capacity for external contractors to deliver projects within previously assumed timelines. The overall impact meant that lower than anticipated expenditure, and resultant borrowing was incurred with the programme delivery reprofiled across the remainder of the five-year capital planning period.

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The 2025/26 outturn position for capital expenditure is summarised below:

	General Fund Services £m	Housing Revenue Account £m	Total £m
Capital expenditure	162.127	142.798	304.925
Total capital expenditure	162.127	142.798	304.925
Capital receipts	2.818	0.158	2.976
Government grants and other contributions	65.846	39.081	104.927
Direct revenue contributions (CFCR)	9.491	26.762	36.253
Total capital income resources	78.155	66.001	144.156
Total advances from loans fund	83.972	76.797	160.769

The 2025/26 net increase of loans fund advances of £160.769m was funded primarily from a combination of internal cash balances/reserves, short-term borrowing and long-term borrowing from the Public Works Loan Board (PWLb).

Cash Flow Statement

The Council's cash and cash equivalents reported a net decrease of £1.220m during 2025/26 (page 24). This incorporates a net cash inflow from operating activities of £102.654m, a net cash outflow in investing activities of £201.536m and a net cash inflow from financing activities of £97.700m. In addition, a further non-cash adjustment of £0.038m in respect of accrued interest is reflected, resulting in a closing cash and cash equivalents balance of £57.310m on the Balance Sheet, which is a total decrease of £1.220m during 2025/26.

Long-Term Borrowing

The Council's annual borrowing strategy is outlined within the Treasury Management Strategy. The strategy considers the affordability of the capital financing requirement per the capital investment plan developed to deliver on The Plan for North Lanarkshire.

The Council's [Treasury Strategy and Treasury and Prudential Indicator](#) limits for 2025/26 were approved by the Finance and Resources Committee on 26 February 2025. These facilitate the decision-making processes in support of the Council's capital investment and borrowing strategies. Significant capital investment was initiated through the arrangements available within the Prudential System for Capital Finance. During 2025/26 the approach to borrowing was in line with the approved strategy, with the Council taking advantage of long-term and temporary (short-term) borrowing available at competitive rates supplemented by internal cash balances to support principal repayments, daily revenue account requirements and the capital financing requirement. The strategy adopted reflected consideration of interest rate forecasts, management of carrying costs and the retention of cash balances at appropriate levels, managing the associated investment, interest and liquidity risk.

Further details on the Council's future capital investment plans, treasury management (borrowings and investments), prudential indicators and loans fund liabilities is contained within the [Treasury Management Strategy 2026/27](#) document approved at Finance and Resources Committee on 04 March 2026.

Pension Assets and Liabilities

The IAS19 calculation (pages 62 to 67) for employers participating in the Strathclyde Pension Fund is based on a snapshot valuation as at 31 March 2026. The value of the pension fund is fully assessed every three years with annual estimates made between assessments. A range of factors are taken into account each time, such as inflation and life expectancy. Therefore, annual estimates of fund values and future pension payments can vary from year to year. The triennial review applied to 2025/26 took place as at 31 March 2023 showing a funding position of 147% compared to the previous triennial review position at March 2020 of 106%. As a result, new employer contribution rates were agreed at 6.5% in 2024/25 and 2025/26, and 17.5% from 2026/27. The improvement is as a result of better than anticipated investment returns on the fund's assets and changes in future inflation expectations.

The net pension assets or liabilities show the overall surplus in the pension fund after paying retirement benefits, or any underlying commitments that the Council has in the long run to pay retirement benefits. The Council's fund continues to remain in a net asset position due to high corporate yield bonds upon which the discount rate is derived, leading to a reduction in employer obligations. However, the accounting standard imposes a limit on

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the maximum amount of surplus which can be recognised. The Council's actuaries have calculated that the surplus in relation to funded plans is £1,337.338m, with an asset ceiling, based on the remaining future working lifetime of staff and the present value of accruing service cost less value of cash contributions being nil, therefore an asset ceiling adjustment of £1,337.338m has been applied. As a result, the net pension asset held on the Council's Balance Sheet in relation to funded plans is nil. In addition to this, a net pension liability of £105.324m is held on the Council's Balance Sheet in relation to unfunded liabilities. Further detail on this can be found in note 27 on page 62.

After reflecting updated assumptions on a number of variables by the pension actuaries, the movement in the Council's fund is made up of the estimated fair value of the fund's assets which has increased by £244.244m as shown in note 27.3 and the estimated fair value of future liabilities which has increased by £71.842m as shown in note 27.2, which together with an increase in the ceiling adjustment of £171.446m as shown in note 27.4 results in a net decrease in pension liabilities being recognised of £0.956m.

Group Accounts

The Council has a controlling interest in two subsidiary companies, and a minority interest in associate companies and joint ventures. The Code of Practice on Local Authority Accounting requires, where significant, the Council is to include summary Group Accounts within the Annual Accounts, showing the financial position of the Council and its subsidiaries plus the investments in associates and interests in joint ventures as a single economic entity.

After consolidation the Group Balance Sheet shows net assets of £1,968.535m as at 31 March 2026, an increase of £217.832m on the single entity position, representing the Council's share of the net assets of these entities. Further detailed information on the Group performance, along with the summarised group financial statements, is available on pages 87 to 99.

A brief summary of in year activity in respect of Council Arm's Length External Organisations (Council companies and joint venture companies) is provided below:

Routes to Work Ltd provides a range of free employability services to North Lanarkshire residents, specialising in providing case worker support to unemployed residents and helping residents access vocational training. The organisation continues to operate under a Service Level Agreement to support key parts of the Council's employability programmes including No One Left Behind, Working for Families and UKSPF Employment Support.

Amey Public Services (APS) LLP is a Joint Venture company set up in November 2010 to provide road and lighting maintenance services to the Council. Following the end of the contract on 30 September 2024, the company no longer provides services to the Council, with work to wind up the company ongoing.

MEARS Scotland LLP (previously known as Morrison Scotland LLP) was a joint venture company set up in November 2010 to provide housing and property maintenance services to the Council. Following the end of the contract on 30 June 2024 the company ceased to provide services to the Council, however it continued to form part of the Council's group throughout the 2025/26 financial year. The Council resigned membership of the company on 31 August 2026.

North Lanarkshire Properties (NLP) LLP is a wholly owned subsidiary of the Council which owns and manages a large portfolio of commercial rental properties within North Lanarkshire. The company continues to operate in a challenging environment as a result of the current economic climate. During 2025/26, NLP continued to partner with NLC Growth Team to develop the existing Braidhurst Industrial Site in Motherwell, with the project due to reach completion during 2026/27. In addition, the company are progressing internal fit-out works on the ground floor retail units of the former Orrs Building site in Airdrie Town Centre to prepare the units for letting.

Fusion Assets Ltd is a wholly owned subsidiary of the Council which is focussed on delivering regeneration through commercial property development, primarily utilising Vacant & Derelict Land Fund funding, private sector funding and internal resources to progress current and future developments. During 2025/26 this model has been extended to utilise funding through the Glasgow City Region's Enabling Commercial Space Programme to construct industrial units on previously remediated sites with the first phase of this programme focusing on development at Ravenscraig Industrial Site. A design team has been appointed for the second phase of works at Gartcosh Industrial Park and a planning application submitted in relation to phase 4 with VDLF funding secured for enabling works at the site. Construction of the final building at Link Park, Newhouse was completed in December 2025 with a tenant secured for immediate entry following completion.

The Plan for North Lanarkshire and Programme of Work

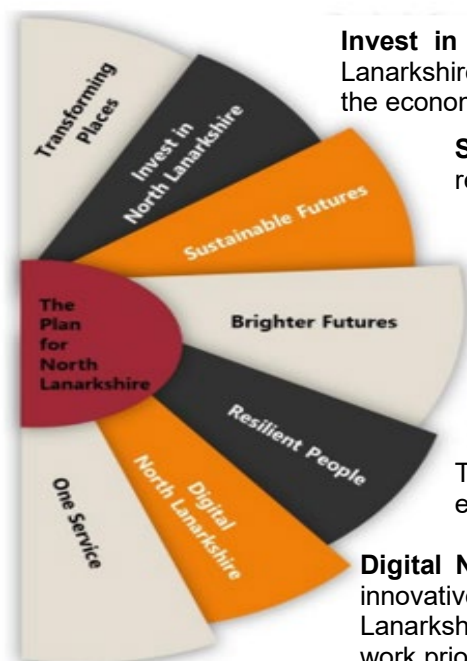
The Plan for North Lanarkshire sets the long-term strategic direction for the Council, partners, and other stakeholders and, most importantly, for each unique community and the people who live, learn, work, invest, and visit within North Lanarkshire. It communicates the vision for inclusive growth and prosperity for all to bring equal benefits and a fairer distribution of wealth across all local communities.

The vision was shaped by North Lanarkshire's demographic, social, and economic profile which at the time presented a generally positive picture in terms of economic growth, inward investment, employment, and educational attainment, alongside persistently high levels of deprivation and child poverty, and clear areas of inequity and inequality. As a result, not all communities were benefitting equally, with pockets of social exclusion evident across some areas.

- From the outset, 28 high level health check indicators have collectively provided a robust, consistent, and independent way for understanding North Lanarkshire as a place and tracking change over time. Trends in these indicators informed the development of a new five-year Programme of Work for 2023-28, with a stronger focus on sustaining economic progress while targeting improvements in social conditions and outcomes.
- While the post-pandemic period has brought a degree of operational stability for the council, recovery has significantly reshaped the context within which The Plan for North Lanarkshire is delivered. Ongoing national fiscal and policy pressures, the public sector reform agenda, and continued constraints within the local government settlement have intensified demand and complexity, while impacting the council's ability to sustain service delivery and progress capital programmes addressing interrelated challenges.
- As such, a new five-year Programme of Work to 2028 was approved in March 2023 (with seven priorities for delivery - as depicted below), supported by a single integrated one council Delivery Plan (established in March 2024). This was reframed to ensure that the persistent scale of deprivation is addressed through targeted and co-ordinated policy interventions focused on tackling entrenched and emerging trends.
- As the delivery vehicle for The Plan for North Lanarkshire, the Programme of Work provides a clear roadmap for activity across the council, helping to stabilise strategic direction in an increasingly complex and uncertain environment, while enabling flexibility in the delivery of interconnected programmes, projects, and activities.
- The Council's strategic planning process includes due consideration and updates to the Strategic Policy Framework to ensure that strategy and policy continue to remain connected to delivery.

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The Programme of Work to 2028 comprises seven priorities (summarised below) for which a single integrated council wide [Delivery Plan](#) was established in March 2024:



Transforming places - to plan and co-ordinate public and private sector investment to deliver transformational change across town centres and local communities

Invest in North Lanarkshire - to support and accelerate investment in North Lanarkshire, and the Council's own investment programme, to help grow and sustain the economy and transform communities

Sustainable Futures - to focus commitments to net zero carbon and climate resilience

Brighter Futures - to support and improve educational attainment, employment opportunities, entrepreneurship, and volunteering and prepare young people and the wider community for the future through education, voluntary work, and enterprise

Resilient people - to deliver whole family support locally, when families need it, in a way that addresses the impact of poverty and reduces inequality

These five front facing priorities are supported by two which are key to enabling their delivery:

Digital North Lanarkshire - to develop a skilled digital workforce, promote an innovative sustainable culture, and be the digital leader for a transformed North Lanarkshire. This programme is a key enabler in delivering the other programme of work priorities

One Service - to ensure services are delivered, regardless of owner, in a streamlined, efficient, and supportive model. This programme is a key enabler in delivering the other priorities and ensuring the Council delivers services (regardless of structures or the alignment of functions) in line with the overall vision of inclusive growth and prosperity for all.

Six-monthly Programme of Work progress reports have continued to support the role of the Policy and Strategy Committee in maintaining their strategic oversight role of the overall Programme of Work to 2028 in relation to *"development, co-ordination, and monitoring of The Plan for North Lanarkshire"* and to keep under review such *"programmes as the Committee considers necessary to achieve the council's long-term aims and objectives"*. The latest report in this respect was reported to the Policy and Strategy Committee in [March 2026](#).

External validation to the *one place one plan one council* approach, and the ongoing leadership and long-term commitment to The Plan for North Lanarkshire was reiterated in the Best Value Controller of Audit report published in January 2026 and reported to full Council in [April 2026](#), demonstrates the very solid foundations which are now in place across the organisation to support and escalate the pace and depth of change that is critical to realise the successful delivery of the new Programme of Work to 2028.

This is further evidenced by the extent of achievements which have been realised through the Programme of Work to date. The latest report to Committee in March 2026 highlighted these [achievements](#) (summarised below) and demonstrate the extent to which the Council has focussed efforts on delivering the priorities approved by the Policy and Strategy Committee in order to secure sustainable transformational change that improves the lives of local people.

- The highest ever breastfeeding rates recorded for North Lanarkshire show 53.3% of babies being breastfed at the first review (10-14 days old) and 35.6% at the 6-8 week review. Over 900 organisations have joined the Breastfeeding Friendly Scotland scheme, helping normalise and support breastfeeding across communities and giving every baby the best start in life.
- Major progress on new community hubs with Orbiston's main building now operational, and four additional hubs on track for delivery by the end of 2026.
- £1.4m National Lottery Heritage Funding to restore and redevelop Airdrie Library, strengthening connections between communities and their heritage. Work will include enhancing the display of existing museum collections, improving accessibility, and helping visitors deepen their understanding of Airdrie's history.

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- Completion of the phase 1 towers reprovisioning programme (1,550 flats), with demolitions progressing to make way for new modern homes. Phase 2 is advancing well, with 47% of the 964 properties empty.
- New supply programme delivery increasing to 2,588 to further support the regeneration of local communities and town centres, create jobs, and boost the local economy.
- New vocational hub opening at Our Lady's High School, offering practical skills, industry-recognised qualifications, and enhanced support for young people, including those with additional needs or care experience.
- The DataVita - CoreWeave announcement positioning North Lanarkshire as a potential UK leader in the data and digital economy, establishing one of the world's most advanced AI sites within a newly designated UK AI Growth Zone.
- Continued strong economic performance, with Gross Value Added up 12.5%, business numbers rising to 8,515, and significant growth in construction and retail.
- Significant housing improvements, including 278 new energy-efficient council homes, 293 under construction, and 92 purchased to support housing need and prevent homelessness. Over £59m investment in upgrading existing homes and more than 6,000 energy-efficiency measures delivered.
- Ongoing community engagement to shape key strategies and programmes of work, including consultation on the new draft Local Transport Strategy to improve connectivity, enhance accessibility, and create a more efficient and inclusive transport network for residents and visitors, and the draft Open Space Strategy which sets out how parks, play areas, and green spaces will be protected, improved, and developed for the future.
- A positive Best Value audit report, with the Accounts Commission recognising the council's bold vision, strong partnerships, and focused Programme of Work which is delivering real improvements for people and communities - noting this is underpinned by sound financial and performance management and meaningful community engagement.

A regular review process ensures the Programme of Work remains current, relevant, and deliverable, enabling priorities to adapt in response to changing local and national contexts and supporting a more focused and cohesive approach to delivery. This approach integrates place-based regeneration with person-centred policy interventions, aligned with wider investment and poverty reduction strategies to maximise impact and deliver sustained improvement.

- As reported to the Policy and Strategy Committee in March 2025, while around half of the 28 Health Check Indicators had improved over the lifetime of The Plan for North Lanarkshire, many deep-rooted and inter-generational challenges persist, and economic growth remains uneven across the area. This contributes to a fragile position, vulnerable to wider economic and environmental factors.
- Against this backdrop, a midpoint review of the Programme of Work 2023-28, was undertaken during 2025/26. This assessed whether the programme remains current, relevant, and deliverable and identified opportunities to accelerate progress and drive transformational change across North Lanarkshire. This reinforced the need for a stronger one council approach, maximising collective impact and supporting delivery at pace.
- As reported in [March 2026](#), the review identified significant financial, demographic, and demand pressures - alongside increasing complexity across key service areas - highlighting the need for a more integrated, prioritised, and council-wide approach to service redesign and transformation.

Strategy and Performance

Key to evaluating the success of The Plan for North Lanarkshire and assessing delivery of the Programme of Work, while ensuring each stage of delivery towards achieving the overall ambitions is appropriately aligned, planned, guided, implemented, monitored, and governed, are six inter-related strategic frameworks that aim to maintain a corporate one council approach across the organisation. To ensure these frameworks remain aligned to The Plan for North Lanarkshire and Programme of Work, all are on a regular review and refresh programme. These are the Strategic Policy Framework, Strategic Governance Framework, Strategic Performance Framework, Strategic Self-Evaluation Framework, Project Management Framework, Framework for Demonstrating Improved Outcomes for Communities.

At a strategic level, The Plan for North Lanarkshire is supported by a suite of health check performance indicators that collectively provide the context for North Lanarkshire as a place. By providing the local demographic, social, and economic profile these indicators were key to shaping the long-term vision set out in The Plan for North

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Lanarkshire, and they have continued to provide a robust, consistent, and independent way of assessing progress since then. The suite of indicators also play an important role in informing the strategic planning process through the Programme of Work. The most recent data published can be found in the following report to Committee in March 2026 ([latest North Lanarkshire context, challenges, and next steps](#)). This highlights both the successes experienced across North Lanarkshire as well as the challenges that remain.

At the time the aforementioned [North Lanarkshire context](#) was reported in March 2026, the successes noted from the data were as follows:

- a marked increase in breastfeeding rates with 35.6% of babies being breastfed at the 6-8 week review (previous high of 30.4% and The Plan for North Lanarkshire baseline of 23.1%).
- life expectancy for both males and females show a small positive gain, the first significant change since a decline experienced nationally over the period of the pandemic.
- latest increase in net migration (7.6%) reflects a strong and growing confidence in the area. The latest population projections show the impact inward migration has in growing the local population.
- gross weekly pay continues to show positive year-on-year growth, with the average wage now £775.10, compared with a national average of £775.60. This represents a 42% increase (£229.40) from The Plan for North Lanarkshire baseline, outperforming both the national increase of 38% (£212.90) and the 36% (£195.80) average rise across comparable councils.
- pre-pandemic, North Lanarkshire had one of the strongest and fastest-growing economies in Scotland, with consistent year-on-year expansion, increasing numbers of businesses per head of population, and jobs safeguarded through business support. Recent figures show the local economy continues to grow, with a 12.5% increase on the previous year - above the national average of 9.1%.
- employment-related benefit claims had remained relatively low, rising modestly to 3.7% by March 2020 (The Plan for North Lanarkshire baseline of 3.5%). The immediate impact of the pandemic saw this increase to 7.2% by August 2020 but have followed a steady downward trajectory. As at December 2025 now at 2.8% (around 6,170 people), the lowest level ever recorded in North Lanarkshire and slightly below the latest national average of 2.9%.
- school exclusion rates continue to show significant improvement for both all pupils and looked after children with the latest figures now below the national average.
- waste recycling rates have reached an all-time high for the second year in a row (49.7%) and are now above the national average (44.3%). This is also reflected in the tonnage of waste recycled reaching an all-time high of 72,401 tonnes.
- economic activity has now seen improvement for the last six quarters in a row and at 77.1% is close to the pre-pandemic level (77.2%) and The Plan for North Lanarkshire baseline (77.9%).
- the rise in child poverty rates, post pandemic, show an improving national and local picture.

At the time the aforementioned [North Lanarkshire context](#) was reported in March 2026, the challenges noted from the data that remain were as follows:

- as the proportion of the working-age population who are economically active has increased, economic inactivity has fallen to 22.9%. Of those who are economically inactive, around 78% (around 39,200 people) do not want a job - a decrease from the previous high of 90.9% (around 50,600 people). However, long-term sickness - which has shown a small decrease - remains a significant challenge, accounting for 43% of this group, while the remainder of those economically inactive refers to students (21%), those looking after family or home (16%), and those who are retired (10%). This means that 22.9% (around 11,200 people) are economically inactive but would like a job.
- three-year business survival rates in North Lanarkshire have shown some variation, moving from 54.1% to 51.5% before rising to 53.4%, broadly in line with national trends. Although the pandemic influenced earlier results, a strong base of active businesses has been maintained throughout the lifetime of The Plan for North Lanarkshire, reflecting ongoing resilience in a gradually recovering business environment.
- national health and care experience survey results show some ongoing challenges during The Plan for North Lanarkshire period. The proportion of adults supported at home who feel able to live independently has moved from 75.4% to 67.7%, and those reporting that their support improved or maintained their quality of life shifted from 75.6% to 67.7%. The proportion of carers who feel supported has also decreased from 33.2% to 28.5%.

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- life expectancy for both males and females has shown a small but welcome increase for the first time since the pandemic. However, healthy life expectancy (the number of years a person can be expected to live in good/very good health) has declined to 53.2 years for males and 52.5 for females. Although this follows the national trend, the decline is more pronounced in North Lanarkshire.
- a deeper analysis of breastfeeding rates shows variation across review points. At the first review (when babies are 10-14 days old), 53.3% of babies in North Lanarkshire are being breastfed. Although rates remain positive at the 6-8-week review (35.6%), they fall to 14.7% at the 13-15-month review point, indicating ongoing challenges in sustaining breastfeeding over the longer term.

Performance Overview

The Accounts Commission defines requirements for reporting performance information under the Local Government Act 1992 in terms of improving local services, local outcomes and demonstrating Best Value. Developed by the Improvement Service at the request of the Society of Local Authority Chief Executives and Senior Managers (SOLACE), the Local Government Benchmarking Framework (LGBF) provides a suite of high-level performance indicators, comparable across other councils, that are designed to help inform improvements to services and outcomes. In this respect the latest results available for the Council have been incorporated into the Chief Officer's Strategic Performance Framework reports to committee from 2023 onwards.

The 2025/26 performance information will not be available publicly until later in the year, however past performance results can be accessed through the [LGBF website](#). This online information also includes comparisons of the council's performance with the national average and with similar councils. In 2024/25, areas where North Lanarkshire was among the top performing council in Scotland, and performance achieved shows continuous improvement, are noted below.

- 23.8% of A class roads (i.e. major and strategic roads) on the council's network require to be considered for maintenance treatment; over the years this has remained consistently lower than the national average (30.6%) and that of similar councils in the family group (28.2%).
- the average number of working days taken to complete non-emergency repairs in council housing stock (just under 6 days) continues to remain lower than the national average of just over 10 days, and the average for similar councils in the family group (9.6 days).
- 99.4% of North Lanarkshire's properties receive superfast broadband (i.e. greater than the national definition of 30 megabits per second for superfast broadband), compared to an average of 97.1% nationally.
- 96% of children being looked after by the Council are cared for in their local community (as opposed to residential care) - average of 88.3% nationally - this is the highest proportion of all councils in Scotland. The gross cost of children looked after in a community setting in North Lanarkshire (per child per week) is the fourth lowest in Scotland.
- less than 8.2% of looked after children in North Lanarkshire have experienced more than one placement in the last year (compared to 16.5% on average nationally) - this is the second lowest in Scotland.
- 36% of council spend on social work is for self-directed support which gives people, more choice and control over how their support needs will be met. This follows a year-on-year trend in improvement and are considerably higher than the national average of 9.4% and the family group of similar councils (10.7%).

During 2025/26 the Council continued to implement a structured programme of self-evaluation - in line with the well-established Strategic Self-Evaluation Framework arrangements - to underpin the duty to secure continuous improvement. This included

- A follow up self-evaluation of the Audit and Scrutiny Panel in 2025/26 which confirmed it remains effective in discharging its role, building on the initial 2023 review. Findings were reported to the Audit and Scrutiny Panel in [August 2025](#) with the Panel being given the opportunity to identify further developments and next steps actions required to inform the improvement plan. No developments or actions were identified.
- A self-evaluation undertaken in 2026 assessed the extent to which the council demonstrates Best Value in asset management. The self-evaluation found that overall performance is strong, with around 76% positive responses, reflecting a well-established strategic framework aligned to corporate priorities, robust governance and leadership arrangements, and an evolving approach to working with communities and partners. It also identified scope to strengthen areas such as strategic alignment and affordability (including whole-life cost planning), corporate oversight and reporting consistency, and approaches to

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community engagement and asset transfer. 10 improvement actions have therefore been developed across these areas for implementation during 2026/27.

The council's commitment to carbon reduction made in 2022, was reiterated in 2026, through North Lanarkshire's Path to Net Zero (2045). Approved at Committee in [April 2026](#), this plan replaces the previous Climate Plan ACT2030 and provides the strategic framework for reducing emissions from the council's asset base, recognising that buildings, fleet, and infrastructure are the main contributors. The approach is embedded within the Corporate Asset Management Plan and Strategic Capital Investment Programme, with a focus on energy efficiency, heat decarbonisation, low-carbon standards for new assets, retrofit of existing buildings, estate rationalisation, and reuse. Progress is managed through thematic carbon budgets and regular review, ensuring asset planning and investment decisions support the long-term sustainability and resilience of the council's estate.

Risk Management

Risk management forms an important element of the Council's corporate governance arrangements and is underpinned by the [Risk Management Strategy](#).

The Council operates on the principles of the 'Three Lines' model, an internationally recognised framework for managing risk, which provides structure and helps demonstrate key roles and responsibilities within that framework and how these link together to deliver robust risk management.



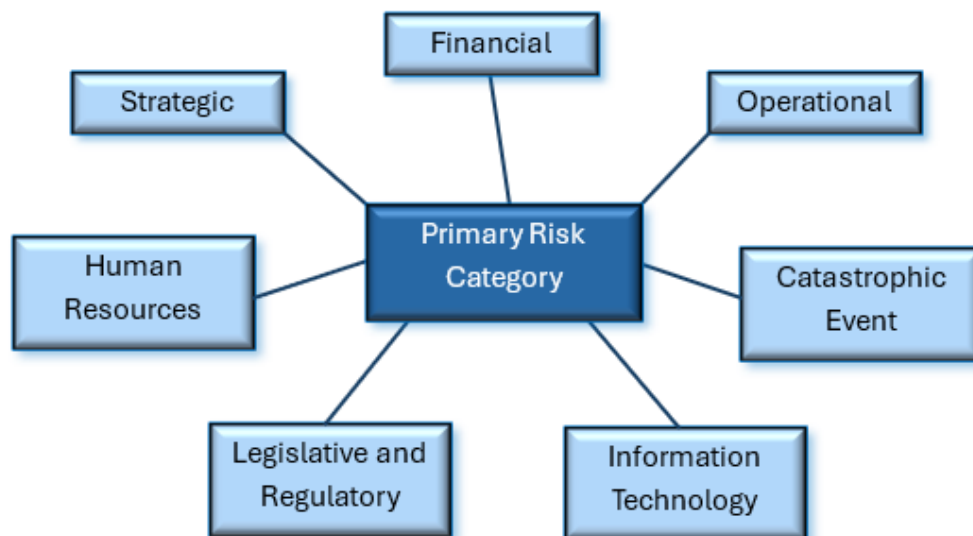
The Corporate Management Team receive regular reports on the Corporate Risk Register as well as updates on wider risk management arrangements.

The Corporate Risk Register contains:

- Risks with potential impacts which could significantly impair the organisation's ability to achieve its corporate priorities;
- Those significant risks which are corporate in nature and which typically will require corporate leadership and direction to control and/or manage; and
- Service level risks with potentially significant impacts which have been proposed for escalation to the corporate risk register because they may be either cross-cutting, impacting several areas of the organisation or, because of interdependencies, require more strategic leadership focus.

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Within the Risk Register, there are seven overarching primary risk categories:



The Corporate Risk Register reflects the key uncertainties that have the potential to impact on what the Council is seeking to achieve at a strategic level. There are a range of potential risks recorded which include for example:

- Cyber security – the Council's digital infrastructure may be compromised by cyber threats including state-sponsored attacks, supply chain vulnerabilities and exploitation of system weaknesses leading to data breaches, service disruption, financial loss, and significant operational, legal, and reputational impacts if prevention or response capacity is insufficient.
- Information governance - information governance become ineffective, potentially leading to service disruption, breach, fines, legal action and/or adverse media coverage and reputational damage.
- Information Security – the Council fails to adopt practices that will prevent non-cyber security risks to information assets such as premises being inappropriately secured or relevant policies not being communicated effectively resulting in a compromise of information assets.
- Home support service delivery – Unable to support service users to achieve their individual outcomes through consistent and effective Home Support Services in line with health and social care standards.
- Public Protection – Non-compliance with legal requirement to ensure adequate public protection, any failures could result in death and serious physical or mental harm to children and adults.
- Human resources (workforce planning) - Not ensuring Council has sufficient number of capable and motivated staff to provide the full range of services required at present and in the future.
- Health and Safety – Failure to comply with the Health and Safety at Work Act 1974 and associated legislation protecting the health, safety and welfare of our employees, service users and anyone else who can be affected by the Council's activities.
- Enterprise Contract Management – Unable to realise the ambitions aligned to the Enterprise Contracts for delivering significant additional value and feeds wider economic growth
- Engagement and Consultation with Communities – The Council may fail to appropriately engage and consult with communities, partners and stakeholders in the shaping and delivery of services.
- Compliance with Counter Terrorism Duties – the Council fails to comply with duties and obligations pertaining to Counter Terrorism as set out in the CONTEST Strategy and related legislation (for example the Counter Terrorism (Protection of Premises) Act 2025 (Martyns Law).
- Financial Sustainability – the Council's financial strategy does not adequately ensure the Council is able to respond to changing internal and external circumstances, and/or is unable to maintain its existing controls and arrangements to ensure that the approved Budget Strategy provides adequate resources (revenue, capital or reserves) to deliver Council priorities.

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- Climate Change - Council fails to positively contribute to the protection and development of a sustainable environment.
- Reinforced Autoclaved Aerated Concrete (RAAC) – Inability to adequately manage the RAAC issue across the Council's corporate estate and residential estate.

Senior managers consider specific risks within the Corporate Risk Register in detail to assess the adequacy and effectiveness of current controls and to ensure the Council has reduced and/or mitigated the risk to an acceptable level. Reports on the management of individual key corporate risks and on risk management arrangements more generally across the organisation are also submitted regularly to elected members on the Council's Audit and Scrutiny Panel.

The corporate risk register is formally reviewed on an annual basis to ensure completeness and continuing relevance and alignment to the Council's strategic objectives. The register is monitored throughout the year to ensure it reflects any new or emerging risks.

An updated Risk Management Strategy was approved by the Policy and Strategy Committee in March 2026. Included within the revised strategy are three key development initiatives which will further strengthen the risk management arrangements; the development of a method of recording and treating ever-present risks which has a focus on developing enhanced assurance in relation to the control environment and for ongoing management awareness and continuous improvement, development of the risk register infrastructure to record opportunities alongside risks to support informed decision making on whether, and how, to maximise potential benefits, and exploration of emerging methodologies to further develop the application of risk appetite to enhance the overall risk management arrangements.

Financial Strategy

Revenue Budget Strategy

In line with the Strategic Policy Framework the Council has an overarching Financial Strategy, which sets out the framework for future decision making on the allocation of all available resources to ensure it is fully integrated with The Plan for North Lanarkshire objectives. The Revenue Budget Strategy is integral to the Financial Strategy which ensures robust governance in financial planning, facilitating a more strategic approach to budget setting and associated savings options, thus ensuring the Council remains financially sustainable. The Policy and Strategy Committee of 6 June 2024 approved the review of the strategy and the updated seven key principles, which are fully embedded in the Council's financial planning arrangements and continue to underpin decision making. Committee also acknowledged the outline Revenue Budget Framework necessary to govern the budget process, which will ensure robust and sustainable solutions are identified to manage the challenging financial position faced by the Council in setting a balanced budget. The principles and framework are reviewed annually in June with any changes incorporated into the annual update to the Medium Term Financial Plan reported to Policy and Strategy Committee.

Financial Planning

This Council remains committed to taking a strategic and longer-term approach to financial planning and budget setting to ensure the Council remains financially sustainable. Applying this strategy however, remains challenging particularly due to the absence of multi-year funding settlements and the ongoing challenging economic and financial environment, which presents new and additional challenges and risks to Council's finances over an extended planning period. The volatile political landscape at both a UK and Scottish Government level will also likely have implications for national budgets with potential for reprioritisation of resources within both current and future spending plans. Such volatility increases the risk of an adverse impact on the Council's Medium Term Financial Plan, and therefore service delivery and financial sustainability. As such, the Council continues to consider that a 5 year plan is reasonable and appropriate for financial planning purposes.

An update to the [Medium Term Financial Plan](#) for the period 2027/28 to 2031/32, was approved by Committee on 11 June 2026. This plan reflects the 2026/27 approved budget position as the new baseline, and updates financial planning assumptions, mainly in relation to future funding and increased cost pressures arising from pay and pressures from growing demand for services. A range of risk-based outcomes continue to be modelled, highlighting optimistic, envisaged and pessimistic scenarios. Employee costs remain the largest single element of the General Fund budget, therefore, cost pressures linked to the workforce are material and a key variable which has the potential to impact significantly on the forecast plan. Reflecting on most recent economic forecasts and the Public Sector Pay policy of 9% over 3 years to 2027/28 and the Scottish Fiscal Commission's forecast

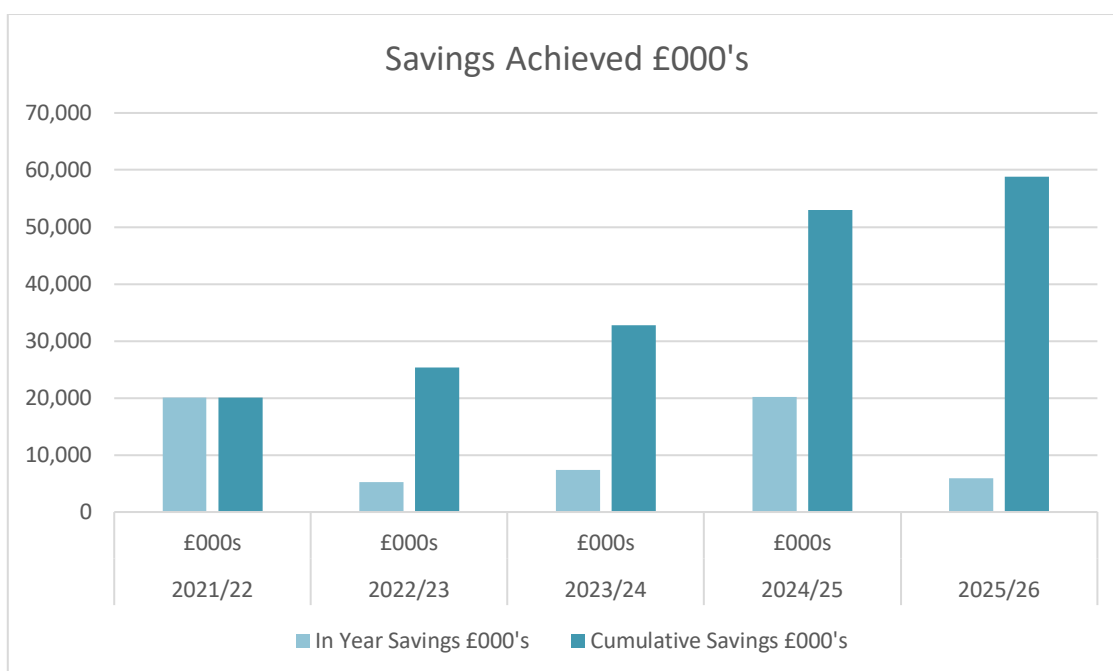
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average earnings increases for public sector workers, which is expected to revert to the 2% baseline inflationary assumption, future pay awards are based on the Council funding an average increase of 3%, for 2027/28 to 2028/29, reducing to 2% for the remaining years of the plan. However, whilst the envisaged scenario remains the most appropriate for planning purposes, the budget gap range, across the potential scenarios, demonstrate the volatility and the extent of the fluctuation possible over the period of the plan. Recognising the extent of the uncertainties, the financial plan will be subject to ongoing review and reported as indicated in the Revenue Budget Framework.

Financial Sustainability

In further recognition of future challenges facing the Council a key principle of the Revenue Budget Strategy is that consideration be given to the planned, sustainable use of available balances, where it is prudent and affordable to do so. To address this commitment, the Council's Reserves Policy ensures that available balances are managed and utilised in accordance with effective governance principles and continue to support financial plans which are affordable and sustainable. In December 2025, the Policy and Strategy Committee approved a revised [Reserves Policy](#), which aims to ensure the Council's reserves continue to be managed effectively. The updated policy provides a balance between supporting short term operational needs and medium/ longer term strategic objectives, whilst establishing a procedure for the use of unallocated reserves, ensuring that any use is linked to/set out as part of the Council's budget setting process. A contingency fund is held for unforeseen future events as well as to ensure stability of cash flow management. The level of contingency has been increased from £8.000m to £11.800m as approved as part of the 2026/27 budget setting, in line with the principles outlined within the revised Reserves Policy. A full analysis of general fund reserves is presented at Note 28.1 on page 67.

The following chart illustrates the significant value of savings already achieved over the past 5 years. For 2025/26, the budget incorporated £6.628m of net savings. Services achieved total savings of £5.849m against this target (89%), with the shortfall of £0.734m also achieved through alternative savings. This has been achieved through various means, including revising service operating models, implementing efficiency measures and reducing levels of service provision in some areas. The scale of savings already delivered by the Council over a number of years make it more challenging to deliver future savings to close the significant budget gaps forecast in the latest Medium Term Financial Plan.



Treasury Management

The Council's Treasury Management team is responsible for ensuring there is sufficient cash to meet revenue commitments and capital investment plans, whilst also managing investments and the refinancing of historic debt reaching maturity. During the year, a suite of techniques and tools are adopted, sourcing treasury management data, forecasts and market statistics, to assist with decision making, and developing a borrowing strategy to maximise interest cost efficiencies. This includes robust cash flow management and forecasting, balance sheet analysis, PWLB loan rate and interest rate trend analysis, debt maturity profiling and debt

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rescheduling. These techniques combined enable the Council to time its borrowing and take advantage of opportunities that may arise to achieve beneficial borrowing rates, thus minimising interest rate risk. In line with recent years, the strategy adopted has primarily been to use internal cash balances where possible whilst undertaking short-term and long-term borrowing, as required, and on advice from the Council's Treasury Management advisors, particularly while interest rates continue to remain high, relative to levels previously experienced over a number of years.

Capital Strategy

The revised Prudential Code for Capital Finance in Local Authorities 2021 requires the Council to produce a Capital Strategy to ensure the Council takes capital expenditure and investment decisions in line with the Council's priorities, service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

Therefore, the Capital Strategy forms part of the Council's integrated approach to corporate resource planning which is included in the Council's overarching Financial Strategy, aligning with other Corporate Policies and Plans informing the capital investment process. These facilitate the development of robust capital investment proposals and ensure resources are aligned with The Plan for North Lanarkshire, the Corporate Asset Management Plan, and the Medium-Term Financial Plan, whilst ensuring delivery of best value, and compliance with Financial Regulations.

In March 2026, the Council approved a revised [Strategic Capital Investment Programme](#) for the 5-year period from 2024/25 to 2028/29, with record levels of capital investment of c.£881.000m planned over the five year period as the Council continues the delivery of its long-term place shaping transformation of North Lanarkshire's towns and communities. Alongside record levels of investment in the Council's housing provision through the Housing Revenue Account, this represents total potential investment of c.£1,685.000m in North Lanarkshire's town and communities.

The Council is also currently developing a seven-year Strategic Capital Investment Programme which will cover the period 2027/28 to 2033/34. This will provide a more flexible framework for managing the transition from the current programme to the next. The intention is that the first two years would reflect the final two years of the existing five-year capital programme and will allow scope for reprogramming or reprofiling to reflect delivery progress, updated costs and emerging priorities. Thereafter, a new five-year capital programme, covering the period 2029/30 to 2033/34, will be developed through the capital bid and evaluation process. These timelines better align with the remaining planning period for the Community Investment Fund (CIF). Therefore, matching the capital planning period to the funding profile, to allow the Council to take a more strategic view of how resources are allocated, managed and prioritised over the medium to longer term.

Revenue Expenditure and Income

Revenue Expenditure is the day-to-day expenditure incurred by the Council in providing services to the public including employee costs, property repairs and maintenance, office expenses, payments to other agencies, and the cost of financing capital expenditure. This expenditure is partly funded by the Scottish Government Grant which is broken down into three parts namely General Revenue Grant, Non Domestic Rates Pool Income and Specific Grants. Local Government is informed of its annual funding through the Local Government Finance Settlement. In 2025/26, the Council was allocated general funding as follows:

- General Revenue Grant Funding (£755.891m): Government grant, allocated based on Grant Aided Expenditure (GAE) calculations, using a suite of indicators such as population to base it on relative need;
- Non-Domestic Rates Pool Income (NDR) (£122.759m): Collected locally but pooled centrally, the Council's share is determined by a distribution from the National Pool.

The Council also received additional grants through the Local Government Finance Settlement for specific purposes including Pupil Equity Fund (£9.678m) and Offenders/ Criminal Justice Social Work (£5.676m). In addition, the Council receives grants out-with the settlement and these are disclosed within the accounts (Note 11, page 41). In addition to these sources of income, the Council is able to generate income through direct charges for certain services such as Council House rents.

Council Tax

Council Tax is the system of local taxation which also part funds services provided by local authorities. Introduced in 1993, the rate of tax payable is based on the value of residential property.

In setting the 2025/26 budget, the Council agreed an increase in Council Tax of 10%, resulting in a Band D charge of £1,452.86. The total net Council Tax income accounted for within the Comprehensive Income and Expenditure Statement for 2025/26 is £155.310m.

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The Council Tax Income Statement for the year is provided on page 84 and provides the details of the calculation of the Council's Council Tax base and the charge per dwelling for each Council Tax Band.

Budget Setting, Monitoring and Reporting

Councils are required, under Section 93 of the Local Government Finance Act 1992, to set a balanced budget each year. The starting point for determining the revenue budget is the base budget from the previous year, updated to take account of the financial planning implications identified through the Medium Term Financial Plan, including assumptions in relation to: Employee and Other Cost Pressures; Strategic Priorities; and Directed Expenditure. Available resources are estimated based on the Local Government Finance Settlement, Council Tax base and use of reserve balances. When combined, the need for additional savings to balance the budget may be required.

In financial year 2025/26, the Council approved the proposed General Fund Revenue Budget of £1,095.241m (inc. specific grants of £15.296m), net of savings of £6.628m, on 20 February 2025. The approved budget was further updated throughout 2025/26 to take account of Scottish Government redeterminations/ additional funding made available including additional general funding, directed funding for pay deals, increased National Insurance contribution rates and Teachers Induction Scheme, offset by a reallocation of funding from revenue to capital grant, resulting in a final budget of £1,072.158m.

The 2025/26 budget has been closely monitored through the management and budgetary processes which are embedded within the Council's existing financial governance arrangements. The Provisional Outturn position reported to Corporate Management Team anticipated a combined surplus of £9.173m on the General Fund and HRA, against the amended budget. The movement to final outturn position reported per the Movement in Reserves Statement is illustrated in the table below;

	Budget 2025/26	Provisional Outturn 2025/26	(Under)/ Overspend
	£m	£m	£m
Education and Families	546.345	546.345	-
Enterprise & Communities	219.039	217.540	(1.499)
Chief Executives & Other Corporate Services	112.119	111.492	(0.627)
Social Work (non Integrated)	221.895	221.895	-
HRA	-	(2.182)	(2.182)
Financing Costs & Other Budgetary Issues	(27.240)	(33.305)	(6.065)
Total Expenditure (Provisional Outturn)	1,072.158	1,061.785	(10.373)
Sources of Funding	1,072.158	1,070.958	1.200
(Surplus)/Deficit (Provisional Outturn)			(9.173)
Use of Earmarked Reserves			30.355
Additions to Earmarked Reserves			(45.245)
New Service Requests			2.448
Other net GF/HRA Movements & Use of Reserves			0.888
Movement on General Fund and HRA Services			(20.727)

The Council's accounts also include spend in relation to the Social Work Integrated Joint Board (IJB). However, any difference between funding received and expenditure incurred is held as a creditor or debtor to the IJB, therefore, does not contribute to the Movement on General Fund and HRA Services. At Provisional Outturn, a surplus of £0.445m was reported. This combined with use of earmarked reserves totalling £2.157m and addition to earmarked reserves of £0.489m resulted in a net reduction in the IJB creditor of £1.223m.

Financial Controls and Procedures

The Council's Section 95 Officer is responsible for ensuring that proper controls and procedures are in place to safeguard the Council's assets. In this respect, the Section 95 Officer has provided the Chief Executive with a

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statement of the effectiveness of internal financial controls within the Authority. This assurance is contained within the Annual Governance Statement on pages 109 to 138.

2026/27 Budget

The Council approved a composite General Fund Revenue budget of £1,182.575m for 2026/27 at a Council meeting on the 26 February 2026 which included £12.595m use of balances to support a £10.000m investment on a one-off basis, as well as the implementation of approved savings. Reflecting final settlement adjustments, the revenue budget for 2026/27 is now £1,169.870m.

In addition, £11.800m is now provided as a contingency fund, £10.258m for Change Management and a further £258.273m earmarked to fund specific future commitments, together with £19.427m earmarked for Future Budget Pressures. See details below:

2025/26 Earmarked Funds	£m	£m
Change Management Fund		10.258
Schools Future Contractual Obligations	70.525	
Strategic Capital Investment Programme	44.800	
Future Loans Charges linked with Capital Investment Programme	37.836	
Strategic Workforce Planning	14.226	
Budget One-off Investment	12.855	
Unmanaged Burdens within Education and Families	11.072	
Temporary Accommodation	8.038	
Waste Producer Packaging Grant	6.039	
Refugee Resettlement Programmes	5.671	
Whole Family Wellbeing	5.313	
One Workforce Grading Pressures	5.000	
Balances held by Schools under Devolved School Management	2.906	
Pupil Equity Fund	2.085	
IJB Preventative Transformation	2.000	
School ICT Upgrades linked with Windows 11	1.862	
Winter Reserve	1.500	
Economic Recovery	1.247	
Owner Occupier Grants	1.233	
Cumbernauld Town Centre Regeneration	1.211	
Ongoing Home to School Transport Review	1.125	
Scottish Welfare Fund	1.104	
Dilapidations Mitigation	1.010	
Other Earmarked Funds	19.615	258.273
Contingency Fund		11.800
Future Budget Pressures		19.427
General Fund Surplus as at 31 March 2026		299.758

Key Challenges and Pressures Facing Local Government

The Accounts Commission published its annual briefing note on local government budgets on 11 June 2026. [Local government budgets 2026/27 | Audit Scotland](#). This important independent document summarises the state of play for local government finances. The report highlights that despite a small real terms increase in Scottish Government funding for 2026/27, councils still face major risks to their financial sustainability as funding fails to keep pace with rising demand and increasing costs. Councils are showing a combined gap of £529 million in 2026/27, representing a gap of around 3% of total General Fund revenue budgets across Scotland. It should also be noted that a 15% decrease in capital funding is limiting councils' capacity to sustain and develop infrastructure, resulting in greater dependence on borrowing and heightened long-term financial risk. Nevertheless, overall, councils are expanding their capital budgets for housing, with all councils committing to investment in new housing for 2026/27.

The report also highlights that to achieve a balanced budget in 2026/27, councils continue to implement a range of local measures, including planned savings of 1% of the combined net revenue budget across services and the use of reserves. All councils increased council tax for a second consecutive year by an average of 7.7 per cent and collectively expect to raise more than £1.2 billion through fees and charges for local services. The

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update to the Council's [5 Year Medium Term Financial Plan 2027-28 to 2031-32](#) reported to Policy and Strategy Committee on 11 June 2026, shows the extent of the challenge facing North Lanarkshire reporting an envisaged three-year gap to 2029/30 of £75.545m and a five-year gap of £114.535m, with additional challenges forecast over the medium term.

In addition, the Accounts Commission's reports that projected reductions in Scottish Government funding over the medium term are expected to intensify financial pressures and increase the risk of councils becoming financially unsustainable, unless they stop, reduce or significantly redesign services. Funding for social care, mainly through Integration Joint Boards (IJBs), represents a high proportion of council spend, with increasing demand for these services, putting pressure on council budgets. Local Authorities and COSLA Leaders continue to call for a financially sustainable solution to the long-term issue of the underfunding, in order to protect the essential front-line services for our communities.

Acknowledgements

Thank you to elected members of North Lanarkshire Council and colleagues across the Council, all of whose efforts have contributed to the completion of these accounts.



Greg Telfer CPFA
Chief Officer
(Finance and Technology)

24 September 2026



Des Murray
Chief Executive
24 September 2026



Councillor James Logue
Council Leader
24 September 2026

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Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2024/25			Note	2025/26		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
616,758	(50,635)	566,123		589,015	(48,961)	540,054
284,529	(75,844)	208,685		310,539	(89,990)	220,549
177,856	(88,538)	89,318		157,658	(72,103)	85,555
214,153	-	214,153		220,908	-	220,908
275,387	(267,840)	7,547		286,255	(280,893)	5,362
185,448	(164,105)	21,343		183,615	(176,028)	7,587
1,708	-	1,708		(2,073)	-	(2,073)
1,755,839	(646,962)	1,108,877		1,745,917	(667,975)	1,077,942
-	(394)	(394)	8	5,650	-	5,650
218,514	(158,491)	60,023	9	254,735	(191,431)	63,304
- (1,050,991)	(1,050,991)		10	-	(1,135,968)	(1,135,968)
		117,515 (Surplus) or Deficit on the Provision of Services				10,928
		Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(6,566) (Surplus) or deficit on the revaluation of non current assets	29			(38,144)
		(54,718) Re-measurement of the net defined Pension Asset/(Liability)	27			(27,588)
		(61,284) Other Comprehensive Income and Expenditure				(65,732)
		56,231 Total Comprehensive Income and Expenditure				(54,804)

Notes 1 to 40 form part of these financial statements.

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Balance Sheet

The Balance Sheet is a snapshot of the value at the reporting date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories; usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, and unusable reserves where the Council is not able to use to provide services.

2024/25			2025/26	
£000		Note	£000	£000
	Property, Plant and Equipment	13, 14		
1,240,646	Council Dwellings		1,281,801	
1,308,664	Other Land and Buildings		1,361,626	
60,209	Vehicles, Plant and Equipment		61,212	
282,557	Infrastructure Assets		293,634	
16,516	Community Assets		16,808	
2,319	Right-of-Use Assets; Land and Buildings		890	
1,402	Right-of-Use Assets; Vehicles, Plant and Equipment		950	
16,331	Surplus Assets		19,069	
126,335	Assets Under Construction		190,329	3,226,319
	Intangible Assets	16		
25	Software Licences		-	
13,317	Software/Solution Development		9,935	
336	Intangibles Under Development		14	9,949
2,659	Long-Term Debtors	17		2,605
1,098	Long-Term Investments	18		1,069
-	Other Long-Term Assets (Pensions)	27		-
3,072,414	Long-Term Assets			3,239,942
97	Short-Term Investments	18	99	
1,918	Inventories	19	2,210	
122,792	Short-Term Debtors (net of impairment)	20	113,530	
58,530	Cash and Cash Equivalents	21	57,310	
183,337	Current Assets			173,149
(311,840)	Short-Term Borrowing	18	(341,236)	
(202,024)	Short-Term Creditors	22	(184,981)	
(11,316)	Short-Term Provisions	23	(11,008)	
(13,438)	Short-Term Finance Lease Liabilities	25, 26	(11,824)	
(2,040)	Short-Term Liability (Right-of-Use Assets)	25	(1,319)	
(540,658)	Current Liabilities			(550,368)
(689,608)	Long-Term Borrowing	18	(774,871)	
-	Long-Term Creditors	22	(13,447)	
(419)	Long-Term Provisions	23	(255)	
(221,287)	Other Long-Term Liabilities (Finance Leases)	25, 26	(217,764)	
(106,280)	Other Long-Term Liabilities (Pensions)	27	(105,324)	
(1,600)	Other Long-Term Liabilities (Right-of-Use Assets)	25	(359)	
(1,019,194)	Long-Term Liabilities			(1,112,020)
1,695,899	Net Assets			1,750,703
	Usable Reserves			
281,970	General Fund Reserve		299,758	
22,159	Housing Revenue Account Balance		25,098	
-	Capital Fund		-	
23,286	Repairs and Renewals Fund		27,419	
11,000	Insurance Fund		11,000	
7,924	Capital Grants Unapplied Account		5,005	
346,339	Total Usable Reserves	28		368,280
1,349,560	Unusable Reserves	29		1,382,423
1,695,899	Total Reserves			1,750,703

Notes 1 to 40 form part of these financial statements. The audited financial statements were authorised for issue on

Greg Telfer

Greg Telfer, CPFA
Chief Officer (Finance and Technology)

24 September 2026

Annual Accounts 2025/26

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The Net Increase or Decrease before Transfers to Other Statutory Reserves shows the statutory General Fund Balance and Housing Revenue Account before any discretionary transfers to and from the other statutory reserves of the Council.

Year Ended 31 March 2026

	Usable Reserves							Unusable Reserves	Total Reserves
	General Fund	Housing Revenue Account	Capital Fund	Repairs & Renewals Fund	Insurance Fund	Capital Receipts Reserve	Capital Grants Unapplied Account		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2025	281,970	22,159	-	23,286	11,000	-	7,924	1,349,560	1,695,899
Movement in Reserves during 2025/26									
Surplus / (Deficit) on Provision of Services	(7,801)	(3,127)	-	-	-	-	-	-	(10,928)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	65,732	65,732
Total Comprehensive Income and Expenditure	(7,801)	(3,127)	-	-	-	-	-	65,732	54,804
Adjustment to usable reserves permitted by Accounting Standards (Note 32)	28,598	354	-	-	-	-	-	(28,952)	-
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility (Note 33)	8,995	-	-	-	-	-	-	(8,995)	-
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 34)	(8,308)	6,149	-	-	-	-	(2,919)	5,078	-
Net Increase / (Decrease) before Transfers to Other Statutory Reserves	21,484	3,376	-	-	-	-	(2,919)	32,863	54,804
Transfers to and from Other Statutory Reserves (Note 35)	(3,696)	(437)	-	4,133	-	-	-	-	-
Increase / (Decrease) in the Year	17,788	2,939	-	4,133	-	-	(2,919)	32,863	54,804
Balance at 31 March 2026 Carried Forward	299,758	25,098	-	27,419	11,000	-	5,005	1,382,423	1,750,703

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Movement in Reserves Statement

Comparative Figures for Year ended 31 March 2025

	Usable Reserves							Unusable Reserves	Total Reserves
	General Fund	Housing Revenue Account	Capital Fund	Repairs & Insurance Renewals Fund	Insurance Fund	Capital Receipts Reserve	Capital Grants Unapplied Account		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024	283,893	16,820	2,951	20,763	11,000	-	7,204	1,493,417	1,836,048
Adjustment for IFRS16 Transition	-	-	-	-	-	-	-	(83,918)	(83,918)
Balance at 1 April 2024	283,893	16,820	2,951	20,763	11,000	-	7,204	1,409,499	1,752,130
Movement in Reserves during 2024/25									
Surplus / (Deficit) on Provision of Services	(84,691)	(32,824)	-	-	-	-	-	-	(117,515)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	61,284	61,284
Total Comprehensive Income and Expenditure	(84,691)	(32,824)	-	-	-	-	-	61,284	(56,231)
Adjustment to usable reserves permitted by Accounting Standards (Note 32)	20,365	412	-	-	-	-	-	(20,777)	-
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility (Note 33)	9,444	-	-	-	-	-	-	(9,444)	-
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 34)	50,285	39,997	-	-	-	-	720	(91,002)	-
Net Increase / (Decrease) before Transfers to Other Statutory Reserves	(4,597)	7,585	-	-	-	-	720	(59,939)	(56,231)
Transfers to and from Other Statutory Reserves (Note 35)	2,674	(2,246)	(2,951)	2,523	-	-	-	-	-
Increase / (Decrease) in the Year	(1,923)	5,339	(2,951)	2,523	-	-	720	(59,939)	(56,231)
Balance at 31 March 2025 Carried Forward	281,970	22,159	-	23,286	11,000	-	7,924	1,349,560	1,695,899

Notes 1 to 40 form part of these financial statements.

Annual Accounts 2025/26

Cash Flow Statement

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

2024/25 £000	Note	2025/26 £000	£000
OPERATING ACTIVITIES			
Cash Inflows:			
115,180	Rents (after rebates)	133,700	
141,510	Council Tax receipts	153,586	
713,566	Revenue Support Grant	755,891	
79,260	DWP grants for Housing Benefits	67,998	
120,743	Non Domestic Rates Receipts	122,745	
60,885	Other government grants	56,200	
46,063	Cash received for goods and services	51,855	
81,902	Other operating cash receipts	112,840	
2,770	Interest received	3,726	
1,361,879			1,458,541
Cash Outflows:			
(685,366)	Cash paid to and on behalf of employees	(758,823)	
(543,479)	Other operating cash payments	(501,603)	
(31,287)	Housing Benefit paid out	(25,073)	
(18,888)	Precepts paid	(16,500)	
(48,768)	Interest Paid	(53,888)	
(1,327,788)			(1,355,887)
34,091	Net Cash Inflow / (Outflow) from Operating Activities	36	102,654
INVESTING ACTIVITIES			
Cash Inflows:			
3,499	Sale of non-current assets	2,976	
73,715	Capital grants received	94,528	
11,937	Other capital cash receipts	7,611	
23	Proceeds from Investments redeemed	25	
89,174			105,140
Cash Outflows:			
(218,769)	Purchase of non-current assets	(306,676)	
(218,769)			(306,676)
(129,595)	Net Cash Inflow / (Outflow) from Investing Activities		(201,536)
(95,504)	Net Cash Inflow / (Outflow) before Financing Activities	37	(98,882)
FINANCING ACTIVITIES			
Cash Inflows:			
446,000	New Loans Raised	423,000	
446,000			423,000
Cash Outflows:			
(325,325)	Repayments of amounts borrowed	(309,249)	
(14,919)	Capital payments of finance leases	(16,051)	
(340,244)			(325,300)
105,756	Net Cash Inflow / (Outflow) from Financing Activities	37	97,700
10,252	Net Increase / (Decrease) in cash and cash equivalents	37	(1,182)
48,289	Cash and Cash Equivalents at the beginning of the year		58,530
(11)	Increase / (Decrease) Non-cash in cash equivalents		(38)
58,530	Cash and Cash Equivalents at the end of the year	21	57,310

Notes 1 to 40 form part of these financial statements.

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014; Section 12 of the Local Government in Scotland Act 2003 requires these to be prepared in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a going concern basis.

Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

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

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in the prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Redemption of Debt

A Loans Fund has been established and all loans raised are paid into this Fund. Advances are made to Services to finance capital expenditure and these are repaid by application of The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016.

The schedule of Premiums and Discounts held at 31 March 2007 was transferred to the Financial Instruments Adjustment Account on 1 April 2007 and have been designated as statutory premiums and discounts under statutory guidance issued by the Scottish Government (Section 12 (2) b of the Local Government in Scotland Act 2003). This schedule is used to determine the annual charge to the General Fund and reflects annual charging schedules held at 31 March 2007. All charges are managed by movements to and from the Financial Instruments Adjustment Account and the Movement in Reserves Statement (MiRS).

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Notes to the Accounts

From 1 April 2007, costs associated with debt restructuring (Premiums and Discounts) are charged directly to the Comprehensive Income and Expenditure Statement in the year of extinguishment in accordance with accounting regulations. In line with the statutory guidance stated above, all premiums and discounts arising from an extinguishment have been deferred and charged to the General Fund over a period greater than one year. Any discount or premium incurred for restructuring exercises deemed a modification has been reflected in the carrying amount of the loan.

External Interest Payable, Interest Receivable and Investment Income

External interest has been calculated and charged to the Comprehensive Income and Expenditure Statement on an amortised cost basis over the life of the loan with the interest expense being recognised on a level yield / interest rate basis. For the majority of loans, this represents the interest amount payable for the year per the loan agreement. For those loans with a stepped interest rate feature, this results in a difference between the coupon rate and the amount charged to the Comprehensive Income and Expenditure Statement. For interest payable on all loans held at 31 March 2007, the net charge to the General Fund has been adjusted to reverse this differential. This is in line with statutory guidance issued by the Scottish Government (Section 12 (2) b of the Local Government in Scotland Act 2003). The Financial Instruments Adjustment Account (FIAA) has been credited / debited with the difference between the actual amount due in the year and the effective interest rate over the life of the loan.

The Council manages its investments in accordance with the Local Government Investments (Scotland) Regulations 2010, including the preparation of an Annual Investment Strategy. The amount disclosed for interest receivable and investment income is based on the amount receivable per the contractual terms of the financial assets.

Capital Expenditure Charged to Revenue

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

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement (MiRS). Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

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Notes to the Accounts

Property, Plant and Equipment

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

a) Recognition

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

The Council operates a £10,000 de-minimis when recognising expenditure on property, plant and equipment.

b) Measurement

Non-current assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst non-current assets are under construction.

The cost of non-current assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

Non-current assets are then carried in the Balance Sheet using the following measurement bases:

Property, Plant and Equipment:	
Council Dwellings	Existing Use Value for Social Housing using the Beacon approach (adjusted vacant possession in accordance with LASAAC guidance)
Other Land & Buildings	Current value, determined as the amount that would be paid for the assets in its be existing use. Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value
Vehicles, Plant & Equipment	Depreciated Historical Cost as a proxy for current value
Infrastructure Assets	Depreciated Historical Cost
Community Assets	Historical Cost
Surplus Assets	Measure for their economic benefit at fair value. Fair value is the price that would be received to see an asset in an orderly transaction between market participants at the measure date.
Assets Under Construction	Historical Cost
Investment Properties	Measure for their economic benefit at fair value. Fair value is the price that would be received to see an asset in an orderly transaction between market participants at the measure date.
Heritage Assets	Historical Cost / Insurance Value

Non-current assets included in the Balance Sheet at current value are revalued regularly, as a minimum of at least once every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

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Notes to the Accounts

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

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

There were no material Heritage Assets held by the Council as at 31 March 2026.

c) Indexation

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

For assets not formally revalued in-year, the Council will apply annual indexation to relevant asset categories using readily obtainable and relevant market indices where available. Indexation will be applied for accounting purposes in line with formal revaluations as above. Full revaluations are carried out in accordance with RICS Red Book requirements, while indexation reflects market-based movements applied in intervening periods. Although the valuation approaches differ, both are treated equally for accounting purposes under the revaluation model. Where the Council cannot obtain indices without undue cost or effort, the Council will revalue those assets on a five-year rolling programme with a desktop revaluation in year three.

d) Depreciation

The Council employed the following depreciation policy for each class of non-current asset held during the year:

Property, Plant and Equipment:	
Council Dwellings	Depreciated on a straight-line basis up to 40 years
Other Land & Buildings	No depreciation on land, buildings depreciated on a straight-line basis up to 60 years
Vehicles, Plant & Equipment	Depreciated on a straight-line basis up to 30 years
Infrastructure Assets	Depreciated on a straight-line basis up to 40 years
Community Assets	No depreciation
Surplus Assets (Land)	No depreciation
Surplus Assets (Other)	Depreciated on a straight-line basis up to 60 years
Assets Under Construction	No depreciation
Investment Properties	No depreciation
Heritage Assets	No depreciation

The Council does not depreciate its non-current assets in the year of acquisition, charging a full year's depreciation on disposal.

The Council does not provide for depreciation on land or community assets with the exception of landfill sites, which are depreciated over their useful life.

e) Impairment

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

Where impairment losses are identified, they are accounted for as follows:

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

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Notes to the Accounts

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

f) Disposal and Non-current Assets Held for Sale

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

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

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

g) Charges Made to Revenue

A combination of depreciation and any relevant impairment is charged to Services for the use of assets based upon their fair value rather than the financing costs of the level of debt outstanding on these assets, following the CIPFA guidelines on Capital Accounting. The charge made to the Housing Revenue Account is an amount equivalent to the statutory capital financing charges.

Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Heritage Assets

The Council's collections are held within the stores at Summerlee Museum of Scottish Industrial Life and North Lanarkshire Heritage Centre. The most significant of the collections are the Industrial and Social History items, however the Museums Service also has a number of smaller collections including Archaeology, Numismatics, Natural History, Ethnography and Art Collections.

The Council's policy for Heritage Assets follows the recognition and measurement treatment, including the treatment of revaluation gains and losses, set out within the accounting policy for Property, Plant and Equipment. Heritage Assets, where possible, should be measured at valuation. However, in circumstances where this is not practicable the asset will be measured at historical cost less any accumulated depreciation, amortisation and impairment.

For the current financial year on the grounds of materiality, it has not been considered appropriate to show Heritage Assets separately on the face of the Council's Balance Sheet but to continue to include these within Community Assets under the Property, Plant and Equipment category. Where valuation or cost information is not available and Heritage Assets have not been recognised as a result, further information is provided in the notes to the accounts.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (for example software development costs) is capitalised when it is expected that it will bring benefits to the Council for more than 12 months.

Intangible assets are measured initially at cost. Such assets are not revalued as the fair value of the assets held cannot be determined by reference to an active market.

The depreciable amount of an intangible asset is amortised on a straight line basis over its expected useful life and charged to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The useful life of

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Notes to the Accounts

these assets is deemed to be up to 15 years. In line with the Council's accounting policy on Depreciation, no amortisation is charged in the year of purchase with a full years charge in the year of disposal.

Impairment of Financial Assets

In determining the impairment of its financial assets measured at amortised cost and those measured at fair value through other comprehensive income, the Council adopts the requirements of IFRS9 *Financial Instruments* in assessing expected credit losses and accounting for impairment. One of the objectives of this standard is the principle of applying impairment to financial assets which are part of a business model that includes contractual cashflows. Impairment losses are calculated to reflect the expectation that the future cashflows might not take place because the borrower could default on the obligations.

The level of credit risk is assessed to identify the credit losses particularly where risk has increased significantly since initial recognition. Credit loss in relation to a financial instrument represents cash shortfalls measured by the difference between the net present value of all contractual cashflows that are due to the Council in accordance with the contract for the instrument and the net present value of all the cashflows the Council expects to receive discounted at the original effective interest rate. Losses are measured in one of three ways:

- Lifetime expected credit losses: the expected credit losses that result from all possible default events over the expected life of a financial instrument;
- 12-month expected credit losses: the portion of lifetime expected credit losses that represent the losses that result from default events that are possible within the next financial year;
- Cumulative changes in lifetime expected credit losses since initial recognition: the change in lifetime credit losses (positive or negative) over those that were included in the estimated cashflows on initial recognition.

The Council also considers impairment allowances for instruments which are not financial assets i.e. loan commitments and financial guarantees.

The Council has adopted the simplified approach for trade receivables and house rent receivables under which impairment losses are automatically based on lifetime expected credit losses, removing the need to consider changes in credit risk since initial recognition and the possibility that the appropriate measure should be 12-month expected credit losses.

The Council carries out an annual assessment of the impact of adopting the full accounting treatment for expected credit losses, and on the grounds of materiality, generally does not recognise expected credit losses on financial assets excluding trade receivables which were subject to a separate assessment in the Comprehensive Income and Expenditure Account and accordingly has not adjusted the carrying amount per the Balance Sheet which represents the gross amortised cost of the financial asset.

For trade receivables the Council carries out an assessment of lifetime credit annually and has accounted for impairment losses within the Comprehensive Income and Expenditure Account and accordingly has adjusted the carrying amount for short-term debtors stated in the Balance Sheet.

Legal Charges Over Properties

As part of its service provision, the Council may decide to provide a rechargeable service to clients, with the recovery of the costs incurred being deferred by virtue of placing a charging order on the recipient's property. Due to the legal nature of such arrangements and on the grounds of materiality, in the past the Council has not accounted for the recovery of such sums due until they were realised, i.e. when the charging order was enforced.

Where the Council considers these sums to be material the income has been accrued to the relevant Service and recognised on the Balance Sheet as a Long-Term Debtor.

Soft Loans

Long-Term Debtors include recorded amounts payable from service users receiving Social Care for which a charging order has been placed on the recipient's property as a method of recovering the debt. For these advances, the Council is charging interest at less than the market rate applicable for similar advances and as such these balances are notionally recognised as soft loans. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from recipients, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Subject to the exception below, the Council has assessed the impact of adopting the full accounting treatment for soft loans held on this basis, and on the grounds of materiality, has decided not to recognise notional losses on soft

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loans in the Comprehensive Income and Expenditure Account and accordingly to adjust the long-term debtor balance stated within the Balance Sheet.

Inventory

Inventory has been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Both average cost and individual cost bases are used for valuing stock at year end.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management arrangements.

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are generally charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation. These are measured at the best estimate as at the Balance Sheet date, of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Asset

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Financial Instruments

Financial Liabilities and Financial Assets are carried at amortised cost in the Balance Sheet unless otherwise stated. In the event the Financial Asset does not meet the criteria to be shown at amortised cost, it will be shown as fair value through profit and loss or if a qualifying asset, as fair value through other comprehensive income. Fair Value at amortised cost, ignoring impairment, represents the carrying amount on initial recognition plus the interest taken to the Comprehensive Income and Expenditure Statement less the cash paid or received for both interest and principal.

In accordance with IFRS9 *Financial Instruments*, in 2024/25, the Council adopted fair value at amortised cost where cashflows were solely payments of principal and interest and the Council's business model was to collect those cashflows.

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For qualifying assets borrowing costs directly attributable to the acquisition, construction or production have been capitalised and form part of the cost of the asset.

The Council has accounting reserves to account for the restatement of financial instruments to an amortised cost or fair value basis. The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practice for financial liabilities and financial assets.

Reserves

Reserves are split between Usable and Unusable Reserves in the Balance Sheet. Usable Reserves include the General Fund and Housing Revenue Account. Unusable Reserves are kept in order to manage accounting processes for non-current assets, financial instruments, employee benefits and retirement benefits.

Insurance Fund

The Council operates an Insurance Fund to make provision for outstanding claims and events. Note 28.6 to the Accounts provides further information on movements in the Insurance Fund.

Repairs & Renewals Fund

The Council operates a Repairs & Renewals Fund which is earmarked for improvements to Council facilities. Note 28.4 to the Accounts provides further information on movements in the Repairs & Renewals Fund.

Capital Fund

The Council operates a Capital Fund where receipts from the sale of assets can be directed and utilised for financing capital expenditure and loans fund repayments.

Capital Receipts Reserve

The regulations covering capital receipts generated from the sale of assets allow the proceeds to be used to fund capital expenditure and are available to support further capital investment.

Capital Grants Unapplied Account

Capital Grants Unapplied Account is used to hold grants received but not yet utilised. This will be shown as part of the Usable Reserves on the Balance Sheet.

Revaluation Reserve

The Revaluation Reserve records the accumulated gains on non-current assets held by the Council arising from increases in value, as a result of inflation or other factors, since 1 April 2007. Whilst gains arising from revaluations and/or indexation increase the net worth of the Council they would only result in an increase in spending power if the relevant asset is sold and a capital receipt is generated.

Capital Adjustment Account

The Capital Adjustment Account represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Pension Reserve

The Pension Reserve arises from the IAS19 *Employee Benefits* accounting disclosure requirements and represents the difference between accounting for pensions and the funding of pension costs from taxation in line with the statutory requirements. It is equal to the reported Pension Liability which recognises the Council's share of the net funding position on the Strathclyde Pension Fund as projected at 31 March 2026.

The Council applies IAS19 and, as a result, quoted securities held as assets by the Strathclyde Pension Fund in the defined benefit scheme are valued at bid price rather than mid-market value.

Employee Benefits

a) Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (annual leave only) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the current accounting year.

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The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement to the Employee Statutory Adjustment Account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

b) Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

c) Post Employment Benefits

As part of the terms and conditions of employment the Council offers retirement benefits to its employees. The Council participates in two separate pension schemes, one exclusive to teachers and the other open to all other employees.

- The Scottish Teachers' Superannuation Scheme, administered by the Scottish Public Pensions Agency
- The Local Government Pension Scheme, administered by Strathclyde Pension Fund

Both of these schemes provide members with 'defined benefits' i.e. retirement lump sums and pensions earned as employees work for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Education and Families expenditure line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to teachers' pensions in the year.

d) The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is accounted for as a 'defined benefits' scheme:

- The liabilities of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the 'projected credit unit method' i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of future earnings for current employees;
- Liabilities are discounted to their value at current prices using a discount rate of 6.2%. The discount rate used by the appointed actuaries to place a value on the liability is based on Corporate bond yields on high quality bonds and recognises the weighted average duration of the benefit obligation for the Council;
- The assets of the Strathclyde Pension Fund attributable to North Lanarkshire Council are included in the Balance Sheet at their fair value at current bid prices.

The change in the net pensions liability is analysed into the following cost components, comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income

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and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments; and

- Remeasurements, comprising the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

In relation to retirement benefits, Scottish Government regulations require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement (MiRS) this means that there are appropriations to and from the Pensions Reserve to remove the notional charges and credits for retirement benefits and replace them with charges for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Public Private Partnership (PPP) and Similar Contracts

PPP and similar contracts are agreements to receive services, where the responsibility for making available the non-current assets needed to provide the services passes to the PPP contractor. As the Council is deemed to control the services that are provided under these schemes, and as ownership of the assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the non-current assets on its Balance Sheet as part of property, plant and equipment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as other assets owned by the Council.

The amounts payable to the PPP operators each year are analysed into four elements:

- Fair value of the services received during the year – debited to the relevant services in the Comprehensive Income and Expenditure Statement;
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Payment towards liability – applied to write down the Balance Sheet liability towards the PPP operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

Service Concession Agreements are accounted for in accordance with IFRIC12 *Service Concession Arrangements*. The standard recognises that the Council is in control of services provided under the PPP scheme. As ownership of the long-term assets will pass to the Council at the end of the contract for no additional charge, the Council carries the assets on the Balance Sheet. With effect from 1 April 2024, IFRS16 *Leases* also applies to service concession arrangements. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of this has been to increase finance lease liabilities by £88.224m, with £85.451m recognised on IFRS16 transition at 1 April 2024 and additional £11.518m remeasurement as at 31 March 2026, with an equal increase in Balance Sheet assets recognised prior to revaluation considerations.

The Council has exercised the Service Concessions flexibility made through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements), with the statutory repayment of principal elements of the lease component of service concession arrangements being made over the estimated asset lives (up to 50 years), as opposed to the period of the contract. Payments made to operators remain unchanged, with differences between the actual amounts paid to the operator towards liability under the contracts and the principal repayments recognised through the Comprehensive Income and Expenditure Statement being held in the Capital Adjustment Account.

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Right of Use Assets

The 2024/25 Code introduced IFRS16 *Leases* with effect from 1 April 2024. The main impact being that whilst finance leases were previously recognised as an asset on the balance sheet along with an equal lease liability, IFRS16 now requires operating leases to be accounted for in the same way, with right-of-use assets and lease liabilities to be included on the Balance Sheet.

IFRS16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS16 had always applied but recognised in 2024/2025 and not by adjusting prior year figures.

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time'.

For leases that were classified as finance leases under IAS17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2024 are determined at the carrying amount of the lease asset and lease liability under IAS17 immediately before that date.

The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short-term leases i.e. existing leases that expire on or before 31 March 2025, and new leases with a duration of less than 12 months. Payments paid in relation to these are charged to the appropriate Service account in the Comprehensive Income and Expenditure Statement as an expense of the Services benefitting from use of the leased item on a straight-line basis over the remaining lease term.

Finance Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership of a non-current asset as if the asset had been purchased outright.

Finance leases are accounted for using the policies applied generally to non-current assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The asset is accounted for on the Balance Sheet under Property, Plant and Equipment.

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

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rental payments under operating leases are charged to the appropriate Service account in the Comprehensive Income and Expenditure Statement as an expense of the Services benefitting from use of the leased item on a straight-line basis over the life of the lease.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

Value Added Tax

Generally, Value Added Tax is excluded from Income and Expenditure as all VAT collected is payable to HMRC while the majority of VAT paid is recoverable from HMRC. In the circumstance when the Council cannot fully recover VAT paid, this is included within service expenditure to the extent that it is irrecoverable from HMRC.

Re-measurement of the net defined benefit liability

Re-measurements or actuarial gains and losses arise through experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), and the effects of changes in actuarial assumptions. All actuarial gains and losses have been recognised in Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement.

Events after the Reporting Date

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

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

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

2. Expenditure and Funding Analysis

2.1. The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, Council Tax and non-domestic rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25			2025/26		
Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments from General Fund to CIES (Note 2.2) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments from General Fund to CIES (Note 2.2) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
521,465	44,658	566,123	502,313	37,741	540,054
160,045	48,640	208,685	187,216	33,333	220,549
62,169	27,149	89,318	71,906	13,649	85,555
207,821	6,332	214,153	218,402	2,506	220,908
(112)	7,659	7,547	(184)	5,546	5,362
(34,673)	56,016	21,343	(31,457)	39,044	7,587
1,075	633	1,708	2,494	(4,567)	(2,073)
917,790	191,087	1,108,877	950,690	127,252	1,077,942
(920,778)	(70,584)	(991,362)	(975,550)	(91,464)	(1,067,014)
(2,988)	120,503	117,515	(24,860)	35,788	10,928
(300,713)		Opening General Fund and HRA Balance	(304,129)		
(2,988)		Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year	(24,860)		
(428)		Transfers to/(from) other statutory reserves	4,133		
(304,129)		Closing General Fund and HRA Balance at 31 March*	(324,856)		

*The split of this balance between General Fund and the HRA is shown within the Movement in Reserves Statement.

2.2. Adjustments from General Fund to Comprehensive Income and Expenditure Statement

2025/26	Adjustments for Capital Purposes ¹	Net Change for the Pensions Adjustments ²	Other Differences ³	Total Adjustments
Education and Families	34,271	6,486	(3,016)	37,741
Enterprise & Communities	23,274	7,744	2,315	33,333
Chief Executives & Other Corporate Services	9,746	3,482	421	13,649
Adult Health & Social Care (Non-Integrated)	2,506	-	-	2,506
Adult Health & Social Care (Integrated)	(5)	4,986	565	5,546
Housing Revenue Account	36,548	1,696	800	39,044
Other Segments	-	(4,567)	-	(4,567)
Net Cost of Services	106,340	19,827	1,085	127,252
Other Income and Expenditure	(96,373)	6,805	(1,896)	(91,464)
Surplus or Deficit	9,967	26,632	(811)	35,788

2024/25	Adjustments for Capital Purposes ¹	Net Change for the Pensions Adjustments ²	Other Differences ³	Total Adjustments
Education and Families	32,027	9,923	2,708	44,658
Enterprise & Communities	38,097	10,258	285	48,640
Chief Executives & Other Corporate Services	22,168	4,807	174	27,149
Adult Health & Social Care (Non-Integrated)	6,332	-	-	6,332
Adult Health & Social Care (Integrated)	-	6,914	745	7,659
Housing Revenue Account	53,782	2,233	1	56,016
Other Segments	-	633	-	633
Net Cost of Services	152,406	34,768	3,913	191,087
Other Income and Expenditure	(75,432)	6,740	(1,892)	(70,584)
Surplus or Deficit	76,974	41,508	2,021	120,503

¹ Adjustments for capital purposes – this column adds in depreciation, amortisation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivables without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

² Net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension-related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** the net interest on the defined benefit liability is charged to the CIES.

³ Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For services** this represents the accrual made for the cost of holiday/leave entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. These require to be included within the Net cost of Services under generally accepted accounting practices, however are not chargeable to the General Fund.
- **For Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

3. Accounting Standards that have been Issued but not yet Adopted

The Code requires the Council to disclose information about accounting changes that will be required by new accounting standards in the 2025/26 Code due to be adopted in future years and the possible impact.

The following list provides details of further standards issued but not yet adopted which have an effective implementation date on or after 1 April 2026. It is not anticipated that these will have a material impact on the Council.

- Amendments to FRS102 (issued in March 2024) – Amendments to Heritage assets.
- Amendments to IFRS9 and IFRS7 (issued in May 2024) – Classification and Measurement of Financial Instruments.
- Amendments to IFRS9 and IFRS7 (issued in December 2024) – Contracts Referencing Nature-dependent Electricity.
- Annual improvements to IFRS Accounting Standards – Volume 11 (issued in July 2024).

4. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- The Council holds contracts for the provision of educational establishments and for the Clyde Valley Waste Recycling Plant. The nature of these contracts has been examined and the Council considers that it controls the services provided under the agreements. Therefore the accounting policies for PPP schemes and similar arrangements have been applied with the assets under the contracts included within Property, Plant and Equipment on the Council's Balance Sheet. Further details are shown in Note 26: Public Private Partnerships and Similar Contracts.

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

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

The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Formal asset valuations include estimations including in relation to market values and rebuild costs. Discussions with the Council's surveyors indicated that valuations may be subject to an acceptable valuation sensitivity range of up to 15%. Indexation has been implemented as per the 25/26 Code, and the Council has reviewed the potential for indexation within the asset portfolio for assets not formally revalued in year. Relevant indices were identified for DRC Building components and Elements components (eg 3G/grass pitches, recycling centres, bowling greens, running tracks, tennis courts etc) within Other Land & Buildings. The total value of indexation applied in 25/26 is £23.969m.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property, plant and equipment would increase by £12.592m for every year that useful lives had to be reduced. A 15% change in the value of the Council's Property, Plant and Equipment assets subject to revaluation would result in a movement on the Council's Balance Sheet of £399.448m. A 1% change in the Indexation rate(s) used for applicable assets would result in a movement on the Council's Balance Sheet of £8.730m
Net Pension Asset/(Liability)	Estimation of the net asset/(liability) to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council is engaged with Hymans Robertson via Strathclyde Pension Fund to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions asset/(liability) can have a material effect on the Council's Net Worth. The Council's actuaries have calculated that the surplus in the defined benefit plan is £1,232.014m consisting of a £1,337.338m net asset in relation to funded plans, offset by £105.324m of unfunded liabilities, however accounting standards require the net asset to be limited to the present value of any future economic benefits which is valued at nil. As result, an asset ceiling adjustment of £1,337.338m was applied in 2025/26, therefore a decrease of at least 100% on the surplus in the defined benefit plan would be required to reduce the net pension asset held on the Balance Sheet.

6. Events After the Balance Sheet Date

The Chief Officer (Finance and Technology) issued the Audited Statement of Accounts on 24 September 2026.

The Council resigned membership of the joint venture Mears Scotland LLP on 31 August 2026. The resignation follows the conclusion of the contract to provide housing and property maintenance services to the Council on 30 June 2024. No adjustments were required to the financial statements in respect of this event.

There have been no other material events since the Balance Sheet date.

7. Restatement

There are no restatements of the 2025/26 figures within the core financial statements or notes to the accounts.

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8. Other Operating Expenditure

	2024/25	2025/26
	£000	£000
(Gains) or losses on disposal of non-current assets	(394)	5,650
Total	(394)	5,650

9. Financing and Investment Income and Expenditure

	2024/25		2025/26	
	Expenditure	Income	Expenditure	Income
	£000	£000	£000	£000
Interest Payable and similar charges	66,276	-	69,396	-
Interest receivable and similar income	-	(18,141)	-	(17,535)
Pensions interest income on plan assets	-	(140,181)	-	(173,729)
Pension interest cost on defined benefit obligation	146,769	-	180,417	-
Surpluses on Trading Undertaking not included in Net Cost of Services	141	-	208	-
Financial Guarantee	-	(169)	-	(167)
Impairment of Financial Assets	5,328	-	4,714	-
Total	218,514	(158,491)	254,735	(191,431)

Financial Guarantee income relates to financial guarantees, underwriting the debt service costs of NLP LLP's loan to the lender, with a premium payable to the Council by NLP LLP for providing this guarantee. During 2023/24, the company's original loan of £45.000m was redeemed with a new loan of £30.000m taken out. For further details refer to Provisions: Financial Guarantee section within Note 18.

10. Taxation and Non-Specific Grant Income

	2024/25	2025/26
	£000	£000
Income from Council Tax	(141,657)	(155,310)
Distribution from Non-Domestic Rates pool	(120,743)	(122,759)
General Revenue Grant	(713,566)	(755,891)
Recognised capital grants and contributions	(75,025)	(102,008)
Total	(1,050,991)	(1,135,968)

It should be noted that the General Revenue Grant recognised in the CIES has been adjusted from that shown in Local Government Finance Circular 2/2026 to reflect proper accounting practice. Income not included in the circular has been accrued of £0.886m in relation to the final 2025/26 Discretionary Housing Payment claim. In addition, income included within the circular totalling £5.456m has been treated as relating to an agency arrangement and therefore not reflected within the Council's CIES. Further information on this can be found in Note 12.

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11. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement

	2024/25	2025/26
	£000	£000
Credited to Comprehensive Income and Expenditure Statement		
General Revenue Grant	713,566	755,891
Distribution from Non-Domestic Rates pool	120,743	122,759
Capital - Scottish Government General Grant	39,107	45,061
Capital - Scottish Government Other Grants	27,479	52,122
Capital – Other Grants	8,308	4,825
Donated assets	131	-
Total	909,334	980,658
Credited to Services		
Housing Benefit	77,337	60,345
Pupil Equity Fund	9,678	9,678
Offenders / Criminal Justice Grant	7,721	9,126
Waste Packaging Grant	-	8,969
No One Left Behind	5,198	5,157
Greenfaulds HS & Cumbernauld Academy DBFM Contribution	4,779	4,779
Scottish Attainment Challenge	4,994	3,971
Home Energy Efficiency Programme	1,687	3,392
Shared Prosperity Fund	6,652	3,316
Growth VDLF 3rd Party Entries	-	1,975
Various C&F External Grant & Funding Streams	1,557	1,839
NLC Capital Grant Contaminated land 3rd party entries	-	855
Resettlement Programmes	1,093	247
Ambition Fund	4,688	-
Ravenscraig Project	2,068	-
SG Main Capital Grant - 3rd Party Write Off's	1,384	-
PBIP Braidhurst Industrial Estate	1,193	-
Other Miscellaneous Grants and Contributions	9,897	8,409
Total	139,926	122,058

Balances included within the Other Miscellaneous Grants and Contributions line is reviewed annually on the basis of value therefore the prior year disclosures may differ from the audited 2024/25 annual accounts.

12. Agency Services

The Council bills and collects domestic water and sewerage charges on behalf of Scottish Water along with its own Council Tax. During 2025/26 the Council collected and paid over £67.007m (2024/25 £60.675m) and received £1.302m (2024/25 £1.302m) for providing this service.

In addition, the General Revenue Grant includes amounts in relation to passported funding, whereby the Council makes payment to both COSLA and the Improvement Service on behalf of Scottish Government. During 2025/26 the Council transferred funding of £0.200m to COSLA and £5.156m to the Improvement Service, with a net creditor of £0.100m shown on the Council's balance sheet in relation to reimbursement outstanding as at 31st March 2026.

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13. Property, Plant and Equipment

13.1. Movement on Balances in 2025/26

	Council Dwellings	Other Land & Buildings	Vehicle, Plant & Equip	Community Assets	Surplus Assets	Construction (AUC)	Assets Under Construction	Right-of- Use: Land & Buildings	Right-of- Use: VPE	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation										
At 1 April 2025	1,240,646	1,415,963	123,622	16,516	16,341	126,335	3,070	2,537		2,945,030
Additions	103,478	37,698	17,390	200	-	132,759	94	1,104		292,723
Revaluation increases/(decreases) recognised in the revaluation Reserve	(21,267)	(52,739)	10	26	1,533	-	-	-		(72,437)
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(46,622)	(75,816)	(749)	-	-	(2,237)	-	-		(125,424)
Derecognition – disposals	(7,235)	(1,060)	(6,456)	-	(638)	-	(1,401)	(1,364)		(18,154)
Assets reclassified (to)/from assets under construction (AUC)	12,801	47,101	1,064	66	-	(66,528)	-	-		(5,496)
Assets reclassified (to)/from Intangible Assets [see Note 16]	-	-	(46)	-	-	-	-	-		(46)
Assets classified (to)/from held for sale	-	(1,917)	-	-	1,917	-	-	-		-
Other movements in cost or valuation	-	9,755	(9,776)	-	-	-	-	156		135
At 31 March 2026	1,281,801	1,378,985	125,059	16,808	19,153	190,329	1,763	2,433		3,016,331
Accumulated Depreciation and Impairment										
At 1 April 2025	-	107,299	63,413	-	10	-	751	1,135		172,608
Depreciation charge	31,016	64,049	11,237	-	74	-	700	1,508		108,584
Depreciation written out to the revaluation reserve	(31,016)	(79,574)	-	-	-	-	-	-		(110,590)
Depreciation written out to the surplus/deficit on the provision of services	-	(78,384)	(34)	-	-	-	-	-		(78,418)
Derecognition - disposals	-	(323)	(6,456)	-	-	-	(578)	(1,160)		(8,517)
Other movements in depreciation and impairment	-	4,292	(4,313)	-	-	-	-	-		(21)
At 31 March 2026	-	17,359	63,847	-	84	-	873	1,483		83,646
Net Book Value										
At 31 March 2026	1,281,801	1,361,626	61,212	16,808	19,069	190,329	890	950		2,932,685
At 31 March 2025	1,240,646	1,308,664	60,209	16,516	16,331	126,335	2,319	1,402		2,772,422

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equip	Community Assets	Surplus Assets	Construction (AUC)	Assets Under Construction	Right-of-Use: Land & Buildings	Right-of-Use: VPE	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Nature of Asset Holding at 31 March 2026										
Owned	1,281,801	1,085,688	61,212	16,808	19,069	190,329	-	-		2,654,907
Finance Lease	-	-	-	-	-	-	890	950		1,840
PPP	-	275,938	-	-	-	-	-	-		275,938

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IFRS16 adjustments of an increase of £8.263m relating to PPP right-of-use assets is included in 'Other Land and Buildings', however is considered as part of the valuation of the overall assets and therefore does not necessarily correspond to the net change in asset value.

13.2. Movement on Balances in 2024/25 – Comparative Data

	Council Dwellings	Other Land & Buildings	Vehicle, Plant & Equip	Community Assets	Surplus Assets	Construction (AUC)	Assets Under Construction	Right-of- Use: Land & Buildings	Right-of- Use: VPE	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation										
At 1 April 2024	1,207,367	1,481,926	123,965	16,229	18,584	107,092	-	-		2,955,163
Adjustment for IFRS16 Transition	-	(720)	-	-	-	-	3,040	1,370		3,690
Revised At 1 April 2024	1,207,367	1,481,206	123,965	16,229	18,584	107,092	3,040	1,370		2,958,853
Additions	78,155	23,105	15,039	78	180	84,772	30	1,167		202,526
Revaluation increases/(decreases) recognised in the revaluation Reserve	(32,083)	(31,459)	314	1	643	-	-	-		(62,584)
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(56,473)	(61,602)	(306)	-	(1,009)	(456)	-	-		(119,846)
Derecognition – disposals	(2,194)	(2,384)	(19,673)	-	(2,057)	-	-	-		(26,308)
Assets reclassified (to)/from assets under construction (AUC)	45,874	13,418	3,242	202	-	(65,327)	-	-		(2,591)
Assets reclassified (to)/from Intangible Assets [see Note 16]	-	-	662	-	-	-	-	-		662
Assets classified (to)/from held for sale	-	-	-	-	-	-	-	-		-
Other movements in cost or valuation	-	(6,321)	379	6	-	254	-	-		(5,682)
At 31 March 2025	1,240,646	1,415,963	123,622	16,516	16,341	126,335	3,070	2,537		2,945,030
Accumulated Depreciation and Impairment										
At 1 April 2024	-	130,144	71,688	-	381	-	-	-		202,213
Adjustment for IFRS16 Transition	-	(2,253)	-	-	-	-	-	-		(2,253)
Revised At 1 April 2024	-	127,891	71,688	-	381	-	-	-		199,960
Depreciation charge	30,184	56,847	11,745	-	36	-	751	1,135		100,698
Depreciation written out to the revaluation reserve	(30,184)	(35,289)	(262)	-	(146)	-	-	-		(65,881)
Depreciation written out to the surplus/deficit on the provision of services	-	(36,408)	(245)	-	(250)	-	-	-		(36,903)
Derecognition - disposals	-	(566)	(19,526)	-	(11)	-	-	-		(20,103)
Other movements in depreciation and impairment	-	(5,176)	13	-	-	-	-	-		(5,163)
At 31 March 2025	-	107,299	63,413	-	10	-	751	1,135		172,608
Net Book Value										
At 31 March 2025	1,240,646	1,308,664	60,209	16,516	16,331	126,335	2,319	1,402		2,772,422
At 31 March 2024	1,207,367	1,351,782	52,277	16,229	18,203	107,092	-	-		2,752,950

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	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equip	Community Assets	Surplus Assets	Construction (AUC)	Assets Under Construction	Right-of-Use: Land & Buildings	Right-of-Use: VPE	Total
Nature of Asset Holding at 31 March 2025										
Owned	1,240,646	1,040,758	60,209	16,516	16,331	126,335	-	-	-	2,500,795
Finance Lease	-	-	-	-	-	-	-	2,319	1,402	3,721
PPP	-	267,906	-	-	-	-	-	-	-	267,906

IFRS16 adjustments of an increase of £88.224m relating to PPP right-of-use assets is included in 'Other Land and Buildings', however is considered as part of the valuation of the overall assets and therefore does not necessarily correspond to the net change in asset value.

13.3. Infrastructure Assets

In accordance with the temporary relief offered by the update to the Code on infrastructure assets (Local Government Circular 06/2025 Statutory Override Accounting to Infrastructure Assets for Scottish Local Authorities) this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The Council has chosen not to disclose this information as this would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The Council has determined in accordance with Local Government Finance Circular 09/2022 (as amended by 06/2025) Statutory Override Accounting to Infrastructure Assets for Scottish Local Authorities that the carrying amount to be recognised in respect of a replaced part of an infrastructure asset is to be taken to be and accounted for as a nil amount. In accordance with the circular, the Council is not required to make subsequent adjustments to the carrying amount of the asset with respect to that part.

Movements in Year	Infrastructure Assets	
	2024/25 £000	2025/26 £000
Opening Net Book Value	278,721	282,557
Additions	17,205	22,115
Assets reclassified (to)/from assets under construction (AUC)	2,591	5,496
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	-	(36)
Other movements in cost or valuation	519	-
Depreciation	(16,479)	(16,498)
Closing Net Book Value	282,557	293,634

	2024/25 £000	2025/26 £000
Infrastructure Assets Net Book Value at 31 March	282,557	293,634
Other Property, Plant & Equipment Net Book Value at 31 March	2,772,422	2,932,685
Total Property, Plant & Equipment Net Book Value at 31 March	3,054,979	3,226,319

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13.4. Valuation of Non-Current Assets

The following statement shows the progress of the Council's rolling programme for the revaluation of non-current assets. The properties were valued by the Council's registered valuers within external advisors BNP Paribas in conjunction with the Council's Asset and Procurement Solutions, in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors (RICS).

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Construction Assets Under Construction	Right-of-Use : Land & Buildings	Right-of-Use : VPE	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Value at historical cost	-	29,953	61,212	16,808	-	190,329	890	950	300,142
Valued at current value plus additions less depreciation as at:	1,281,801	236,117	-	-	11,446	-	-	-	1,529,363
31 March 2026	-	377,660	-	-	3,059	-	-	-	380,719
31 March 2025	-	248,739	-	-	259	-	-	-	248,998
31 March 2024	-	435,119	-	-	3,173	-	-	-	438,292
31 March 2023	-	10,069	-	-	1,132	-	-	-	11,201
31 March 2022	-	23,969	-	-	-	-	-	-	23,969
Indexation applied to valuations above	-	-	-	-	-	-	-	-	-
Total Value as at 31 March 2026	1,281,801	1,361,626	61,212	16,808	19,069	190,329	890	950	2,932,685

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

As a result, the Council reviewed its asset valuation programme from 2025/26 onwards, and in doing so has considered the latest developments in respect of valuations. This resulted in a new valuation programme methodology being developed considering the transitional arrangements. In 2025/26, the Council commenced a new indicative revaluation programme with some asset categories being revalued in full and also incorporating other assets due for formal revaluation eg not revalued for five years. In subsequent years, valuation programmes will be determined to ensure all assets are formally valued at least once in a rolling 5-year period. Discussions with the Council's surveyors indicated that valuations may be subject to an acceptable valuation sensitivity range of up to 15%.

All formal valuations were undertaken based on 31 January 2026 valuation date, with exception of Council Dwellings which was based on 31 March 2026 valuation date.

The Council has reviewed the requirements for implementation of Indexation as per the Code and CIPFA Technical Bulletin 22. In conjunction with the Councils valuers, Assets & Procurement and Finance, in-depth consideration has been given to available and relevant indices for possible application to assets not formally revalued in year. As a result, indexation indices have been determined by the valuers and applied to certain asset types as detailed below. Relevant indices were not readily identified for other asset types and therefore no indexation has been applied. Therefore, in lieu of indexation, these assets will be subject to a desktop in year three in its relevant five-year rolling programme. Further consideration will be undertaken annually taking into account updated or wider market published data and/or indices or possibly additional detailed indexation guidance issued by CIPFA.

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

13.5. Indexation

Index	PPE Asset Categories Applied To	Average Change %	Valuation Change £000
BCIS All-in-Tender Price Index (TPI) – Scotland	Other Land & Buildings (DRC – Building Elements only)	2.75%	23,492
BCIS All-in Tender Price Index (TPI) - Scotland	Other Land & Buildings (Elements only)	2.47% to 2.54%	477
Other Indices		-	-
Total Indexation Applied in 2025/26		2.70%	23,969

14. Heritage Assets

The Council recognises that there are a number of assets that could be categorised as a Heritage Asset, however due to materiality these have remained within the Community Assets and Infrastructure Assets classification within Property, Plant and Equipment on the Balance Sheet. A summary of the collections are shown in the table below:

Collection	No. In Collection	Value
		£000
Civic Regalia	1	55
Museum Exhibits	1	9
Paintings	6	59
Sculptures	1	39
Total	9	162

During the year, the insurance value of Civic Regalia was valued at £0.055m (£0.031m 2024/25), an upward valuation of £0.024m. This valuation movement has been reflected within the financial statements and subsequent notes.

The Museum Exhibits, Paintings and Civic Regalia are included within Community Assets on the Balance Sheet, whilst the sculpture is included within Infrastructure Assets.

As well as the recognised Heritage Assets, the Museum Service and Archive collections also hold items that are of significant interest to the local area however are not significant in terms of value. A summary of these items include:

Industrial History Collection

Includes industrial objects ranging from large individual plant to small hand tools and ephemera with an emphasis on local iron, steel, coal and engineering industries.

Social History

Comprises of a comprehensive range of artefacts, textiles and ephemera which relate to the domestic, community, personal and working lives of North Lanarkshire during the 19th and 20th centuries.

North Lanarkshire Archive

Documents the transformation of North Lanarkshire from an agriculture and manufacturing area to a heavy industry area.

Other Collections

Other smaller collections include:

Archaeology	Focuses predominantly on local prehistoric, Roman and medieval finds, including burial urns and pottery shards.
Natural History	Represented by a small number of rocks, fossils and local materials and specimens
Numismatics	Comprises of a range of medals; Roman, medieval and contemporary coinage; Scottish trade tokens and miners' tallies.
Ethnographic	Victorian artefacts from Africa, Polynesia and East Asia.
Art	Ranges from portraits of civic dignitaries and local figures to landscapes, historical views and works illustrating aspects of daily life.

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15. Common Good

Section 8 of the Community Empowerment (Scotland) Act 2015 imposes an obligation on local authorities to establish and maintain a Register of Property which is held by the authority as part of the Common Good. Only property held by former burghs can be considered part of the Common Good. The five former burghs in North Lanarkshire are Airdrie, Coatbridge, Kilsyth, Motherwell and Wishaw.

The Council publishes its Common Good Register on its website, however due to materiality, a separate Common Good Fund is not operated, with these assets being included within the Other Land and Buildings, Vehicles Plant & Equipment, Community Assets and Infrastructure Assets classification within Property, Plant and Equipment on the Balance Sheet. A summary of the assets are shown in the table below:

Type of Asset	Net Book Value	
	2024/25	2025/26
	£000	£000
Other Land & Buildings	1,634	1,601
Vehicles, Plant & Equipment	10	1
Community Assets	7,692	7,692
Infrastructure Assets	174	164
Total	9,510	9,458

16. Intangible Assets

The Council accounts for software licences and software development costs as intangible assets. There are no internally generated intangible assets.

	2024/25				2025/26			
	Software Licences	Software Development Costs	Intangibles Under Development	Total	Software Licences	Software Development Costs	Intangibles Under Development	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1st April	49	10,103	6,313	16,465	25	13,317	336	13,678
Additions in year	-	468	443	911	-	-	31	31
Transfers	-	5,758	(6,420)	(662)	-	399	(353)	46
Amortisation	(24)	(3,012)	0	(3,036)	(25)	(3,781)	-	(3,806)
Balance at 31st March	25	13,317	336	13,678	-	9,935	14	9,949
Represented by:								
Gross Carrying Amount	123	19,905	336	20,364	123	20,304	14	20,441
Accumulated amortisation	(98)	(6,588)	0	(6,686)	(123)	(10,369)	0	(10,492)
Balance at 31st March	25	13,317	336	13,678	-	9,935	14	9,949

At 31 March 2026, the Council had contractual capital commitments of £0.397m regarding the acquisition and development of intangible assets.

17. Long-Term Debtors

	2024/25	2025/26
	£000	£000
Balance at the start of the year	2,459	2,659
Recorded debt	115	(165)
Bad debt provision	85	111
Balance at the end of the year	2,659	2,605

For further details refer to Note 18.3.3 Soft Loans and Provisions: Financial Guarantee section within Note 18 Financial Instruments.

18. Financial Instruments

Classifications

Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

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

All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- short-term loans from other local authorities,
- lease payables detailed in note 25,
- PPP contracts detailed in note 26, and
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets, or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:

- cash in hand,
- current, call and notice accounts with banks,
- fixed term deposits with banks and building societies,
- trade receivables for goods and services provided.

Fair value through profit and loss (all other financial assets) comprising:

- money market funds (MMF).

Financial assets held at amortised cost and some assets held at fair value through other comprehensive income are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

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18.1. Types of Financial Instrument

The financial assets and financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

	Long-Term		Short-Term	
	At 31 March 2025	At 31 March 2026	At 31 March 2025	At 31 March 2026
Financial Liabilities	£000	£000	£000	£000
<i>Borrowings at amortised cost:</i>				
- Principal sum borrowed	689,608	774,871	298,003	326,492
- Accrued Interest	-	-	11,909	12,846
- EIR Adjustments	-	-	1,928	1,898
Total Borrowings	689,608	774,871	311,840	341,236
<i>Other Long-term Liabilities at amortised cost:</i>				
- Finance leases	2,406	898	-	-
- PPP and similar arrangements	220,481	217,225	-	-
Total Other Long-term Liabilities	222,887	218,123	-	-
<i>Liabilities at amortised cost:</i>				
- Trade payables*	-	13,447	173,624	151,480
- Lease payables	-	-	2,290	1,587
- PPP and similar arrangements	-	-	13,188	11,556
Included in Creditors	-	13,447	189,102	164,623
Financial guarantees	419	255	167	164
Included in Provisions	419	255	167	164
Total Financial Liabilities	912,914	1,006,696	501,109	506,023

	Long-Term		Short-Term	
	At 31 March 2025	At 31 March 2026	At 31 March 2025	At 31 March 2026
Financial Assets:	£000	£000	£000	£000
<i>At amortised cost :</i>				
- Principal sum invested	1,098	1,069	97	99
- Accrued interest	-	-	-	-
Total Investments	1,098	1,069	97	99
<i>At amortised cost :</i>				
- Principal sum invested	-	-	18,427	17,247
- Accrued interest	-	-	31	17
<i>At fair value through profit & loss :</i>				
- Principal sum invested	-	-	39,920	39,920
- Accrued Interest	-	-	152	126
Total Cash and Cash Equivalents	-	-	58,530	57,310
Trade receivables**	2,659	2,605	58,769	57,962
Included in Debtors	2,659	2,605	58,769	57,962
Total Financial Assets	3,757	3,674	117,396	115,371

*The trade payables amount quoted within the table above represents 'Trade Creditors, Other Entities and Individuals' included within Note 22.

**The trade receivables amount quoted within the table represents 'Trade Debtors, Other Entities and Individuals' included within Note 20 and is shown net of expected credit losses.

The total short-term borrowings includes £108.053m (2024/25: £86.262m) representing accrued interest, effective interest rate adjustments and principal repayments due within 12 months on long-term borrowing. This includes long-term debt related to Public Work Loans Board (PWLb) loans (£97.327m principal and £7.023m accrued interest), market loans (£1.000m principal, £0.644m accrued interest and £1.898m EIR adjustments) and Salix

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interest free loans (£0.161m principal). The remaining sums due for repayment in the short-term category primarily relate to temporary borrowings of £233.179m (principal £228.000m and accrued interest £5.179m).

Those Financial Assets measured at amortised cost or fair value through profit and loss shown within short-term, where appropriate, are included within the Cash and Cash Equivalents (Note 21).

Financial Assets held at amortised cost also include the Council's investment in subordinated debt for two of its school projects delivered via the 'hub South West' model, with the overall balance invested of £1.168m outstanding, shown as £1.069m long-term and £0.099m short-term. This 'hubCo' is a special purpose vehicle set up for the purposes of ring-fencing individual Design, Build, Finance and Maintain (DBFM) projects under Scotland's Schools for the Future national investment programme. The balance shown has not been adjusted to reflect a 12-month credit loss allowance, as due to the nature of the investment and the Council's interest in the underlying asset, there is a low risk of default with any adjustment, after assessment, having been deemed to be immaterial.

Income, Expense, Gains and Losses on Financial Instruments

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement in relation to financial instruments consist of the following:

	31 March 2025				31 March 2026			
	Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets		
	Measured at amortised cost	Measured at amortised cost	Measured at FV through Profit and Loss	Total	Measured at amortised cost	Measured at amortised cost	Measured at FV through Profit and Loss	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Interest Expenses	54,894	-	-	54,895	58,164	-	-	58,164
PPP Unitary Charge Interest	11,078	-	-	11,078	11,029	-	-	11,029
Finance Lease Interest	304	-	-	304	203	-	-	203
Financial Guarantee Premium	-	-	-	-	-	-	-	-
Impairment of Financial Assets	-	5,328	-	5,328	-	4,714	-	4,714
Interest payable and similar charges	66,276	5,328	-	71,604	69,396	4,714	-	74,110
Interest Income	-	(16,911)	(1,230)	(18,141)	-	(16,221)	(1,314)	(17,535)
Financial Guarantee Premium	-	(169)	-	(169)	-	(167)	-	(167)
Interest receivable and similar income	-	(17,080)	(1,230)	(18,310)	-	(16,388)	(1,314)	(17,702)
Net impact on surplus or deficit on provision of services	66,276	(11,752)	(1,230)	53,294	69,396	(11,674)	(1,314)	56,408

The impairment of financial assets relates to the loss on trade receivables/rents receivables written off in the year, whilst the Council has made no adjustments to reflect expected credit losses based on materiality and an assessment of likelihood of default for its other financial assets measured at amortised cost. Therefore, the table above includes the loss recognised in the Comprehensive Income and Expenditure Statement in respect of lifetime credit losses.

18.2. Fair Value of Assets and Liabilities

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms-length transaction. Where liabilities are held as an asset by another party, such as the Council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including treasury bills and shares in money market funds, the fair value is taken from the market price.

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Financial instruments classified at amortised cost are carried in the Balance Sheet at their amortised cost. Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2026, using the following methods and assumptions:

- Loans, including PWLB loans, borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March 2026.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, are assumed to be approximate to the carrying amount.

Fair values are shown in the tables below, split by their level in the fair value hierarchy:

- Level 1: fair value is only derived from quoted prices in active markets for identical assets or liabilities e.g. bond prices.
- Level 2: fair value is calculated from inputs that are observable for the asset or liability e.g. interest rates or yields for similar instruments, or quoted process in active markets.
- Level 3: fair value is determined using unobservable inputs e.g. non-market data such as cash flow forecasts or estimated credit worthiness.

		31 March 2025			31 March 2026		
Financial Liabilities	Fair Value Level	Principal Outstanding £000	Balance Sheet £000	Fair Value £000	Principal Outstanding £000	Balance Sheet £000	Fair Value £000
<i>Financial liabilities held at amortised cost :</i>							
PWLB loans	2	710,123	715,810	658,054	818,073	825,096	765,094
LOBO loans	2	3,000	3,000	3,211	1,000	1,000	1,035
Other loans	2	274,488	282,637	272,615	282,290	290,011	279,175
<i>Other Liabilities :</i>							
Financial Guarantee	3	586	586	586	419	419	419
Total		988,197	1,002,033	934,466	1,101,782	1,116,526	1,045,723
Liabilities for which fair value is not disclosed*			411,990			396,193	
Total Financial Liabilities			1,414,023			1,512,719	

* The fair value of other financial liabilities held at amortised cost, including trade payables, are assumed to be approximate to the carrying amount. With the adoption of *IFRS 16 Leases*, fair values are not disclosed for lease and PPP/PFI liabilities.

The fair value of financial liabilities held at amortised cost is lower than their Balance Sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans as at the Balance Sheet date.

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		31 March 2025		31 March 2026	
Financial Assets	Fair Value Level	Balance Sheet £000	Fair Value £000	Balance Sheet £000	Fair Value £000
<i>Financial liabilities held at fair value :</i>					
Money Market Funds	1	40,072	40,072	40,046	40,046
<i>Financial assets held at amortised cost :</i>					
Bank / DMADF deposits	2	18,182	18,182	17,154	17,154
Investments in DBFM subordinated debt	2	1,195	1,195	1,168	1,168
Total		59,449	59,449	58,368	58,368
Assets for which fair value is not disclosed*		61,704		60,677	
Total Financial Assets		121,153		119,045	

* The fair value of other financial assets held at amortised cost, including trade receivables, are assumed to be approximate to the carrying amount.

18.3. Nature and Extent of Risks arising from Financial Instruments

18.3.1 Overall Procedures for Managing Risk

Treasury Management activity by its very nature exposes the Council to a variety of financial risks, with the Council's overall risk management procedures focusing on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government in Scotland Act 2003 and the associated regulations.

The Council complies with CIPFA's Code of Practice on Treasury Management in the Public Services and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years, limiting:
 - the Council's overall borrowing;
 - its maximum and minimum exposures with regard to the maturity structure of its debt.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Scottish Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

Actual performance is monitored on a quarterly basis with any significant variation from the strategy reported to Members. In line with the recommendations of the Code of Practice, a mid-year review is carried out and an Annual Treasury Report on the year's activity is submitted to members once the final accounts are complete and the outturn prudential indicators for 2025/26 have been calculated.

18.3.2 Key Risks

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council;
- Liquidity risk: The possibility that the Council might not have the cash available to make contracted payments on time;
- Re-financing risk: The possibility that the Council might require to renew a financial instrument on maturity at disadvantageous interest rates or terms; and

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- Market risk: The possibility that an unplanned financial loss might arise for the Council because of changes in market variables such as interest rates, prices and foreign exchange rates.

18.3.3 Credit Risk

Credit risk arises from deposits with banks and financial institutions, other local authorities, as well as credit exposures to the Council's customers including housing rents and external debtors. Deposits are with banks and other financial institutions in line with the Council's prevailing counterparty limits as set out in the Treasury Management Strategy. The Council also has a HM Treasury backed Debt Management Account Deposit Facility (DMADF).

Credit risk relates to the possibility that these other parties might fail to pay the amounts due to the Council. The Council manages its investments in accordance with the Local Government Investments (Scotland) Regulations 2010, including the preparation of an Annual Investment Strategy. Investment decisions are considered daily as part of the daily cash flow management by the Councils' Treasury Management Team.

During 2025/26 the Council's Investment Strategy was robust, with sufficient options available to spread deposits over a wide range and category of financial institutions with due consideration given to country, group and sector exposure of the Council's investments.

Debtors

The Council does not generally allow credit for its external debtors or house rents receivable. The past due amount can be analysed by age as follows:

	31 March 2025			31 March 2026		
	House Rents etc Receivable	Central Government Grants	External Debtor Accounts Due	House Rents etc Receivable	Central Government Grants	External Debtor Accounts Due
	£000	£000	£000	£000	£000	£000
Less than three months	10,322	35,277	6,951	12,006	26,004	6,168
Three to six months	1,547	-	538	1,636	-	495
Six to twelve months	1,881	-	653	1,534	-	741
More than one year	2,513	-	3,200	2,291	-	3,451
Debt Outstanding	16,263	35,277	11,342	17,467	26,004	10,855
Expected Credit Losses	(9,012)	-	(3,052)	(9,264)	-	(2,752)
Average allowance for Expected Credit Loss (%)	55.4%	0%	26.9%	53.0%	0%	25.3%
Total Debtors	7,251	35,277	8,290	8,203	26,004	8,103

The table above excludes prepayments and VAT recoverable whilst also excluding amounts relating to Council Tax, Non-Domestic Rates and Community Charge as these are deemed to be statutory debts not arising from contracts. Central Government Grants and External Debtors Accounts due are included within Note 20 Short-Term Debtors as part of the total debtors due.

Loss allowances on trade receivables have been calculated with reference to the Council's historic experience of default, adjusted to reflect current and forecast economic conditions. The average percentage allowance for expected credit losses are shown in the table above.

Provisions: Financial Guarantee

During 2023/24, the Council agreed to provide a new financial guarantee to North Lanarkshire Properties LLP (NLP) as part of re-financing arrangements undertaken by NLP, with the Council providing similar underwriting of debt service costs, up to a limit of 80% of the total debt service, of the new long-term loan facility of £30.000m. The Council considers the likelihood of the guarantee being called as minimal, however the Council, in recognition of this financial guarantee decided to make a provision of £0.825m.

The financial guarantee was assessed under IFRS9 *Financial Instruments* and has been valued at the amount initially recognised (i.e. fair value) less any cumulative amount of income/amortisation recognised. The Council has agreed with NLP that the premium payable to the Council for providing this new guarantee will be paid in annual instalments on a fair value basis over the term of the loan, with £0.167m charged during 2025/26. The Council has therefore included a long-term debtor of £0.255m and a short-term debtor of £0.164m within the Balance Sheet to reflect this arrangement.

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Soft Loans

The Council has recognised an amount receivable of £2.350m within Long-Term Debtors (2024/25 – £2.240m), representing the amounts due from service users receiving social care for which a charging order has been placed on the recipient's property as a method of recovering the debt, with a total of £3.208m of amounts recoverable (2024/25 - £3.208m) adjusted to reflect an expected credit loss allowance of £0.858m (2024/25 - £0.969m). The expected credit loss calculation is based on an assessment of likelihood of default and no default based on past historical default levels, and also other information available including the property subject to the charging order being on the market for sale at the Balance Sheet date or alternatively where the balance outstanding exceeds the value of the property.

The Council offer a small number of properties at below market rents to assist in the economic regeneration and development of the area and to support key Council objectives, however these are not considered to be of sufficient size to meet the Council's materiality reporting level.

18.3.4 Liquidity Risk

The Council carries out short and medium-term cash flow management to ensure sufficient liquidity to cover all of its payment obligations. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs. The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow needs.

Whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to Councils. The Council is also required by statute to achieve a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above. This includes the setting and approval of the Council's treasury management and investment strategies incorporating the setting and approval of prudential indicators. The Council also has in place robust cash flow procedures as required by the Code of Practice.

18.3.5 Re-financing and Maturity Risk

The Council maintains significant debt and investment portfolios. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates primarily to managing the exposure to replacing financial instruments as they mature.

The Council's approved Treasury Management Strategy addresses the main risks and the Treasury Management Team addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the re-scheduling of the existing debt; and
- monitoring the maturity profile of short-term investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs.

The maturity analysis of the principal outstanding on the Councils debt is as follows:

	At 31 March 2025	At 31 March 2026
	£000	£000
Less than one year	298,003	326,491
Between one and two years	60,237	81,680
Between two and seven years	242,552	347,652
Between seven and fifteen years	183,148	146,062
More than fifteen years	203,671	199,478
Total	987,611	1,101,363

It should be noted that the debt maturity profile above includes principal outstanding for LOBO (Lender's Option Borrower's Option) loans based on their maturity date as opposed to the potential maturity date in the year where options or calls exist. A LOBO is called when the lender exercises its right to amend the interest rate on the loan at which point the Council can accept the revised terms or reject them and repay the loan.

The Council currently has a £1.000m exposure to LOBO loans and based on the current and the forecast interest rates the likelihood of these loans being called has been assessed as minimal as its due for repayment in the next financial year. In the event that the call option were to be exercised, the default position will be the repayment of the LOBO without penalty with the associated treasury risks (refinancing/interest rate/liquidity) managed in line with the borrowing strategy for other maturing debt.

The maturity analysis for financial liabilities in relation to Right-of-Use (RoU) leases, finance leases and PPP arrangements are shown within Notes 25.1, 25.3 and 26.3 respectively.

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All trade and other payables which are due to be paid in less than one year and external debtors (net of expected credit losses) are not shown in the table above.

18.3.6 Market Risk

Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the borrowing liabilities will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement or Movement in Reserves Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance, subject to influences from Government grants.

The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. To monitor interest rate exposure, the proportion of fixed interest rate costs to variable interest costs is monitored on a quarterly basis to identify if there are any potential risks if interest rates were to move significantly upwards.

If all interest rates had been 1% higher with all other variables held constant the financial effect would be:

Increase in interest payable on variable rate borrowings	£000
Increase in interest receivable on variable short-term investments	10
	(848)
Overall Impact on Comprehensive Income and Expenditure Statement	(838)
Share of Overall impact debited to the HRA	(374)

If all interest rates had been 1% lower with all other variables held constant the financial effect would be:

Decrease in interest payable on variable rate borrowings	£000
Decrease in interest receivable on variable short-term investments	(10)
	932
Overall Impact on Comprehensive Income and Expenditure Statement	922
Share of Overall impact debited to the HRA	411

In terms of the impact on the fair value of fixed rate borrowings/liabilities this would have no impact upon the Comprehensive Income and Expenditure Statement or Movement in Reserves Statement. A 1% movement in interest rates would have the following implications in terms of fair value:

	+1%	-1%
	£000	£000
Total Movements in Fair Value of Fixed Rate Borrowings	(43,978)	51,002

Price risk

The Council has an interest in a number of Subsidiary and Associate Companies along with Joint Ventures. Information as to the role of the Council in respect of these interests is provided within Note 2 to the Group Accounts. For each of these interests the Council will account for its share of assets, liabilities, and trading surplus or deficit within the Group Accounts dependent on the specific nature of the relationship in line with proper accounting practice.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it may only acquire shareholdings in return for "open book" arrangements with the company concerned. The Council manages the risk in this area by exerting

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influence within the limits of its holdings and monitoring factors that might cause a fall in the value of specific shareholdings.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

19. Inventories

The Council holds stocks of consumable materials such as fuel and catering supplies. The movements in the year can be summarised as follows:

	2024/25	2025/26
	£000	£000
Opening Balance at 1 April	1,865	1,918
Purchases	16,103	16,236
Donations	-	-
Recognised as an expense in the year	(16,050)	(15,944)
Write Off Balances	-	-
Closing Balance at 31 March	1,918	2,210

20. Short-Term Debtors

The Short-Term Debtors balance consists primarily of debts in respect of Council Tax, External Debtors Accounts and other Sundry Debtors. This can be summarised as follows:

	2024/25		2025/26	
	£000	£000	£000	£000
Central Government Bodies		37,465		29,179
Other Local Authorities		2,439		1,794
NHS Bodies		4,512		2,316
Public Corporations and Trading Funds		6		4
Trade Debtors, Other Entities and Individuals		63,224		62,145
Provision for Expected Credit Losses		(4,455)		(4,183)
House Rents Receivable:				
Rents Receivable	16,262		17,467	
Less Expected Credit Losses	(9,012)	7,250	(9,264)	8,203
Arrears in Local Taxation:				
Council Tax	128,926		133,346	
Less Provision	(117,024)	11,902	(119,726)	13,620
NNDR Statutory Addition	6,227		6,899	
Less Provision	(5,778)	449	(6,447)	452
Total Debtors		122,792		113,530

21. Cash and Cash Equivalents

The balance of cash and cash equivalents comprises the following elements:

	2024/25	2025/26
	£000	£000
Cash held by the Council	276	110
Bank call accounts / DMADF	18,182	17,154
Money Market Funds	40,072	40,046
Net Cash and Cash Equivalents	58,530	57,310

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22. Creditors

The Short-Term Creditors balance consists primarily of amounts due in respect of payroll costs, payovers to HMRC and other sundry creditors. The Long-Term Creditors balance consists primarily of amounts held in respect of Developers Contributions. This can be summarised as follows:

	2024/25	2025/26
	£000	£000
Short-Term Creditors		
Central Government	(1,709)	(5,330)
Other local authorities	(1,319)	(713)
NHS Bodies	(357)	(1,595)
Public Corporations and Trading Companies	(719)	(482)
Trade Creditors, Other Entities and Individuals	(173,624)	(151,480)
Short-term compensated absences (1)	(24,296)	(25,381)
Total Short-Term Creditors	(202,024)	(184,981)
Long-Term Creditors		
Trade Creditors, Other Entities and Individuals	-	(13,447)
Total Long-Term Creditors	-	(13,447)

- (1) For the notional accrued cost of benefits employees receive as part of their contract of employment, entitlement to which is built up as they work for the Council. The balance relates to holiday entitlement.

23. Provisions

The balance on provisions consists of the following elements:

	Balance at 31 March 2024	Additional Provisions Made in 2024/25	Amounts Used in 2024/25	Balance at 31 March 2025	Additional Provisions Made in 2025/26	Amounts Used in 2025/26	Balance at 31 March 2026
	£000	£000	£000	£000	£000	£000	£000
Equal Pay (1)	4,969	-	(6)	4,963	-	(51)	4,912
Landfill (2)	6,951	-	(765)	6,186	-	(254)	5,932
Financial Guarantee (3)	755	-	(169)	586	-	(167)	419
Total Provisions	12,675	-	(940)	11,735	-	(472)	11,263

- (1) The Council has previously recognised the need to provide for on-going commitments arising from equal pay compensation claims. The provision is reviewed annually with consideration given to the scale and scope of any risk and uncertainties.
- (2) A provision is recognised for the future costs associated with the restoration of closed landfill sites. Anticipated costs are estimated by expert advisors on a regular basis with the most recent review being undertaken in 2025/26.
- (3) Refer to Note 18.3.3 Provisions: Financial Guarantee section within Note 18 Financial Instruments.

24. Contingent Assets and Liabilities

Contingent assets represent items that at 31 March 2026 are not recognised in the Council's Annual Accounts because there is significant uncertainty at that date as to the likelihood that the Council will receive payments in respect of them. Contingent liabilities represent items that at 31 March 2026 are not recognised in the Council's Annual Accounts because there is significant uncertainty at that date as to the necessity of the Council to make payments in respect of them.

A number of legal actions have been brought against the Council in respect of Equal Pay. Notification has also been received of a number of other cases that are not yet subject to Court action but which may result in subsequent litigation. Due to the wide variety and nature of the claims and the uncertainty of any potential liability, no value has been attributed to these claims in the financial statements.

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The Council has received notification of a number of legal claims in respect of contract disputes. Due to the wide variety and nature of the claims and the uncertainty of any potential liability, no value has been attributed to these claims in the financial statements.

On 20 July 2020, a Written Ministerial Statement (WMS) was issued in relation to survivor benefits for Public Service Pensions. The 2017 Supreme Court ruling in Walker vs Innospec, along with subsequent amendments entitled same-sex survivors pension benefits to take account of the member's service from 6 April 1987. On 30th June 2020, the Goodwin Tribunal ruled that this should also apply to male survivors of opposite-sex marriages. The Goodwin Tribunal was in relation to the Teachers' Pension Scheme, however the WMS confirmed that this difference in treatment would also need to be remedied in other public sector pension schemes. Whilst there is still uncertainty surrounding the potential remedy, the Council's actuaries carried out some approximate analysis and concluded that the impact of the judgement is likely to be very small and therefore have not accounted for this within their calculations. This could have a financial impact on future years' costs, however given the uncertainty no provision has been made in the Accounts.

The Limitation (Childhood Abuse) (Scotland) Act 2017 which came into force in October 2017 removed the time bar for survivors of historical child abuse to make a claim for compensation in the civil courts. On 23 April 2021 the Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act 2021 received Royal Assent. The Act introduces a scheme to make financial payments to survivors of historical child abuse in care in Scotland and sets out that Scottish Ministers must establish a list of organisations who have agreed to make a fair and meaningful contribution towards the funding of the redress payments. In return, survivors who accept a redress payment agree not to take legal action against these organisations or the Scottish Government. The Council makes a contribution to this scheme through a deduction from the General Revenue Grant, however despite the existence of the scheme, there is still potential for redress to be sought via legal action against the Council. Potential claim volume and values cannot be quantified at this time therefore no financial provision has been made.

The Council is named as an interested party in one current Fatal Accident Inquiry with the final decision from this not yet issued. The purpose of the inquiry is not to determine liability, however the likelihood or value of any potential legal action against the Council cannot be determined at this time, therefore no provision has been made in the Accounts.

The Council is unaware of any other material contingent asset or liability as at 31 March 2026.

25. Leases

International Financial Reporting Standard 16 (IFRS 16)

In 2024/25, the Council applied IFRS16 *Leases* as adopted by the Code of Accounting Practice. The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as liability), a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value and leases that expired on or before 31 March 2024 are exempt from the new arrangements.

IFRS16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities had been calculated as if IFRS16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. The details of the changes in accounting policies and transitional provisions are disclosed below.

Definition of a lease

On transition to IFRS16, the Council elected to apply the practical expedient not to reassess whether a contract is, or contains, a lease at 1 April 2024, except in relation to leases for nil consideration and housing tenancies. It has applied IFRS16 only to contracts that were previously identified as leases under IAS 17 and IFRIC 4.

As a lessee

As a lessee, the Council previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS16, the Council recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Council decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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The weighted average of the incremental borrowing rates used to discount liabilities is 5.07% across the Council's portfolio.

As a lessor

The Council is not required to make any adjustment on transition to IFRS16 for leases in which it acts as a lessor, except if acting as an intermediate lessor (subletting an asset it has acquired under a lease), or where the Council is party to a lease for nil consideration. The Council was not party to any sublease arrangements, nor party to any leases for nil consideration, as lessor as at 1 April 2025.

25.1. Right of Use Assets

The table below shows the change in the value of right-of-use assets held under leases by the authority:

	2025/26		
	Land & Buildings	Vehicles, plant and equipment	Total
Balance at 1 April	£000 2,319	£000 1,402	£000 3,721
Additions during the year	94	1,104	1,198
Revaluations	-	156	156
Depreciation and amortisation	(700)	(1,508)	(2,208)
Disposals	(823)	(204)	(1,027)
Balance at 31 March	890	950	1,840

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected payments):

	2024/25	2025/26
	£000	£000
Not later than one year	2,174	1,371
Later than one year and not later than five years	1,128	317
Later than five years	804	139
Total undiscounted liabilities	4,106	1,827

25.2. Transactions under Leases

The Council incurred the following expenses and cash flows in relation to leases:

	2024/25	2025/26
	£000	£000
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	213	128
Expense relating to short-term leases	134	371
Expense relating to exempt leases of low-value items	987	987
Cash flow statement		
Total cash flow for leases	2,026	2,295
Cash payments for interest portion of lease liabilities	213	128
Short-term lease payments where exemptions taken	134	371
Low-value lease payments where exemptions taken	987	987

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25.3. Council as a Lessee

The balance held on Property, Plant and Equipment for the remaining overcladding programme is included within the HRA Council Dwellings valuation.

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	2024/25	2025/26
	£000	£000
Finance lease liabilities		
▪ Current	250	268
▪ Non-current	806	538
Finance costs payable in future years	188	113
Minimum lease payments	1,244	919

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
Not later than one year	325	325	250	268
Later than one year and not later than five years	919	594	806	538
Later than five years	-	-	-	-
Total	1,244	919	1,056	806

25.4. Council as a Lessor

The Council leases out property for the purposes of economic development to provide suitable affordable accommodation for local businesses. The rental income receivable in 2025/26 was £1.782m (2024/25 £1.849m) and is included in the Comprehensive Income and Expenditure Statement. The rents receivable under non-cancellable leases in future years are shown in the table below.

	Future Rental Income Receivable	
	2024/25	2025/26
	£000	£000
Within one year	2,298	2,165
Later than one year and not later than five years	3,709	3,628
Later than five years and not later than ten years	2,403	1,877
Later than ten years and not later than fifty years	12,676	11,917
Later than fifty years	7,219	6,938
Total	28,305	26,525

26. Public Private Partnerships and Similar Contracts

The Council has exercised the Service Concessions flexibility made through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements), with the statutory repayment of principal elements of the lease component of service concession arrangements being made over the estimated asset lives (up to 50 years), as opposed to the period of the contract. Payments made to operators remain unchanged, with differences between the actual amounts paid to the operator towards liability under the contracts and the principal repayments recognised through the Comprehensive Income and Expenditure Statement being held in the Capital Adjustment Account. Further details are disclosed in Note 31 Capital Expenditure and Capital Financing.

In June 2005, the Council entered into a Public Private Partnership for the provision and maintenance of school and community buildings. The agreement has provided 17 purpose-built facilities consisting of 3 secondary schools, 7 stand-alone primary schools, and 7 primary school joint campus facilities. When the agreement ends on 31 March 2037 responsibility for maintenance and operation transfers back to the Council. However, the Council will only have to budget for routine maintenance for the first five years following expiry of the agreement because the contract

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contains provisions that require the contractor to ensure that the buildings are in a condition to require no replacement of any significant building element over these five years.

In 2016/17, a further addition to the Council's school portfolio was the replacement of Greenfaulds High School as a DBFM project in partnership with Hub South West Scotland Ltd. The school was fully functional by the end of 2017/18.

In 2019/20, a further addition to the Council's school portfolio was the Cumbernauld Academy DBFM project in partnership with Hub SW Cumbernauld DBFM Co Ltd. Phase 1 and Phase 2a were completed in July 2019 and February 2020, with Phase 2b being completed in August 2020.

The Council has a 40% share in the contract for waste recycling which utilises the waste materials recovery facility at Bargeddie with residual waste then processed at a thermal treatment facility in Dunbar. North Lanarkshire is lead authority and contracted with Viridor, with four other councils tied into the contract through an Inter Authority Agreement.

26.1. Property, Plant and Equipment

The assets used to provide services at the schools, along with the Council's share of the Clyde Valley Waste Plant, are recognised on the Council's Balance Sheet. Movements in value over the year are as follows:

	2024/25	2025/26
	£000	£000
Opening Net Book Value	271,920	267,906
Adjustment for IFRS16 Transition	1,533	-
Revised Opening Net Book Value	273,453	267,906
Additions	2,773	8,744
Disposals	-	-
Depreciation charge for the year	(5,344)	(7,134)
Revaluations in year	(2,976)	-
Indexation in year	-	6,422
Closing Net Book Value	267,906	275,938

26.2. Remaining Payments Under The Agreements

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the provider fails to meet availability and performance standards in any year, but which is otherwise fixed. Payments remaining to be made under the contracts at 31 March 2026 including an adjustment for inflation and excluding any estimation of availability and performance deductions are as follows:

	Future payments for services (including lifecycle maintenance)	Repayment of liability	Finance interest	Total
	£000	£000	£000	£000
Payable within one year	21,486	11,556	15,223	48,265
Payable within two to five years	95,034	60,277	47,881	203,192
Payable within six to ten years	140,161	99,776	36,390	276,327
Payable within eleven to fifteen years	72,232	45,014	7,393	124,639
Payable within sixteen to twenty years	35,240	12,159	1,198	48,597
Total	364,153	228,782	108,085	701,020

26.3. Liabilities from PPP Arrangements and Similar Contracts

Although the payments to the providers are described as unitary payments, they have been calculated to compensate the provider for the fair value of the services they provide, and the capital expenditure incurred, plus the interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay to the providers for the capital expenditure (the outstanding finance lease obligation) is as follows:

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	2024/25	2025/26
	£000	£000
Balance outstanding at the start of the year	158,316	233,670
Adjustment for IFRS16 Transition	85,451	-
Revised outstanding balance at start of year	243,767	233,670
Additions during the year	2,773	8,745
Payments during the year	(12,870)	(13,633)
Balance outstanding at year-end	233,670	228,782
Included in Balance Sheet		
Current	13,188	11,556
Non-current	220,482	217,226

27. Pension Costs

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until an employee retires, the Council has to disclose a commitment to make the payments at the time that employees earn their future entitlement. The Council participates in two pension schemes:

- The Strathclyde Pension Fund Local Government Pension Scheme is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) (Administration) Regulations 1998. This is a defined benefit scheme, meaning that the Council and employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.
- The Teachers' Pension Scheme is currently administered by the Scottish Public Pensions Agency, an Executive Agency of the Scottish Government. It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. However, as the Scheme is not able to identify each body's share of the underlying liabilities on a consistent and reasonable basis, the pension costs are accounted for as if it were a defined contribution scheme.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the Scottish Government requirements to charge to the General Fund the amounts due by statute as described in the accounting policies note. Property and Private equity comprise £1.0bn of total NLC assets in the pension fund of £3.3bn (31%).

High UK corporate bonds yields, has resulted in high accounting discount rates which place a significantly lower value on the pension obligations similar to last year's accounts, with the fund assets being in excess of the obligations resulting in a net asset in relation to funded plans. IAS19 *Employee Benefits* requires that where there is a surplus position, this should be measured at the lower of the surplus in the defined benefit plan and the asset ceiling, where the asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions to future contributions. The Council's actuaries have calculated that the surplus in relation to funded plans of £1,337.338m and the asset ceiling, based on the remaining future working lifetime of staff and the present value of accruing service cost less value of cash contributions is nil, therefore an asset ceiling adjustment of £1,337.338m has been applied. As a result, the net pension asset held on the Council's Balance Sheet in relation to funded plans is nil. In addition to this, a net pension liability of £105.324m is held on the Council's Balance Sheet in relation to unfunded liabilities.

In 2025/26, the Council paid £53.661m (£51.208m in 2024/25) to the Scottish Public Pensions Agency in respect of teachers' retirement benefits, representing an employer contribution of 26% (26% in 2024/25). In addition, the Council is responsible for all pension payments relating to previously awarded added years. In 2025/26, these amounted to £5.712m (£5.782m for 2024/25).

27.1. Transactions Relating to Retirement Benefits

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year. Consequently, the real cost of retirement benefits is reversed out of the General Fund in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance / Housing Revenue Account via the Movement in Reserves Statement:

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	2024/25	2025/26
	£000	£000
Comprehensive Income and Expenditure Statement (CIES)		
Included within Net Cost of Service within CIES:		
• Current service cost	62,289	48,969
• Past service cost/(gain) including curtailments	9,292	4,095
	71,581	53,064
Included within Financing and Investment Income & Expenditure in CIES:		
• Net interest expense	6,588	6,688
	6,588	6,688
Total Post-employment Benefit charged to Surplus or Deficit on the Provision of Services	78,169	59,752
Other Post-employment Benefits charged to the CIES:		
Re-measurement of the net defined benefit liability	(54,718)	(27,588)
Total Post-employment Benefits charged to the CIES	23,451	32,164
Less Employer's contributions payable to pension scheme	(36,661)	(33,120)
Movement in Pension Reserve	(13,210)	(956)

27.2. Assets and Liabilities in Relation to Post Employment Benefits

A reconciliation of the Council's share of the present value of Strathclyde Pension Fund's liabilities are as follows:

	2024/25	2025/26
	£000	£000
Opening balance at 1 April	(2,197,997)	(1,951,545)
Current service cost	(62,289)	(48,969)
Interest cost	(105,561)	(112,843)
Contributions from scheme participants	(18,532)	(19,599)
Remeasurement (gains) and losses:		
Actuarial gains/losses arising from changes in demographic assumptions	3,756	(12,456)
Actuarial gains/losses arising from changes in financial assumptions	332,526	58,956
Actuarial gains/losses arising from changes in other experience	21,276	(17,593)
Past service cost including gains/losses on curtailment	(9,292)	(4,095)
Benefits paid	84,568	84,757
Closing Balance at 31 March	(1,951,545)	(2,023,387)

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

	2024/25	2025/26
	£000	£000
Opening balance at 1 April	2,936,999	3,011,157
Interest income	140,181	173,729
Return on assets	(36,648)	102,553
Contributions from employer	28,001	24,458
Contributions from scheme participants	18,532	19,599
Contributions in respect of Unfunded Benefits	8,660	8,662
Benefits paid	(84,568)	(84,757)
Actuarial gains/losses arising from changes in other experience	-	-
Closing Balance at 31 March	3,011,157	3,255,401

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The net value of the scheme assets and liabilities is a net asset of £1,232.014m, however following the application of the asset ceiling of £1,337.338m as noted above, the net pension liability shown on the Council's Balance Sheet is £105.24m consisting of a net pension asset of Nil in relation to funded plans, together with a pension liability of £105.324m in relation to unfunded liabilities. The net asset restriction is calculated based on the remaining future working lifetime of active staff and the present value of accruing service cost less value of cash contributions.

27.3. Local Government Pension Scheme assets

The Council's share of the Pension Fund's assets at 31 March is as follows:

	2024/25	2025/26
	£000	£000
Cash and cash equivalents	73,266	104,982
Equity Securities		
• Consumer	148,682	134,896
• Manufacturing	140,489	163,806
• Energy and Utilities	23,407	29,754
• Financial institutions	68,760	87,726
• Health and care	71,627	75,308
• Information technology	172,777	195,426
Sub-total equity	625,742	686,916
Debt Securities		
• Corporate Bonds	1	1
Sub-total bonds	1	1
Property	227,185	225,661
Private equity	696,033	780,712
Other investment funds		
• Equities	734,956	845,248
• Bonds	635,181	587,522
• Commodities	1,476	2,556
• Infrastructure	10,625	19,031
• Other	6,694	2,772
Sub-total other investment funds	1,388,932	1,457,129
Derivatives	(2)	-
Total assets	3,011,157	3,255,401

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27.4. Reconciliation of Present Value of the Defined Benefit obligation and the Fair Value of Planned Assets to the Balance Sheet

The present value of unfunded liabilities comprises approximately £40.095m and £65.229m in respect of LGPS and Teachers' unfunded pensions. For unfunded liabilities as at 31 March 2026, it is assumed that all unfunded pensions are payable for the remainder of the member's life.

	2024/25	2025/26
	£000	£000
Fair Value of Employer Assets	3,011,157	3,255,401
Present Value of Funded Liabilities	(1,845,265)	(1,918,063)
Net (under)/Overfunding in Funded Plans	1,165,892	1,337,338
Present Value of Unfunded Liabilities	(106,280)	(105,324)
Net Asset/(Liability)	1,059,612	1,232,014
Amount in Balance Sheet:		
Liabilities	(1,951,545)	(2,023,387)
Assets	3,011,157	3,255,401
Asset Ceiling Adjustment	(1,165,892)	(1,337,338)
Net Asset/(Liability)	(106,280)	(105,324)
Balance Sheet presentation:		
Other Long-Term Assets (Pensions)	-	-
Other Long-Term Liabilities (Pensions)	(106,280)	(105,324)
Net Asset/(Liability)	(106,280)	(105,324)

27.5. Fund History

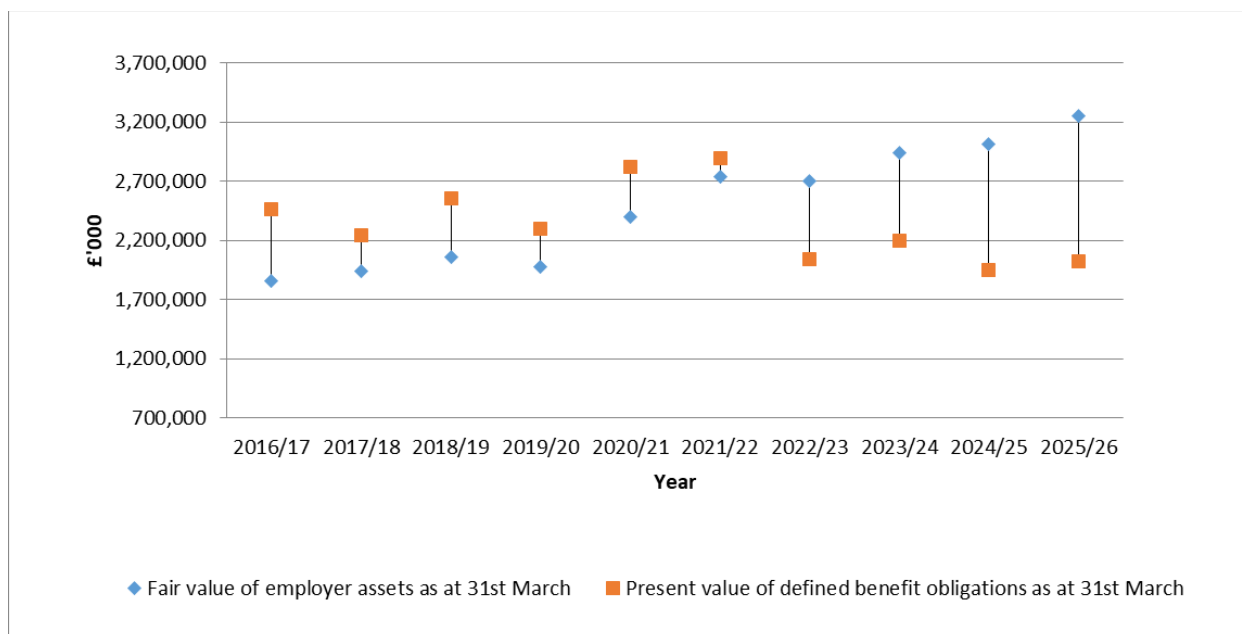
Triennial valuations provide one basis for assessing the overall position of funds (funding basis). Actuaries also prepare a valuation at 31st March each year on an accounting basis (IAS19 basis). This approach uses a lower discount rate for long-term liabilities and this tends to produce a more cautious result. The graph below shows the underlying commitments that the Council has to pay in retirement benefits on an accounting basis. The net liability after the applied asset ceiling, has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, however the most recent triennial valuation as at March 2023 shows a funding position of 147% therefore it is expected that future contributions will be sufficient to meet the liabilities. As a result, the Strathclyde Pension Fund Committee agreed employer contributions should reduce to 6.5% in 2024/25 and 2025/26 before increasing to 17.5% in 2026/27.

27.6. Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Strathclyde Pension Fund assets and liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. Estimates for the fund are based on the latest valuation of the scheme as at 31 March 2026.

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	2024/25	2025/26
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
• Men	19.3	19.6
• Women	22.0	22.2
Longevity at 65 for future pensioners:		
• Men	20.1	20.5
• Women	23.8	23.9
Rate of increase in salaries	3.50%	3.70%
Rate of increase in pensions	2.80%	3.00%
Discount Rate	5.80%	6.20%

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

	Approximate Monetary Amount £000	Approximate % Increase to Employer Liability
Rate of increase in salaries (increase by 0.1%)	2,275	0%
Rate of increase in pensions (increase by 0.1%)	28,787	1%
Rate for discounting scheme liabilities (decrease by 0.1%)	31,105	2%
1 Year increase in the member life expectancy	80,935	4%

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

Investment Strategy

The Investment Strategy set by Strathclyde Pension Fund seek to match cash flows or liabilities but does reflect the anticipated profile of these. The Fund pursues a policy of lowering risk through diversification of investments by

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asset class, manager and geography. A large proportion of the assets relate to equities (71%) and bonds (18%). The comparative year's figures are 68% and 21%. The scheme also invests in properties (7%), cash (3%) and other (1%), with comparative year's figures of 8%, 2% and 1%.

Impact on Council's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding target of at least 100% in the long-term. The total contributions expected to be made by the Council to Strathclyde Pension Fund in the year to March 2027 is £57.131m. The weighted average duration, i.e. the time until payment of all expected future discounted cashflows, of the defined benefit obligation for Fund members is 16 years.

The contributions paid by the employer are set by the fund actuary at each triennial valuation (the most recent being as at 31 March 2023), or at any other time as instructed to do so by the administering authority. The contributions payable over the period to 31 March 2026 are set out in the Rates and Adjustments certificate.

As indicated above, as a result of the most recent triennial valuation employer contributions reduced to 6.5% in 2024/25 and 2025/26 before increasing to 17.5% in 2026/27. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities.

28. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement with further explanatory information about the movements included in Notes 32 to 35.

28.1. General Fund Balance

	Balance at 31 March 2025	Transfers Out	Transfers in	Balance at 31 March 2026
	£000	£000	£000	£000
Earmarked General Fund Reserves				
Schools Future Contractual Obligations	66,330	-	4,195	70,525
Strategic Capital Investment Programme	44,800	-	-	44,800
Future Loans Charges linked with Capital Investment	26,614	-	11,222	37,836
Future Budget Pressures	31,891	(16,655)	4,191	19,427
Strategic Workforce Planning	17,709	(3,483)	-	14,226
Budget One-off Investment	5,289	(5,289)	12,855	12,855
Contingency Fund	8,000	-	3,800	11,800
Unmanaged burdens within Education and Families	4,507	(55)	6,620	11,072
Change Management Fund	12,563	(2,305)	-	10,258
Temporary Accommodation	8,038	-	-	8,038
Waste Producer Packaging Grant	-	-	6,039	6,039
Refugee Resettlement Programmes	6,887	(1,671)	455	5,671
Whole Family Wellbeing	5,313	-	-	5,313
One Workforce Grading Pressures	5,000	-	-	5,000
Balances held by Schools under Devolved School Management	2,395	(2,393)	2,904	2,906
Pupil Equity Fund	1,941	(1,944)	2,088	2,085
IJB Preventative Transformation	-	-	2,000	2,000
School ICT Upgrades linked with Windows 11	2,675	(813)	-	1,862
Winter Reserve	1,500	-	-	1,500
Economic Recovery	1,400	(153)	-	1,247
Owner Occupier Grants	1,233	-	-	1,233
Cumbernauld Town Centre Regeneration	1,042	(801)	970	1,211
Ongoing Home to School Transport Review	1,500	(1,120)	745	1,125
Scottish Welfare Fund	616	(616)	1,104	1,104
Dilapidations Mitigation	710	-	300	1,010
Other Earmarked Funds	24,017	(15,832)	11,430	19,615
Total General Fund Balance	281,970	(53,130)	70,918	299,758

Balances included within the Other Earmarked Funds line is reviewed annually on the basis of value therefore the prior year disclosures may differ from the audited 2024/25 annual accounts.

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28.2. HRA Balance

	Balance at 31 March 2025	Transfers Out	Transfers in	Balance at 31 March 2026
	£000	£000	£000	£000
Earmarked HRA Balance				
Welfare Changes and Financial Insecurity	1,000	-	-	1,000
Future IT Development	-	-	1,000	1,000
Ambition	1,306	-	-	1,306
Contingency Fund	1,742	-	122	1,864
Loan Charges	8,501	-	-	8,501
Other	2,349	(1,071)	828	2,106
Total Earmarked	14,898	(1,071)	1,950	15,777
Unallocated/Held for Risks and Uncertainties	7,261	(122)	2,182	9,321
Total HRA Balance	22,159			25,098

28.3. Capital Grants Unapplied Account

The Capital Grants Unapplied Account is used to hold grant received but not yet utilised.

	2024/25	2025/26
	£000	£000
Opening Balance at 1 April	7,204	7,924
Capital grants received in the year but unapplied	3,824	3,203
Capital grants received in previous years now applied	(3,104)	(6,122)
Closing Balance at 31 March	7,924	5,005

28.4. Repairs and Renewals Fund

The Repairs and Renewals Fund represents a resource to fund crematorium equipment replacement and recognises the prepayments for lifecycle replacement costs for PPP schools.

	2024/25	2025/26
	£000	£000
Opening Balance at 1 April	20,763	23,286
Transfers in year (see Note 35)	2,523	4,133
Closing Balance at 31 March	23,286	27,419

28.5. Capital Fund

The Council operates a Capital Fund where receipts from the sale of assets can be directed and utilised for financing capital expenditure and loans fund repayments.

	2024/25	2025/26
	£000	£000
Opening Balance at 1 April	2,951	-
Amounts expended on principal repayments	(2,951)	-
Transfer from Capital Receipts Reserve	-	-
Closing Balance at 31 March	-	-

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28.6. Insurance Fund

The Insurance Fund represents a resource to make provision for outstanding claims and events.

	2024/25	2025/26
	£000	£000
Opening Balance at 1 April	11,000	11,000
Amounts expended on claims settlements	(2,722)	(2,764)
Contributions to / from Insurance Fund	2,722	2,764
Closing Balance at 31 March	11,000	11,000

28.7. Capital Receipts Reserve

The Capital Receipts Reserve represents the value of receipts arising from the disposal of non-current assets that can be used to finance capital investment.

	2024/25	2025/26
	£000	£000
Opening Balance at 1 April	-	-
Capital receipts received in the year	6,450	2,976
Amount applied to finance new capital investment	(6,450)	(2,976)
Amount transferred to Capital Fund	-	-
Closing Balance at 31 March	-	-

29. Unusable Reserves

The total for Unusable Reserves in the Balance Sheet is made up of the following reserves:

	2024/25	2025/26
	£000	£000
Revaluation Reserve	427,181	433,487
Capital Adjustment Account	1,081,378	1,106,168
Financial Instruments Adjustment Account	(28,423)	(26,527)
Pensions Reserve	(106,280)	(105,324)
Employee Statutory Adjustment Account	(24,296)	(25,381)
Total Unusable Reserves	1,349,560	1,382,423

29.1. Revaluation Reserve

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

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

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

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	2024/25	2025/26
	£000	£000
Opening Balance at 1 April	521,945	427,181
Adjustment for IFRS16 transition	(78,685)	-
Revised Opening Balance at 1 April	443,260	427,181
Upward revaluation / indexation of assets	40,127	47,701
Downward revaluation / indexation of assets and impairment losses not charged to the Surplus / Deficit on Provision of Services	(33,561)	(9,557)
Surplus / Deficit on revaluation of non-current assets not posted to the Surplus / Deficit on Provision of Services	6,566	38,144
Difference between fair value depreciation and historical cost depreciation	(20,777)	(28,952)
Accumulated gains on assets sold	(1,868)	(2,886)
Closing Balance at 31 March	427,181	433,487

29.2. Capital Adjustment Account

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

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 34 provides details of the source of all the transactions posted to the Account, with the exception of the adjusting amounts written out of the Revaluation Reserve which are detailed in note 29.1 above.

	2024/25	2025/26
	£000	£000
Opening Balance at 1 April	1,141,658	1,081,378
Adjustment for IFRS16 transition	(5,233)	-
Revised Opening Balance at 1 April	1,136,425	1,081,378
Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for depreciation and impairment of non-current assets	(185,800)	(146,967)
• Net book value of non-current assets written off on disposal or sale	(6,056)	(8,626)
Adjusting amounts written out of the Revaluation Reserve	1,868	2,886
Capital financing applied in the year:		
• Use of Capital Receipts Reserve to finance new capital expenditure	6,450	2,976
• Donated assets	131	-
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	74,894	102,008
• Application of grants from the Capital Grants Unapplied Account	(720)	2,919
• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances (Loans Fund repayments)	38,922	42,336
• Capital expenditure charged against the General Fund and HRA balances	24,708	36,253
• Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	(9,444)	(8,995)
Closing Balance at 31 March	1,081,378	1,106,168

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29.3. Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2024/25	2025/26
	£000	£000
Balance at 1 April	(30,316)	(28,423)
Premium for Early Settlement of Borrowing	-	-
Premiums / Discounts Annual Write-Off	1,867	1,867
Re-measurement of LOBO loans	26	29
Balance at 31 March	(28,423)	(26,527)

29.4. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in relation to the Local Government Pension Scheme in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2024/25	2025/26
	£000	£000
Balance at 1 April	(119,490)	(106,280)
Re-measurement of net defined pension liability	54,718	27,588
Reversal of items relating to retirement benefits debited or credited to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(78,169)	(59,752)
Employers' pensions contributions paid to Strathclyde Pension Fund	36,661	33,120
Balance at 31 March	(106,280)	(105,324)

29.5. Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2024/25	2025/26
	£000	£000
Balance at 1 April	(20,380)	(24,296)
Settlement or cancellation of accrual made at the end of the preceding year	20,380	24,296
Amounts accrued at the end of the current year	(24,296)	(25,381)
Balance at 31 March	(24,296)	(25,381)

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30. Capital Commitments

At 31 March 2026, the Council was contractually committed to the following significant capital works.

	£000
HRA – New Build Programme	94,114
HRA – Heating	20,665
HRA – Roofing & Render	15,000
HRA – Bathrooms	1,000
HRA – Kitchens	7,500
HRA – Windows and Doors	6,624
HRA – Tower Strategy	10,810
HRA – Lead Pipe	50
HRA – Community Care	800
HRA – Security & DE Systems	1,750
HRA – Estate Regeneration	750
HRA – Fire Safety	100
HRA – Major Repairs	5,500
HRA – Rewiring	1,000
HRA – Overcladding	6,150
HRA – RAAC Remediation	170
HRA – Digital Connectivity	1,500
HRA – General	100
School Alterations and Upgrades	25,193
Office Alterations and Upgrades	417
Leisure Alterations and Upgrades	268
Other Projects	151
Schools Modernisation	24,596
RAAC Remediation	3,350
City Deal	4,944
VDLF	1,472
Shared Prosperity Fund	299
Pride in Place Impact Fund	346
Other Regeneration Projects	647
Digital NL	1,217
Road Operations-Roads/Bridges	3,305
Road Operations-Lighting	701
Environmental Improvements	220
Flood Alleviation	1,412
Cemeteries	592
Biodiversity/Nature Trails	328
Path Upgrades	602
Play Areas	2,176
Parking Initiatives	209
Fleet Vehicles & Equipment	4,044

31. Capital Expenditure and Capital Financing

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

	2024/25	2025/26
	£000	£000
Adjusted Opening capital financing requirement following IFRS16 Transition*	1,469,984	1,560,097
Capital investment		
Property, plant and equipment	215,761	304,895
Intangible assets	912	31
Right-of-Use assets recognised in-year	5,476	327
Donated assets	131	-
PPP lease liabilities recognised in-year	2,773	8,744
Sources of Finance		
Capital Receipts	(6,450)	(2,976)
Government Grants and Other Contributions	(74,173)	(104,927)
Donated assets	(131)	-
Direct revenue contributions	(24,708)	(36,253)
Repayment of loans fund advances	(38,922)	(42,336)
Service Concessions – PPP principal repayment flexibilities	9,444	8,995
Closing capital financing requirement	1,560,097	1,696,597
Explanations of movements in year		
Increase in underlying need to borrow or fund from credit arrangements	90,113	136,173
Assets acquired under finance leases	-	327
Increase / (decrease) in capital financing requirement	90,113	136,500

* Opening balances for 2024/25 have been adjusted in respect of IFRS16 Transition re PPP contracts as disclosed in Notes 13.2, 29.1 and 29.2 which increased the opening capital financing requirement by £85.451m.

During 2023/2024, the Council exercised the Service Concessions flexibility through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements). This allows the Council to amend statutory repayment of principal elements of the lease component of service concession arrangements over the estimated asset lives instead of the contractual period. The value of this deferral is a £67.526m benefit to the General Fund, consisting of retrospective elements of £44.600m of repayments relating to period ending 2022/23, £4.487m (2023/24), £9.444m (2024/25) and £8.995m (2025/26).

The cumulative value of the liability charged to the General Fund prior to applying the permitted flexibility was £100.992m, the revised cumulative value of the liability charged to the General Fund in adopting the permitted flexibility is £33.466m and the balance of funds released to the General Fund as a result of applying this flexibility is £67.526m.

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32. Adjustment to Usable Reserves Permitted by Accounting Standards

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are available to the Authority to meet future capital and revenue expenditure as permitted by accounting standards.

2025/26	Usable Reserves					Movement in Unusable Reserves
	General Fund	Housing Revenue Account	Capital Fund	Capital Receipts Reserve	Capital Grants Unapplied Account	
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Revaluation Reserve:						
<i>Reversal of items debited or credited to the CIES:</i>						
Charges for depreciation and impairment of non-current assets	28,598	354	-	-	-	28,952
Total Adjustments	28,598	354	-	-	-	28,952

2024/25	Usable Reserves					Movement in Unusable Reserves
	General Fund	Housing Revenue Account	Capital Fund	Capital Receipts Reserve	Capital Grants Unapplied Account	
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Revaluation Reserve:						
<i>Reversal of items debited or credited to the CIES:</i>						
Charges for depreciation and impairment of non-current assets	20,365	412	-	-	-	20,777
Total Adjustments	20,365	412	-	-	-	20,777

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33. Adjustment to the Statutory Repayment of Debt for Service Concession Arrangements

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are available to the Authority to meet future capital and revenue expenditure as permitted by accounting standards.

2025/26	Usable Reserves					Movement in Unusable Reserves
	General Fund	Housing Revenue Account	Capital Fund	Capital Receipts Reserve	Capital Grants Unapplied Account	
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited or credited to the CIES:</i>						
Permitted flexibility to the statutory repayment of debt for service concession arrangements	8,995	-	-	-	-	(8,995)
Total Adjustments	8,995	-	-	-	-	(8,995)

During 2023/2024, the Council exercised the Service Concessions flexibility through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements). This allows the Council to amend statutory repayment of principal elements of the lease component of service concession arrangements over the estimated asset lives instead of the contractual period. The value of this deferral is a £67.526m benefit to the General Fund, consisting of retrospective elements of £44.600m of repayments relating to period ending 2022/23, £4.487m (2023/24), £9.444m (2024/25) and £8.995m (2025/26).

2024/25	Usable Reserves					Movement in Unusable Reserves
	General Fund	Housing Revenue Account	Capital Fund	Capital Receipts Reserve	Capital Grants Unapplied Account	
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited or credited to the CIES:</i>						
Permitted flexibility to the statutory repayment of debt for service concession arrangements	9,444	-	-	-	-	(9,444)
Total Adjustments	9,444	-	-	-	-	(9,444)

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34. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2025/26	Usable Reserves					Movement in Unusable Reserves
	General Fund	Housing Revenue Account	Capital Fund	Capital Receipts Reserve	Capital Grants Unapplied Account	
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited or credited to the CIES:</i>						
Charges for depreciation and impairment of non-current assets	69,562	77,405	-	-	-	(146,967)
Capital grants and contributions applied	(62,927)	(39,081)	-	-	(2,919)	104,927
Amounts written off as part of gain/loss on disposal	1,391	7,235	-	-	-	(8,626)
Statutory provision for the financing of capital investment	(27,887)	(14,449)	-	-	-	42,336
Capital expenditure funded from current revenue	(9,490)	(26,763)	-	-	-	36,253
Adjustments primarily involving the capital receipts reserve or capital fund:						
Transfer of capital receipts credited to CIES as part of gain or loss on disposal	(2,976)	-	-	2,976	-	-
Use of capital receipts to finance new capital expenditure	-	-	-	(2,976)	-	2,976
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Movements recognised under statutory provisions relating to Financial Instruments	(1,054)	(842)	-	-	-	1,896
Adjustments primarily relating to the Pensions Reserve:						
Reversal of items relating to retirement benefits charged to the CIES	55,616	4,136	-	-	-	(59,752)
Employer's pensions contributions and direct payments to pensioners payable in the year	(30,828)	(2,292)	-	-	-	33,120
Adjustment primarily involving the Employee Statutory Adjustment Account:						
Amount by which remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in accordance with statutory requirements	285	800	-	-	-	(1,085)
Total Adjustments	(8,308)	6,149	-	-	(2,919)	5,078

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2024/25	Usable Reserves					Movement in Unusable Reserves
	General Fund	Housing Revenue Account	Capital Fund	Capital Receipts Reserve	Capital Grants Unapplied Account	
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited or credited to the CIES:</i>						
Charges for depreciation and impairment of non-current assets	99,202	86,598	-	-	-	(185,800)
Capital grants and contributions applied	(57,570)	(17,455)	-	-	720	74,305
Amounts written off as part of gain/loss on disposal	3,862	2,194	-	-	-	(6,056)
Statutory provision for the financing of capital investment	(25,783)	(13,139)	-	-	-	38,922
Capital expenditure funded from current revenue	(4,619)	(20,089)	-	-	-	24,708
Adjustments primarily involving the capital receipts reserve or capital fund:						
Transfer of capital receipts credited to CIES as part of gain or loss on disposal	(6,450)	-	-	6,450	-	-
Use of capital receipts to finance new capital expenditure	-	-	-	(6,450)	-	6,450
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Movements recognised under statutory provisions relating to Financial Instruments	(1,077)	(816)	-	-	-	1,893
Adjustments primarily relating to the Pensions Reserve:						
Reversal of items relating to retirement benefits charged to the CIES	73,077	5,092	-	-	-	(78,169)
Employer's pensions contributions and direct payments to pensioners payable in the year	(34,272)	(2,389)	-	-	-	36,661
Adjustment primarily involving the Employee Statutory Adjustment Account:						
Amount by which remuneration charged to the Cl&E on an accruals basis is different from remuneration chargeable in accordance with statutory requirements	3,915	1	-	-	-	(3,916)
Total Adjustments	50,285	39,997	-	-	720	(91,002)

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35. Transfers to/from Statutory Reserves

This note lays out the amounts set aside from the General Fund statutory reserves to provide financing for future expenditure plans and the amounts transferred back to meet General Fund expenditure in 2025/26. Figures for 2024/25 are provided in an additional table for comparison purposes:

2025/26	Transfers to / (from) General Fund	Transfers (from) / to Other Statutory Reserves				
		HRA	Capital Fund	Repairs & Renewals Fund	Insurance Fund	Capital Receipts Reserve
	£000	£000	£000	£000	£000	£000
Contributions to Repairs & Renewals Fund from General Fund	(4,133)	-	-	4,133	-	-
Contributions to Insurance Fund		-	-	-	-	-
Amounts expended on claims settlements		-	-	-	-	-
HRA Contribution to General Fund	437	(437)	-	-	-	-
Contribution to Capital Fund	-	-	-	-	-	-
Amounts Expended on principal repayments	-	-	-	-	-	-
Total Adjustments	(3,696)	(437)	-	4,133	-	-

2024/25	Transfers to / (from) General Fund	Transfers (from) / to Other Statutory Reserves				
		HRA	Capital Fund	Repairs & Renewals Fund	Insurance Fund	Capital Receipts Reserve
	£000	£000	£000	£000	£000	£000
Contributions to Repairs & Renewals Fund from General Fund	(2,523)	-	-	2,523	-	-
Contributions to Insurance Fund	(2,722)	-	-	-	2,722	-
Amounts expended on claims settlements	2,722	-	-	-	(2,722)	-
HRA Contribution to General Fund	2,246	(2,246)	-	-	-	-
Contribution to Capital Fund	-	-	-	-	-	-
Amounts Expended on principal repayments	2,951	-	(2,951)	-	-	-
Total Adjustments	2,674	(2,246)	(2,951)	2,523	-	-

36. Reconciliation of 2025/26 Comprehensive Income and Expenditure Statement to Cash Flow Operating Activities

	£000	£000
Surplus / (Deficit) on the Provision of Services		(10,928)
Non-Cash Transactions		
Items Relating to Loans Fund	948	
Adjustment relating to Provisions	(472)	
Adjustment relating to Non Domestic Rates	(14)	
Adjustment relating to Capital Items	88,543	
Adjustment relating to Pensions Reserve	26,632	115,637
Items on an Accruals Basis		
Increase in Inventories	(292)	
Decrease in Debtors	9,916	
Decrease in Creditors	(11,679)	(2,055)
Net Cash Inflow from Operating Activities		102,654

37. Reconciliation of Financing Activities to Balance Sheet

	Balance at 31 March 2025	Cash Flow	Non- Cash	Balance at 31 March 2026
Cash and Cash Equivalents	58,530 58,530	(1,182) (1,182)	(38) (38)	57,310 57,310
Financing Activities:				
Borrowing short-term	311,840	7,998	21,398	341,236
Borrowing long-term	689,608	105,753	(20,490)	774,871
Finance leases short-term	15,478	(16,051)	13,716	13,143
Finance leases long-term	222,887	-	(4,764)	218,123
	1,239,813	97,700	9,860	1,347,373
Total cash outflow from financing activities		97,700		
Total cash inflow before financing activities		(98,882)		

Non-Cash includes an increase in PPP lease liabilities due to remeasurement under IFRS16 *Leases* of £9.088m and the movement in accrued interest due and receivable and the reclassification of borrowing and leasing liabilities from long-term to short-term (due to be paid in less than 12 months).

38. External Audit Costs

North Lanarkshire Council incurred the following fees relating to external audit inspection:

	2024/25	2025/26
	£000	£000
Agreed fee for the year	652	680
Total	652	680

39. Statutory Trading Operations

Trading Operations were established following the introduction of the Local Government in Scotland Act 2003 which requires each significant trading operation to break even on a three year rolling programme. The Council's Trading Operation is required to operate in a commercial environment and balance their budget by generating income from fees and charges to other organisations.

The net deficit arising from the ordinary operation of the Trading Operation in 2025/26 is £0.197m. The financial results for the last three years of the Trading Operation are summarised as follows:

	Turnover	Expenditure	(Surplus)/ Deficit	Adjustments from the CIES to General Fund	Net Expenditure Chargeable to the General Fund
	£000	£000	£000	£000	£000
Trading Operation 2023/24	(3,064)	3,232	168	(16)	152
2024/25	(3,166)	3,295	129	(153)	(24)
2025/26	(3,309)	3,506	197	(116)	81
(Surplus) / Deficit over 3 years	(9,539)	10,033	494	285	209

Over the three-year period the overall deficit totals £0.494m. However, this incorporates IAS19 *Employee Benefit* adjustments totalling £0.285m which cannot be incorporated into prices charged to customers. Excluding the IAS19 adjustments the Trading Operation would have generated a three-year deficit of £0.209m.

The creation of a single combined Trading Account was approved in January 2014 to monitor and report the commercial trading activity of the Council, which currently consists of Building Cleaning, Waste Management and Town Centre Activities.

The Building Cleaning arm of the Trading operation provides a comprehensive cleaning service to external businesses and service partners across approximately 37 building locations, with an overall staffing complement

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of 232 staff (79.42 FTE). Some of these locations also receive a janitor/cleaning service. The operation delivers cleaning services on behalf of Equans to schools in the Education 2010 project.

The Waste Solutions arm of the trading operation provides refuse collection and disposal services for over 1,167 traders (877 external customers and 290 internal customers). The service is provided by 12 staff (12 FTE). Each trader is offered a multiple of collection frequencies and types, with multiple services offered to commercial organisations to ensure they operate within the terms of the relevant legislation. A full seven day suite of services is also possible, and the service provides advice on waste reduction and reuse as a first response rather than recycling.

The Town Centre Activities arm of the trading operation provides CCTV and Alarm monitoring to 5 external clients covering the geographical areas of North Lanarkshire. The services are provided to Retail Parks, Shopping Centres, Town Centres, Business Centres, Industrial Units and Yards. The function is carried out within the Community Safety Team with a management fee levied to the Trading Activity for the cost incurred.

Each arm of the trading operation is also fully accredited from Investors in People, and has successfully retained the relevant accreditations.

40. Related Parties

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

Central and Scottish Government

Central Government has effective control over the general operations of the Council providing the statutory framework within which the Council operates as well as providing the majority of funding in the form of grants. Details of government grants received can be found in Note 11.

Under IAS 24, a related party of a local authority includes other entities that are controlled, jointly controlled, or significantly influenced by the same government, in this case the Scottish Government. On this basis, all Scottish public sector bodies are considered related parties of North Lanarkshire Council. The material transactions undertaken with entities falling within this category during the year are set out below:

	2024/25		2025/26	
	Income	Expenditure	Income	Expenditure
	£000	£000	£000	£000
NHS Lanarkshire	64,358	6,042	64,545	3,962
Glasgow City Council	559	1,606	566	1,159
South Lanarkshire Council	1,919	5,881	2,249	3,167

Joint Boards

The Council is represented on a number of joint boards which are 'Section 106' independent public bodies formed by an Act of Parliament. These bodies are Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme and Lanarkshire Valuation Joint Board. All local government functions that relate to these bodies have been delegated from the constituent Councils that comprise the area of each Board. The members of each Board are elected Councillors and appointed by the Councils in proportions specified in the legislation.

The Council has no shares, nor ownership of any of these Boards. Nevertheless, these Boards are included within the Council's Group Accounts under the wider definition of an "associate" as the Council is represented on the Board and participates in policy-making processes.

The Council's share of each Board's net assets is calculated on its respective percentage share of the aggregate contributions made by the constituent Councils.

Local government legislation provides that local authorities have an obligation to meet the expenditure of the Joint Boards of which they are a constituent member. As a consequence, the added liabilities from the pension deficits are fully incorporated within the Group Accounts.

Annual Accounts 2025/26

Notes to the Accounts

Funding provided is as follows:

	2024/25	2025/26
	£000	£000
Strathclyde Partnership for Transport	5,482	5,554
Strathclyde Concessionary Travel Scheme	570	580
Lanarkshire Valuation Joint Board	1,814	1,541

In addition, Strathclyde Pension Fund is considered a related party of the Council as they represent a post-employment defined benefit plan for the benefit of employees. The following transactions are included within the Council's Financial Statements:

	2024/25		2025/26	
	Income	Expenditure	Income	Expenditure
	£000	£000	£000	£000
Strathclyde Pension Fund	-	58,212	-	52,405

	2024/25		2025/26	
	Debtor	Creditor	Debtor	Creditor
	£000	£000	£000	£000
Strathclyde Pension Fund	-	3,971	-	3,833

Companies Controlled or Significantly Influenced by the Council

The Council has entered into a number of transactions under joint venture, subsidiary, associate and other external trading arrangements.

	2024/25		2025/26	
	Income	Expenditure	Income	Expenditure
	£000	£000	£000	£000
Amey Public Services LLP	33	11,062	-	-
Fusion Assets Ltd	212	1,499	248	3,119
Mears Scotland LLP	64	22,226	598	804
North Lanarkshire Integration Joint Board	207,551	208,024	219,525	218,302
NL Properties	3,663	526	2,488	788
Routes to Work	830	4,398	67	4,286

Outstanding balances for each of these entities are as follows:

	2024/25		2025/26	
	Debtor	Creditor	Debtor	Creditor
	£000	£000	£000	£000
Amey Public Services LLP	-	-	-	-
Fusion Assets Ltd	-	1,125	73	605
Mears Scotland LLP	1	250	560	804
North Lanarkshire Integration Joint Board	-	25,279	-	24,056
NL Properties	1,543	525	1,249	527
Routes to Work	13	-	9	-

Following closure of North Lanarkshire Municipal Bank Ltd in September 2022, the Council's financial statements show no debtor or creditor balances for the Bank. However, customer balances that had not been withdrawn were transferred to an account held by North Lanarkshire Council. These balances do not represent assets available to the Council and as such have been excluded from the Balance Sheet presented within these accounts. The amount held in respect of this as at 31 March 2026 was £0.428m (£0.419m in 2024/25).

Annual Accounts 2025/26

Notes to the Accounts

The Council is also represented on the Boards of various companies detailed below that have no share capital.

Company Name	Status	Function
Environmental Key Fund	Limited by guarantee (financial risk not material to Council)	Provide grants to community organisations undertaking environmental projects.
Scotland Excel	Joint committee formed under Local Govt Act 1973	Not-for-profit procurement organisation serving Local Authorities and related organisations across Scotland.
Glasgow and the Clyde Valley Strategic Development Planning Authority	Joint committee formed under Local Govt Act 1973	Partnership of 8 local authorities working together on strategic development planning matters.
Glasgow and the Clyde Valley City Deal Cabinet	Joint committee formed under Local Govt Act 1973	Partnership of 8 local authorities oversee the delivery of the City Deal programme.
Clyde Valley Learning and Development Project Joint Committee	Joint committee formed under Local Govt Act 1973	Partnership of 8 local authorities to establish and deliver a number of shared approaches to training, learning and development.
Dunbartonshire Educational Trust Scheme 1962	Registered charity	Charitable trust providing grants for further/higher education for those who live in the old county area of Dumbarton.
SEEMIS Group LLP	Limited liability partnership	Provides education management information software to local authorities across Scotland.
Stirlingshire Educational Trust	Registered charity	Charitable trust providing grants for education for those who live in the old county area of Stirling.
Business Loans Scotland	Limited by guarantee (financial risk not material to Council)	Provides pan-Scotland loan funding to businesses.
Continuing Education Gateway/ Gateway Shared Services	Consortium of local authorities	Gateway Shared Services is a consortium of 10 Local Authorities in the West of Scotland to further the provision of careers and educational guidance services.

In addition to transactions with related companies and other related bodies noted above, significant revenue and capital payments made to organisations where council members are represented, totalled £1.817 million (2024/25 £1.223 million), broken down as follows:

	2024/25	2025/26
	£000	£000
North Lanarkshire Carers Together	513	767
Lanarkshire Carers Centre Ltd	710	1,050

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Housing Revenue Account

The HRA reflects the statutory requirement to account separately for local authority housing provision, as defined in the Housing (Scotland) Act 1987. The Income and Expenditure Statement reports the net cost for the year and shows how these costs were funded from rents and other income.

Income and Expenditure Statement

2024/25		2025/26	2025/26
£000		£000	£000
161,715	Dwelling Rent Income	173,566	
1,185	Non-Dwelling Rent Income	1,255	
1,205	Other Income	1,207	
164,105	Total Income		176,028
60,013	Repairs and Maintenance	67,043	
35,420	Supervision and Management	36,807	
30,246	Depreciation	31,097	
56,764	Revaluations	46,622	
3,005	Other Expenditure	2,046	
185,448	Total Expenditure		183,615
21,343	Net (Surplus)/Deficit of HRA Services per Income and Expenditure Account		7,587
393	HRA Service Share of Corporate and Democratic Core	390	
41	HRA Share of other amounts included in the whole authority Net Cost of Services but not specifically allocated to specific services	(316)	
21,777	Net (Surplus)/Deficit of HRA Services		7,661
2,194	Gains or Losses on disposal of non-current asset	7,235	
24,610	Interest Payable (Including Amortisation of Premiums)	26,108	
(1,230)	Interest and Investment Income	(1,314)	
2,499	Impairment of Financial Assets	2,055	
429	Net Interest on the Net Defined Benefit Liability/Asset	463	
(17,455)	Recognition of Capital Grant	(39,081)	
32,824	(Surplus)/Deficit for the year on HRA Services		3,127

1.1. Statement of Movement on the Housing Revenue Account Balance

2024/25		2025/26	2025/26
£000		£000	£000
(16,820)	Balance on the HRA at the end of the previous year		(22,159)
32,824	(Surplus) / Deficit for the year on the HRA Income and Expenditure Statement	3,127	
(412)	Adjustment to usable reserves permitted by Accounting Standards (see Note 32)	(354)	
(39,997)	Adjustments between accounting basis and funding basis under regulations (see Note 34)	(6,149)	
2,246	Transfer (to) and from other statutory reserves (see Note 35)	437	(2,939)
(22,159)	Balance on the HRA at the end of the current year		(25,098)

1.2. Housing Stock

The Council's housing stock at 31 March 2026 was 36,812 (36,880 at 31 March 2025) in the following categories:

House Numbers 2024/25	Property Types	House Numbers 2025/26
296	1 Apartment	294
6,558	2 Apartment	6,513
19,020	3 Apartment	18,960
9,915	4 Apartment	9,947
1,057	5 Apartment	1,064
34	Other	34
36,880	Total	36,812

1.3. Rent Arrears

Current rent arrears outstanding as at 31 March 2026 amounted to £4.656m (2024/25: £4.153m). This represented 2.68% of rents paid during the year (2024/25: 2.57%).

1.4. Impairment of Financial Assets

The expected credit losses at 31 March 2026 amounted to £4.964m (31 March 2025: £5.294m).

1.5. Void Rents

The level of income lost from unlet Council Dwellings during 2025/26 amounted to £1.157m (2024/25: £1.280m).

Annual Accounts 2025/26

Council Tax Income Statement

The Council Tax Income Statement shows the gross income raised from Council Taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

	2024/25	2025/26
	£000	£000
Gross Council Tax levied and contributions in lieu	197,332	218,441
Adjustments for prior years Council Tax	498	(1,177)
Adjusted for:		
Council Tax Benefits (Net of Government Grants)	-	-
Council Tax Reduction Scheme	(26,258)	(28,920)
Other discounts and reductions	(24,010)	(26,490)
Provision for Non-collection	(5,905)	(6,544)
Net Council Tax Income per the Comprehensive Income and Expenditure Account	141,657	155,310

1. Nature of the Council Tax Charge

The charge for each household is based upon the valuation banding to which the occupied dwelling is allocated by the Assessor. The charge per Council Tax Band is calculated as a proportion of Band D - these proportions are determined by central government.

The Council Tax bill is reduced by 25% where a dwelling has only one occupant or by 10% for long-term empties and second homes, and under certain circumstances 50% can be awarded. The property bandings are adjusted where the property is occupied by disabled persons and total exemptions are available for certain categories.

Charges in respect of water and wastewater are the responsibility of Scottish Water. The Council collects total monies and makes a precept payment to the Water Authority.

2. The Calculation of the Council Tax Base

The Valuation Bands for the Council Tax can be analysed as follows:

	No. of Dwellings	No. of Exemptions	Disabled Relief	Discounts 25%	Discounts 50%	Total Dwellings	Ratio to Band D	Band D Equivalent
Band A	52,034	1,990	(38)	7,253	610	42,220	0.6666	28,144
Band B	38,179	839	(2)	4,358	320	32,665	0.7777	25,404
Band C	20,787	433	(3)	2,148	145	18,063	0.8888	16,054
Band D	18,706	207	(73)	1,470	102	17,001	1	17,001
Band E	17,781	132	46	893	101	16,609	1.3139	21,823
Band F	10,856	50	115	360	36	10,295	1.6250	16,729
Band G	3,203	29	54	99	16	3,005	1.9583	5,885
Band H	172	3	1	5	0	163	2.4500	399
Total								131,439
Provision for non-collection								(4,272)
Council Tax Base								127,167

3. The Council Tax Charge

The charge for each band for 2025/26 was as follows:

	£ per Dwelling
Band A	968.57
Band B	1,130.00
Band C	1,291.43
Band D	1,452.86
Band E	1,908.90
Band F	2,360.90
Band G	2,845.18
Band H	3,559.51

Annual Accounts 2025/26

Non Domestic Rates Income Statement

The Non-Domestic Rates Income Statement is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool, where it is pooled nationally, and re-distributed back to local authorities.

The contribution to the National Non-Domestic Rates Pool shown below represents the value of non-domestic rates collected by the Council and contributed through the pooling arrangements for government grant purposes. The sum due from the National Non-Domestic Rates Pool represents the level of non-domestic rates distributed through the aggregate external finance mechanism.

	2024/25	2025/26
	£000	£000
Gross rates levied and contributions in lieu	162,536	163,416
Less:		
Reliefs and other deductions	(27,352)	(26,445)
Provision of bad and doubtful debts	(4,056)	(4,109)
Net Non Domestic Rate Income	131,128	132,862
Adjustment to previous years' NNDR	(1,248)	(4,532)
Contribution to Non Domestic Rates	129,880	128,330
Distribution from Non Domestic Rate Pool	120,743	122,759
Income credited to the Comprehensive Income and Expenditure Statement	120,743	122,759

1. Net Rateable Value Calculation

National Non Domestic Rates is a property based tax. It is based on the rateable value of a non-domestic (business) property, multiplied by a poundage set nationally by Scottish Ministers, less any relief to which a ratepayer may be eligible.

The poundage rate for 2025/26 is 49.8p for properties with a rateable value not greater than £51,000. The Intermediate Property Rate of 55.4p (5.6p supplement on the poundage) applies for properties with a rateable value between £51,001 and £100,000, and the Higher Property Rate of 56.8p (7.0p supplement on the poundage) is payable on properties with a rateable value greater than £100,000.

Analysis of Rateable Values as at 1 April 2025

	Number of Subjects	Rateable Value
		£000
Industrial and Freight	4,272	112,847
Commercial Subjects		
Shops (incl. Restaurants)	2,610	59,946
Offices	2,152	31,955
Hotels, Boarding Houses etc.	34	3,344
Others	1,170	28,069
Miscellaneous and Formula Valued Subjects	1,266	66,736
Total	11,504	302,897

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Sundry Accounts Statement

The Council administers 31 Educational and 24 Sundry Trusts and Endowments as trustees. These trust funds do not represent assets available to the Council and as such have been excluded from the Balance Sheet of the Council. The summary of the balances held on these Trusts is detailed below.

The principal Funds are the Lanarkshire Education Trust as at 31 March 2026 was £0.199m and the Marshall (Education) Trust £0.661m, which were established under the Education Endowments (Scotland) Acts 1928 to 1935 to provide opportunities for educational advancement. These Funds are administered by a joint committee with South Lanarkshire Council and the individual funds are subject to separate audit arrangements. However, they have been considered in overall terms in the context of those materiality levels which apply to the Council's Financial Statements.

The market value of all of the Educational Trusts Investments as at 31 March 2026 was £1.131m (31 March 2025 £1.035m) and is shown at book value on the balance sheet £0.032m (2024/25 £0.032m).

As at 1st April 2025, the Council had one remaining Charitable Trust. During 2025/26 the Council received approval from the Office of the Scottish Charity Regulator (OSCR) to transfer the funds from this trust to a beneficiary charity, with the transfer being made in November 2025. Following this, the Trust was removed from the Scottish Charity Register effective 25th November 2025.

Summary Income and Expenditure Account

	2024/25	2025/26
	£000	£000
Education Trust Funds:		
Income		
Interest on Investments, etc.	83	74
Expenditure		
Grants, Prizes, Awards, etc.	(37)	(29)
Surplus / (Deficit) for the year	46	45
Other Sundry Trust Funds:		
Income		
Interest on Investments	1	-
Expenditure		
Grants, Prizes, Awards, etc.	-	-
Surplus / (Deficit) for the year	1	-

Balance Sheet at 31 March 2026

2024/25		2025/26	2025/26
£000		£000	£000
32	Investments	32	
1	Education Trust Funds	1	
	Sundry Trust Funds		33
33			
826	Advances to Council Loans Fund		861
88	Current Assets		93
947	Net Assets		987
32	Education Trust Funds		
832	Capital	32	
	Revenue	877	
864			909
1	Sundry Trust Funds		
82	Capital	1	
	Revenue	77	
83			78
947	Total Reserves		987

Annual Accounts 2025/26

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing Council and subsidiary services and its share of the results of associates and joint ventures in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2024/25			2025/26		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
616,758	(50,635)	566,123	589,015	(48,961)	540,054
284,529	(75,844)	208,685	310,539	(89,990)	220,549
177,856	(88,538)	89,318	157,658	(72,103)	85,555
214,153	-	214,153	220,908	-	220,908
275,387	(267,840)	7,547	286,255	(280,893)	5,362
185,448	(164,105)	21,343	183,615	(176,028)	7,587
1,708	-	1,708	(2,073)	-	(2,073)
770	(6,936)	(6,166)	1,018	(10,439)	(9,421)
1,756,609	(653,898)	1,102,711	1,746,935	(678,414)	1,068,521
-	(394)	(394)	5,650	-	5,650
221,890	(159,016)	62,874	256,540	(192,571)	63,969
- (1,050,991)	(1,050,991)	(1,050,991)	- (1,135,968)	(1,135,968)	(1,135,968)
		114,200 (Surplus) or Deficit on the Provision of Services			2,172
		(5,518) Associates and Joint Ventures accounted for on an Equity Basis			(17,878)
		108,682 Group (Surplus) or Deficit			(15,706)
		Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services			
		(6,566) (Surplus) or deficit on the revaluation of non current assets			(40,585)
		(54,685) Re-measurement of the net defined Liability			(27,588)
		(657) Share of Other Comprehensive Income and Expenditure of Associates and Joint Ventures			(2,345)
		(61,908) Other Comprehensive Income and Expenditure			(70,518)
		46,774 Total Comprehensive Income and Expenditure			(86,224)

Notes 1 to 9 form part of these financial statements.

Annual Accounts 2025/26

Group Balance Sheet

The Balance Sheet is a snapshot of the value at the reporting date of the assets and liabilities recognised by the Council, its subsidiaries and its share of the net assets or liabilities of its associates and joint ventures. The net assets of the Council are matched by the reserves held by the Council and its subsidiaries. The net investment in associates and joint ventures is matched by its share of the reserves of the associates (i.e. Group Reserves).

31 March 2025 £000		31 March 2026 £000	£000
	Property, Plant and Equipment		
1,240,646	Council Dwellings	1,281,801	
1,308,664	Other Land and Buildings	1,361,626	
60,209	Vehicles, Plant and Equipment	61,212	
282,557	Infrastructure Assets	293,634	
2,319	Right-of-Use Assets - Land and Buildings	890	
1,403	Right-of-Use Assets – Vehicles, Plant and Equipment	950	
16,516	Community Assets	16,808	
16,331	Surplus Assets	19,069	
126,335	Assets Under Construction	190,329	3,226,319
	Intangible Assets		
25	Software Licences	-	
13,317	Software/Solution Development	9,935	
336	Intangibles Under Development	14	9,949
78,795	Investment Property		84,677
122,358	Investments in Associates and Joint Ventures		144,636
2,138	Long-Term Investments		1,069
2,659	Long-Term Debtors		2,605
-	Other Long-Term Assets (Pensions)		-
3,274,608	Long-Term Assets		3,469,255
96	Short-Term Investments	99	
5,676	Inventories	6,885	
122,474	Short-Term Debtors (net of impairment)	114,190	
68,321	Cash and Cash Equivalents	70,761	
196,567	Current Assets		191,935
(312,340)	Short-Term Borrowing	(341,736)	
(202,432)	Short-Term Creditors	(186,304)	
(11,505)	Short-Term Provisions	(11,284)	
(13,438)	Short-Term Finance Lease Liabilities	(11,824)	
(2,040)	Short-Term Liabilities (Right-of-Use Assets)	(1,319)	
(541,755)	Current Liabilities		(552,467)
(718,348)	Long-Term Borrowing	(803,112)	
-	Long-Term Creditors	(13,447)	
(419)	Long-Term Provisions	(255)	
-	Liabilities in Associates and Joint Ventures	-	
(221,287)	Other Long-Term Liabilities (Finance Leases)	(217,764)	
(106,206)	Other Long-Term Liabilities (Pensions)	(105,250)	
(1,600)	Other Long-Term Liabilities (Right-of-Use Assets)	(360)	
(1,047,860)	Long-Term Liabilities		(1,140,188)
1,881,560	Net Assets		1,968,535
	Usable Reserves		
281,970	General Fund Reserve	299,758	
22,159	Housing Revenue Account Balance	25,098	
-	Capital Fund	-	
23,286	Repairs and Renewals Fund	27,419	
11,000	Insurance Fund	11,000	
7,924	Capital Grants Unapplied Accounts	5,005	
346,339	Total Usable Reserves		368,280
1,349,560	Unusable Reserves		1,382,423
185,661	Group Reserves		217,832
1,881,560	Total Reserves		1,968,535

Notes 1 to 9 form part of these financial statements. The audited financial statements were authorised for issue on 24 September 2026

Greg Telfer, CPFA
Chief Officer (Finance and Technology)

24 September 2026

Annual Accounts 2025/26

Movement in Group Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council and its subsidiaries plus its share of the reserves of associates and joint ventures. The Council's reserves are analysed into Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Council's share of the reserves of associates and joint ventures is an unusable reserve and cannot be used to fund expenditure or reduce taxation.

Year Ended 31 March 2026	Usable Reserves			Unusable Reserves	Total Reserves of the Council	Council Subsidiaries	Council's Share of Reserves of Associates and Joint Ventures	Total Reserves
	General Fund	Housing Revenue Account	Other Statutory Reserves					
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2025	281,970	22,159	42,210	1,349,560	1,695,899	63,303	122,358	1,881,560
Adjustments to opening balances to reflect audited accounts	-	-	-	-	-	(1,304)	2,454	1,150
Adjustments to opening balances to reflect use of IAS28 in Joint Ventures	-	-	-	-	-	-	(399)	(399)
Revised Balance at 31 March 2025	281,970	22,159	42,210	1,349,560	1,695,899	61,999	124,413	1,882,311
Movement in Reserves during 2025/26								
Surplus / (Deficit) on Provision of Services	(7,801)	(3,127)	-	-	(10,928)	8,756	17,878	15,706
Other Comprehensive Income and Expenditure	-	-	-	65,732	65,732	2,441	2,345	70,518
Total Comprehensive Income and Expenditure	(7,801)	(3,127)	-	65,732	54,804	11,197	20,223	86,224
Adjustment to usable reserves permitted by Accounting Standards	28,598	354	-	(28,952)	-	-	-	-
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	8,995	-	-	(8,995)	-	-	-	-
Adjustments between Accounting Basis and Funding Basis under Regulations	(8,308)	6,149	(2,919)	5,078	-	-	-	-
Net Increase or Decrease before Transfers to Other Statutory Reserves	21,484	3,376	(2,919)	32,863	54,804	11,197	20,223	86,224
Transfers to and from Other Statutory Reserves	(3,696)	(437)	4,133	-	-	-	-	-
Increase or Decrease in the Year	17,788	2,939	1,214	32,863	54,804	11,197	20,223	86,224
Balance at 31 March 2026 Carried Forward	299,758	25,098	43,424	1,382,423	1,750,703	73,196	144,636	1,968,535

Annual Accounts 2025/26

Movement in Group Reserves Statement

Year Ended 31 March 2025	Usable Reserves			Unusable Reserves	Total Reserves of the Council	Council Subsidiaries	Council's Share of Reserves of Associates and Joint Ventures	Total Reserves
	General Fund	Housing Revenue Account	Other Statutory Reserves					
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024	283,893	16,820	41,918	1,493,417	1,836,048	58,034	117,561	2,011,643
Adjustments to opening balances to reflect audited accounts	-	-	-	-	-	1,988	178	2,166
Adjustments to opening balances to reflect use of IAS28 in Joint Ventures	-	-	-	-	-	-	(1,555)	(1,555)
Adjustment for IFRS16 Transition	-	-	-	(83,918)	(83,918)	-	-	(83,918)
Revised Balance at 31 March 2024	283,893	16,820	41,918	1,409,499	1,752,130	60,022	116,184	1,928,336
Movement in Reserves during 2024/25								
Surplus / (Deficit) on Provision of Services	(84,691)	(32,824)	-	-	(117,515)	3,315	5,517	(108,682)
Other Comprehensive Income and Expenditure	-	-	-	61,284	61,284	(34)	657	61,908
Total Comprehensive Income and Expenditure	(84,691)	(32,824)	-	61,284	(56,231)	3,281	6,174	(46,776)
Adjustment to usable reserves permitted by Accounting Standards	20,365	412	-	(20,777)	-	-	-	-
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	9,444	-	-	(9,444)	-	-	-	-
Adjustments between Accounting Basis and Funding Basis under Regulations	50,285	39,997	720	(91,002)	-	-	-	-
Net Increase or Decrease before Transfers to Other Statutory Reserves	(4,597)	7,585	720	(59,939)	(56,231)	3,281	6,174	(46,776)
Transfers to and from Other Statutory Reserves	2,674	(2,246)	(428)	-	-	-	-	-
Increase or Decrease in the Year	(1,923)	5,339	292	(59,939)	(56,231)	3,281	6,174	(46,776)
Balance at 31 March 2025 Carried Forward	281,970	22,159	42,210	1,349,560	1,695,899	63,303	122,358	1,881,560

Notes 1 to 9 form part of these financial statements.

Annual Accounts 2025/26

Group Cash Flow Statement

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Council and its subsidiaries during the reporting period.

2024/25		2025/26	2025/26
£000		£000	£000
34,611	Net Cash Inflow / (Outflow) from Operating Activities		106,312
	INVESTING ACTIVITIES		
	Cash Inflows:		
3,499	Sale of non-current assets	2,976	
73,715	Capital grants received	94,528	
11,937	Other capital receipts	7,611	
23	Investments redeemed	25	
89,174			105,140
	Cash Outflows:		
(218,769)	Purchase of non-current assets		(306,676)
(129,572)	Net Cash Inflow / (Outflow) from Investing Activities		(201,536)
	FINANCING ACTIVITIES		
	Cash Inflows:		
446,000	New loans raised	423,000	
446,000			423,000
	Cash Outflows:		
(325,325)	Repayments of amounts borrowed	(309,249)	
(14,919)	Capital payments of finance leases	(16,051)	
(340,244)			(325,300)
105,756	Net Cash Inflow / (Outflow) from Financing Activities		97,700
10,795	Net Increase / (Decrease) in cash and cash equivalents		2,476
57,560	Cash and Cash Equivalents at the beginning of the year		68,321
10,795	Net Increase / (Decrease) in cash and cash equivalents		2,476
(11)	Increase / (Decrease) Non-cash in cash equivalents		(36)
68,321	Cash and Cash Equivalents at the end of the year		70,761

Notes 1 to 9 form part of these financial statements.

Group Comprehensive Income and Expenditure Statement to Cash Flow Operating Activities

The following table reconciles the surplus/(deficit) on provision of services in the Group Comprehensive Income and Expenditure Statement to the Net Outflow from Operative Activities in the Group Cash Flow Statement above.

	£000	£000
Surplus/(Deficit) on the Provision of Services		(1,108)
Non-Cash Transactions		
Items Relating to Loans Fund	948	
Adjustment relating to Provisions	(472)	
Adjustment relating to Capital items	83,938	
Adjustment relating to National Non-Domestic Rates	(14)	
Adjustment relating to Pension Reserve	26,632	111,032
Items on an Accruals Basis		
Increase in Inventories	(1,089)	
Decrease in Debtors	11,146	
Increase in Creditors	(13,669)	(3,612)
Net Cash Inflow from Operating Activities		106,312

Annual Accounts 2025/26

Notes to the Group Accounts

1. Group Accounting Policies

The group's accounting policies align with those specified for the single entity's Financial Statements (pages 25 to 36). Group accounts have been prepared using uniform accounting policies for transactions and events of a similar nature. Where material differences exist between the accounting policies of the Council's subsidiaries, associates and joint ventures and those of the single entity, appropriate adjustments are made to the financial statements of the relevant group members when preparing the group accounts to ensure compliance with the group's accounting policies.

2. Disclosure of Interest in Other Entities

The Code of Practice on Local Authority Accounting requires local authorities to consider their interests in all types of entities including private companies and joint ventures. The Group Accounts are the financial statements of the Council and its subsidiaries, plus the investments in associates and interests in joint ventures presented as a single economic entity.

The Council has adopted a materiality threshold of £250,000 in considering the basis of incorporation of these entities within the Group Accounting Statements.

3. Group Structure

The Council has interests in subsidiaries, associates and joint ventures. The table below explains the relationship each class of entity has with the Council:

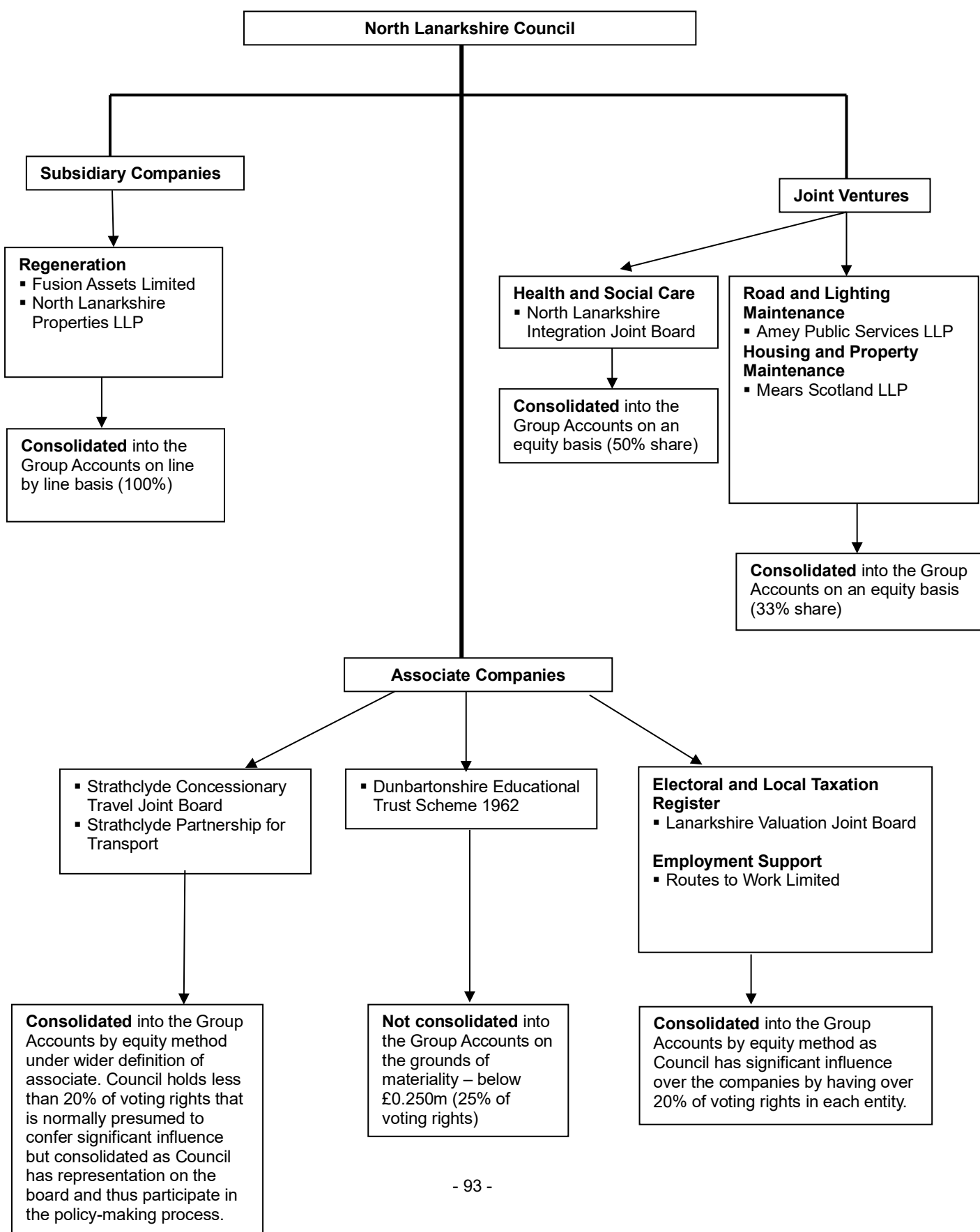
Relationship with the Council

Subsidiary Companies: Entity controlled by the Council. Council has 100% interest in its subsidiaries.

Associate Companies: Entity over which the Council has significant influence. North Lanarkshire Council has significant influence over the financial and operating policies of its associates but has no shares or ownership of any of these organisations which are entirely independent of the Council under law and taxation.

Joint Ventures: Joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. North Lanarkshire Council owns a share in each of its joint venture companies.

The diagram overleaf illustrates the Council's group structure:



Annual Accounts 2025/26

Notes to the Group Accounts

4. Combining Entities

As detailed in the diagram above, the Council has an interest in a number of subsidiary and associate companies along with joint ventures. The accounting period for most entities is 31 March 2026 with the only exceptions being in respect of Amey Public Services LLP and Mears Scotland LLP which report to 31 December 2025. The reason for this variation in reporting period is due to these companies aligning their own accounting periods with the annual contractual period with the Council.

5. Changes to Group Structure

There were no changes to the group structure during 2025/26.

However, it should be noted that the contracts held with both Amey Public Services LLP and Mears Scotland LLP expired during the previous year, ending on 30 September 2024 and 30 June 2024 respectively. While the Council is no longer actively trading with Mears Scotland LLP or Amey Public Services LLP, the Council's interest in the entities remained throughout 2025/26, and as such both entities continue to be consolidated into the Council's Group Accounts

The Council resigned membership of Mears Scotland LLP on 31 August 2026 and ceases to form part of the Group structure from that date onwards. Amey Public Services LLP remains active whilst residual contractual matters are resolved. It is anticipated that in due course the Council will cease to hold an interest in Amey Public Services LLP, at which point it will cease to form part of the Group structure.

6. Principal Place of Business

The principal place of business for each group entity is detailed in the table below. The United Kingdom is the country of incorporation for all entities.

Fusion Assets Ltd	Civic Centre, Windmillhill Street, Motherwell, ML1 1AB
North Lanarkshire Properties LLP	Civic Centre, Windmillhill Street, Motherwell, ML1 1AB
Amey Public Services LLP	Chancery Exchange, 10 Furnival Street, London, EC4A 1AB
Mears Scotland LLP	Phoenix House, 1 Souterhouse Road, Coatbridge, ML5 4AA
Strathclyde Concessionary Travel Scheme Joint Board	131 St Vincent Street, Glasgow, G2 5JF
Strathclyde Partnership for Transport	131 St Vincent Street, Glasgow, G2 5JF
Lanarkshire Valuation Joint Board	David Dale House, 45 John Street, Blantyre, G72 0AA
Routes to Work Limited	168/170 Main Street, Bellshill, Lanarkshire, ML4 1AE
North Lanarkshire Integration Joint Board	Kirklands Hospital, Fallside Road, Bothwell, Lanarkshire, G71 8BB

7. Reconciliation Statements

The following statements reconcile the Council's Comprehensive Income and Expenditure Statement and Balance Sheet to the Group Comprehensive Income and Expenditure Statement and Balance Sheet.

7.1. Council Comprehensive Income and Expenditure Statement to Group Comprehensive Income and Expenditure Statement

2024/25		2025/26
£000		£000
56,231	Total Comprehensive Income and Expenditure on the Council's Comprehensive Income and Expenditure Statement	(54,804)
	(Surplus)/Deficit arising from other entities included in the Group Accounts	
(3,316)	Subsidiaries	(8,756)
(4,799)	Associates	(4,367)
(719)	Joint Ventures	(13,511)
	Other Comprehensive (Income) and Expenditure	
34	Subsidiaries	(2,440)
(657)	Associates	(2,345)
46,774	Group total Comprehensive Income and Expenditure for the year	(86,223)

Annual Accounts 2025/26
Notes to the Group Accounts

7.2. Council Balance Sheet to Group Balance Sheet

31 March 2025		31 March 2026
£000		£000
1,695,899	Net Assets on Council Balance Sheet	1,750,703
	Long Term Assets in Group Balance Sheet	
83,877	Investments in Associates	90,147
38,481	Investments in Joint Ventures	54,489
79,835	Subsidiary Non Current Assets	84,677
	Current Assets	
13,231	Subsidiaries	18,786
	Current Liabilities	
(1,097)	Subsidiaries	(2,099)
	Long Term Liabilities	
-	Associates	-
(28,666)	Subsidiaries	(28,168)
1,881,560	Net Assets on Group Balance Sheet	1,968,535
1,695,899	Total Reserves on Council Balance Sheet	1,750,703
	Group Income and Expenditure and Other Reserves	
38,481	Joint Ventures	54,489
83,877	Associates	90,147
63,303	Subsidiaries	73,196
1,881,560	Total Reserves on Group Balance Sheet	1,968,535

Annual Accounts 2025/26

Notes to the Group Accounts

8. Further Details on Consolidation

Further information in respect of Companies consolidated within the Group Accounts above can be summarised as follows:-

8.1. Subsidiaries

The following table has a more detailed breakdown of the figures included for Subsidiary Companies in the Group Comprehensive Income and Expenditure. The figures below also include the adjustments made to the Council's Balance Sheet on consolidating the Council's subsidiaries into the Group Accounts.

	2024/25		2025/26	
	Fusion Assets Ltd	North Lanarkshire Properties LLP	Fusion Assets Ltd	North Lanarkshire Properties LLP
	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
Surplus/ (Deficit) on Provision of Service	1,746	1,525	7,383	1,373
Other Comprehensive Income and Expenditure	-	(34)	-	2,441
Balance Sheet				
Non-Current Assets	5,399	74,436	7,800	76,877
Current Assets				
Inventories	3,758	-	4,675	-
Short-Term Debtors	345	(663)	370	290
Cash and Cash Equivalents	3,805	5,986	7,005	6,446
Current Liabilities				
Short-Term Creditors	(443)	(154)	(815)	(784)
Short-Term Borrowing	-	(500)	-	(500)
Long Term Liabilities				
Long Term Borrowing	-	(28,740)	-	(28,242)
Deferred Income	-	-	-	-
Capital Grants Received in Advance	-	-	-	-
Pensions	-	74	-	74
Reserves				
Income and Expenditure	(10,970)	(18,818)	(16,395)	(18,817)
General Fund	-	-	-	-
Pension	-	(132)	-	(132)
Revaluation Reserve	(800)	(27,180)	(1,545)	(33,555)
Other	(1,094)	(4,309)	(1,094)	(1,657)

Annual Accounts 2025/26

Notes to the Group Accounts

8.2. Joint Ventures

The table below illustrates the Council's payments to its Joint Ventures.

	2025/26	
	Council Payments to Entity	% of Entity's Annual Turnover
	£000	%
Amey Public Services LLP	-	-
Mears Scotland LLP	-	-
NL Integration Joint Board	218,303	24.23

The following disclosures are required for Amey Public Services LLP, Mears Scotland LLP and NL Integration Joint Board because the Council holds more than 20% of the voting rights in each entity.

	2024/25			2025/26		
	Amey Public Services LLP	Mears Scotland LLP	NL Integration Joint Board	Amey Public Services LLP	Mears Scotland LLP	NL Integration Joint Board
	£000	£000	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement						
Gross Income	19,088	33,837	838,184	389	-	900,921
Net Profit/ (Loss) before Taxation	1,437	918	30	-	(362)	27,263
Taxation	-	-	-	-	-	-
Net Profit/ (Loss) after Taxation	1,437	918	30	-	(362)	27,263
Balance Sheet						
Non-Current Assets	-	-	-	-	-	-
Current Assets	1,340	10,691	75,554	329	10,394	12,817
Liabilities due within one year	(6,104)	(1,028)	-	(4,743)	(1,153)	-
Liabilities due after more than one year	-	(113)	-	-	-	-
Net Pension Asset	-	-	-	-	-	-
Provision for Liabilities	-	-	-	(350)	-	-
Capital and Revenue Reserves	4,764	(9,550)	(75,554)	4,764	(9,241)	(12,817)

IAS 28 Investments in Associates and Joint Ventures requires that where NLC's share of an associate or joint venture's liabilities exceed its share in their assets, the body is excluded from the group statements. As a result, the net assets/liabilities and surplus/deficit of Amey Public Services LLP have been excluded from the 2025/26 group statements.

Annual Accounts 2025/26

Notes to the Group Accounts

8.3. Associates

The table below illustrates the Council's contribution to its Associates and debtor/creditor balances relating to Associates included in the Council's Balance Sheet.

	2025/26		
	Council Payments to Entity	% of Entity's Annual Turnover	Council Share of Net Assets/ (Liabilities)
	£000	%	£000
Strathclyde Concessionary Travel Scheme Joint Board	582	13.94	638
Strathclyde Partnership for Transport	5,554	4.55	88,125
Lanarkshire Valuation Joint Board	1,541	48.75	680
Routes to Work Limited	189	3.67	704

The following disclosures are required for Lanarkshire Valuation Board and Routes to Work Limited because the Council holds 20% or more of the voting rights in the entity.

	2024/25		2025/26	
	Routes to Work Ltd.	Lanarkshire Valuation Joint Board	Routes to Work Ltd.	Lanarkshire Valuation Joint Board
	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
Gross Income	4,820	4,018	5,144	3,161
Net Surplus / (Deficit)	152	522	30	(688)
Balance Sheet				
Non-Current Assets	-	557	-	449
Current Assets	2,112	4,676	2,705	1,974
Liabilities due within one year	(1,030)	(2,347)	(1,593)	(312)
Long-Term Liabilities	-	(404)	-	(318)
Retirement Benefit Asset / (Liabilities)	1,753	(435)	2,410	(434)
Accumulating Compensated Absences	-	68	-	71
Capital, Revenue & Pension Reserves	(2,835)	(2,115)	(3,522)	(1,430)

8.4. Annual Accounts

The Annual Accounts of the Council's Associates are subject to independent audit and are available from the addresses below.

Strathclyde Concessionary Travel Scheme Joint Board	Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow, G2 1HN
Strathclyde Partnership for Transport	Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow, G2 1HN
Lanarkshire Valuation Joint Board	Treasurer to Lanarkshire Valuation Joint Board, Council Offices, Almada Street, Hamilton, ML3 0AB
Routes to Work Limited	168/170 Main Street, Bellshill, Lanarkshire, ML4 1AE

Annual Accounts 2025/26

Notes to the Group Accounts

9. Interests in Other Entities

There are 10 related companies that have been identified as being relevant for group purposes as illustrated by the flowchart on page 93. Of these only one is considered out with the scope of the group:

Dunbartonshire Educational Trust Scheme 1962 is a charitable trust which provides grants for further/higher education for those who live in the old county area of Dunbarton. The Council has 25% voting rights on the Board however on the grounds of materiality it has not been consolidated as part of the group.

Annual Accounts 2025/26

Remuneration Report

Introduction

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. These Regulations require disclosures about the remuneration and pension benefits of Senior Councillors, Senior Employees and Senior Employees of Council subsidiary bodies whose remuneration is £150,000 or more.

All information included in sections 1 to 4 in this Remuneration Report have been audited by the Council's appointed auditor, Audit Scotland. The other sections of this Remuneration Report have been reviewed by Audit Scotland to ensure they are consistent with the Financial Statements.

Arrangements for Remuneration

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended most recently by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment (Amendment) Regulations 2025 (SSI 2025/36). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Provost, Senior Councillors or Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of remuneration for Councillors, the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC was established under the provisions of the Local Governance (Scotland) Act 2004 to advise Scottish Ministers on the remuneration (including pensions), allowances and expenses incurred by local authority Councillors in accordance with criteria specified by Scottish Ministers.

The maximum salary that can be paid to the Leader of the Council is set out in the Regulations as £60,791. For 2025/26 the salary for the Leader of North Lanarkshire Council was £60,791. The Regulations permit the Council to remunerate one Provost with a maximum salary of £45,594. For 2025/26 the salary for the Provost of North Lanarkshire Council was £45,594.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75 per cent of the total yearly amount payable to the Leader of the Council. The maximum yearly amount the Council could remunerate all of its Senior Councillors for 2025/26 was £679,972. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The total remuneration paid to Senior Councillors (excluding the Leader of the Council and Provost) was £673,057 in 2025/26.

The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme.

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

The salary levels of Senior Employees are set by reference to national arrangements as well as local decisions on management structures and their associated remuneration levels. The Scottish Joint Negotiating Committee for Local Authorities Services (Chief Officials) sets the salary levels for the Chief Executives of Scottish Local Authorities and also sets out the spinal column salary points for Chief Officers which local authorities can utilise in setting the salary levels for posts within their authority.

There are no other benefits included in the remuneration package for Senior Employees. All information disclosed in the following tables in this Remuneration Report are subject to audit. The other sections of the Remuneration Report are subject to review by external audit to ensure that they are consistent with the financial statements.

Annual Accounts 2025/26

Remuneration Report

1. General Disclosure by Pay Band

The following table shows actual remuneration paid to the employee, which includes salary and compensation for loss of employment made in the year. Any starters or leavers in the year are recorded in the remuneration band which matches their actual remuneration for the year.

Remuneration Bands (£)	2024/25			2025/26		
	Officers	Teachers	Total	Officers	Teachers	Total
50,000 - 54,999	389	431	820	515	1,479	1,994
55,000 - 59,999	192	186	378	247	315	562
60,000 - 64,999	81	177	258	112	203	315
65,000 - 69,999	37	129	166	78	139	217
70,000 - 74,999	25	132	157	30	127	157
75,000 - 79,999	24	79	103	11	109	120
80,000 - 84,999	9	24	33	16	43	59
85,000 - 89,999	1	8	9	8	16	24
90,000 - 94,999	-	10	10	2	9	11
95,000 - 99,999	1	5	6	1	5	6
100,000 - 104,999	1	6	7	-	3	3
105,000 - 109,999	-	1	1	-	5	5
110,000 - 114,999	-	-	-	1	1	2
115,000 - 119,999	3	-	3	1	-	1
120,000 - 124,999	7	-	7	10	-	10
130,000 - 134,999	-	-	-	1	-	1
135,000 - 139,999	1	-	1	-	-	-
140,000 - 144,999	-	-	-	1	-	1
145,000 - 149,999	1	-	1	-	-	-
150,000 - 154,999	1	-	1	1	-	1
165,000 - 169,999	1	-	1	-	-	-
170,000 - 174,999	1	-	1	-	-	-
180,000 - 184,999	-	-	-	2	-	2
200,000 - 204,999	1	-	1	-	-	-
205,000 - 209,999	-	-	-	1	-	1
270,000 - 274,999	1	-	1	-	-	-
	777	1,188	1,965	1,038	2,454	3,492

Annual Accounts 2025/26

Remuneration Report

2. Remuneration

The following tables provide details of the remuneration paid to the Council's Senior Councillors and Senior Employees. The term 'remuneration' means gross salary, fees and bonuses, allowances and expenses, and compensation for the loss of employment. It excludes pension contributions made by the Council. Pension contributions made to the person's pension are disclosed as part of the pension benefits disclosure.

a. Remuneration of Senior Councillors

Councillor Name	Responsibility	2024/25 Total Remuneration	2025/26 Total Remuneration
		£	£
James Logue	Leader of the Council	48,395	62,278
Louise Roarty	Depute Leader of the Council	36,302	46,709
Kenneth Duffy	Provost	37,085	47,608
Bob Burgess	Depute Provost	29,681	37,478
Tracy Carragher	Leader of the SNP Group	29,675	37,478
Tom Fisher	Business Manager	32,847	40,917
Andrew Duffy-Lawson	Convener of Finance & Resources Committee (Until 24 th July 25)	22,711	12,282
Barry McCulloch	Convener of Finance & Resources Committee (From 2nd October 25)	-	18,181
Martin McCulloch	Convener of Adult Care and Social Work Committee	29,675	37,478
Nicky Shevlin	Convener of Planning Committee	29,675	37,478
John McLaren	Convener of Regulatory Committee	29,675	37,478
Sophia Coyle	Chair of the Licensing Board	29,675	37,478
Kevin Docherty	Convener of Local Review Body	29,675	37,478
Michael McBride	Convener of Education, Children & Families Committee	32,902	40,917
Alex McVey	Convener of Enterprise, Growth & Fair Work Committee	29,675	37,478
Michael McPake	Convener of Housing Committee	32,795	40,917
Helen Loughran	Convener of Environment & Climate Change Committee	32,795	40,917
Alexander Watson	Convener of Audit & Scrutiny Panel	29,675	37,478
Geraldine Woods	Convener of Communities Committee	29,719	37,478
Chris Costello	Convener of Wellbeing and Tackling Poverty Committee	22,711	37,478
James Reddin	Depute Convener of Lanarkshire Joint Valuation Board	29,675	37,469
Total		625,018	800,453

Note

1. Senior Councillor means a Leader of the Council, a Civic Head or a Senior Councillor, all as defined by regulation of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007(3).
2. The remuneration disclosed in the table above reflects actual amounts paid for service as Senior Councillors and does not include any remuneration which relates to previous or subsequent appointment with the Council.
The full-time equivalent salaries for 2025/26 were as follows: Leader £60,791, Depute Leader & Provost £45,594, Depute Provost £36,577, Business Manager, Convener of Housing, Environment & Climate Change and Education, Children & Families Committees £39,923, all other Senior Councillors £36,577 (£49,810, £37,360, £30,185, £33,322 and £30,185 for 24/25 respectively).
3. No Councillor received any remuneration from a subsidiary as a representative of the Council. The Council does not have any influence on remuneration awarded by subsidiaries.
4. The Joint Boards have an arrangement to reimburse the Council for the additional costs arising from a Councillor being a Convener, Vice-Convener or Depute Convener of the Board. The disclosures made in this report show the full value of the remuneration that was paid to the Councillor including amounts reimbursed to the Council by the Board for remuneration. The following Councillors served on Joint Boards during 2025/26:
 - Councillor J Reddin was the Depute Convener of the Lanarkshire Joint Valuation Board and the Council was reimbursed £815 for 2025/26 (£4,007 for 2024/25).
5. Senior Councillor Remuneration was removed from the Leader of the SNP Group following a decision of the Council on 2 April 2026. This does not impact on the remuneration disclosed above but will have an impact on remuneration for the 2026/27 financial year.

Annual Accounts 2025/26

Remuneration Report

b. Remuneration of Councillors

The Council paid the following Remuneration to all Councillors (including the Senior Councillors above) during the year.

Type of Remuneration	2024/25	2025/26
	£	£
Salaries	1,811,219	2,322,731
Expenses	25,220	27,239
Total	1,836,439	2,349,970

Note: The annual return of Councillors' Remuneration for 2025/26 is available for any member of the public to view on the Council's website at www.northlanarkshire.gov.uk. Please follow the link on the Council's website as follows: [Councillor Remuneration 2025/26](#)

c. Remuneration of Council Senior Employees

Name	Post Title	2024/25	2025/26		
		Total Remuneration	Salaries, fees and allowances	Compensation for loss of office	Total Remuneration
		£	£	£	£
Desmond Murray	Chief Executive	201,400	206,986	-	206,986
Andrew McPherson	Depute Chief Executive	155,908	164,480	-	164,480
Elaine Kemp	Chief Officer (Finance) (Section 95 Officer) (Until 11th April 2025)	151,562	5,609	-	5,609
Katrina Hassell	Chief Officer (Business and Digital) (Until 11th April 2025)	273,604	3,629	-	3,629
Greg Telfer	Chief Officer (Finance & Technology) (Section 95 Officer) (From 14th April 2025)	-	120,308	-	120,308
Fiona Whittaker	Chief Officer (People Resources)	120,380	125,264	-	125,264
Stephen Penman	Chief Officer (Strategic Communication and Engagement) (Until 14th November 2025)	124,091	78,222	-	78,222
Carolynne Coole	Senior Strategic Communications Manager (From 9 th March 2026)	-	5,386	-	5,386
Claire Rae	Chief Officer (Health and Social Care)	62,466	132,187	-	132,187
Alison Gordon	Chief Social Work Officer (Education Families Justice and Integrated Practice)	120,380	125,264	-	125,264
Archie Aitken	Chief Officer (Legal and Democratic) (Until 11 th April 2025)	142,827	3,629	-	3,629
Rachel Blair	Chief Officer (Legal and Democratic) (From 14 th April 2025)	-	118,955	-	118,955
Francis Scott	Chief Officer (Audit and Risk)	32,054	108,685	-	108,685
Total		1,384,672	1,198,604	-	1,198,604

1. Total remuneration disclosed relates to salary, fees and allowances and compensation for loss of employment.
2. The remuneration disclosed in the table above reflects actual amounts paid for service in the posts listed and does not include any remuneration which relates to previous or subsequent appointment with the Council.

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Remuneration Report

The full-time equivalent salaries for 2025/26 were as follows: Chief Officer (Finance) (Section 95 Officer) £125,223, Chief Officer (Business and Digital) £125,223, Chief Officer (Finance & Technology) £120,596, Chief Officer (Strategic Communication and Engagement) £125,223, Senior Strategic Communications Manager £81,263, Chief Officer (Legal and Democratic) £120,596 (£120,407, £120,407, N/A, £120,407, N/A, £120,407 for 24/25 respectively).

3. There was no election payments made in 2025/26, however, the 2024/25 remuneration in the table above includes election payments: Desmond Murray £4,689, Elaine Kemp £602, Katrina Hassell £400, Stephen Penman £3,711 and Archie Aitken £3,471.

d. Remuneration of Council's Subsidiary Bodies Senior Employees

Name	Post Title	2024/25	2025/26		
		Total Remuneration	Salaries, fees and allowances	Compensation for loss of office	Total Remuneration
		£	£	£	£
Murray Collins	Managing Director, Fusion Assets	85,207	88,708	-	88,708
Total		85,207	88,708	-	88,708

1. Total remuneration disclosed relates to salary, fees and allowances and compensation for loss of employment.
2. The Council has no influence over the remuneration provided by subsidiaries.

3. Pension Benefits

The term 'pension benefits' covers in-year pension contributions made by the Council for the employee or Councillor and the named person's accrued pension benefits at the reporting date.

All Senior Councillors and Senior Employees shown in tables a) and b) below are entitled to join the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2013.

For most people, for service up to 31 March 2009, the annual pension is calculated by dividing their final pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. Pensions payable are increased annually in line with changes in the Consumer Price Index (CPI). The lump sum, which is automatically paid when the person retires for service up to 31 March 2009, is three times their annual pension and is tax-free. There is no automatic lump sum for service after 31 March 2009.

From 1 April 2015, the LGPS moved to a career average pension scheme at a rate of 1/49th of the amount of pensionable pay received in the scheme that year.

A member's contribution depends on their full-time equivalent pay and is payable in the financial year ended 31 March 2026 at the rate on the following bands of pay:

Band	Range	Contribution Rate
1	On earnings up to and including £27,500	5.50%
2	On earnings above £27,501 and up to £33,600	7.25%
3	On earnings above £33,601 and up to £46,100	8.50%
4	On earnings above £46,101 and up to £61,400	9.50%
5	On earnings above £61,401	12.00%

The pension entitlements for Senior Councillors, Senior Employees of the Council and Subsidiary Bodies for the year to 31 March 2026 are shown in the tables below, together with the contribution made by the Council or the Subsidiary Body during the year.

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Remuneration Report

a. Pension Benefits of Senior Councillors

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

Councillor Name	In-year pension contributions		Accrued pension benefits		
	For year to 31 March 2025	For year to 31 March 2026	As at 31 March 2025	Movement In Year	As at 31 March 2026
	£	£	£000	£000	£000
James Logue	3,342	3,953	Pension 16	2	18
			Lump Sum 3	1	4
Louise Roarty	2,508	2,965	Pension 1	1	2
			Lump Sum -	-	-
Kenneth Duffy	2,508	2,965	Pension 5	1	6
			Lump Sum -	-	-
Tracy Carragher	2,051	2,378	Pension 4	1	5
			Lump Sum -	-	-
Tom Fisher	2,271	2,596	Pension 5	1	6
			Lump Sum -	-	-
Andrew Duffy-Lawson (Until 24 th July 2025)	1,881	1,904	Pension 1	1	2
			Lump Sum -	-	-
Barry McCulloch (From 2 nd October 2025)	1,432	2,031	Pension 1	1	2
			Lump Sum -	-	-
Martin McCulloch	2,051	2,378	Pension 3	2	5
			Lump Sum -	-	-
Nicky Shevlin	2,051	2,378	Pension 10	1	11
			Lump Sum 2	-	2
John McLaren	2,051	2,378	Pension 8	1	9
			Lump Sum -	-	-
Sophia Coyle	2,051	2,378	Pension 8	2	10
			Lump Sum 2	-	2
Kevin Docherty	2,051	2,378	Pension 6	1	7
			Lump Sum -	-	-
Michael McBride	2,288	2,596	Pension 2	-	2
			Lump Sum -	-	-
Alex McVey	2,051	2,378	Pension 5	1	6
			Lump Sum -	-	-
Michael McPake	2,267	2,596	Pension 8	2	10
			Lump Sum -	-	-
Helen Loughran	2,267	2,596	Pension 3	-	3
			Lump Sum -	-	-
Alexander Watson	2,051	397	Pension 4	-	4
			Lump Sum -	-	-
Geraldine Woods	2,054	2,378	Pension 3	1	4
			Lump Sum -	-	-
Chris Costello	1,881	2,378	Pension 1	1	2
			Lump Sum -	-	-
James Reddin	2,051	2,378	Pension 4	1	5
			Lump Sum -	-	-
Total	43,158	48,379	105	22	127

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Remuneration Report

b. Pension Benefits of Council Senior Employees

Name	In-year pension contributions		Accrued pension benefits		
	For year to 31 March 2025	For year to 31 March 2026	As at 31 March 2025	Movement in Year	As at 31 March 2026
	£	£	£000	£000	£000
Desmond Murray	13,505	13,387	Pension 81	7	88
			Lump Sum 71	5	76
Andrew McPherson	9,857	9,904	Pension 70	3	73
			Lump Sum 90	-	90
Elaine Kemp (Until 11 th April 2025)	8,076	365	Pension 55	(2)	53
			Lump Sum 63	-	63
Katrina Hassell (Until 11 th April 2025)	8,076	236	Pension 66	(4)	62
			Lump Sum 97	-	97
Greg Telfer (From 14 th April 2025)	6,341	7,688	Pension 30	8	38
			Lump Sum 16	8	24
Fiona Whittaker	8,076	8,142	Pension 18	4	22
			Lump Sum -	-	-
Stephen Penman (Until 14 th November 2025)	8,076	5,084	Pension 35	3	38
			Lump Sum -	-	-
Carolynne Coole (From 9 th March 2026)	4,677	5,741	Pension 11	4	15
			Lump Sum -	-	-
Claire Rae	4,060	8,592	Pension 1	3	4
			Lump Sum -	-	-
Alison Gordon	8,076	8,142	Pension 46	6	52
			Lump Sum 33	2	35
Archie Aitken (Until 11 th April 2025)	8,076	236	Pension 62	-	62
			Lump Sum 79	-	79
Rachel Blair (From 14 th April 2025)	4,586	7,732	Pension 10	4	14
			Lump Sum -	-	-
Francis Scott	2,084	6,442	Pension 1	44	45
			Lump Sum -	48	48
Total	93,566	81,691	935	143	1,078

1. Prior year pension contributions are included for all Senior Officers which include prior appointments.
2. The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement.

c. Pension Benefits of Council's Subsidiary Bodies Senior Employees

Name	In-year pension contributions		Accrued pension benefits		
	For year to 31 March 2025	For year to 31 March 2026	As at 31 March 2025	Movement in Year	As at 31 March 2026
	£	£	£000	£000	£000
Murray Collins	28,057	29,289	Pension -	-	-
			Lump Sum -	-	-
Total	28,057	29,289	-	-	-

4. Exit Packages

North Lanarkshire Council terminated the contracts of a number of employees in 2024/25 and 2025/26 as part of a series of workforce change exercises which gave rise to voluntary severance agreements.

Exit package costs in the tables below have been allocated across the following four areas:

- Redundancy Lump Sums, representing the amount that North Lanarkshire Council pays to the individual in a one-off lump sum in accordance with the Council's severance policy and Payments In-lieu of Notice, representing the amount that North Lanarkshire Council pays to an individual for a period of notice that the individual is not required to work.

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Remuneration Report

- Compensated Added Years (CAY) Lump Sum, representing the amount that North Lanarkshire Council pays to the individual in a one-off lump sum, according to the CAY awarded.
- Strain Costs, representing the amount which North Lanarkshire Council is required to pay to the pension fund because the employee has retired before the assumed retirement age which would result in a shortfall in contributions up to the assumed retirement age.
- An estimate of the total exit package costs that may potentially be incurred by North Lanarkshire Council up until the age at which the relevant employees are assumed to cease being members of the pension scheme as required by the Local Authority Accounts (Scotland) Regulations 2014:

Exit Packages 2025/26

Banding	Employees	Redundancy Lump Sums	CAY Lump Sums	Strain Costs	Estimated CAY Liabilities	Total Exit Package Costs
	No.	£000	£000	£000	£000	£000
£0-£40,000	5	109	-	9	-	118
£40,001-£60,000	5	218	-	26	-	244
£60,001-£80,000	3	115	-	75	-	190
£100,001-£150,000	3	115	9	206	60	390
£150,001-£200,000	4	174	5	479	100	758
£200,001-£250,000	6	282	50	738	337	1,407
£250,001-£300,000	3	74	26	400	290	790
£300,001-£500,000	3	100	21	611	448	1,180
	32	1,187	111	2,544	1,235	5,077

Comparative Exit Packages 2024/25

Banding	Employees	Redundancy Lump Sums	CAY Lump Sums	Strain Costs	Estimated CAY Liabilities	Total Exit Package Costs
	No.	£000	£000	£000	£000	£000
£0-£20,000	34	269	-	14	-	283
£20,001-£40,000	36	860	-	254	-	1,114
£40,001-£60,000	17	505	3	302	22	832
£60,001-£80,000	16	571	9	431	62	1,073
£80,001-£100,000	7	192	12	319	82	605
£100,001-£150,000	7	243	12	463	183	901
£150,001-£200,000	9	279	52	771	448	1,550
£200,001-£250,000	3	86	28	396	199	709
£250,001-£300,000	3	170	31	419	221	841
£400,001-£450,000	1	153	-	266	-	419
£550,001-£600,000	1	-	31	319	212	562
	134	3,328	178	3,954	1,429	8,889

Des Murray
Des Murray
Chief Executive
24 September 2026

J Logue
Councillor James Logue
Council Leader
24 September 2026

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Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

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

Signed on behalf of North Lanarkshire Council



Councillor James Logue

Council Leader

24 September 2026

The Chief Officer (Finance and Technology) Responsibilities

The Chief Officer (Finance and Technology) is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts the Chief Officer (Finance and Technology) has:

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

The Chief Officer (Finance and Technology) has also:

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

Statement of Accounts

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



Greg Telfer, CPFA

Chief Officer (Finance and Technology)

24 September 2026

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Annual Governance Statement

Purpose.

The council is required to produce an Annual Governance Statement in line with the Local Authority Accounts (Scotland) Regulations 2014:

- Regulation 5(2) requires that an authority must conduct a review at least once in each financial year of the effectiveness of its system of internal control.
- Regulation 5(3) states that the findings from the review at 5(2) *“must be considered at a meeting either of the local authority or of a committee of the local authority whose remit includes audit or governance functions”*.
- Regulation 5(4) requires that following consideration of the findings of the review referred to in regulation 5(3) that authority or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.
- Regulation 5(5) states that the annual governance statement must be signed by the Chief Executive and Leader of the Council.

The Annual Governance Statement is required to outline the council’s governance arrangements for the last financial year and demonstrate how the council complies with the principles of good governance in practice. The principles of good governance in the public sector are defined by the International Framework: Good Governance in the Public Sector which was jointly developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants (IFAC). The International Framework offers the definition that:

- *“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”*

The fundamental function of good governance is to ensure that governing bodies (and individuals working for public sector entities) achieve their intended outcomes while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders, and requires:

- A.** Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B.** Ensuring openness and comprehensive stakeholder engagement.

In addition to the overarching requirements for acting in the public interest (as noted in principles **A.** and **B.** above), achieving good governance also requires effective arrangements for:

- C.** Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D.** Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E.** Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
- F.** Managing risks and performance through robust internal control and strong public financial management.
- G.** Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.



The principles in the International Framework have been interpreted for the local government environment. This is set out in the Delivering Good Governance in Local Government: Framework (2016) and accompanying Guidance Notes for Scottish Local Authorities (2016) which was published by CIPFA in association with the Society of Local Authority Chief Executives (SOLACE):

- The Delivering Good Governance in Local Government: Framework details the 7 principles within the International Framework along with a set of 21 supporting sub-principles and 91 examples of behaviours and actions which are considered to demonstrate good governance in practice.

An Addendum to the Delivering Good Governance in Local Government: Framework (2016) was published by

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Annual Governance Statement

CIPFA in May 2025, for application to annual governance statements for 2025/26 onwards. This represents the first update since 2016 and replaces the chapter of the Framework in relation to annual review and reporting. The remainder of the 2016 Framework, including the 7 principles of good governance (with the 21 supporting sub-principles and 91 examples of behaviours and actions) remains unchanged.

To reflect and clearly incorporate the key components introduced by the Addendum (2025), the Annual Governance Statement for 2025/26 has been reframed accordingly. This includes the introduction of an executive summary providing assurance on the core arrangements in place across each of the seven principles of good governance (A to G).

In practice, governance comprises the combination of structures, strategies, policies, plans, frameworks, systems, processes, rules, codes, procedures, cultures, and values that are used to direct, control, and manage a local authority's operations and activities. This includes political, economic, social, environmental, legal, and administrative structures and processes, and other arrangements, as encapsulated in the principles defined in the Delivering Good Governance in Local Government: Framework (2016). These define roles and responsibilities and accountabilities, and establish mechanisms to enable a local authority to pursue its vision effectively and ensure that the vision is underpinned with control and the management of risk. The list of items referred to in this paragraph are hereinafter referred to as elements and mechanisms. Through these elements and mechanisms, the overall aim is for the council to ensure:

- Resources are directed in accordance with agreed policy and according to priorities, and in line with corporate project management procedures.
- There is sound and inclusive decision making.
- There is clear accountability for the use of those resources in achieving defined outcomes for service users and local communities.

The purpose of the Annual Governance Statement is therefore to report publicly on the extent to which the council's arrangements are consistent with the principles in the Delivering Good Governance in Local Government: Framework (2016) and its Addendum (2025). This includes how the governance arrangements have been monitored and evaluated over the year, and any planned improvements for the year ahead.

The Annual Governance Statement in this document comprises the following sections:

- Section 1: **Executive summary** - to bring together the key messages and conclusions of the Annual Governance Statement, including whether governance arrangements are fit for purpose, operate effectively, and support the achievement of the council's priorities, while outlining key improvements and future priorities.
- Section 2: **Scope of responsibility** - to ensure that there is a sound system of governance in place.
- Section 3: **The local context** - which takes into account the economic, social, and environmental context within which the council operates, including improvements made to support the achievement of the organisation's strategic objectives.
- Section 4: **Annual review** - to assess the effectiveness of the council's governance arrangements and systems of internal control, informed by 11 sources of assurance and incorporating improvements from current and previous years.
- Section 5: **Certification of assurance** - that sets out the level of assurance provided by the council's governance arrangements.

1. Executive summary

1.1. Overview against the principles of good governance

This executive summary provides an overview of the council's governance arrangements across the seven principles of good governance set out in the Delivering Good Governance in Local Government: Framework (2016). It draws on the evidence from the Annual Governance Statement as well as the 11 sources of assurance, including the Strategic Governance Framework (the council's Local Code of Governance) and the associated annual review process. It reflects the extent to which governance arrangements are embedded, effective in

Annual Accounts 2025/26

Annual Governance Statement

practice, and subject to ongoing monitoring, evaluation, and continuous improvement.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

The council operates within a comprehensive and well established governance framework that promotes high standards of integrity and ethical behaviour. This is underpinned by statutory officer roles, Codes of Conduct for Elected Members, Chief Officers, and employees, and supporting mechanisms such as registers of interests, declarations of interest, and gifts and hospitality arrangements. These are complemented by corporate policies, including whistleblowing and fraud, alongside regularly reviewed financial regulations, ensuring lawful decision making, transparency, and accountability across all activities.

Principle B: Ensuring openness and comprehensive stakeholder engagement.

Transparent decision making is supported through clearly defined governance structures, including Standing Orders, the Scheme of Administration, and the Scheme of Delegation to Officers, all of which are subject to regular review and continuous improvement. Committee processes, public access to reports, agendas and webcasts, and statutory processes such as complaints handling and Freedom of Information requests ensure openness. Engagement is further strengthened through the Strategic Policy Framework review programme updates and public performance reporting arrangements, enhancing communication and involvement with stakeholders.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

The Plan for North Lanarkshire provides a clear, long term strategic vision centred on inclusive growth and prosperity for all. This is supported by a strong evidence base, including health check indicators, and is embedded across the organisation, informing decision-making, policy development, service delivery, corporate governance, and service redesign. This ensures that decision making and service delivery remain consistently aligned to achieving sustainable economic, social, and environmental benefits for local people and communities.

Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes.

Delivery of strategic priorities is enabled through the Programme of Work, which provides a co-ordinated, council wide approach to planning and implementation. This is supported by robust governance arrangements, including programme oversight, project management and quality assurance arrangements, and regular review processes that ensure priorities remain current and responsive to changing demands. Recent programme reviews have strengthened the focus on transformation, service redesign, and cross cutting delivery to maximise impact and accelerate progress.

Principle E: Developing the entity's capacity, including the capability of its leadership and individuals.

The council has established strong leadership structures, with clearly defined roles and responsibilities supported by statutory posts and governance arrangements. Workforce capacity is maintained through structured workforce planning, training, and development frameworks, including corporate learning and development programmes and mandatory training linked to key policies such as the Employee Code of Conduct, and the council's data protection and information governance duties. Ongoing investment in leadership, organisational development, and operating models supports the council's ability to deliver its priorities effectively.

Principle F: Managing risks and performance through robust internal control and strong public financial management.

A comprehensive system of internal control is in place, incorporating risk management strategies, corporate, service, programme, and project risk registers, and strong financial governance arrangements. These are underpinned by regular review processes (including self-evaluation), internal audit activity, and compliance with national standards such as the CIPFA Financial Management Code. The Strategic Performance Framework ensures systematic monitoring and reporting of performance, supported by data, self evaluation, and continuous improvement processes, enabling effective scrutiny and management of risks.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The council benefits from robust assurance arrangements, including independent internal and external audit, and structured scrutiny through the Audit and Scrutiny Panel and service committees. A wide range of assurance sources, including annual governance reviews, self evaluation processes, and external audit reporting, provide a strong evidence base on effectiveness and continuous improvement. Enhanced public performance reporting, including improved accessibility of data through digital platforms, supports transparency, accountability, and continuous improvement.

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Annual Governance Statement

1.2. Governance outlook

The council is satisfied that its governance arrangements are fit for purpose and provide reasonable assurance regarding the effectiveness of governance, risk management, and internal control. Recognising the increasingly complex operating environment, the council remains committed to maintaining and strengthening its governance framework through continuous improvement, regular review, implementation of identified enhancement actions, and ongoing monitoring of emerging legislation, national policy developments, regulatory requirements, and wider economic, social, environmental, and technological changes. This will ensure governance arrangements remain effective, resilient, and responsive to both local and national priorities, while continuing to support strategic objectives, service transformation, and the delivery of high-quality, sustainable supports and services for the people and communities of North Lanarkshire.

1.3. Continuous improvement

In accordance with the requirements of the CIPFA Addendum (2025), the improvement actions identified throughout this Annual Governance Statement have been consolidated into the following improvement plan to provide a clear overview of the key governance enhancements to be progressed during the forthcoming year.

The plan focuses on strengthening governance arrangements, supporting transformation and service redesign, enhancing transparency, accountability, and performance reporting, embedding recognised best practice, and ensuring that the council's governance framework remains effective, resilient, and fit for purpose in an increasingly challenging financial, operational, and legislative environment. Progress against these actions will be monitored throughout the year to support continuous improvement and the delivery of good governance outcomes.

Area	Improvement action	Target completion date	Outcome reported to
Governance, assurance, and decision-making	Complete the review of democratic, committee and decision-making governance procedures.	December 2026	Policy and Strategy Committee. Update on the review scheduled to be reported in cycle 1 of 2027.
	Update the Strategic Policy Framework guidance, together with the associated roles, responsibilities, and approval arrangements for the development, review, and approval of strategies, policies, and plans, to reflect the outcomes of the democratic governance review and ensure a clear and consistent decision-making framework across the council.	January 2027	Audit and Scrutiny Panel. Through the 2026/27 Annual Governance Statement in June 2027. Audit and Scrutiny Panel through the Strategic Frameworks annual position statement scheduled to be in reported in cycle 4 of 2027.
	Strengthen the year-end governance review process by introducing a formal Monitoring Officer assurance assessment to consider compliance with statutory enactments and the rule of law, and to identify any incidents of maladministration or injustice relevant to Part II of the Local Government (Scotland) Act 1975, with the outcomes of the assessment informing and being reported through the Annual Governance Statement.	March 2027	Audit and Scrutiny Panel. Through the 2026/27 Annual Governance Statement in June 2027.
Best Value	Update the council's Strategic Self-Evaluation Framework to align with the requirements and principles of the National Self-Evaluation Framework, strengthening	June 2027	Audit and Scrutiny Panel. Through the 2026/27 Annual Governance Statement in June 2027.

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Area	Improvement action	Target completion date	Outcome reported to
	the council's approach to organisational learning, continuous improvement, performance assessment, and evidence-based self-evaluation.		Audit and Scrutiny Panel through the Strategic Frameworks annual position statement scheduled to be in reported in cycle 4 of 2027.
	Implement the improvement actions arising from the Asset Management self-evaluation by: (i) strengthening strategic alignment between asset planning, service priorities, and financial affordability, (ii) enhancing corporate oversight, governance, and consistency of asset management reporting, and (iii) strengthening collaborative working to support effective, co-ordinated, and sustainable management and use of community assets as a collective resource.	March 2027*	Audit and Scrutiny Panel. Through the 2026/27 Annual Governance Statement in June 2027.
	Implement the remaining improvement action arising from the self-evaluation of the council's compliance with the CIPFA Financial Management Code to review and update the finance e-learning training module.	June 2027	Audit and Scrutiny Panel. Through the 2026/27 Annual Governance Statement in June 2027.
	Complete the implementation of the refreshed staff engagement approach to strengthen employee involvement in decision-making and demonstrate how feedback informs organisational improvement and service delivery.	December 2026	Policy and Strategy Committee. through the annual One Workforce report scheduled to be reported in cycle 4 of 2026.
Service redesign and continuous improvement	Refresh the Programme of Work Delivery Plan and formalise the supporting governance, reporting, assurance arrangements to ensure effective oversight, accountability, and delivery of council priorities. This includes completing the implementation of the already agreed corporate arrangements for Benefits Realisation to ensure a single, coherent approach to defining, capturing, and reporting benefits and improved outcomes across the Programme of Work.	December 2026	Policy and Strategy Committee. Through the six monthly Programme of Work monitoring report.
	Progress the phased implementation of the council-wide service redesign programme, in line with the approach approved in June 2026, to support transformation, efficiency, effectiveness, and improved service outcomes.	Phased approach between June 2026 and June 2028	Policy and Strategy Committee. Annual service redesign programme progress update in June 2027.
	Complete enhancements to public performance reporting arrangements by improving the accessibility, presentation, and transparency of performance information, including the 28 Health Check	June 2026	Audit and Scrutiny Panel. Through the 2026/27 Annual Governance Statement in June 2027.

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Annual Governance Statement

Area	Improvement action	Target completion date	Outcome reported to
	Indicators, to support public understanding and accountability.		
Information Governance	Implement the improvement actions arising from the Internal Audit of Information Governance by completing outstanding policy reviews and updates, clarifying and strengthening key information governance roles and responsibilities, refreshing training and guidance materials, progressing data sharing agreements and records retention arrangements, and further developing the Information Asset Register to support effective governance, compliance, and accountability.	June 2026*	Audit and Scrutiny Panel. Through the 2026/27 Annual Governance Statement in June 2027.
Fraud, Ethics, and Compliance	Complete the annual review and update of the Whistleblowing Procedure to ensure it remains aligned with current legislation, best practice and corporate governance requirements, and continues to provide a clear, accessible, and effective framework for raising and addressing concerns.	October 2026	Policy and Strategy Committee. Scheduled to be reported to committee in cycle 4 of 2026.
	Deliver awareness and training on gifts and hospitality and conflicts of interest requirements, reinforcing the roles and responsibilities of employees, managers, and Chief Officers in making, reviewing, and approving declarations, and in ensuring the appropriate use, maintenance, monitoring, sign-off, and storage of service registers.	March 2027	Audit and Scrutiny Panel. Through the 2026/27 Annual Governance Statement in June 2027.
External Auditors annual accounts and wider scope audits	Implement the improvement actions arising from the External Auditors annual accounts and wider scope audit by (i) supporting the development of a sustainable solution for the accounting treatment of infrastructure assets, (ii) strengthening oversight and assurance arrangements for IT security, disaster recovery, and externally hosted systems, (iii) completing the review of Common Good asset disclosure requirements, (iv) reviewing reserves arrangements to strengthen strategic financial planning and clarify the intended use of earmarked reserves, and (v) enhancing governance, scrutiny and decision-making arrangements in relation to exit packages and senior officer severance decisions.	March 2027*	Audit and Scrutiny Panel. Through the 2026/27 Annual Governance Statement in June 2027.

* Note, where an improvement action includes multiple elements, only the final target completion date is shown in the above table for ease of reference.

1.4. Overall opinion

The Certification of Assurance, set out in Section 5 of this document, confirms the level of assurance provided by the council's governance arrangements. Based on the Chief Officer (Audit and Risk)'s annual Internal Audit opinion, reasonable assurance can be placed on the adequacy and effectiveness of North Lanarkshire Council's governance, risk management, and internal control arrangements, including those of its Group.

Furthermore, the council has established systems to review and continuously improve its governance and internal control environment throughout the year and, as such, the annual review process has provided sufficient evidence that the council's corporate governance arrangements have operated effectively, and that the council

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and its group entities have complied with the relevant corporate governance principles in all significant respects. These arrangements are supported by an organisational response that is appropriate to the council's fraud and corruption risks, with a continued commitment to maintaining vigilance in tackling fraud.

2. Scope of responsibility

- 2.1 North Lanarkshire Council is committed to ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.
- 2.2 As such, the council has adopted the principles and requirements of the Delivering Good Governance in Local Government: Framework (2016), the Guidance Notes for Scottish Local Authorities (2016), and the Addendum (2025) in order to ensure its governance structures and arrangements remain sound and the highest standards continue to be met.
- 2.3 The council is required, in line with the Delivering Good Governance in Local Government: Framework (2016) and Addendum (2025), to test its governance arrangements against these principles by:
- Maintaining an up-to-date Local Code of Governance that takes into account the environment within which it operates and includes arrangements for ensuring ongoing effectiveness.
 - Reviewing existing governance arrangements once a year to ensure that the Local Code of Governance operates effectively in practice.
 - Reporting publicly on compliance on an annual basis, including how the governance arrangements have been monitored for effectiveness in the year and identifying planned improvements.
- 2.4 As such, the council has:
- a) Set out its Local Code of Governance within the Strategic Governance Framework. The Framework was initially approved by the Audit and Scrutiny Panel in February 2020 and has been subject to annual review and refresh thereafter. It sets out the key elements and mechanisms which form the council's Local Code of Governance and demonstrates North Lanarkshire Council's commitment to the principles of good governance.
 - b) A well-established assessment process in place to review the council's governance arrangements and systems of internal control on an annual basis. This assessment - which provides evidence to inform the Annual Governance Statement - aims to:
 - Ensure the council can demonstrate ongoing compliance with the principles in the Delivering Good Governance in Local Government: Framework (2016) and that the governance arrangements operate effectively in practice.
 - Identify any improvement actions and/or planned developments in relation to the council's governance arrangements and continuous improvement activity.
 - c) A well-established annual process that enables Chief Officers and Elected Members to discharge their duties in determining and implementing the council's governance arrangements. This includes reviewing and assessing the Local Code of Governance (the Strategic Governance Framework) on an annual basis and ensuring that the outcomes from the annual assessment are reported publicly through the Audit and Scrutiny Panel and the council's [website](#).
- 2.5 The council also has a duty under the Local Government in Scotland Act 2003 to demonstrate Best Value by securing continuous improvement in performance. Good governance is central to meeting this duty, with effective governance and accountability arrangements, openness and transparency in decision-making, clear schemes of delegation, and robust performance reporting all supporting informed decision-making, effective scrutiny, and the stewardship of resources.
- 2.6 As the council has a controlling interest in a number of companies and a minority interest in joint ventures, the Code of Practice on Local Authority Accounting requires the inclusion of summary Group Accounts, where material, within the Annual Accounts. These present the financial position of the council, its subsidiaries, and its interests in associates and interests in joint ventures as a single economic entity. Accordingly, the Annual Governance Statement also covers the arm's length external organisations

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consolidated in the council's Group Accounts.

3. The local context

3.1 [The Plan for North Lanarkshire](#), established in 2019 sets out a clear vision - inclusive growth and prosperity for all - to bring equal benefits and a fairer distribution of wealth across communities.

- The Plan is founded on a place-based ambition, seeking to transform the physical environment of the area, while recognising the wider economic, social, and health benefits this delivers.
- It responds to entrenched and increasingly complex challenges by targeting whole communities at neighbourhood level, addressing issues such as employment, education, skills, economic stability, and housing and health, while reducing fragmentation in service provision.
- Delivery is supported through the Programme of Work, which enables a co-ordinated, integrated and cross-service approach to achieving the council's priorities.
- The Plan provides a clear strategic narrative that is embedded across the organisation, informing decision-making, policy development, service delivery, corporate governance, and service redesign.

3.2 Prior to the formal establishment of The Plan for North Lanarkshire in 2019, the shared ambition for inclusive growth and prosperity was set out in a committee [report](#) approved in September 2018. This outlined a future direction for North Lanarkshire as a place where equal opportunity is provided and individuals are supported at each stage of life. The Plan represents one plan for one place, endorsed by partners across the Community Planning Partnership who committed to this shared ambition from the outset.

3.3 This ambition was informed by an evidence base drawn from an original dataset outlining North Lanarkshire's demographic, social, and economic profile, which evolved into the 28 health check indicators. While this evidence highlighted strengths such as economic growth, inward investment, employment, and educational attainment, it also identified persistent challenges, including high levels of deprivation and child poverty, and clear areas of inequity and inequality, with some communities not benefiting equally and experiencing continued social exclusion.

- Since The Plan was established, 28 health check indicators have collectively provided a robust, consistent, and independent way for understanding the area and tracking change over time. The latest trends were instrumental in subsequently informing the development of a new five-year Programme of Work for 2023-28, with a greater focus on sustaining economic progress while targeting improvements in social conditions and outcomes.
- While the post-pandemic period has brought a degree of operational stability, recovery has significantly reshaped the context within which The Plan for North Lanarkshire is delivered. Ongoing national fiscal and policy pressures, the public sector reform agenda, and continued constraints within the local government settlement have intensified demand and complexity, while impacting the council's ability to sustain services and deliver capital investment.
- In response, a new five-year Programme of Work to 2028 was approved in March 2023, supported by a single integrated one council Delivery Plan. This was reframed within the context set out above to ensure that the persistent scale of deprivation - particularly within the hardest-to-reach communities - is addressed through targeted and co-ordinated policy interventions focused on tackling entrenched and emerging trends.

3.4 As the delivery vehicle for The Plan for North Lanarkshire, the Programme of Work provides a clear roadmap for activity across the council, helping to stabilise strategic direction in an increasingly complex and uncertain environment, while enabling flexibility in the delivery of interconnected programmes, projects, and activities.

- A regular review process ensures the Programme of Work remains current, relevant, and deliverable, enabling priorities to adapt to respond to changing local and national contexts and supporting a cohesive approach to delivery.
- As reported to the Policy and Strategy Committee in [March 2025](#), while around half of the 28 health check indicators had improved over the lifetime of The Plan for North Lanarkshire, many deep-rooted and inter-generational challenges persist, and economic growth remains uneven across the area.

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This contributes to a fragile position, vulnerable to wider economic and environmental factors.

- Against this backdrop, a midpoint review of the Programme of Work 2023-28, was undertaken during 2025/26. This assessed whether the programme remains current, relevant, and deliverable and identified opportunities to accelerate progress and drive transformational change across North Lanarkshire. This reinforced the need for a stronger one council approach, maximising collective impact and supporting delivery at pace.
- As [reported in March 2026](#), the review identified significant financial, demographic, and demand pressures - alongside increasing complexity across key service areas - highlighting the need for a more integrated, prioritised, and council-wide approach to service redesign and transformation.
- The outcome from the Programme of Work review and next steps was reported in [June 2026](#). This refocuses the existing Programme of Work and integrates six new strategic deliverables designed to drive more ambitious, high-impact, and cross-cutting transformation at scale. It builds on progress to date, sustaining momentum in a challenging environment, and supporting the next phase of transformation (and service redesign) with enhanced clarity and purpose to accelerate meaningful change and improve the lives of people across North Lanarkshire. The June 2026 report also outlined the next steps to refresh the existing Programme of Work Delivery Plan, formalise the supporting governance arrangements, and progress the service redesign programme.

3.5 The Programme of Work is underpinned by a governance framework that defines roles, responsibilities, and reporting arrangements, ensuring alignment across all relevant corporate controls and assurance processes. As part of this framework, six-monthly Programme of Work progress reports have continued during 2025/26 to support the Policy and Strategy Committee in maintaining its strategic oversight role - in relation to the *“development, co-ordination, and monitoring of The Plan for North Lanarkshire”* and keeping under review such *“programmes as the Committee considers necessary to achieve the council’s long-term aims and objectives”* - in line with the Scheme of Administration.

3.6 Programme of Work achievements to date (reported to the Policy and Strategy Committee in [March 2026](#)) highlight developments that are key to creating the economic, social, and community conditions that enable local people and communities (and the place that is North Lanarkshire) to thrive. Recent highlights include the following:

- The highest ever breastfeeding rates recorded for North Lanarkshire show 53.3% of babies being breastfed at the first review (10-14 days old) and 35.6% at the 6-8 week review. Over 900 organisations have joined the Breastfeeding Friendly Scotland scheme, helping normalise and support breastfeeding and giving every baby the best start in life.
- Major progress on new community hubs with Orbiston’s main building now operational, and four additional hubs on track for delivery by the end of 2026.
- £1.4m National Lottery Heritage Funding secured to restore and redevelop Airdrie Library, strengthening connections between communities and their heritage. Work will include enhancing the display of existing museum collections, improving accessibility, and helping visitors deepen their understanding of Airdrie’s history.
- Completion of the phase 1 towers reprovisioning programme (1,550 flats), with demolitions progressing to make way for new modern homes and 47% of phase 2 properties now empty.
- The new supply programme delivery increasing to 2,588 to further support the regeneration of local communities and town centres, create jobs, and boost the local economy.
- A new vocational hub at Our Lady’s High School in Motherwell, offering practical skills, industry-recognised qualifications, and enhanced support for young people, including those with additional needs or care experience.
- The DataVita - CoreWeave announcement positioning North Lanarkshire as a potential UK leader in the data and digital economy, establishing one of the world’s most advanced AI sites within a newly designated UK AI Growth Zone.
- Continued strong economic performance, with Gross Value Added up 12.5%, business numbers rising to 8,515, and significant growth in the construction and retail sectors.
- Significant housing improvements, including 278 new energy-efficient council homes, 293 under construction, and 92 purchased to support housing need and prevent homelessness.

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- Over £59m investment in upgrading existing homes and installing more than 6,000 energy-efficiency measures.
- Ongoing community engagement to shape key strategies and programmes of work, including consultation on the new draft Local Transport Strategy to improve connectivity, enhance accessibility, and create a more efficient and inclusive transport network for residents and visitors, and the draft Open Space Strategy which sets out how parks, play areas, and green spaces will be protected, improved, and developed for the future.
- A positive Best Value audit report, with the Accounts Commission recognising the council's bold vision, strong partnerships, and focused Programme of Work which is delivering real improvements for people and communities - noting this is underpinned by sound financial and performance management, and meaningful community engagement.

3.7 The report in March 2026 also sets out next steps developments, which include:

- Delivery of four new community hubs - St Kevin's Community Hub in Coatbridge, Gartcosh Community Hub in the Northern Corridor, St Stephens Community Hub in Coatbridge, and Chryston High extension and early years creation in the Northern Corridor - all due for completion by the end of 2026.
- The proposed £8.2billion investment through the DataVita - CoreWeave announcement, subject to planning permission, which could create up to 3,400 direct jobs and potentially as many as 7,000 jobs in the wider area. With a £543m community fund, the plans have the potential to secure significant long-term value and benefits for local people, communities, and the future prosperity of North Lanarkshire.
- Redevelopment work on Airdrie Library with structural and accessibility improvements, a new observatory platform, expanded spaces, and enhanced museum displays.
- Next stage progress on the phase 2 towers reprovisioning programme, with the first demolitions scheduled to take place in the spring of 2027.
- Next steps following the planning application submitted for the East Airdrie Link Road to provide a north-south route through the region that will improve connections, journey times, air quality, and links to the wider Glasgow City Region.
- Publication of the council's 10-year Business and Industry Strategy alongside new investment as more businesses establish or expand their operations in North Lanarkshire.
- Implementation of the 2026-28 Local Housing Strategy, which sets out the long-term ambitions for sustainable and inclusive housing and communities.

3.8 These achievements are further supported by the council's commitment made in 2022, and reiterated in 2026, through North Lanarkshire's Path to Net Zero (2045). Approved at Committee in April 2026 ([link](#)), this plan replaces the previous Climate Plan ACT2030 and provides the strategic framework for reducing emissions from the council's asset base, recognising that buildings, fleet, and infrastructure are the main contributors. The approach is embedded within the Corporate Asset Management Plan and Strategic Capital Investment Programme, with a focus on energy efficiency, heat decarbonisation, low-carbon standards for new assets, retrofit of existing buildings, estate rationalisation, and reuse. Progress is managed through thematic carbon budgets and regular review, ensuring asset planning and investment decisions support the long-term sustainability and resilience of the council's estate.

3.9 The transformation of North Lanarkshire continues to be enabled by consistent decision-making through the Policy and Strategy Committee and the wider committee structure. Their support has allowed the Programme of Work to progress at pace while maintaining the council's financial sustainability. Decisions are consistently underpinned by various Committee approvals aligned to the Programme of Work reporting schedule, supporting both the one place, one plan, one council approach and the effective use of resources. This includes:

- Medium-Term Financial Plan 2027/28 to 2031/32 - [June 2026](#).
- Strategic Capital Investment Programme for 2024/25 to 2028/29 - [March 2026](#).
- Community Investment Fund - [December 2025](#).
- One Workforce Plan - [December 2025](#).

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- Corporate Asset Management Plan 2026-31 - [May 2026](#).
- Leadership and Operating Model - [June 2026](#).

3.10 Sitting alongside the Programme of Work as a key component of the council's strategic planning framework is the Strategic Policy Framework. This sets out the hierarchy of strategies, policies and plans that support delivery of the vision in The Plan for North Lanarkshire, ensuring a clear link between strategy and delivery and enabling a co-ordinated approach to identifying the resources and ways of working required to achieve the long-term objectives. It also provides a structured approach to the formulation, development, implementation, monitoring, and review of strategies, policies, and plans in a consistent and transparent manner across the council.

- A supporting review programme ensures that all strategies, policies, and plans remain up to date, are reviewed at appropriate intervals, and are reported through the relevant committee structure. A guidance document underpins this process and supports effective development, monitoring, and stakeholder engagement.
- An improvement introduced during 2024/25 involved a light-touch assessment of all strategies, policies, and plans updated during the year to confirm compliance with the Strategic Policy Framework guidance. The findings were reported to the Audit and Scrutiny Panel in [October 2024](#) and supported delivery of a Best Value improvement action identified by Audit Scotland, specifically to strengthen engagement with Elected Members in the strategic planning process.
- The annual position statement reported to the Audit and Scrutiny Panel in [November 2025](#) provided a further update on continued compliance in this respect and highlighted good practice in ensuring openness and stakeholder engagement in relation to strategies and policies updated during 2025 (e.g. the Community Safety Strategy and Eat Well, Be Well Policy).

Improvements to be implemented - 2026/27

The annual position statement reported to the Panel in [November 2025](#) recognised alignment in policy decision-making in relation to the review in respect of the council's democratic, committee, and decision-making governance procedures. A phased approach to this review was approved by the Policy and Strategy Committee in September 2025, and the supporting guidance for the Strategic Policy Framework - which sets out roles and responsibilities in relation to strategies, policies, and plans - will be updated as necessary in line with the outcome from this review.

3.11 Key to evaluating the success of The Plan for North Lanarkshire and assessing delivery of the Programme of Work (while ensuring each stage of delivery towards achieving the overall vision is appropriately aligned, planned, guided, implemented, monitored, and governed) are six inter-related corporate frameworks that aim to maintain a corporate one council approach across the organisation:

- Strategic Policy Framework.
- Strategic Governance Framework.
- Strategic Performance Framework.
- Strategic Self-Evaluation Framework.
- Project Management Framework.
- Framework for Demonstrating Improved Outcomes for Communities.

3.12 To ensure these frameworks remain aligned to The Plan for North Lanarkshire and Programme of Work, all are on a regular review and refresh programme. This also helps the council to ensure it is proactive in responding to social, economic, and environmental trends and changes in legislation and governance, as well as the broad range of national policy changes and new developments. Updates in respect of these frameworks are captured in the Strategic Governance Framework review programme each year and a summary is provided below.

3.12.1 Strategic Self-Evaluation Framework

A single strategy for improvement is delivered through the Strategic Self-Evaluation Framework. This was initially endorsed by the Corporate Management Team in July 2021 and approved by the Audit and Scrutiny Panel in September 2021, with subsequent updates reported thereafter.

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- Aligned to the seven themes in the national Best Value guidance, the council's Strategic Self-Evaluation Framework is supported by a rolling review programme that provides a clear, evidence-based mechanism for assessing council functions and activities and identifying areas for improvement. This approach ensures the council continues to (a) demonstrate Best Value in line with the duty to secure continuous improvement, and (b) undertake self-evaluation in a way that meaningfully informs, and adds value to, delivery of The Plan for North Lanarkshire.
- Improvements in October 2022 introduced a corporate approach to Options Appraisal to strengthen assurance in decision-making and service efficiency, effectiveness, and value for money, while ensuring that decisions remain consistent with the strategic direction for the council, as set out in The Plan for North Lanarkshire.
- Further improvements in February 2024 ensured continued alignment with the national Best Value thematic audit approach and reinforced the need for ongoing compliance, including the continued use of self-evaluation as a key tool to identify areas for improvement.

Improvements to be implemented - 2026/27

Launched in 2026, work to embed a National Self Evaluation Framework across all 32 councils in Scotland is being led by the Improvement Service, supported by Solace. The Framework aims to (a) provide a national approach to support councils in assessing and improving performance, impact, leadership, and governance, (b) establish a baseline of evidence and inquiry to demonstrate robust self-evaluation, and (c) set out how the framework should be applied within an annual cycle.

The council is actively engaged in this work and will use the outcomes of the national pilot activity to inform any changes required to its Strategic Self-Evaluation Framework. This will ensure alignment with national standards, while maintaining a locally tailored approach that continues to demonstrate Best Value in practice and support delivery of The Plan for North Lanarkshire.

3.12.2 Strategic Self-Evaluation Framework - review programme

Since the Strategic Self-Evaluation Framework and rolling Review Programme were formally established, 13 self-evaluation exercises have been undertaken. A summary of each has been included in previous year's Annual Governance Statements, and an annual monitoring process is in place to track progress in implementing the improvement actions arising from these exercises.

The 13 self-evaluation exercises identified areas for improvement, which have been captured in supporting improvement plans. In general, these actions have focused on strengthening existing arrangements, rather than addressing any significant issues in terms of effectiveness.

Improvements arising from Self-Evaluation exercises - 2025/26

- A follow up self-evaluation of the Audit and Scrutiny Panel in 2025/26 confirmed it remains effective in discharging its role, building on the initial 2023 review. Findings were reported to the Audit and Scrutiny Panel in [August 2025](#) with the Panel being given the opportunity to identify further developments and next steps actions required to inform the improvement plan. No developments or actions were identified.
- A 2025 follow up self-assessment found the council compliant with the CIPFA Financial Management Code, with a 99.6% positive rating across all 17 standards - up from 98% in 2022 - and no areas of disagreement. The review confirmed no non-compliance issues. Improvements identified were focused on further strengthening existing arrangements in three of the CIPFA FM Code principles. 5 of the 6 improvement actions were implemented during 2025/26, with one in relation to a review and update to the finance e-learning training module scheduled to be undertaken by June 2027.
- A self-evaluation undertaken in 2026 assessed how well the council demonstrates Best Value in asset management. It found that overall performance is strong, with around 76% positive responses, reflecting a well-established strategic framework aligned to corporate priorities, robust governance and leadership arrangements, and an evolving approach to

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working with communities and partners. It also identified scope to strengthen areas such as strategic alignment and affordability (including whole-life cost planning), corporate oversight and reporting consistency, and approaches to community engagement and asset transfer. 10 improvement actions have therefore been developed across these areas for implementation during 2026/27.

3.12.3 Project Management Framework

Following an extensive review, the council's Project Management Framework was refreshed and re-launched in December 2022. The followed recommendations arising from Internal Audit on the governance of capital projects and managing strategic change but was also considered necessary in light of the changes in the council's operating environment since the introduction of the Model in 2018.

- The review found a need for a clearer, more consistent corporate approach, while retaining flexibility to suit different project types. The updated Framework therefore provides structured guidance on project planning, governance, reporting, and delivery, ensuring that appropriate roles, controls, and assurance arrangements are in place. It allows Senior Responsible Officers and Project Managers to apply proportionate methods that best achieve project outcomes and benefits in terms of cost, time, and quality, in line with the principles of good project management and good governance. It recognises that project management is becoming increasingly embedded within day to day operations and is now a common feature of many roles across the organisation.

Project Management Framework improvements impemented

- 2023: Rolled out a corporate Project Management training programme following a successful pilot, with participation identified by Chief Officers and supported by ongoing resources and guidance.
- 2024: Enhancements made to the Project Management Framework to incorporate feedback from the training, reinforce the mandatory requirement for post project evaluations to be undertaken, introduce the gateway check process (in line with the Invest in North Lanarkshire programme of work), strengthen early consideration of Data Protection Impact Assessments, and improve alignment between project management and change management to support delivery of the Programme of Work.
- 2026: Further enhancements to the Framework following the biennial review process to strengthen the approach to benefits realisation (including defining, capturing, and reporting benefits) and reinforce the importance of lessons learned and post project evaluation. Improvements also reflect streamlined requirements relating to risk management and its supporting documentation, alongside refinements to improve readability, usability, and overall effectiveness, ensuring the Framework remains clear, practical, and proportionate for users. Changes also include strengthened alignment with the council's Portfolio approach, ensuring clearer linkage to the council's Programme of Work and its supporting governance and delivery arrangements.
- Ongoing: Continued delivery of the training programme, supported by consistently positive feedback, refresher sessions, and ongoing support through 1:1 sessions and online resources.

As reported to the Audit and Scrutiny Panel in [February 2024](#), quality assurance arrangements have been established and aligned to the governance supporting the Programme of Work to ensure the council can demonstrate compliance with the Project Management Framework. Following implementation of the quality assurance review programme, an overview of the results and findings from the baseline assessment was reported to the Audit and Scrutiny Panel in February 2025. This advised areas for improvement identified through the review were being progressed through improvement plans developed for each respective Chief Officer.

- Implementation of these improvement plans during 2025 has been assessed through business as usual arrangements already in place to ensure ongoing maintenance, tracking, and monitoring. As the review programme is a rolling programme, the improvement plans have remained as live documents which are reviewed and updated quarterly.

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- In addition, a check is completed prior to the annual quality assurance report scheduled to be submitted to the Audit and Scrutiny Panel in cycle 1 each year to ensure that plans and monitoring processes remain fit for purpose. The latest report in [March 2026](#) continues to enable oversight and scrutiny by the Audit and Scrutiny Panel and demonstrates improvement in compliance from the previous year through a RAG rating.

3.12.4 Strategic Performance Framework

The Strategic Performance Framework comprises performance measures at three levels, collectively providing a comprehensive overview of performance and its impact on improving services and outcomes for the people and communities of North Lanarkshire. It enables regular monitoring, reporting, assessment, and scrutiny of both day-to-day activities and progress towards achieving the long-term vision set out in The Plan for North Lanarkshire.

- The Strategic Performance Framework is supported by a Performance Reporting Schedule, setting out arrangements for performance monitoring, review, and scrutiny purposes with a defined reporting cycle and non-negotiable standards assessment criteria.
- During 2025/26:
 - Information regarding items on the Performance Reporting Schedule (i.e. Chief Officers six-monthly performance reviews at service committees and service specific reporting to meet business and/or statutory obligations) was made available to the Audit and Scrutiny Panel through quarterly performance assurance reports in order to support the Panel's scrutiny and strategic oversight role.
 - An update to the Performance Reporting Schedule was reported to the Audit and Scrutiny Panel in August 2025. This included integration of the requirements of the updated Accounts Commission [Statutory Performance Information Direction](#) for 2025/26 to 2027/28 to ensure ongoing alignment between the Direction and the Strategic Performance Framework.
 - An annual update to the 28 health check indicators continues to be reported to the Policy and Strategy Committee, with the most recent in March 2026.
 - The suite of health check indicators continues to play an important role in informing the council's strategic planning process through the Programme of Work to 2028. This continues with a quarterly review of Programme of Work delivery at the Corporate Management Team along with a six-monthly progress report to the Policy and Strategy Committee (the latest of which was in March 2026).
 - A total of 49 performance reports were produced in line with the Performance Reporting Schedule. While a small number were delivered outwith the scheduled cycle, clear and appropriate explanations were provided, with revised reporting timelines agreed. It is recognised that, as the Schedule is set annually at a single point in time, changes in national requirements or local priorities may necessitate adjustments to reporting arrangements during the year.
 - Chief Officers' six-monthly reports followed the standard Strategic Performance Framework template, providing a consistent approach to setting out the current operating context, highlighting areas of strong performance, identifying areas requiring improvement with supporting analysis and remedial actions, and demonstrating that improvement actions had been implemented to achieve the desired outcomes and close the loop.
 - Reporting of Local Government Benchmarking Framework (LGBF) measures continues to be integrated within the Strategic Performance Framework alongside broader performance indicators across each Chief Officer's area of responsibility, ensuring a comprehensive view of performance. The council's website hosts the Improvement Service's LGBF dashboard, launched in 2023, which provides access to up-to-date data and comparisons with other local authorities and the national average. Use of this dashboard is signposted within performance reports to service committees.
 - Previously, the extent of the action undertaken by each audience when reviewing and scrutinising the performance information before them has been varied. The ask of the audience reading the report is referenced in performance reports to service committees
 - In line with the Local Authority Model Complaints Handling Procedure which defines the two-stage process the council is required to implement when handling all complaints received, regular

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complaints performance reports are produced to fulfil governance required. The latest complaints performance report was presented to the Audit and Scrutiny Panel in [November 2025](#) and is available publicly through the [website](#).

Strategic Performance Framework improvements implemented

As noted in a report considered by the Audit and Scrutiny Panel in August 2025, a key aspect of the Accounts Commission's Statutory Performance Information Direction is public performance reporting. To demonstrate compliance, processes are already in place that includes service specific annual performance reports (as highlighted to the Panel through the quarterly assurance review reports), a dedicated performance section on the council's website, and regular news articles and updates on delivery and performance of the Programme of Work which are reported to the public through the council's website following each committee cycle.

Following recommendations identified through recent Best Value thematic audits, further work was undertaken during 2025/26 to review and re-develop the approach to public performance reporting to enhance the public's ability to determine how the council is performing and ensure that reporting of progress against the 28 health check indicators is more accessible to the public. A new web portal is now in place, <https://www.northlanarkshire.gov.uk/your-council/council-performance>, that combines information in respect of strategic planning, delivery, and performance within the one area. This includes a section on assessments and comparisons that show how the council compares and where improvements are needed.

The new web portal includes a change to the way the 28 health check indicators are depicted, to adopt a less technical approach and present the information in a clearer and more meaningful way, with focused sections as noted below:

- What this means - this provides a brief description of what is being measured, ensuring the indicator is clearly defined and can be consistently understood.
- Why this matters - this explains why measuring this indicator is important, particularly in demonstrating progress towards achieving inclusive growth and prosperity for all as set out in The Plan for North Lanarkshire.
- Latest performance - this includes a table showing baseline data for The Plan for North Lanarkshire, supported by graphs with longer-term time series data (where available). These visuals illustrate trends over time, as well as the position before, during, and after the pandemic. Where national data sources recalibrate their historical data at each publication, the Appendix reflects the most recent data. The table also provides Scotland-level figures and benchmarks showing the comparative average for similar councils (where available and relevant).
- How North Lanarkshire has performed - this provides narrative that summarises the latest results, incorporating supplementary measures, commentary, and analysis, to support interpretation within the North Lanarkshire context. This also reflects changes compared to the baseline position for The Plan for North Lanarkshire which was established using the most up-to-date data available at the time when it was approved and monitoring began.
- Impact of delivering The Plan for North Lanarkshire - this highlights how changes in an indicator's results over the lifetime of The Plan for North Lanarkshire can be interpreted alongside delivery activity, offering insight into potential impact and the wider economic, social, educational, and health trends shaping the lives of the people and communities of North Lanarkshire.

This change is reflected both through a dedicated section on the council's website <https://www.northlanarkshire.gov.uk/your-council/council-performance/performance/28-health-check-indicators> and also in the [annual update report](#) to committee.

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4. Annual review

Sources of assurance

- 4.1 As noted in paragraph 2.3, the annual review process is an important aspect of the work undertaken each year to assess the effectiveness of the council's governance arrangements and systems of internal control and establish the evidence base to inform the Annual Governance Statement. As such, various elements and mechanisms, and roles and responsibilities, are key to this process. These sources of assurance are listed below:
- 1) Compliance with the CIPFA Position Statement: Audit Committees in Local Authorities (2022).
 - 2) Compliance with the CIPFA Statement on the role of the Head of Internal Audit in public service organisations (2019).
 - 3) Compliance with the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2016).
 - 4) Compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014).
 - 5) Compliance with the Global Internal Audit Standards (GIAS) - this replaced the Public Sector Internal Audit Standards (PSIAS) from April 2025.
 - 6) Chief Officers year end good governance assurance certificates and checklists.
 - 7) Arm's length external organisations (ALEOs) year-end good governance assurance certificates and checklists.
 - 8) Annual review and update of the council's Local Code of Governance and its accompanying review programme (i.e. the Strategic Governance Framework).
 - 9) The Annual Audit Report (AAR) process undertaken by the external auditors, together with the national approach to auditing Best Value through thematic audit work.
 - 10) Findings from other audit, scrutiny, or inspection bodies in relation to service specific assessments.
 - 11) The role of the senior management team structure of meetings in respect of providing assurance in relation to the council's governance arrangements, systems of internal control, and continuous improvement activity.

Assessment of assurance

- 4.2 Each of the assurance sources listed in paragraph 4.1 has undergone a review and assessment process to ensure the information reported in the Annual Governance Statement reflects the most up-to-date position and provides the relevant assurances in respect of the council's governance arrangements and systems of internal control. A summary of these assurance assessments is noted in paragraph 4.3 below at points (1) to (11).
- 4.3 While individually each of these 11 sources of assurance are supported by separate processes and arrangements, collectively they provide an evidence base that is aligned in support of the one council approach that underpins implementation of The Plan for North Lanarkshire. As such, where improvements have been made during the year, or found to be required moving forward, these are highlighted within each item.
- 1) **Compliance with the CIPFA Position Statement: Audit Committees in Local Authorities (2022).** In this respect the activities and functions of the council's Audit and Scrutiny Panel are required to reflect the standards set out in the CIPFA Statement.

The Strategic Governance Framework sets out the evidence in this respect and confirms that during 2025/26 the purpose of the Audit and Scrutiny Panel, as set out in the [Scheme of Administration](#) reflects the standards set out in the CIPFA Statement in that its role is to "*provide independent assurance to the council and those charged with governance on the adequacy of the council's risk management framework and internal control environment*".

The Scheme of Administration confirms that the Audit and Scrutiny Panel is responsible for "*providing an independent review of the council's governance, risk management, performance, and control frameworks,*

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and overseeing the financial reporting and annual governance processes. It oversees the council's internal and external audit arrangements, helping to ensure efficient and effective assurance arrangements are in place. It also undertakes the scrutiny function within the council's governance framework and undertakes in-depth examination of particular areas of policy and/or service delivery with a view to making recommendations for improvement."

The Scheme of Administration also sets out the Audit and Scrutiny Panel's specific duties in relation to the Annual Governance Statement which is to "review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control."

During 2025/26, the Audit and Scrutiny Panel held its meetings as scheduled once every cycle, with special meetings held at the end of June and September 2025 to support the council in discharging its duties in respect of the 2024/25 year-end Annual Accounts. A summary of agenda items considered by the Audit and Scrutiny Panel during the year is contained in the extract below.

Summary of Audit and Scrutiny Panel agenda items during 2025/26

- **Internal Audit** - four progress reports covering 21 audit assignments undertaken from the audit plan which resulted in 59 recommendations, four follow up reports of actions previously agreed by management in response to audit recommendations, as well as reports in respect of the National Fraud Initiative, Internal Audit Charter, Internal Audit annual plan, and Internal Audit annual report and opinion, and a remit in respect of the adult care and social work annual quality assurance report.
- **Risk management** - four risk management updates in respect of the Corporate Risk Register, with one report providing the updated Corporate Risk Register for 2025/26. Two of these reports provided an updated summary of key risks from service risk registers to enable Elected Members to have sight of those risks with the highest residual risk scores.
- **Financial management** - one report in relation to the unaudited Annual Accounts for 2024/25 and one in relation to the audited Annual Accounts for 2024/25.
- **External audit** - with reports in relation to the Audit Scotland annual audit plan, the council's Annual Audit Report (AAR) and accompanying year-end statements, and an outcome report from the Best Value thematic audit on Transformation.
- **Scrutiny** - two reports arising from Panel member led scrutiny (in relation to a referral from the Housing Committee and a housing performance update), three quarterly performance assurance review reports providing a composite summary of all performance reports considered by the council committees in the previous cycle, an annual update in relation to the scrutiny work programme, an update on the new national Statutory Performance Information Direction, an update on the new national approach to auditing Best Value, reports providing an update in relation to aspects of the frameworks supporting The Plan for North Lanarkshire and Programme of Work (i.e. the Strategic Governance Framework, Project Management Framework quality assurance annual report, and the Annual Position Statement for the frameworks), and the Annual Governance Statement.

As noted in paragraph 3.12.2, a follow up self-evaluation of the Audit and Scrutiny Panel in 2025/26 confirmed it remains effective in discharging its role, building on the initial 2023 review. Findings were reported to the Audit and Scrutiny Panel in [August 2025](#) with the Panel being given the opportunity to identify further developments and next steps actions required to inform the improvement plan. No developments or actions were identified.

2) **Compliance with the CIPFA Statement on the role of the Head of Internal Audit in public service organisations (2019).**

To enable the Chief Officer (Audit and Risk) to fulfil the role in this respect, the council's senior management team is required to ensure they "set out how the framework of assurance supports the Annual Governance Statement and identify internal audit's role within it". This assurance is provided through the Strategic Governance Framework which sets out the role of Internal Audit and depicts in a diagram the steps in the

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annual review process which informs the content of the Annual Governance Statement. The Strategic Governance Framework undergoes a review and refresh exercise each year to ensure it remains up to date in reflecting the council's governance arrangements and it is reviewed and endorsed annually by the council's senior management team.

In line with the CIPFA statement, the Chief Officer (Audit and Risk) has also provided an annual opinion for 2025/26 on the *“overall adequacy and effectiveness of the organisation’s framework of governance, risk management, and control”* through the Internal Audit annual report. In line with the Global Internal Audit Standards (GIAS), and the council's Internal Audit Charter, the council's senior management team (through both the Business Management Team and Corporate Management Team) considered and noted the Internal Audit annual report and opinion for 2025/26 from the Chief Officer (Audit and Risk) on 11th June 2026 and 23rd June 2026 respectively. This presented an independent and objective assurance as to the adequacy and effectiveness of governance, internal control, and risk management arrangements within the council and stated:

- *“The annual opinion is unqualified and states that reasonable assurance can be placed on the council’s governance, risk management, and internal control arrangements”* for 2025/26.
- *“There is generally an overall sound system of governance, risk management and internal control in place. While some issues, non-compliance or scope for improvement were identified, individually these do not significantly impair the council’s system of internal control.”*

The CIPFA Statement considers the annual opinion from Internal Audit to be the most important output and one of the main sources of objective assurance that the Chief Executive and the council's senior management team has to support the Annual Governance Statement. The annual Internal Audit opinion is set out in more detail in paragraph 4.3 (5) below.

3) **Compliance with the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2016).** It is specified in this CIPFA Statement that the Annual Governance Statement is required to *“address the authority’s arrangements for financial and internal control and for managing risk”*.

This is addressed through the external auditors’ annual audit of the financial statements which is undertaken as part of the audit of the Annual Accounts.

The external auditors [Annual Audit Report \(AAR\)](#) in October 2024 continued to report positively on the council's approach to financial management and financial sustainability. This was also the case in the [Annual Audit Report \(AAR\)](#) in September 2025 which recognised the council's strong track record of delivering savings and operating within budget. However, it recommended that, given the scale of emerging challenges and the widening budget gap, a strategic shift was needed to ensure continued financial sustainability and service delivery.

To support this strategic shift - ensuring continued financial sustainability and effective service delivery - the existing Programme of Work and its priorities have been refocused and further enhanced. This has been achieved through the integration of six new strategic deliverables and more integrated and co-ordinated, council-wide approach to service redesign and transformation, as set out in the [report](#) to committee in June 2026.

The extent of the council's compliance with this statement (and the role of the Chief Financial Officer therein) is further demonstrated through the self-evaluation exercise undertaken in 2025 (noted in paragraph 3.12.2) which concluded that the council's financial management practices comply with all aspects of the CIPFA Financial Management Code. The self-evaluation also confirmed that the council's Chief Financial Officer operates in a way that is consistent with the CIPFA Statement.

4) **Compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014).** This statement looks for compliance in terms of developing a strategy and identifying the risks.

The Strategic Governance Framework sets out the evidence in this respect and shows that the council has a number of policies and procedures in place which are kept under review and regularly updated as required. The key policies and procedures are listed below:

- Corporate Fraud Policy - following a review of the council's anti-fraud arrangements, an updated [Corporate Fraud Policy](#) was approved by the Policy and Strategy Committee in March 2026. This sets

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out the council's expectations (that extend to all individuals and organisations with whom it deals) in terms of acting honestly and with integrity, and in safeguarding public resources.

- Whistleblowing Procedure - an annual review process is in place in respect of the use of the procedure and to identify any amendments required to the procedure. An updated [Whistleblowing Procedure](#) was approved by the Policy and Strategy Committee in March 2024. The annual review for 2025 has continued into 2026 and the outcome is scheduled to be reported to committee in cycle 4 of 2026.
- Gifts and Hospitality and Conflicts of Interest procedures for employees - guidance in this respect was first incorporated into the Employee Code of Conduct in 2018 and updates to this document have continued to reiterate employee responsibilities in this respect; this includes the most recent update to the [Employee Code of Conduct](#) in February 2025. The year-end review process is well established whereby Chief Officers are required to submit their up-to-date Service Registers annually (as part of the Chief Officer's Assurance Certificate and Checklist process) for independent review and reporting to the council's senior management team. The 2025/26 review of Registers found no significant trends or issues of concern that required to be reported to the senior management team. Notwithstanding this, procedural issues were identified in relation to the maintenance and storage of service registers that support the annual governance review process. These will be addressed through targeted awareness-raising and training activities during 2026/27.
- Code of Conduct for Chief Officers - the latest update in this respect was approved by the Policy and Strategy Committee in June 2024. The [Code of Conduct for Chief Officers](#) provides a framework within which Chief Officers of the council are expected to undertake their duties in a manner which meets the required standards for good governance.
- Councillors Code of Conduct - this is approved by the Scottish Parliament and issued by Scottish Ministers. The Standards Commission for Scotland is responsible for the enforcement of the code of conduct. It also has responsibility for issuing guidance to assist local authorities and councillors about the code of conduct and also for hearing complaints about a councillor. The latest code and relevant guidance were published in December 2021 and was shared with new and returning Elected Members following the local government elections in May 2022 with training provided on the content; this Code of Conduct is available from the [council's website](#).
- Information and Cyber Security Policy - the latest update in this respect was approved by the Policy and Strategy Committee in [March 2026](#). This followed a review that resulted in the policy now incorporating both information security and cyber security to reflect the importance of cyber security in the council's daily operations and strategic approach to service delivery (as defined in both the Digital and IT Strategy and The Plan for North Lanarkshire). As the council takes a digital by default approach to service delivery and much information is now in a digital format, this incorporates cyber threats that must be mitigated and managed to protect the council's information and IT assets.
- Risk Management - the identification of risks is carried out in line with the council's [Risk Management Strategy](#) (which was most recently updated and approved at Committee in March 2026) and through the risk for serious organised crime, fraud, and corruption which sits within the Corporate Risk Register. The Chief Officer (Legal and Democratic) - the council's Monitoring Officer - is the identified lead for this specific risk..

In addition, the council actively seeks to detect fraudulent activity through participating in the National Fraud Initiative (NFI). This is a comprehensive data matching exercise between public bodies to highlight potential frauds and errors that is regularly reviewed by Internal Audit. The latest report in respect of the progress made in the follow up of matches were reported to the Audit and Scrutiny Panel in [August 2025](#).

The CIPFA statement also requires responsibility to be acknowledged. In this respect the Internal Audit annual report 2025/26 from the Chief Officer (Audit and Risk) confirms that Internal Audit *"has responsibility for investigating alleged frauds and irregularities brought to our attention in accordance with the council's Corporate Fraud Policy. Where detailed work is carried out, the findings are reported to the Chief Executive and the relevant Chief Officer, with details of the work presented to the [Audit and Scrutiny] Panel in line with the Internal Audit Charter."*

The Internal Audit annual report 2025/26 from the Chief Officer (Audit and Risk) also notes that one fraud investigation was undertaken during the year, following concerns identified by officers in relation to applications for business grants. The investigation concluded that six grant applications were potentially fraudulent and linked to an external third party. Three of these applications were refused at assessment stage, but three were awarded totalling £134,000 - these payments could have been prevented and were a result of the weaknesses in internal processes and a failure to adhere to guidance and carry out

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appropriate checks. The investigation report was presented to the Audit and Scrutiny Panel in August 2026, and the findings of the investigation have been reported to Police Scotland.

An Internal Audit on Information Governance (reported to the Audit and Scrutiny Panel in [November 2025](#)) was concluded with a reasonable assurance opinion. This found that the council has generally effective arrangements in place, including strong governance structures, clear oversight, and appropriate consideration of risks. Established bodies such as the Data Governance Board and the Data Management and Compliance Group provide strategic direction and assurance, supported by defined roles such as the Senior Information Risk Owner and Data Protection Officer. In addition, the council has a range of policies, procedures, and training in place, and information governance is appropriately recognised as a high corporate risk, with monitoring and reporting arrangements operating effectively.

- The audit identified a small number of areas for improvement to further strengthen and mature the approach to information governance. These include the need to complete ongoing updates to policies within required timescales, ensure roles and responsibilities are clearly defined and aligned, and refresh training materials to reflect updated policies. Progress is also required on key governance workstreams such as data sharing agreements, retention schedules, and the development of the Information Asset Register. Overall, while the foundations are sound, it was considered that the council should continue to deliver the Data Governance Board's workplan to address identified gaps and ensure arrangements remain fully compliant and effective.
- In this context, a summary of items considered, developed, or approved at Data Governance Board meetings during 2025/26 is set out in the table below, demonstrating the progress being made against the Board's workplan and ongoing enhancement of information governance arrangements.

Summary of Data Governance Board agenda items during 2025/26

Governance and structure

- Agreed updates to Data Governance Board (DGB) and Data Management Compliance Group (DMCG) membership, roles, and Terms of Reference.
- Re-established DMCG as an operational group with responsibility for development, implementation, and reporting back to the DGB.
- Agreed revised governance arrangements, including reporting of DGB minutes and papers to the Business Management Team.
- Ongoing review and approval of DGB Terms of Reference and governance processes, including future AI oversight responsibilities.

Policies, standards, and compliance

- Approved / updated key policies and frameworks, including:
 - Information classification and handling standards
 - Data Protection Policy and Subject Access Request guidance and templates
 - Records and Information Management Policy and guidelines
 - Acceptable Use of ICT Policy
 - AI Policy (draft)
- Approved updates to records retention schedules across services.
- Oversight of compliance with Data Protection legislation and preparation of annual compliance reports.

Risk, security, and resilience

- Reviewed and approved disaggregated corporate risks for cyber security, information security, and information governance.
- Approved Major Cyber Incident Response Plan and development of supporting playbooks.
- Monitoring of cyber security performance, audits, and resilience frameworks.
- Oversight of business continuity and disaster recovery improvements, including audit actions.

Data protection and surveillance compliance

- Ongoing monitoring and improvement of Subject Access Request performance, backlog reduction, and compliance.
- Introduced centralised processes for Schedule 2 Data Protection Act requests.
- Oversight of Data Use and Access Act 2025 implementation, including action planning and compliance tracking.
- RIPSAs (Regulation of Investigatory Powers (Scotland) Act) - updated policy and procedures,

approval of monitoring arrangements for social media / online investigations, and DGB approval prior to committee submission.

- IPCO (Investigatory Powers Commissioner's Office) - reviewed annual return, statistics, and reporting requirements along with agreement of the need for ongoing compliance with legislation and codes of practice. Review commissioned to update internal policies and procedure.

Records and data management

- Progressed corporate approach to records management, including for electronic records.
- Developed naming standards and transfer guidance.
- Reviewed and updated the Information Asset Register and agreed responsibilities for ongoing maintenance.
- Addressed records management compliance actions and publication of findings.

Performance, monitoring, and reporting

- Developed and implemented DGB performance indicators and dashboards.
- Regular monitoring of data protection performance, cyber/security metrics, and training compliance (through the mandatory e-learning modules).
- Reviewed and signed off various reports prior to oversight by the Business Management Team, Corporate Management Team, and respective Committee.

Operational oversight and continuous improvement

- Regular review of audit findings, action plans, and compliance gaps.
- Agreement on key messages and actions to cascade across governance groups, services, and staff.
- Continuous refinement of work programme, agendas, and forward plans.

5) Compliance with the Global Internal Audit Standards (GIAS)

As reported in the Internal Audit annual report for 2025/26, since their introduction in 2013, the Public Sector Internal Audit Standards (PSIAS) were mandatory for Internal Audit functions. The PSIAS required the Chief Officer (Audit and Risk) to develop and maintain a Quality Assurance and Improvement Programme (QAIP) which included periodic internal assessments, and an independent External Quality Assessment (EQA) to be undertaken at least every five years.

During 2024/25, internal monitoring and assessment confirmed that Internal Audit continued to operate in accordance with the PSIAS. The most recent independent EQA was undertaken by Stirling Council in 2024 and confirmed that Internal Audit fully conformed with the PSIAS. This was reported to the Audit and Scrutiny Panel in [May 2024](#). Both the self-assessment and EQA highlighted some areas for improvement and consideration.

From April 2025, the PSIAS was replaced by the Global Internal Audit Standards (GIAS), which required a revision to the current internal audit methodology and working practices. A gap analysis exercise was undertaken to determine actions to ensure compliance with the new standards, and the council is working towards this in preparation for the next EQA in 2028/29. As part of the QAIP, the GIAS also require ongoing internal review and periodic self-assessment.

As reported in the Internal Audit annual report for 2025/26, Internal Audit is an independent, objective assurance and advisory function designed to add value and improve the council's operations. It helps the council accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the council's risk management, internal control, and governance processes.

- The purpose, mandate, authority and responsibilities of the council's Internal Audit function are outlined in the [Internal Audit Charter](#), the most recent version of which was approved by the Audit and Scrutiny Panel in May 2026. Internal Audit reports its outputs regularly throughout the year to the Panel in accordance with the Charter. The Panel also approves the Internal Audit annual audit plan and monitors the performance of the function.
- Internal Audit aims to provide a high quality and customer focused service which is responsive and flexible, consistent with best professional practice, focuses on areas that matter, uses resources efficiently and effectively, and is seen by stakeholders as adding value and making a vibrant and relevant contribution to the council.
- Internal Audit's primary objectives are:

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- To examine and evaluate internal control systems and governance arrangements within the council.
- To provide assurance to Elected Members and senior officers on the adequacy and robustness of these systems.
- To assist the Audit and Scrutiny Panel, Elected Members, and officers of the council in the effective discharge of their responsibilities.
- It should be noted that the presence of an effective Internal Audit function contributes towards, but is not a substitute for, effective control. It is primarily the responsibility of management to establish internal controls so that the council's activities are conducted in an efficient and well-ordered manner, to ensure that management policies and directives are adhered to, and that assets and records are safeguarded.
- The council's internal audit arrangements are consistent with the CIPFA Statement on the role of the Head of Internal Audit in public service organisations (2019).

Internal Audit activity is planned to enable the Chief Officer (Audit and Risk) to provide an independent annual opinion on the adequacy and effectiveness of internal controls within the authority, including the systems designed to achieve the corporate objectives of the council and those that manage the material risks faced by the authority.

In the Internal Audit annual report, the Chief Officer (Audit and Risk) provides an overview of the activities of the Internal Audit section for 2025/26. This includes highlights of issues arising from Internal Audit activity during the year and an extract in this respect is set out in the table below.

Extract from the Internal Audit annual report for 2025/26, June 2026

In the Internal Audit annual report for 2025/26, presented to the Chief Executive and both the Business Management Team and Corporate Management Team in June 2026, the Chief Officer (Audit and Risk) provides an overview of Internal Audit activity against the 2025/26 Annual Plan and includes details of when each assignment was reported to the Audit and Scrutiny Panel (where not yet formally reported, status and expected dates are given).

Key issues arising from Internal Audit outputs are highlighted in the Internal Audit progress report presented to each meeting of the Panel.

Audit issues 2025/26

The nature of audit assignments is such that most Internal Audit reports identify some weaknesses or areas where scope for improvement exists, and during 2025/26, a number of recommendations were made to address such areas identified from the audit work undertaken.

The majority of audits undertaken during the year received opinions of either Reasonable or Substantial Assurance, and there are no issues arising from these audits which require to be highlighted. There are issues (listed below) that while they could be significant to the control environment in the individual system or areas audited, they are considered not material enough to have a significant impact on the Chief Officer (Audit and Risk) overall opinion on the adequacy of the council's control environment.

- The 2023/24 annual report discussed reports on the Housing and Corporate Property Maintenance Contract and the whistleblowing allegations received by Audit Scotland, and audit work during 2024/25 concluded that significant progress had been made in implementing the recommendations in both reports, with some aspects being fully implemented. Substantive audit work on the operation of the new contract was included in the Internal Audit Plan for 2025/26, and no significant issues have been identified.
- Two audits during 2025/26 provided limited assurance. The first was in relation to unannounced spot check visits at a sample of education establishments - while the audit testing also considered physical security, health and safety, and information security arrangements, the limited assurance opinion was due to control weaknesses in the management of school funds (specifically non-compliance with procedures, and insufficient oversight of the processes by Head Teachers and senior school management).

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- The control environment around school funds has been the subject of repeated audit activity over recent years and was mentioned specifically in the Internal Audit annual report for 2024/25. While work is ongoing to address the control weaknesses, the agreed actions from previous audits have not yet been fully implemented, meaning the areas of concern identified have not been addressed. Further work in this area has been included as part of the 2026/27 Internal Audit Plan.
- The second report with limited assurance relates to the arrangements for the use of Self-Directed Support (SDS). The audit found significant weaknesses in relation to the application of procedures and retention of key documentation for each of the four care delivery options available to service users, as well as in the consistency of monitoring direct payment expenditure. These weaknesses could lead to funds being misused, assessed needs not being met and potential financial loss and reputational damage for the council (although there was no evidence of misuse of funds from the sample of cases tested).
- One fraud investigation was undertaken during the year following concerns identified by officers in relation to applications for business grants. The investigation concluded that six grant applications were potentially fraudulent and linked to an external third party. Three of these applications were refused at assessment stage, but three were awarded totalling £134,000 - these payments could have been prevented and were a result of the weaknesses in internal processes and a failure to adhere to guidance and carry out appropriate checks. The investigation report was presented to the Audit and Scrutiny Panel in August 2026, and the findings of the investigation have been reported to Police Scotland.

- 6) **Chief Officer's year-end good governance assurance certificates and checklists.** This requires Chief Officers to review various aspects within their service areas and advise of any specific issues which require to be identified in the Annual Governance Statement.

Through this process Chief Officers have reviewed the effectiveness of governance arrangements during the year within their area of responsibility by completing a Certificate of Assurance and updating a Checklist to support the preparation of the council's statements on corporate governance and internal financial control for the year ending 31 March 2026.

Following a review of the 14 certificates and checklists completed for 2025/26, Chief Officers have confirmed corporate governance arrangements and financial controls in their area of responsibility have been, and are, working well and there are (in their opinion) no significant matters arising which would require to be raised specifically in the Annual Governance Statement.

The annual review concluded that the Chief Officer's year-end governance assurance checklist process continues to provide an effective and robust source of assurance across all council services, with returns completed by all Chief Officers, including those undertaking statutory officer roles. The review also identified an opportunity to further strengthen the process by introducing a formal Monitoring Officer assurance assessment. This assessment would consider compliance with statutory enactments and the rule of law, and identify any instances of maladministration or injustice relevant to Part II of the Local Government (Scotland) Act 1975. The outcomes of the assessment would inform and be reported through the Annual Governance Statement, providing an additional source of governance assurance.

- 7) **Arm's length external organisations (ALEOs) year-end good governance assurance certificates and checklists.** This requires the Chief Executive or Senior Representative of each ALEO (Fusion Assets Limited, Routes to Work Limited, and North Lanarkshire Properties LLP) to review various aspects within their service areas and advise of any specific issues which require to be identified in the Annual Governance Statement.

Through this process the council's three arm's length external organisations (ALEOs) - Fusion Assets Limited, Routes to Work Limited and North Lanarkshire Properties LLP - have reviewed the effectiveness of governance arrangements during the year within their organisation by completing a Certificate of Assurance and updating a Checklist to support the preparation of the council's statements on corporate governance and internal financial control for the year ending 31 March 2026.

In this respect, the Chief Executive or Senior Representative for each ALEO has confirmed corporate governance arrangements and financial controls in their organisation have been, and are, working well and there are (in their opinion) no significant matters arising which would require to be raised specifically in the

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council's Annual Governance Statement.

Assurance arrangements were enhanced during 2025/26 following committee agreement that future revenue monitoring council summary reports - which are reported to the Finance and Resources Committee each cycle - will incorporate financial performance information in relation to the three ALEOs.

8) Annual review and update of the Local Code of Governance and its accompanying review programme (i.e. the Strategic Governance Framework).

The council's Local Code of Governance brings the principles of good governance together with legislative requirements and management processes by which the council is directed and controlled and through which it is accountable to, engages with, and leads the local community. Taking into account the local environment within which the council operates, this aims to ensure the council is able to effectively pursue the long-term ambition set out in The Plan for North Lanarkshire, while ensuring this is underpinned with control and the management of risk, and:

- Resources are directed in accordance with agreed policies and according to priorities and in line with corporate project management procedures.
- There is sound and inclusive decision making.
- There is clear accountability for the use of those resources in achieving defined outcomes for service users and local communities.

The council's Local Code of Governance is set out in the Strategic Governance Framework which is one of inter-related strategic frameworks that aim to maintain a corporate *one place, one plan, one council* approach. These frameworks are key to evaluating the success of The Plan for North Lanarkshire and assessing delivery of the Programme of Work, while ensuring each stage of delivery towards achieving the overall vision is appropriately aligned, planned, guided, implemented, monitored, and governed.

As such, the Strategic Governance Framework:

- Gathers together all existing governance arrangements into a list of elements and mechanisms that demonstrates the council's compliance with the 7 principles, 21 sub-principles, and 91 behaviours and actions contained within the CIPFA Framework. By collating all existing elements and mechanisms (produced by the respective Chief Officer) into the one local code for annual review, assessment, assurance, and reporting purposes, the Strategic Governance Framework and its Review Programme provide an efficient mechanism through which the annual review can be undertaken.
- This also ensures appropriate oversight and governance of The Plan for North Lanarkshire and supporting Programme of Work and enables the council to monitor the delivery of its ambitions while ensuring arrangements for corporate governance, risk management, and internal financial controls are sound.
- Sets out the role of the Chief Officers (and the council's senior management team and its structure of meetings), Elected Members, and the Audit and Scrutiny Panel who are responsible for determining and implementing the council's governance arrangements, ensuring the local code is assessed on an annual basis to ensure ongoing effectiveness and compliance, and identifying any improvement actions and/or future planned developments required in relation to the council's key governance arrangements and continuous improvement activity.
- Comprises a diagram that depicts the steps in the annual review process which ensures that the council's governance arrangements are regularly assessed for ongoing effectiveness within the context of The Plan for North Lanarkshire and to provide evidence to inform the content of the Annual Governance Statement.
- Remains under review through the annual review process whereby each of the elements and mechanisms in the review programme are examined and updated as required to reflect the relevant documentation and hyperlinks, as well as the review timeframe and date of next update.
- Is supported by an annual assessment of the current position of the elements and mechanisms in the review programme to ensure they remain timely and effective in supporting delivery of The Plan for North Lanarkshire. This involves assigning a corresponding RAG status to provide a method by which to identify and prioritise items requiring to be reviewed and updated further. The latest position following the 2025/26 year-end review identified no Red elements or mechanisms, one Amber, and

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the rest were Green. For the one assessed as Amber (i.e. the annual review and update to the Whistleblowing Policy), there is a commitment by the respective Chief Officer to ensure an update is undertaken during 2026/27.

The annual review and update of the Strategic Governance Framework is reviewed and endorsed each year by the council's senior management team (through both the Business Management Team and Corporate Management Team) in line with their respective governance, strategic oversight, assurance, and continuous improvement roles in respect of the council's governance arrangements and delivery of The Plan for North Lanarkshire.

The Strategic Governance Framework, and its accompanying review programme, have been recognised as an area of good practice in several year's annual Internal Audits on Corporate Governance. As reported to the Audit and Scrutiny Panel in [August 2025](#), the most recent Internal Audit confirmed that arrangements are adequate and operating effectively, and no areas for improvement were identified. It was, however, noted that the council should continue to monitor changes in the legal, risk, and control environment and adapt its governance arrangements accordingly to maintain this level of compliance. The Strategic Governance Framework review programme, which continues to be updated and reported to the Audit and Scrutiny Panel annually, provides ongoing review and assurance mechanism in this regard.

9) **The Annual Audit Report (AAR) process undertaken by the external auditors, together with the national approach to auditing Best Value through thematic audit work.**

Published in May 2019, the North Lanarkshire Best Value Assurance Report (BVAR) comprised eight recommendations for action by the council. Various updates have been provided to committee since, and the external auditors Annual Audit Report (AAR) has provided updates every year in terms of completed recommendations. The [Annual Audit Report \(AAR\)](#) in October 2023 reported that all eight recommendations had been fully implemented and were now complete.

As reported to the Audit and Scrutiny Panel, auditing Best Value has evolved over time, and the most recent framework came into effect with the new five year external audit appointments in 2022/23. Under this approach:

- Auditing Best Value is fully integrated within the wider annual audit, with findings reported through the external auditor's Annual Audit Report (AAR).
- Thematic Best Value audit work is undertaken each year by the external auditor, in line with Accounts Commission requirements, to provide assurance on areas of risk or interest across Scotland at a defined point in time.
- Each council's Annual Audit Reports (AARs) and Best Value reports are considered by the Accounts Commission once during the five year appointment, informing a statutory report produced by the Controller of Audit under Section 102(1) of the amended Local Government (Scotland) Act 1973.

Since the new approach was implemented, the various outcome reports (listed below) have been able to be viewed through the Policy and Strategy Committee and/or the Audit and Scrutiny Panel. In addition, the latest of these reports - the Controller of Audit report prepared under Section 102(1) of the amended Local Government (Scotland) Act 1973 - was submitted to full Council in [April 2026](#) to enable formal consideration through the council's committee process and to set out the council's response to the Accounts Commission's findings.

A wide range of information over many years was used by the external auditors to inform the Controller of Audit report. The evidence considered included the following:

1. The North Lanarkshire Best Value Assurance Report (BVAR) produced in 2019 as part of the national audit programme at that time - [reported to full Council](#) in June 2019. Implementation of the eight recommendations arising from the BVAR was confirmed as complete in the Annual Audit Report (AAR) 2022/23.
2. Outcome reports produced for the council as part of the national thematic Best Value audit programme, covering:
 - (i) Leadership of the development of new strategic priorities - reported to the Audit and Scrutiny Panel in October 2023 and the [Policy and Strategy Committee](#) in December 2023.

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Implementation of the three recommendations arising from this audit was confirmed as complete in the Annual Audit Report (AAR) 2023/24.

- (ii) Workforce innovation (how the council is responding to current workforce challenges through building capacity, increasing productivity, and innovation) - reported to the [Audit and Scrutiny Panel](#) in August 2024 and the Policy and Strategy Committee in September 2024.
- (iii) Transformation (how councils are redesigning and delivering more efficient services to achieve planned outcomes) - reported to the [Audit and Scrutiny Panel](#) and the Policy and Strategy Committee in September 2025.

3. Annual Audit Reports (AARs) for:

- (i) 2022/23 - reported to the [Audit and Scrutiny Panel](#) in October 2023.
- (ii) 2023/24 - reported to the [Audit and Scrutiny Panel](#) in October 2024.
- (iii) 2024/25 - reported to the [Audit and Scrutiny Panel](#) in September 2025.

As such, the Controller of Audit report comprised previous years' findings that the council has already addressed through the reports listed above, along with recommendations that have since been completed or are in the process of being implemented.

Following their meeting on 11th December 2025, the Accounts Commission reported that it welcomed and endorsed the Controller of Audit report on Best Value in North Lanarkshire Council, as well as the recommendations made by auditors in their Annual Audit Report 2024/25. After considering these reports, the Commission agreed a number of findings, which are summarised below:

Best Value in North Lanarkshire Council - extract from Accounts Commission's findings (Controller of Audit report, January 2026)

1. As one of Scotland's largest councils, and with significant and persistent socio-economic challenges, we are impressed with North Lanarkshire's commitment to improving outcomes for its communities and its outward-facing approach to working with partners across and outwith the region.
2. The council has an ambitious vision for the area that is shared with partners, underpinned by a well-established programme of work. Combined with effective financial and performance management, a track record of delivering savings, integrated workforce planning, and prioritisation of community engagement, the council has strong foundations for addressing its widening budget gap.
3. Transformation is embedded at a service level, and the council is taking an innovative place-based approach to addressing future financial sustainability and improving outcomes, including creating community hubs with partners such as the NHS.
4. The council's approach to housing and homelessness should be recognised and its Local Government Benchmarking Framework performance indicators in this service area are among the best in Scotland, demonstrating the impact of its sustained investment and preventative approaches.
5. We are pleased to see that the council has responded positively to the auditor's recommendations around improving processes for elected member engagement, including in strategic planning.
6. The council has made its expectations of staff very clear in relation to hybrid working.

In setting out their findings to the Controller of Audit report, the Accounts Commission also reiterated a number of recommendations which had been previously made through the reports listed above. These findings are set out in the [report](#) to full Council in April 2026 along with the council's response.

The external auditors outcome report from the Best Value thematic audit on transformation (reported to the Audit and Scrutiny Panel in [September 2025](#)) reflected on the effective governance arrangements the council has in place to oversee its transformation work. In addition, an Internal Audit review of the council's strategic governance arrangements in place to oversee the delivery of the Programme of Work (reported to the Audit and Scrutiny Panel in [August 2025](#)) found the governance arrangements to be robust and consistent, with effective oversight provided through regular Strategic Board meetings and progress reporting to senior officers and elected members. This audit received a substantial assurance rating, with one area for improvement recommended in relation to the development and introduction of arrangements to ensure intended benefits of the Programme are realised.

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The external auditor's latest [Annual Audit Report \(AAR\)](#), presented to the Audit and Scrutiny Panel in September 2025, outlined key findings from the audit of the 2024/25 financial statements and wider areas including financial management and sustainability, governance, best value, and use of resources. It included the audit opinion and identified areas requiring action or further improvement. A small number of recommendations were agreed, with management actions in place. Progress is monitored by Internal Audit and regularly reported to the Audit and Scrutiny Panel, with the [most recent](#) in May 2026. An update on the position previously reported in the 2024/25 Annual Governance Statement is set out in the table below; note this provides the position as at the May 2026 Internal Audit report.

Recommendation and action	Update
2023/24 Annual Audit Report (AAR) recommendations	
Replacement of assets - management should establish a process to ensure assets replaced are appropriately removed from the asset register and accounted for as a disposal appropriately.	Complete Reported to the Audit and Scrutiny Panel in November 2025.
Statutory override - the council should proactively work with CIPFA and the wider local government sector to arrive at appropriate solution for the implementation of accounting for infrastructure assets.	Ongoing, due for completion 2026/27.
Reinforced autoclave aerated concrete (RAAC) - for those properties where RAAC has been identified, the council should determine a more accurate measure of the level of impairment in line with the requirement of accounting standards.	Complete Reported to the Audit and Scrutiny Panel in November 2025.
Continuity and security of IT operations - the council should ensure there is appropriate oversight of its continuity and security of IT operations and ensure the necessary assurances are obtained for externally hosted systems.	Complete in respect of Business Continuity. Reported to the Audit and Scrutiny Panel in May 2025. Oversight of IT security and Disaster Recovery ongoing, due for completion November 2026.
Public performance reporting - the council should improve its public performance reporting to provide its citizens and communities with a clear summary of performance.	Ongoing, due for completion June 2026.
2023/24 recommendations from the Best Value thematic report	
Acting on staff engagement feedback - as the council develops its staff engagement approach, it should ensure that as well as providing information to staff on council decisions, it also incorporates the views of staff and trade unions to support transparent decision making, and evidence how it is acting on findings from the Summer 2024 roadshow sessions.	Refresh of staff survey - complete. Full update will be presented to committee in December 2026. Review of trade union consultation arrangements - complete. Reported to Finance and Resources Committee in May 2026 .
Hybrid working policy - the council should continue to monitor the impact of its hybrid working approach. It should continually assess the impact of increasing the number of office days, in terms of performance, staff wellbeing, and recruitment and retention.	Complete.
Temporary workforce - the council should include data reporting on its temporary workforce as part of published workforce data, and once available it should include data on agency workers.	Complete.

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Annual Governance Statement

2024/25 Annual Audit Report (AAR) recommendations	
Fixed asset register - the council should undertake a review of the fixed asset register to assess its capability to support accurate reporting.	Complete.
Common good assets - the council should continue to review requirements to disclose Common Good assets separately from council assets.	Ongoing, due for completion June 2026.
Strategic use of reserves - the council should undertake a review of its reserves to determine what the planned or targeted level of reserves is appropriate. It should also look to define when certain earmarked reserves such as those earmarked for future budget pressures would be utilised as it is unclear whether these would be used to address short term pressures or to support investment to support long-term sustainability and improved outcomes.	Ongoing, due for completion June 2026.
Exit packages - there are opportunities for the council to enhance the standard of documentation of early retirement decisions. The council should also review its policies and procedures to ensure that exit packages of senior officers are subject to additional scrutiny.	Ongoing, an update on the review of the council's democratic, committee, and decision-making governance procedures was presented to Policy and Strategy Committee in March 2026 . Phase 4 of the review includes a review and update of the Scheme of Administration and Delegation and is scheduled to be completed by December 2026.
2023/24 recommendations from the Best Value thematic report	
Benefits realisation - the council should prioritise completion of its benefits realisation framework and incorporate reporting on both financial and non-financial benefits into regular monitoring reports. Given the financial challenges the council is facing there is a need to increasingly monitor and track cost and benefits of transformation projects. This will help inform officers and members of the extent to which transformation projects are delivering their intended benefits.	Ongoing, due for completion June 2026.
Improving public reporting of progress against the 28 health check indicators - the council should ensure that the reporting of progress against its 28 health check indicators is more accessible to the public.	Ongoing, due for completion June 2026.

10) Findings from other audit, scrutiny, or inspection bodies in relation to service specific assessments.

A dedicated page on the council's [website](#) provides a central location for reporting on findings and recommendations from all national audits and inspections. This continues to be kept up to date as and when new reports become available nationally. Inspection reports published during 2025/26 include the following:

- Scottish Housing Regulator [annual assurance statement 2024/25](#) - August 2025.
- Scottish Housing Regulator [annual landlord report 2024/25](#) - November 2025.

11) The role of the council's senior management team structure of meetings in respect of providing assurance in relation to the council's governance arrangements, systems of internal control, and continuous improvement activity.

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Annual Governance Statement

The council recognises that a key aspect of delivering effective governance lies in how it is applied in practice. The ethos of good governance cannot be achieved through structures, rules, and procedures alone. Instead, it must be embedded within the council's culture, with the importance and value of good governance clearly understood and articulated.

Accordingly, all references to the frameworks that support The Plan for North Lanarkshire and its supporting governance arrangements are made consistently. This ensures completeness, strengthens alignment, and reinforces awareness of the critical role that good governance plays in delivering the council's strategic ambitions.

The role of, and need for, good governance is also reiterated in the Guidance accompanying the Report Template which requires to be used for all internal reporting purposes.

In assessing the effectiveness of the council's governance arrangements, the Business Management Team and Corporate Management Team each play a distinct role in monitoring, evaluating, and identifying areas for improvement across governance, systems of internal control, and continuous improvement activity.

Business Management Team (BMT):

Role	Assurance, governance oversight, and monitoring of compliance and effectiveness.
Purpose	To monitor the efficient and effective operation of the council and secure the assurances required to support achievement of the long-term ambition set out in The Plan for North Lanarkshire.
Governance	To ensure governance is underpinned by robust controls across corporate governance (including performance, legal and HR), risk management, and financial management.
Assurance	To seek and evaluate assurances, compliance, and effectiveness, intervening where risks or issues in the council's system of internal control are identified.
Improvement	To identify issues through assurance processes, prompting corrective action where required.

Reflecting the changes to the council's senior management team structure as outlined in the *Realising North Lanarkshire as the place to live, learn, work, invest, and visit* report in December 2025 report ([link to file](#)) to committee in December 2025, the Chief Executive, Depute Chief Executive, Section 95 Officer, and Monitoring Officer are members of the Business Management Team as well as the Chief Officers of Audit and Risk and People Resources, and the Senior Strategic Communications Manager.

Corporate Management Team (CMT):

Role	Strategic leadership, direction-setting, and driving organisational improvement.
Purpose	To consider the strategic context and operating environment, understand organisational position, and shape future direction.
Governance	To oversee implementation of strategic and policy decisions, ensuring alignment with The Plan for North Lanarkshire and Programme of Work and a <i>one place, one plan, one council</i> approach.
Assurance	To oversee delivery and progress against strategic priorities, setting the one council approach required to achieve outcomes (including partnership working where appropriate).
Improvement	To drive continuous improvement and ensure strategic priorities are progressed through the Programme of Work.

The Chief Executive, Depute Chief Executive, and all Chief Officers are members of the CMT.

4 x Service Management Teams (SMTs)

The *Realising North Lanarkshire as the place to live, learn, work, invest, and visit* report in December 2025 reiterated the four service groupings which were originally established in September 2018 and which have continued to operate effectively since - Chief Executive's services, Enterprise and Communities,

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Education and Families, Adult Health and Social Care.

The focus of the SMTs is to manage the operational requirements of their service remits. They are also responsible for considering the implementation of strategic and corporate decisions at a service or service grouping level, taking account of the operating context within which services are delivered. In doing so, SMTs ensure that operational decisions align with, and support, the successful progression of the Programme of Work and The Plan for North Lanarkshire.

Operational Management Team:

Formally established in April 2021, the OMT comprises all senior managers and head teachers across the council. It operates under the principles of engage, develop, support, and inform, providing a structured forum to connect managers and strengthen their capacity to support teams in progressing the Programme of Work in line with The Plan for North Lanarkshire.

The OMT provides a collaborative environment to discuss the practical implications and implementation of strategic and corporate priorities, including the Programme of Work and relevant governance obligations. It is not a decision-making body; rather, it functions as an information-sharing and engagement forum, focused on communicating, exploring, and supporting the implementation of significant developments across the council's operational management team.

- 5. Certification of assurance - that sets out the level of assurance provided by the council's governance arrangements.**
- 5.1 In compliance with the Delivering Good Governance in Local Government: Framework (2016) (including the Addendum (2025)) on the annual review of governance and the annual governance statement, the council has established systems to review and continuously improve its governance and internal control environment throughout the year. Actions for improvement have been identified, and their implementation will be monitored and reported as part of the next annual review.
- 5.2 It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of North Lanarkshire Council's governance arrangements, including those of its Group. The annual review process has provided sufficient evidence that the council's corporate governance arrangements have operated effectively, and that the council and its group entities have complied with the relevant corporate governance principles in all significant respects.
- 5.3 Having considered all the principles; I am satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Des Murray

Chief Executive

24 September 2026

J Logue

Leader of the Council

24 September 2026

Annual Accounts 2025/26

Independent Auditor's Report

Independent auditor's report to the members of North Lanarkshire Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of North Lanarkshire Council and its group for the year ended 31 March 2026 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council only Comprehensive Income and Expenditure Statements, the group and council only Balance Sheets, the group Movements in Group Reserves Statement and council Movements in Reserves Statement, the group and council only Cash Flow Statements, the council only Housing Revenue Account, the Council Tax Income Statement, the Non Domestic Rates Income Statement, the Sundry Accounts Statement and notes to the group and council only financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the 2025/26 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2026 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2025/26 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, I report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Chief Officer (Finance and Technology) and Audit and Scrutiny Panel for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Officer (Finance and Technology) is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Officer (Finance and Technology) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Officer (Finance and Technology) is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going

Annual Accounts 2025/26

Independent Auditor's Report

concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Audit and Scrutiny Panel is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;
- inquiring of the Chief Officer (Finance and Technology) as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;
- inquiring of the Chief Officer (Finance and Technology) and the Chief Officer (Legal and Democratic) concerning the policies and procedures of the council and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Officer (Finance and Technology) is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited parts of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

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Independent Auditor's Report

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



John Boyd FCPFA
Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT
24 September 2026

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Glossary of Terms

Whilst much of the terminology used in this report is intended to be self-explanatory, the following additional definitions and interpretation of terms may be of assistance.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses (Pensions)

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

Asset Ceiling Adjustment (Pensions)

This limits the Pension Surplus recognised in the Annual Accounts to comply with relevant Accounting Standards

Associates

These are entities (other than a subsidiary or a joint venture) in which the Council has a participating interest or over whose operating and financial policies the Council is able to exercise significant influence.

Capital Adjustment Account

The Capital Adjustment Account represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

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

Capital Financing

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, capital receipts and grants, and revenue funding.

Capital Receipt

The proceeds from the disposal of land or other non-current assets.

Capital Receipts Reserve

The Capital Receipts Reserve represents the capital receipts available to finance capital expenditure in future years after setting aside the statutory amounts for the repayment of external loans.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are municipal parks.

Contingent Liability

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

The Corporate and Democratic Core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same service.

Defined Benefit Pension Scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Annual Accounts 2025/26

Glossary of Terms

Depreciation

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Extinguishment

Extinguishment relates to financial liabilities and occurs when the Council's legal obligations end, either through the cancellation or expiry of the obligations or through payment being made to settle the amount owed by the Council.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less where applicable, any grants receivable towards the purchase or use of the asset.

Finance Lease

A lease that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and lending. This account is a technical accounting presentation and is not available for distribution.

Heritage Asset

A tangible or intangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Indexation

The accounting increase/decrease of the carrying value of relevant Property, Plant & Equipment fixed assets on an annual basis using market indices in the years outwith formal revaluation during a five-year rolling valuation programme.

Impairment

A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

Infrastructure Assets

Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

Intangible Asset

Non-current asset belonging to the Council which lacks physical substance. Examples include computer software, licensing agreements, patents and copyrights.

Inventories

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

Joint Venture

An entity in which the Council has an interest on a long-term basis and is jointly controlled by the Council and one or more entities under a contractual or other binding agreement.

Liability

A liability is where the Council owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

Non Distributed Costs

These are overheads for which no user now benefits and as such are not apportioned to services.

Annual Accounts 2025/26

Glossary of Terms

National Non Domestic Rates Pool

All non domestic rates collected by local authorities are remitted to the national pool and thereafter distributed to Councils by the Scottish Government.

Operating Lease

A lease where the ownership of the non-current asset remains with the lessor.

Past Service Cost (Pensions)

For a defined benefit scheme, the increase in the present value of the scheme liabilities relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

Pension Reserve

This represents the difference between accounting for pension costs in line with UK Accounting Standards and the funding of pension costs from taxation in line with statutory requirements and is equal to the change in the pension liability, i.e. the commitment to provide retirement benefits.

Provision

An amount put aside in the accounts for future liabilities or losses which are very likely to occur but the amounts or dates of when they will arise are uncertain.

Public Works Loan Board (PWLb)

A Central Government Agency, which provides loans for one year and above to Councils at interest rates only marginally higher than those at which the Government can borrow itself.

Rateable Value

The annual assumed rental of a hereditament, which is used for national non-domestic rates purposes.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Capital Adjustment Account and Revaluation Reserve cannot be used to meet current expenditure.

Right of Use Asset

An asset that represents the lessee's right to use an underlying asset for the lease term.

Subsidiary

An entity which the Council wholly or partly controls.

Trust Funds

Funds administered by the Council for such purposes as prizes, charities and specific projects.

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To make a request, please contact Corporate Communications at:
corporatecommunications@northlan.gov.uk

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corporatecommunications@northlan.gov.uk

Produced by

NORTH LANARKSHIRE COUNCIL

Chief Executive's Office

Civic Centre

Windmillhill Road

Motherwell ML1 1AB

e. annualaccounts@northlan.gov.uk

NORTHLANARKSHIRE.GOV.UK

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