DATA LABEL: Public

West Lothian Council

West Lothian Civic Centre
Howden South Road
LIVINGSTON
EH54 6FF

13 February 2026

A hybrid meeting of West Lothian Council will be held within the **Council Chambers, West Lothian Civic Centre, Livingston, EH54 6FF** on **Thursday 19 February 2026** at **10:00am**.

For Chief Executive

BUSINESS

Public Session

1. Apologies for Absence

2. Declarations of Interest - Members must declare any interests they have in the items of business for consideration at the meeting, identifying the relevant agenda items and the nature of their interests.

3. Order of Business

Public Items for Decision

4. Housing Revenue Account Budget 2026/27 to 2027/28 and Rent Level 2026/27 - report by Depute Chief Executive (herewith)

5. Housing Capital Investment Programme 2026/27 to 2027/28 - report by Depute Chief Executive (herewith)

NOTE **For further information please contact Val Johnston, Tel No.01506 281604 or email val.johnston@westlothian.gov.uk**

West Lothian Council

Cathy Muldoon - Provost
West Lothian Civic Centre, Howden South Road, Livingston, West Lothian EH54 6FF
Tel: 01506 281738

Graham Hope
Chief Executive
West Lothian Council
Civic Centre
Howden South Road
Livingston
EH54 6FF

6 February 2026

Dear Graham

I am calling a special meeting of full council to deal with the following budget-related reports:-

- Housing Revenue Account Budget 2026/27 to 2027/28 and Rent Level 2026/27
- Housing Capital Investment Programme 2026/27 to 2027/28

As discussed, please arrange the meeting for Thursday 19 February at 10.00am.

Yours sincerely

[redacted]

Provost Cathy Muldoon

CODE OF CONDUCT AND DECLARATIONS OF INTEREST (2021)

This form is a reminder and an aid. It is not a substitute for understanding the Code of Conduct and guidance.

Interests must be declared at the meeting, in public.

Look at every item of business and consider if there is a connection.

If you see a connection, decide if it amounts to an interest by applying the objective test.

The objective test is whether or not a member of the public with knowledge of the relevant facts would reasonably regard your connection to a particular matter as being so significant that it would be considered as being likely to influence your discussion or decision-making.

If the connection does not amount to an interest then you have nothing to declare and no reason to withdraw.

If the connection amounts to an interest, declare it as soon as possible and leave the meeting when the agenda item comes up.

When you declare an interest, identify the agenda item and give enough information so that the public understands what it is and why you are declaring it.

Even if the connection does not amount to an interest you can make a statement about it for the purposes of transparency.

More detailed information is on the next page.

December 2024

Look at each item on the agenda, consider if there is a "connection", take advice if necessary from appropriate officers in plenty of time. A connection is any link between the item of business and:-

- you
- a person you are associated with (e.g., employer, business partner, domestic partner, family member)
- a body or organisation you are associated with (e.g., outside body, community group, charity)

Anything in your Register of Interests is a connection unless one of the following exceptions applies.

A connection does not exist where:-

- you are a council tax payer, a rate payer, or a council house tenant, including at budget-setting meetings
- services delivered to the public are being considered, including at budget-setting meetings
- councillors' remuneration, expenses, support services or pensions are being considered
- you are on an outside body through a council appointment or nomination unless it is for regulatory business or you have a personal conflict due to your connections, actions or legal obligations
- you hold a view in advance on a policy issue, have discussed that view, have expressed that view in public, or have asked for support for it

If you see a connection then you have to decide if it is an "interest" by applying the objective test. The objective test is whether or not a member of the public with knowledge of the relevant facts would reasonably regard your connection to a particular matter as being so significant that it would be considered as being likely to influence your discussion or decision-making.

If the connection amounts to an interest then:-

- declare the interest in enough detail that members of the public will understand what it is
- leave the meeting room (physical or online) when that item is being considered
- do not contact colleagues participating in the item of business

Even if decide your connection is not an interest you can voluntarily make a statement about it for the record and for the purposes of transparency.

The relevant documents are:-

- Councillors' Code of Conduct, part 5
- Standards Commission Guidance, paragraphs 129-166
- Advice note for councillors on how to declare interests

If you require assistance, contact:-

- **Lesley Montague, Interim Monitoring Officer and Governance Manager, 01506 281613, lesley.montague@westlothian.gov.uk**
- **Carol Johnston, Chief Solicitor and Depute Monitoring Officer, 01506 281626, carol.johnston@westlothian.gov.uk**
- **Committee Services Team, 01506 281604, 01506 281621 committee.services@westlothian.gov.uk**

December 2024

DATA LABEL: PUBLIC

WEST LOTHIAN COUNCIL

HOUSING REVENUE ACCOUNT BUDGET 2026/27 TO 2027/28 AND RENT LEVEL 2026/27

REPORT BY DEPUTE CHIEF EXECUTIVE

A. PURPOSE OF REPORT

To seek approval for the updated Housing Revenue Account (HRA) financial plan for 2026/27 to 2027/28, as well as the proposed HRA budget, rent and service charges for 2026/27.

B. RECOMMENDATION

It is recommended that Council:

1. Approves the proposed 3.5% per annum rent strategy and financial plan for the period 2026/27 to 2027/28, which will fund service needs and the Housing Capital Investment Programme;
2. Approves the proposed rent increase of 3.5% for 2026/27 and the associated HRA budgets for 2026/27, as set out in the report; and
3. Approves the proposed rent increase of 3.5% for Sheltered Housing and Homelessness properties, as well as related service and support charges, for 2026/27.

C. SUMMARY OF IMPLICATIONS

I.	**Council Values**	Caring and compassionate Open, honest and accountable Collaborative, inclusive and adaptive
II.	**Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)**	This report complies with legal requirements under the Housing (Scotland) Act 1987. The HRA budget and associated rent increase is reported to the Council annually for approval. The impact of the budget has been assessed in compliance with public sector duty requirements, as set out in the Equality Act 2010, the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, Fairer Scotland Duty, Part 1 of the Equality Act 2010 and the Consumer Scotland Act 2020. An Integrated Relevance Assessment, a full Integrated Impact Assessment and a Consumer Duty Impact Assessment have been undertaken and are included in Appendix 1.
III.	**Implications for Scheme of Delegations to Officers**	None.
IV.	**Impact on performance and performance Indicators**	None.

V.	**Relevance to New Single Outcome Agreement**	Outcome 10 – We live in well designed, sustainable places where we are able to access the services we need.
VI.	**Resources - (Financial, Staffing and Property)**	The 3.5% per annum rent strategy will deliver a balanced HRA budget and capital investment programme for the period 2026/27 to 2027/28.
VII.	**Consideration at PDSP**	The proposed budget was considered at the Housing Services PDSP on 5 February 2026.
VIII.	**Other consultations**	A formal rent consultation has taken place with all tenants. Discussion with the Director of Finance and Property Services.

D. TERMS OF REPORT

D.1 GOVERNANCE

The Housing Revenue Account (HRA) budget setting process is subject to statutory, regulatory and governance requirements. Section 25 of the Housing (Scotland) Act 2001 requires landlords to give tenants at least four weeks' notice of any increased rent due to be paid, while section 53 of the Act requires a tenant participation strategy to be in place. The council's financial regulations state that the Depute Chief Executive (Corporate, Operational and Housing Services) is responsible for presenting the HRA Revenue Budget to a meeting of the full council.

The HRA Revenue Budget, alongside the Housing Capital Investment Programme, forms part of the council's integrated approach to financial strategy, corporate planning, delivery of outcomes and performance monitoring. The activity budget, along with service management plans, links activities, resources, outputs and outcomes which enables the council to demonstrate Best Value in the use of resources. The activity budget is published on the council's intranet.

The council has continued to build a resilient culture of effective planning and governance, with strong evidence to demonstrate how the council meets the defined best value characteristics. The council's Best Value Framework, which was approved on 22 February 2022, ensures that the council complies with the provisions contained within the Local Government in Scotland Act 2003. The 2003 Act requires the council to:

- Secure best value in the performance of its functions;
- Balance the quality and cost of the performance of its function and the cost of council services to service users;
- Have regard to efficiency, effectiveness, economy and the need to meet equal opportunity requirements in maintaining that balance;
- Fully discharge its duty to secure best value in a way which contributes to the achievements of sustainable development.

The Public Sector Equality Duty (PSED) (often referred to as the 'general duty') requires public bodies in the exercise of their functions, to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct;
- Advance equality of opportunity between those who share a protected characteristic and those who do not;
- Foster good relations between those who share a protected characteristic and those who do not.

Supplementary legislation (the Equality Act 2010 (Specific Duties) (Scotland) Regulations (2012), requires the council to be proactive in meeting the general duty of eliminating unlawful discrimination, advancing equality and fostering good relations. In addition, the Fairer Scotland Duty, part 1 of the Equality Act 2010, places a legal responsibility on councils to pay due regard to how they can reduce inequalities of outcome, caused by socioeconomic disadvantage, when making strategic decisions. The Fairer Scotland Duty came into effect from 1 April 2018, therefore it is not a retrospective duty and does not apply to decisions taken before that date.

This report seeks formal approval for a rent strategy with a 3.5% rent increase each year, covering the period from 2026/27 to 2027/28.

D.2 RENT STRATEGY 2026/27 TO 2027/28

In line with statutory and regulatory requirements, Council approval is sought for the 2026/27 HRA Budget and associated rent rise of 3.5% per annum, in line with the rent strategy approved on 7 February 2023. The proposed 3.5% increase will apply to all HRA properties, garages and garage sites, Sheltered Housing and Homeless properties, and associated service and support charges over the same period.

On 11 November 2025, Council Executive were advised of the proposed annual consultation and engagement process with council house tenants on the current Rent Strategy for 2026/27. The consultation, which included all existing tenants as well as persons on the Common Housing Register, was held during November and December 2025, and included lettering and text messaging campaigns.

The council received 790 responses to the consultation, with 438 (55%) of those tenants responding expressing a preference for a 3.5% per annum rent increase over the two-year period 2026/27 to 2027/28. There were no responses from persons on the Common Housing Register.

In terms of managing a disproportionate impact of rent levels on tenants, the council can demonstrate a sound approach to income management that is designed to be strongly preventative in terms of mitigating financial hardship at the earliest opportunity, and which also delivers a supportive and reactive service for tenants who may require individual assistance.

The council has in place extensive and long-established financial monitoring arrangements, which pay particular attention to the impact of Universal Credit full service on tenants' ability to pay rent. The combination of a strategic and operational approach to housing finance has led to changes in processes which are now designed to deliver earliest possible interventions to support tenant claimants.

An Integrated Relevance Assessment (IRA), a full Integrated Impact Assessment (IIA) and a Consumer Duty Impact Assessment have been undertaken on the proposed two-year rent strategy and related budget for 2026/27. The assessments are included at Appendix 1.

Any additional budgetary proposals or amendments to the rent strategy or rent levels will be screened for IIA and consumer duty relevance where required, or where data indicates any significant shift in income management levels or tenants struggling to pay.

D.3 HRA PROPERTIES AND GARAGE AVERAGE RENT

A 3.5% per annum rent strategy will enable delivery of a balanced HRA revenue budget for 2026/27 to 2027/28 and ensure continued investment in housing infrastructure, improving existing homes and creating new affordable homes. If the proposed rent increase is approved, and based on the latest stock report as at 1 January 2026, the average weekly rental for homes will be £95.42 in 2026/27, increasing from £92.20 in 2025/26. The equivalent weekly figure for garages is £6.83 in 2026/27, increasing from £6.59 in 2025/26.

The indicative rent level for HRA properties and garages across the two-year period is detailed in the table below:

Table 1: Average Weekly Rent

Average Weekly Rent	2026/27 (£)	2027/28 (£)
HRA Properties	95.42	98.76
Garages	6.83	7.07

If council rents go up by 3.5%, the eligible rent on which the Housing Benefit calculation is based will also go up by 3.5%, so those on full benefit will not suffer further financial detriment. The DWP Landlord Portal currently shows 7,652 council tenants in receipt of Universal Credit and/or Housing Benefit, and those in receipt of full housing costs would be fully funded to meet the cost of the rent increase. The council's focus on rent arrears from a preventative standpoint should assist those who are negatively impacted by the 3.5% raise as Housing officers continue to work in partnership with the Advice Shop to maximise income and improve budgeting skills.

D.4 RENT LEVELS AND AFFORDABILITY

The average weekly rent level in West Lothian for 2025/26 is £92.20 which is in line with the average rent charged in 2025/26 by other Scottish Local Authorities of £92.97, but below the average rent charged by local Registered Social Landlords of £116.65.

Affordability of rent remains a priority for the council in a bid to ensure the rent level remains good value when compared to the wider housing sector. It is also a council objective to ensure those most at risk of financial hardship are supported in maintaining their rent payments and avoiding the risk of poverty.

There is no formal guidance on how to define rent affordability. As per Scottish Government guidance, landlords should determine the balance between affordability for the tenants and costs of delivering services and property management. The Scottish Social Housing Charter defined standards and outcomes that all social landlords should aim to achieve:

- Social landlords manage all aspects of their businesses so that: tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay;
- Social landlords set rents and service charges in consultation with their tenants and other customers so that a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and service users can afford them;
- Tenants receive clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.

In order to demonstrate the affordability of the proposed rent strategy, Table 2 shows an average weekly council house rent in West Lothian and compares this to a gross household income based on a full-time employee who receives the national living wage, which is currently £12.21 per hour and will increase to £12.71 per hour from 1 April 2026. It is suggested that when housing costs exceed 30%-35% of a household's income, the cost is judged to be unaffordable.

Table 2 – Affordability Levels

	Current Rent Level	3.5% Increase
Average weekly rent	£92.20	£95.42
Minimum wage (gross) – 36 hours/week	£440	£458
Percentage of income spent on rent	21.0%	20.8%

The table shows that current average weekly rent as a proportion of income is substantially below 30%, and the effect of the proposed 3.5% per annum increase is that the rent level remains below 30% in the affordability test.

D.5 HOUSING REVENUE BUDGET 2026/27 and 2027/28

The proposed HRA Revenue budget for 2026/27 is based on the 3.5% per annum rent strategy approved in February 2023, which will enable high quality and responsive housing services to be maintained for tenants and allow key priorities to be delivered.

This rental increase, along with an increase in housing stock numbers, rising from 14,346 in April 2025 to around 14,504 in 2026/27, will generate additional income to the Housing Revenue account and enable a balanced budget to be delivered. It will also support capital investment over the medium term. Income assumptions also take into account estimates of mortgage to rent and open market acquisitions, as well as new build additions to the housing stock.

In line with legislative requirements, the council consults with tenants annually on the rent strategy. However, historically, tenants have not deviated from their initial view in terms of the planned five-year programme of planned annual rent increases. This provides the council with reassurance that, for the majority of tenants, their rent remains affordable and that, for those who may struggle, available support can then be more accurately targeted. This also demonstrates how the views of tenants continue to play a key element of key strategic decision making in the council.

Budget assumptions take account of latest information and circumstances, and Table 3 below shows the estimated allocation of revenue resources, and the associated funding generated through a 3.5% rent increase, throughout the remaining two-year period covered by the proposed HRA budget strategy.

Table 3: Summary HRA Budget

Expenditure	**2026/27 £'000**	**2027/28 £'000**
Employee Costs	6,756	6,955
Premises Costs	27,533	28,466
Transport Costs	89	91
Supplies & Services	2,558	2,559
Third Party Payments	281	286
Transfer Payments	2,541	2,674
Support Services	2,552	2,552
Capital Financing	21,756	23,412
CFCR	5,953	5,602
Total Expenditure	**70,019**	**72,597**

Funding	**2026/27 £'000**	**2027/28 £'000**
Housing Rents	(67,648)	(70,236)
Garage Rents	(718)	(743)
Miscellaneous	(1,653)	(1,618)
Total Funding	**(70,019)**	**(72,597)**

The key expenditure assumptions include provisions for the following areas:

- A provision for increased staffing costs;
- Inflation for Repairs and Gas Servicing, insurance costs and void property costs; and
- Capital financing charges which will fund ongoing prudential borrowing required to support a core housing maintenance and refurbishment programme for existing stock and an increase in the housing supply.

D.6 HRA REVENUE BUDGET 2026/27

The proposed HRA Revenue budget for 2026/27 is based on a 3.5% per annum rent strategy, which will enable high quality and responsive housing services to be maintained for tenants and allow key priorities to be delivered.

The 2026/27 budget will enable financial resources to be directed towards the efficient management of the council's housing stock and tenancies, with customer focused services delivered by local housing teams. The council will continue to maximise rental income through effective management of council houses and will continue to work to mitigate the impact of the cost of living crisis.

The council continues to be responsive to social housing regulation and inspection, and the council remains in the lowest category of risk following the annual return to the Scottish Housing Regulator. The council will continue to work to improve the quality of life for tenants, assisting individual households and playing an important role in promoting strong and sustainable communities, especially during the cost of living crisis. Performance remains very high, with the collection rate projected to be at 98% in 2026/27. Overall, performance in key areas remains stable, with areas of improvement continuing to be identified and progressed.

The council remains committed to providing high quality, value for money housing services. The programme of service development is focused on good outcomes for tenants, whilst also achieving value for money, best practice and identifying possible efficiencies. Building Services has continued to provide emergency and essential repairs throughout the challenges of recent years, prioritised getting empty houses available for re-let, and has maintained good performance despite ongoing challenges.

The summary HRA Budget for 2026/27 of £70.019 million is outlined below.

Table 4: Summary HRA Budget

Expenditure	**2026/27 £'000**
Employee Costs	6,756
Premises Costs	27,533
Transport Costs	89
Supplies & Services	2,558
Third Party Payments	281
Transfer Payments	2,541
Support Services	2,552
Capital Financing	21,756
CFCR	5,953
Total Expenditure	**70,019**

Funding	**2026/27 £'000**
Housing Rents	(67,648)
Garage Rents	(718)
Miscellaneous	(1,653)
Total Funding	**(70,019)**

While the Housing Scotland Act 1987 requires local authorities to maintain a ring fenced HRA, the HRA revenue budget also forms part of the council's integrated approach to corporate planning and performance management. In setting a balanced budget, the council is committed to delivering a well maintained housing stock and efficient management services to support tenants and their communities.

D.7 RISKS AND UNCERTAINTIES

In developing the 2026/27 HRA Budget, it is recognised that there are a number of risks and uncertainties that could impact on the level of financial resource required. This would include potential significant pressures on pay awards and price indexation as a result of the current cost of living crisis and potential recession, as well as capital borrowing requirements and associated interest rates. Recruitment and retention of skilled staff continues to be a major risk to delivery of planned works, with availability and cost of both material and subcontractors also remaining uncertain and subject to volatility. Resources for reactive repairs remain subject to demand for services and potential impact of winter weather.

The ongoing effect of Welfare Reform changes continue to present risk and uncertainty to all social landlords. While the council continues to actively pursue housing arrears as a priority activity, the value of current and prior year current tenant arrears as at 5 January 2026 was £4.660 million. Although the arrears position remains a challenging and uncertain factor, it should be noted that the in-year cash collection rate for rental income remains positive, at 96% in January 2026.

The council takes a proactive approach by contacting tenants already in arrears who are moving to Universal Credit to ensure they understand the system of claims, and to suggest the direct payment and increased frequency options may be a better option for them to assist in budgeting and ensuring payment of rent.

The ongoing economic situation, increasing compliance demands for properties and increasing costs of goods and labour presents a challenge to the council's ability to continue to deliver value for money and the level of property investment enjoyed in previous years. Rent levels must reflect the councils' statutory duties for the housing stock, the needs of tenants and their families, and factor in these pressures on the HRA for coming years. Although the current rent strategy allows for a balanced budget in the current year, the pressure on the funding available from rental income for the capital investment programme continues to increase and the contribution in the current year has reduced.

Appropriate steps will be taken to mitigate against risks and contain expenditure within available resources during the financial year. Quarterly monitoring reports will be provided to Council Executive during 2026/27 to provide updates on the financial position and actions to ensure risks are appropriately managed.

D.8 HOUSING RESERVES

Local authority accounting standards require that, in setting budgets, the Council receives details of reserves, their proposed use and an opinion as to the adequacy of the reserves for the forthcoming year.

As reported to Council Executive on 11 November 2025, within the month 6 monitoring report, a breakeven position is forecast for the HRA revenue budget for 2025/26.

The use of reserves to either reduce rent increases and/or increase additional one-off capital investment would reduce the ability of the HRA revenue budget to respond to any significant one-off cost pressures that may arise during the year. At the same time any reduction on rental income as a result of the use of reserves would either be lost to the budget going forward or would require a greater increase in future years to reinstate the value of the lost rental income.

Given the inherent risk associated with the impact of Universal Credit, the cost of living crisis, extreme weather conditions and other risks and uncertainties, it will be recommended that this balance be maintained at £926,000 and the level is considered adequate to meet with unforeseen demands on resources. The proposed budget for 2026/27 does not assume any use of this reserve.

D.9 PRUDENTIAL CODE IMPLICATIONS

The Prudential Code provides the council with local discretion in investment levels for Housing, provided it ensures that capital spending and associated borrowing are at levels that are affordable, prudent and sustainable.

To demonstrate this, the Code sets prudential indicators that are designed to support and record local decision making. The Director of Finance and Property Services is responsible for reporting these indicators for both the General Fund and the HRA. For this reason, the Prudential Indicators will be reported in detail by the Director of Finance and Property Services in the 2026/27 General Fund Revenue Budget, presented to the Council budget setting meeting.

A key Prudential Indicator is affordability, which assesses the incremental impact of capital spending on rent levels. Under the proposed budget, increases to loans charges arising from borrowing are fully funded within the HRA. This area will continue to be closely monitored, particularly in relation to affordability of housing arrears and remaining procurement costs for the planned new build projects.

D.10 INTEGRATED EQUALITY IMPACT ASSESSMENT

Following the key principles of relevance and proportionality within the Equality Act 2010, an integrated equality impact assessment of policies and decisions of the councils is a requirement of the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. This process is well established within the council's budget setting process.

Prior to presentation of the proposed two-year financial plan to the Housing Services PDSP, an initial equality relevance assessment was undertaken on the budget and rent proposals. This assessment identified if a full impact assessment was required to ensure appropriate consideration was given to the impact of proposals on protected groups, with judgements being undertaken regarding relevance and proportionality. The assessment determined that a full equality impact assessment is required, and is included in Appendix 1.

The rent strategy was fully consulted on with council tenants, individually and via tenant representative groups. The service will continue to engage with tenants each year on the proposed annual increase to enable comment and feedback on any further potential impacts. Although a full Integrated Impact Assessment has been carried out as part of the budget setting process, any material decline in income levels relating to the current cost of living crisis, or further budgetary proposals or amendments to the rent strategy or rent levels, will continue to be reviewed and screened for IIA relevance where required.

D.11 CONSULTATION

Under Section 25 of the Housing (Scotland) Act 2001, the council has a statutory duty to inform and consult tenants on its rent policy. Following the initial formal consultation on the five-year strategy which took place from 25 October to 12 December 2022, a further consultation which included all existing tenants as well as persons on the Common Housing Register, was held during November and December 2025. Annual statutory consultations will continue to take place throughout the strategy period.

The Scottish Social Housing Charter sets the standards and outcomes that all social landlords should aim to achieve when performing their core housing activities. Indicator 25 requires all landlords to establish what percentage of tenants feel that the rent for their property represents good value for money. The most recent return reported 81.22% of the tenants who responded advising that they are satisfied/very satisfied that rent levels represented good value for money.

E. CONCLUSION

The proposed HRA Revenue budget strategy provides a balanced financial plan, incorporating a proposed 3.5% per annum rent increase, which will allow the council to continue to provide value for money services to tenants and to be responsive to customers' needs. It also enables continued investment in existing housing stock and infrastructure, as well as the expansion of new housing supply. Although the current rent strategy allows for a balanced budget in the current year, the pressure on the funding available from rental income for the capital investment programme continues to increase and the contribution in the current year has reduced.

The balanced budget for 2026/27 includes continued investment and funding of housing infrastructure, to meet the needs of existing and future tenants, as well as enabling the delivery of key priorities and allowing the people of West Lothian to continue to be supported to find a suitable place to live and have quality housing options available to them.

F. BACKGROUND REFERENCES

Housing Revenue Account Budget 2023/24 to 2027/28 and Rent Level 2023/24 – Report by Depute Chief Executive to West Lothian Council on 7 February 2023.

Housing Rent Consultation 2023/24 to 2027/28 – Report by Head of Housing, Customer and Building Services to Council Executive on 7 November 2023.

2025/26 Housing Revenue Account - Month 6 Monitoring Report - Report by Depute Chief Executive to Council Executive on 11 November 2025.

Appendices/Attachments: One

Appendix 1	Integrated Relevance, Integrated Impact and Consumer Duty Assessments

Contact Person: Karen Stevenson, Senior Service Accountant
Email: karen.stevenson@westlothian.gov.uk, Tel: 01506 281316

Elaine Cook
Depute Chief Executive
19 February 2026

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STEP 1 – INTEGRATED RELEVANCE ASSESSMENT (IRA) [LINK]

Proposal title (include budget reference if applicable)	Housing Revenue Account Budget 2026/27 to 2027/28 and Rent Level 2026/27
Service Area (detail which service area and section this relates to)	Housing, Customer and Building Services
Lead officer (name and job title)	Julie Whitelaw Head of Housing, Customer and Building Services
Other people involved (list names, job titles and organisation if applicable)	• Kirsty Weir, Performance and Change Manager • Jennifer Benson, Service Development Officer • Alison Smith, Housing Operations & Community Safety Manager • Karen Stevenson, Senior Service Accountant • Tenant participation group and Tenants' Panel
Date relevance assessed	23 January 2026

Tick the boxes you think apply	**No**	**Maybe**	**Yes**
Will your proposal have an impact on groups with Protected Characteristics?	✓		
Will your proposal have an adverse impact on people experiencing socio economic disadvantage?		✓	
Does your proposal impact on the human rights of people?	✓		
Does your proposal impact on the rights of children and young people?	✓		

IF YOU HAVE TICKED YES OR MAYBE TO ANY OF THE ABOVE PROCEED TO FULL IIA – STEP 2

DECISION RATIONALE
If you have ticked **NO** to **ALL** of the above, please detail below why a full IIA is not required:

SIGN OFF IF NOT PROGRESSING TO A FULL IIA

Signature (Head of Service or Depute Chief Executive responsible for the proposal)	
Date	

STEP 2 - FULL INTEGRATED IMPACT ASSESSMENT [LINK].

SECTION 1 - ABOUT THE PROPOSAL
Describe the proposal, including the aims, objectives and intended outcomes. Is this a new proposal or change to current practice? Who will it affect and how will it operate? Provide information on alternative options that are being considered.
The HRA Revenue Budget, alongside the Housing Capital Investment Programme, forms part of the council's integrated approach to financial strategy, corporate planning, delivery of outcomes and performance monitoring. A 3.5% per annum rent strategy will enable delivery of a balanced HRA revenue budget for 2026/27 to 2027/28 and ensure continued investment in housing infrastructure, improving existing homes and creating new affordable homes.
Will the proposal be carried out by contractors or suppliers? This includes fully or partially. If yes, how will you incorporate equality expectations into the contract?
No. The rent increase will be implemented by Housing, Customer and Building Services staff.

SECTION 2 – EQUALITY IMPACT [LINK].
Please outline any effect or difference (positive and negative) this proposal will have on people with protected characteristics. **Think about the needs and/or barriers which equality groups (people with Protected Characteristics) may have in relation to this proposal.** **People includes – employees, volunteers, service users and members of the public.**
AGE
Does the proposal impact on people of a specific age? **This can be any age group – a person belonging to a particular age (for example, 32 year olds) or range of ages (for example, 18 to 30 year olds).**
What effect/difference will the proposal have: It is not anticipated that there will be a specific impact on customers within this protected characteristic group.
How do you know that – what evidence and research have you used? The rent increase will apply equally to all tenants, regardless of age.
DISABILITY
Does the proposal impact on people with a visible or non-visible disability? **A person has a disability if she or he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities.**
What effect/difference will the proposal have: It is not anticipated that there will be a specific impact on customers within this protected characteristic group.
How do you know that – what evidence and research have you used? The rent increase will apply equally to all tenants, regardless of disability.

GENDER REASSIGNMENT
Does the proposal impact on people who have undergone or propose to undergo a process for the purpose of reassigning their gender to one which is different to that assigned at birth?
What effect/difference will the proposal have: It is not anticipated that there will be a specific impact on customers within this protected characteristic group.
How do you know that – what evidence and research have you used? The rent increase will apply equally to all tenants, regardless of gender reassignment status.
MARRIAGE OR CIVIL PARTNERSHIP
Does the proposal impact on people who are married or in a civil partnership or those who are not? **Marriage is a union between a man and a woman or between a same-sex couple.**
What effect/difference will the proposal have: It is not anticipated that there will be a specific impact on customers within this protected characteristic group.
How do you know that – what evidence and research have you used? The rent increase will apply equally to all tenants, regardless of marital or civil partnership status.
PREGNANCY AND MATERNITY
Does the proposal impact on people who pregnant or have recently had a baby? **Pregnancy is the condition of being pregnant or expecting a baby.** **Maternity refers to the period after the birth, and is linked to maternity leave.**
What effect/difference will the proposal have: It is not anticipated that there will be a specific impact on customers within this protected characteristic group.
How do you know that – what evidence and research have you used? The rent increase will apply equally to all tenants, regardless of pregnancy or maternity status.
RACE
Does the proposal impact on people of a specific racial group or groups? **A race is a group of people defined by their colour, nationality (including citizenship) ethnicity or national origins.**
What effect/difference will the proposal have: It is not anticipated that there will be a specific impact on customers within this protected characteristic group.
How do you know that – what evidence and research have you used? The rent increase will apply equally to all tenants, regardless of race.
RELIGION OR BELIEF
Does the proposal impact on people of a specific religion or belief? **Religion refers to any religion, including a lack of religion. Belief refers to any religious or philosophical belief and includes a lack of belief.**

What effect/difference will the proposal have:

It is not anticipated that there will be a specific impact on customers within this protected characteristic group.

How do you know that – what evidence and research have you used?

The rent increase will apply equally to all tenants, regardless of religion or belief.

SEX

Does the proposal have a specific impact on men or women?

What effect/difference will the proposal have:

It is not anticipated that there will be a specific impact on customers within this protected characteristic group.

How do you know that – what evidence and research have you used?

The rent increase will apply equally to all tenants, regardless of sex.

SEXUAL ORIENTATION

Does the proposal have a specific impact on people who are LGBTQ+?
Sexual orientation refers to whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.

What effect/difference will the proposal have:

It is not anticipated that there will be a specific impact on customers within this protected characteristic group.

How do you know that – what evidence and research have you used?

The rent increase will apply equally to all tenants, regardless of sexual orientation.

SECTION 3 - HUMAN RIGHTS [LINK].

There is a distinction in the Human Rights Act between absolute and qualified rights. Absolute rights cannot be lawfully restricted. Absolute rights include the right to life and the right not to be tortured or treated in an inhuman or degrading way. Qualified rights include:-

- The right to respect for private and family life, home and correspondence
- The right to freedom of thought, conscience and religion
- The right to freedom of expression
- The right to freedom of assembly and association
- The right to protection of property

To consider whether a restriction to a qualified right is justified, please consider the following questions:

- **Is there a legal basis for the restriction of the right? Is it lawful?**
- **Is there a legitimate aim or justification for the restriction, such as the protection of other people's human rights, public safety, and health?**
- **Is the action proportionate - is it the minimum necessary restriction of the right?**

Please provide your response here:
It is not anticipated that this proposal will restrict any individual's rights.

How do you know that – what evidence and research have you used?

The proposal is for an increase to rent levels and will not impact upon the human rights of individuals, as defined above.

SECTION 4 - CHILDREN'S RIGHTS [LINK].

Please outline any effect or difference (positive and negative) this proposal will have on children's rights under the United Nations Convention of the Rights of the Child (UNCRC)

Describe, where applicable, how specific children's rights are impacted. Which articles of the UNCRC does the proposal impact on? Here is a link to a Plain English version - The Convention on the Rights of the Child - UNICEF

It is not anticipated that this proposal will restrict any child's rights.

How do you know that – what evidence and research have you used?

The proposal is for an increase to rent levels and will not impact upon children's rights, as defined above.

SECTION 5 - SOCIO ECONOMIC DISADVANTAGE [LINK].

Please outline any effect or difference (positive and negative) this proposal which may affect people who are vulnerable to experiencing poverty and disadvantage.

What effect/difference will the proposal have:

The average weekly rent level in West Lothian for 2025/26 is £92.20, which is in line with the average rent charged in 2025/26 by other Scottish Local Authorities of £92.97, but below the average rent charged by local Registered Social Landlords of £116.65.

If the proposed rent increase is approved, and based on the latest stock report as at 1 January 2026, the average weekly rental for homes will be £95.42 in 2026/27. The equivalent weekly figure for garages is £6.83 in 2026/27, increasing from £6.59 in 2025/26.

The indicative rent level for HRA properties and garages across the two-year period is detailed in the table below:

Average Weekly Rent	2026/27 (£)	2027/28 (£)
HRA Properties	95.42	98.76
Garages	6.83	7.07

Affordability of rent remains a priority for the council in a bid to ensure that the rent level remains good value when compared to the wider housing sector. It is also a council objective to ensure those most at risk of financial hardship are supported in maintaining their rent payments and avoiding the risk of poverty.

How do you know that – what evidence and research have you used?

There is no formal guidance on how to define rent affordability. As per Scottish Government guidance, landlords should determine the balance between affordability for the tenants and costs of delivering services and property management. The Scottish Social Housing Charter defined standards and outcomes that all social landlords should aim to achieve:

- Social landlords manage all aspects of their businesses so that: tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay;
- Social landlords set rents and service charges in consultation with their tenants and other customers so that: a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and service users can afford them;
- Tenants receive clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.

In order to demonstrate the affordability of the proposed rent strategy, the table below shows an average weekly council house rent in West Lothian and compares this to a gross household income based on a full-time employee who receives the national living wage, which is currently £12.21 per hour and will increase to £12.71 per hour from 1 April 2026. It is suggested that when housing costs exceed 30%-35% of a household's income, the cost is judged to be unaffordable.

	Current Rent Level	3.5% Increase
Average weekly rent	£92.20	£95.42
Minimum wage (gross) – 36 hours/week	£440	£458
Percentage of income spent on rent	21.0%	20.8%

The table shows that current average weekly rent as a proportion of income is substantially below 30%, and the effect of the proposed 3.5% per annum increase is that the rent level remains substantially below 30% in the affordability test.

If council rents go up by 3.5%, the eligible rent on which the Housing Benefit calculation is based will also go up by 3.5%, so those on full benefit will not suffer further financial detriment. The DWP Landlord Portal currently shows 7,652 council tenants (approximately 67%) in receipt of Universal Credit and/or Housing Benefit, and those in receipt of full housing costs would be fully funded to meet the cost of the rent increase. The council's focus on rent arrears from a preventative standpoint should assist those who are negatively impacted by the 3.5% raise as Housing officers continue to work in partnership with the Advice Shop to maximise income and improve budgeting skills.

SECTION 6 – OTHER ASSESSMENT REQUIREMENTS [LINK].

Depending on the extent of any potential impact on Children's Rights, it may be necessary for you to complete a Child Rights and Wellbeing Impact Assessment See IIA Guidance for more information.

Many of the disadvantages faced by equality groups includes poor health and health inequalities. Consider whether it is necessary to complete a Health Inequalities Impact Assessment.

The environment in which you live can have a significant impact on your life chances. Consider whether the proposal is likely to impact on the environment and whether it is necessary to complete a Strategic Environmental Assessment.

SECTION 7 – ACTIONS TO ENABLE COMPLETION OF IIA [LINK].

If there is insufficient evidence for any of the above then agree actions in order to complete the IIA and reconvene the group.

List each action, the target completion date and the actioner:

SECTION 8 - CONSULTATION AND ENGAGEMENT [LINK].

It is a legal requirement to engage with communities and services users when assessing the impact of a proposal.

State which groups were involved in this process and describe their involvement.

Under Section 25 of the Housing (Scotland) Act 2001, the council has a statutory duty to inform and consult tenants on its rent policy. Following the initial formal consultation on the five-year strategy which took place from 25 October to 12 December 2022, a further consultation which included all existing tenants as well as persons on the Common Housing Register, was held during November and December 2025. Annual statutory consultations will continue to take place throughout the strategy period.

The Rent Strategy has been fully consulted on with council tenants. The service engages with tenants each year on the annual increase to enable comment and feedback on any further impact. The HRA budgets and rent levels being proposed consists of a rent strategy, with a 3.5% per annum rent increase covering the period 2026/27 to 2027/28.

Describe the results of the involvement and how you have taken this into account.

The council received 790 responses to the consultation, with 438 (55%) of those tenants responding expressing a preference for a 3.5% per annum rent increase over the two-year period 2026/27 to 2027/28. There were no responses from persons on the Common Housing Register.

SECTION 9 - MITIGATING ACTIONS [LINK].

If the proposal has a negative/adverse impact on a particular group/s, but is still to be implemented, please provide justification for this.
Note: If the proposal is unlawfully discriminatory under the Equality Act 2010 and/or is having a negative impact on poverty and socioeconomic disadvantage under the Fairer Scotland Duty, you MUST identify, how the proposal can be amended or justified so the Council acts lawfully.

How could you modify the proposal to eliminate discrimination or to reduce any identified negative impacts? If necessary, consider other ways in which you could meet the aims and objectives.

Not applicable.

How could you modify the proposal to create or maximise the positive aspects of the proposals and to increase equality and reduce poverty and socioeconomic disadvantage.

In terms of managing a disproportionate impact of rent levels on tenants, the council can demonstrate a sound approach to income management that is designed to be strongly preventative in terms of mitigating financial hardship at the earliest opportunity, and which also delivers a supportive and reactive service for tenants who may require individual assistance.

Describe any modifications which you can make without further delay (for example, easy, few resource implications).

As noted above

If you propose to make any of the modifications shown above, describe any potential new negative impacts on other groups in society or on the ability to achieve the aims and how you will minimise these.

Not applicable

Please describe the resource implications of any proposed modifications taking into account financial, people and property issues.

Mitigating actions continue to be undertaken within existing staffing resources.

Please list mitigating actions:

In light of the increasing pressures on households, and the need to design services and support around tenant need, the service continues to utilise the Customer Experience (CX) Affordability survey. This involves the service conducting one on one sessions with our tenants to understand their lived experiences of services as well as their priorities of expenditure. The team are building deeper understanding of our customers, their circumstances, pressures and aspirations through virtual sessions, in-depth conversations, and online data gathering. This is reshaping policy and practice to meet customer needs, improve outcomes and enables swift interventions. This is the new approach to collaboration in the service, with ongoing feedback on the developments stemming from our work, building trust, real transformation and better services. The team produce a comprehensive report to senior management team at the end of each quarter on the key elements of affordability, financial pressures and tenant views on their income vs outgoings.

The CX Affordability project is a key strand of this work which helps the service understand our tenant's financial constraints and how affordable the current and planned future rent levels are; this

is integral to achieving this understanding. The project also ties in with key supports and partners and means we are able to support tenants who may need it at the earliest possible opportunity.

In order to ensure equitable representation of the council's tenants, the methodology for survey sampling is to use a random sampling of all tenants, with parameters to ensure that a proportionate number of those in arrears, those on Universal Credit, and those who use different methods of payment are included in the sample. This ensures that the views collected on affordability reflect the range of tenants' experiences.

The service enables complete transparency of rent and how it is spent each year, and presents this in a manner tenants have told us they prefer – showing what proportion is spent on running costs, and what is spent on investment and improvements to homes – linking into our capital investment plan. This enables tenants to see in practical terms what their rent pays for. We also ensure we benchmark our rent against other local RSL's, and the private sector, so tenants understand the range of rents in the local housing market.

As a responsible landlord, the council continues to actively pursue housing arrears and there is a continued focus on reducing arrears balances. The service will continue to maximise rental income through effective management of council houses and work mentioned previously to mitigate the impact of welfare reform. The service is now in year four of the successful launch of a redesigned arrears approach, which involved a move to the automation of a proportion of the rent arrears process, where low balance arrears trigger an automatic engagement with the tenant, prompting early intervention with housing staff to act before the balance accumulates any further.

The first focus for council staff is to provide support, advice and interventions as soon as possible for any tenant experiencing arrears. The evidence to date this year is that this approach is seeing improved outcomes and is helping to mitigate the impact of Universal Credit (with non-UC related arrears being reduced) and support to tenants through arrangements and alternative payment methods proving beneficial in managing finances. A corporate approach to debt continues to be taken forward to ensure resources are most appropriately targeted and that services are working in partnership to break the cycle of debt in complex and high-level arrears cases where tenants have instances of multiple debts.

SECTION 10 - MONITORING AND REVIEW [LINK].

Please state how implementation and impact of the proposal be monitored, including implementation of any amendments. What type of monitoring will there be? How frequent?

Details on monitoring and reviewing impacts and mitigating actions:

The council has in place extensive and long-established financial monitoring arrangements, which pay particular attention to the impact of Universal Credit full service on tenants' ability to pay rent. The combination of a strategic and operational approach to housing finance has led to changes in processes which are now designed to deliver earliest possible interventions to support tenant claimants.

This planned programme of ongoing income management, including the comprehensive monitoring and reporting at committee and Local Area Committees, demonstrates that the claim process has had an impact on claimants' ability to avoid accumulating arrears. The processing time can vary as any change in circumstances results in further delays. The Department for Work and Pensions (DWP) aim to process and make the first payment to claimants within five weeks of a new claim. However, difficulties and further delays can arise where applicants have to change their circumstances resulting in the 'zeroing' of the process back to the start. This is not unusual for households in temporary accommodation or when people are in crisis. Historically, this has resulted in a minimum of five weeks' delay in rent payments, with the impact that arrears balances accumulate during this delay and 60.2% of Universal Credit claimants carry some form of arrears balance, with an average value of £742.

This is not a process that the council has any control or influence over and the system effectively cuts the service out of the claims process where previously the service had the ability to assist and ensure information was accurate helping to minimise impact and delays. However, the strategy to

mitigate the harshest impacts of UK Government welfare reforms on those most vulnerable to poor socio-economic effects has been to radically change the approach to arrears management, lowering trigger points, instigating much earlier interventions and signposting/referring those who need additional financial support and assistance.

The service has worked with Anti-poverty partners as a key member of the Anti-Poverty board in planning and delivering activities to lessen impact on those most in need. Campaigns and communication have changed to encourage conversations as early as possible before arrears can accumulate. This has been a successful approach to date. The service has redesigned and reviewed the entire customer arrears journey to ensure critical interventions are aligned with the information available on when tenants begin to become worried about finances and when they retreat from communication with the service. By initiating a discussion early, we can prevent this from happening, maintain better contact, and ensure all possible steps are taken for tenants to get through the claims process as quickly as possible.

The move to ensure monies paid direct to the service for those on managed payments reach tenants' account more quickly is a positive step in reducing technical rent arrears. The previous system would show tenants in arrears due to processing delays and payments being made on a fixed cycle that did not match rent due dates, causing avoidable distress. The reviewed process has accelerated the application of payments to accounts, and gives a more accurate view of current arrears with payments reaching tenants' rent accounts closer to rent due dates.

The current income reporting and monitoring illustrates that there is still little evidence of any material impact on the service collection as a result of the pandemic or cost of living crisis at this point. The extensive monitoring of revenue and impacts will continue to highlight any new threats to income and tenant finances posed by the wider cost of living situation.

SECTION 11 – RECOMMENDATIONS [LINK].

It is recommended that the proposal is (Please tick one of the actions below):

• Implemented with no amendments;	
• Implemented taking account of mitigating actions (as outlined above); or	✓
• Rejected due to disproportionate impact on equality, poverty and socioeconomic disadvantage, human rights and children's rights.	

Reason for Recommendation:

The Equality and Human Rights Commission (EHRC) Non-Statutory Guidance on "Making Fair Financial Decisions" 2015 outlines a duty to consider the impact of fiscal planning decisions on equality. The impact for tenants of the ongoing UK Government Welfare Reform Act roll-out, Universal Credit in particular, places a duty of care and an ethical obligation as a responsible landlord on the council to consider the social-economic impact of financial decisions on the local economic climate. In particular, there is a duty to consider the needs of those vulnerable to financial hardship or poverty as a result of these decisions. It should be noted that a separate IIA was conducted on the implementation of Universal Credit in West Lothian during May 2018.

Previous related rent setting proposals seeking formal committee approval and IIA screened for relevance are as follows:

- Approval for the rent strategy consulted on with tenants setting out 3.5% increases from 2023/24 to 2027/28.
- The 2023/24 to 2027/28 HRA 3.5% rent strategy which will fund current service needs and a five- year housing capital investment programme.
- Approval for the HRA budgets over financial years 2023/24 to 2027/28.
- Approval for rent and garage charge changes over financial years 2023/24 to 2027/28.
- Changes to rents and service and support charges for Sheltered Housing properties and Homeless properties over financial years 2023/24 to 2027/28.

This assessment deals with the proposals for 2026/27 which are as follows:

1. A rent increase of 3.5% in 2026/27 which will fund current service needs and the housing capital investment programme;
2. A 3.5% increase in garage rents in 2026/27;
3. An increase of 3.5% in rents and service and support charges for Sheltered Housing and Homelessness properties for 2026/27.

Delivering affordable, socially rented accommodation built to a high standard of specification helps the council meet some of the rising demand for such accommodation within the community and increases housing options for vulnerable people. By investing significantly in our existing stock to meet SHQS and EESSH standards, regenerating local communities, and investing in energy efficiency improvement works, the service will mitigate the effects of rent increases through improving the energy efficiency of older properties that cost more to heat – working towards the outcome of helping vulnerable tenants avoid the threat of fuel poverty.

SECTION 12 – APPROVAL [LINK].	
Signed by Lead Officer:	Julie Whitelaw
Designation:	Head of Housing, Customer and Building Services
Date:	23 January 2026
Counter Signature (Head of Service or Depute Chief Executive responsible for the proposal):	Elaine Cook Depute Chief Executive
Date:	23 January 2026

Consumer Duty Impact Assessment

This statement sets out the steps taken by West Lothian Council to comply with the requirements of Section 21 of the Consumer Scotland Act 2020 when preparing the Council's Housing Revenue Account Budget for 2026/27 and 2027/28 and Rent Level for 2026/27.

Stage	Tasks	Outcome
Planning (1)	Decide if this is a strategic decision or not. If not, then proceed to **stage 5**	This is a Strategic Decision by West Lothian Council. The budget is presented by officers for agreement by West Lothian Council.
	Decide if the strategic decision will impact on consumers. If not, then proceed to **stage 5**	Consumers (council tenants) will be impacted by increased rent levels, however this will be mitigated by continuing to monitor the affordability level of the increase against the national living wage, and by continuing to provide additional support, advice and interventions for any tenant having difficulty paying their rent.
	If this is a strategic decision, that will have an impact on consumers, then develop a plan for how to complete **stages 2-5**, including required consumer engagement	Stages 2 to 5 have been completed and are detailed in the template below.
	Understand the aims and outcomes of the proposal and identify alternative options	The aims and outcomes of the budget are set out in the report to West Lothian Council. The overarching aims are to meet the statutory duty to deliver a balanced budget, to enable financial resources to be directed towards the efficient management of the council's housing stock and tenancies, with customer focused services delivered by local housing teams and to continue to provide high quality, value for money services to tenants and to be responsive to customers' needs.
Evidence gathering (2)	Sufficient evidence gathered to answer: • What is the proposal trying to achieve? • What are the impacts on consumers, if any? • What are the impacts, if any, on consumers in vulnerable circumstances? • Is it likely that harm will be experienced by consumers as a result of this proposal? • What alternative proposals are there that can improve outcomes for consumers and/or reduce harm to consumers?	The HRA Revenue Budget, alongside the Housing Capital Investment Programme, forms part of the council's integrated approach to financial strategy, corporate planning, delivery of outcomes and performance monitoring. A 3.5% per annum rent strategy will enable delivery of a balanced HRA revenue budget for 2026/27 to 2027/28 and ensure continued investment in housing infrastructure, improving existing homes and creating new affordable homes. Under Section 25 of the Housing (Scotland) Act 2001, the council has a statutory duty to inform and consult tenants on its rent policy. Following the initial formal consultation on the five-year strategy which took place from 25 October to 12 December 2022, a further consultation which included all existing tenants as well as persons

	• How do these alternative proposals compare to the original proposal? • Has your engagement with consumers established any themes you hadn't previously considered?	on the Common Housing Register, was held during November and December 2025. Annual statutory consultations will continue to take place throughout the strategy period. Affordability of rent remains a priority for the council in a bid to ensure that the rent level remains good value when compared to the wider housing sector. It is also a council objective to ensure those most at risk of financial hardship are supported in maintaining their rent payments and avoiding the risk of poverty. There is no formal guidance on how to define rent affordability. As per Scottish Government guidance, landlords should determine the balance between affordability for the tenants and costs of delivering services and property management. It is suggested that when housing costs exceed 30%-35% of a household's income, the cost is judged to be unaffordable. Current average weekly rent as a proportion of income is substantially below 30%, and the effect of the proposed 3.5% per annum increase is that the rent level remains substantially below 30% in the affordability test. If council rents go up by 3.5%, the eligible rent on which the Housing Benefit calculation is based will also go up by 3.5%, so those on full benefit will not suffer further financial detriment. The council's focus on rent arrears from a preventative standpoint should assist those who are negatively impacted by the 3.5% raise as Housing officers continue to work in partnership with the Advice Shop to maximise income and improve budgeting skills.
	Identify and fill any gaps in evidence to answer questions above	The council considers that the engagement with Consumers has provided a sufficient understanding of the impact and no gaps have been identified at this stage.
Assessment and improvement of proposal (3)	Consider answers to **stage 2** to assess the impact of the strategic decision on consumers	The council has in place extensive and long-established financial monitoring arrangements, which pay particular attention to the impact of Universal Credit full service on tenants' ability to pay rent. The combination of a strategic and operational approach to housing finance has led to changes in processes which are now designed to deliver earliest possible interventions to support tenant claimants.
	Consider if any improvements need to be made to the initial proposal in light of findings of impact on consumers	In terms of managing a disproportionate impact of rent levels on tenants, the council can demonstrate a sound approach to income management that is designed to be strongly preventative in terms of mitigating financial hardship at the earliest opportunity, and which

		also delivers a supportive and reactive service for tenants who may require individual assistance.
	Consider if any further consumer engagement is necessary	Annual consultations will continue to be undertaken on any proposed rent increases.
Decision (4)	Consider the findings of previous stages and agree any changes to the proposal.	The Rent Strategy has been fully consulted on with council tenants. The service engages with tenants each year on the annual increase to enable comment and feedback on any further impact. The HRA budgets and rent levels being proposed consists of a rent strategy, with a 3.5% per annum rent increase covering the period 2026/27 to 2027/28. As agreed by Council Executive in November 2025, the consultation asked tenants if they remained satisfied with the five year rent strategy and the annual rent increase of 3.5% per annum that was approved in February 2023. The council received 790 responses to the consultation, with 438 (55%) of those tenants responding confirming that they were satisfied with a 3.5% per annum rent increase over the two-year period 2026/27 to 2027/28. There were no responses from persons on the Common Housing Register.
	Document clearly how you have met the consumer duty: • The impact of the strategic decision on consumers and the desirability of reducing harm to consumers have been considered throughout the process. • That an outcomes-based approach has been taken to achieve the best outcomes for consumers.	Previous related rent setting proposals seeking formal committee approval and IIA screened for relevance are as follows: • Approval for the rent strategy consulted on with tenants setting out 3.5% increases from 2023/24 to 2027/28. • The 2023/24 to 2027/28 HRA 3.5% rent strategy which will fund current service needs and a five- year housing capital investment programme. • Approval for the HRA budgets over financial years 2023/24 to 2027/28. • Approval for rent and garage charge changes over financial years 2023/24 to 2027/28. • Changes to rents and service and support charges for Sheltered Housing properties and Homeless properties over financial years 2023/24 to 2027/28. This assessment deals with the proposals for 2026/27 which are as follows: 4. A rent increase of 3.5% in 2026/27 which will fund current service needs and the housing capital investment programme; 5. A 3.5% increase in garage rents in 2026/27; 6. An increase of 3.5% in rents and service and support charges for Sheltered Housing and Homelessness properties for 2026/27.

Publication (5)	The Consumer Scotland 2020 Act requires public authorities to publish information about the steps which they have taken to meet the duty.	This impact assessment is published as part of the decision making process by West Lothian Council in setting its Housing Revenue Account Budget for 2026/27 and 2027/28 and Rent Level for 2026/27. The impact on consumers will continue to be monitored through long established processes of monitoring payments and arrears and early intervention measures to provide support to tenants. .

DATA LABEL: PUBLIC

WEST LOTHIAN COUNCIL

HOUSING CAPITAL INVESTMENT PROGRAMME 2026/27 TO 2027/28

REPORT BY DEPUTE CHIEF EXECUTIVE

A. PURPOSE OF REPORT

To seek approval for the proposed Housing Capital Investment Programme for 2026/27 to 2027/28 and to note the scope of works to be undertaken by Building Services under the terms of the Best Value Framework.

B. RECOMMENDATION

It is recommended that Council:

1. Approves the proposal to purchase up to 15 additional New Build Properties and a minimum of 20 additional Open Market Acquisitions using savings identified within the capital programme as set out in section D.3 of the report;
2. Approves the proposed 2026/27 to 2027/28 Housing Capital Investment Programme and related funding as detailed in the report; and
3. Notes the scope of works to be undertaken by Building Services under the terms of the Best Value Framework, as outlined in section D.5 of the report.

C. SUMMARY OF IMPLICATIONS

I.	**Council Values**	Caring and compassionate Open, honest and accountable Collaborative, inclusive and adaptive
II.	**Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)**	The report on the updated Housing Capital Investment Programme complies with the Housing (Scotland) Act 1987 and the council's Financial Regulations. The impact of the budget has been assessed in compliance with public sector duty requirements, as set out in the Equality Act 2010, the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, Fairer Scotland Duty, Part 1 of the Equality Act 2010 and the Consumer Scotland Act 2020. An Integrated Relevance Assessment and Consumer Duty Impact Assessment have been undertaken and are included in Appendix 3.
III.	**Implications for Scheme of Delegations to Officers**	None.
IV.	**Impact on performance and performance Indicators**	An effective housing capital and asset strategy is vital to service performance.

V.	**Relevance to Single Outcome Agreement**	Outcome 10 – We live in well designed, sustainable places where we are able to access the services we need.
VI.	**Resources - (Financial, Staffing and Property)**	Proposed capital investment of £65.738 million for 2026/27 to 2027/28, with £37.226 million planned for 2026/27.
VII.	**Consideration at PDSP**	The proposed budget was considered at the Housing Services PDSP on 5 February 2026.
VIII.	**Other consultations**	Consultation has taken place with the Tenants Panel and the Director of Finance & Property Services.

D. TERMS OF REPORT

D.1 BACKGROUND

The council approved a five year rent and capital investment strategy for 2023/24 to 2027/28 on 7 February 2023. The approved strategy set out a planned investment programme of £157.972 million over the period 2023/24 to 2027/28 and comprised of £27.245 million investment in new housing supply and £130.727 million of investment in the existing council housing stock and the environment, to improve homes and local amenity.

An updated 2025/26 Housing Capital budget of £49.670 million was approved by Council Executive on 24 June 2025. The revised programme incorporated programme slippage from 2024/25 into the 2025/26 capital investment programme previously approved by the council.

As reported to the Council Executive on 11 November 2025, expenditure totaling £48.735 million is forecast for the 2025/26 programme, with a variance of £935,000 against the budgeted resources for 2025/26. Any further savings, slippage or acceleration on projects in the 2025/26 programme will be rolled forward into the revised two-year programme, and an updated programme will be presented to Council Executive for approval in June 2026.

D.2 HOUSING SUPPLY AND DEMAND CONTEXT

The imbalance between supply and demand for permanent social rented accommodation continues to be a key challenge in West Lothian. There remains a high number of people applying to the council for permanent housing through the council's allocation policy, as well as accommodation required for homeless applicants to enable the council to discharge a statutory homeless duty.

The approved West Lothian Local Housing Strategy (LHS) 2023-2028 has identified both affordable and market housing supply targets for West Lothian based on the Housing Need and Demand Assessment (HNDA3). These targets are 316 affordable homes per annum (1,580 over five years) and 401 market homes per annum based on the average over a 20 year period to 2040.

The council's target is to facilitate the delivery of a minimum 1,621 new affordable homes over the period to 31 March 2028, directly through 427 additional council homes via new build and open market acquisitions and by supporting Registered Social Landlords (RSLs) in our capacity as the Strategic Housing Authority, to deliver a further 1,238 additional affordable homes for social renting.

The Strategic Housing Investment Plan (SHIP) 2026/27 to 2030/31 includes sites with a total of 1,967 potential affordable homes over the five year period. This exceeds the current minimum target of 1,621 affordable homes in West Lothian and ensures there are sufficient sites for prioritisation should opportunities for additional resources come forward during this time.

The Scottish Government supports the council and RSL's through the provision of grant funding in the form of Resource Planning Assumptions (RPA's) and has confirmed funding of £15.376 million for 2025/26. This represents the total funding for both the council and RSLs in support of the new build and open market acquisition additions. The funding position for West Lothian in 2026/27 and 2027/28 has yet to be confirmed by the Scottish Government.

D.3 PROPOSAL FOR ADDITIONAL NEW BUILD AND OMAS UNITS 2026/27 TO 2027/28

The Scottish Government announced in November 2025 that the implementation of the proposed Heat in Buildings Bill would be delayed to after the Scottish Parliament elections in 2026. As a result of this change, and following a review of the approved capital budgets, a saving has been identified within the energy efficiency budget. In tandem, an opportunity has arisen to potentially purchase up to 15 new build properties. The savings identified would allow the purchase of these three and four bed family homes due for completion in spring and summer 2026 taking into account the associated benchmark grant funding for new build properties that would be received.

Additionally, the savings generated would also allow the purchase of a minimum 20 Open Market Acquisitions (OMAS) spread across 2026/27 and 2027/28 taking into account the current benchmark grant funding received from the Scottish Government for OMAS properties.

D.4 HOUSING CAPITAL INVESTMENT PROGRAMME 2026/27 TO 2027/28

The updated two year Housing Capital Investment Programme for 2026/27 to 2027/28 will see total investment of £65.738 million, with significant resources invested in the creation of new homes and a strong focus on the maintenance of quality standards across the housing stock. The proposed programme is based on recent reports to Council Executive on the SHIP and LHS, as well as the Housing Rent Consultation and Capital Investment Strategy which outline proposals to be taken forward in relation to new housing supply and housing infrastructure.

The updated two year programme will see continued investment to increase housing supply, while external upgrading will continue in areas identified with greatest need. There is continued emphasis on energy efficiency improvements to meet the anticipated requirements of the new Social Housing Net Zero Standard (SHNZS), which will replace the Energy Efficiency Standard in Social Housing (EESSH) and is in development. It is hoped that further information on the requirements for this standard will be forthcoming following the implementation of the new Heat in Buildings Bill, however this remains a risk to the final year of the programme, as timings are not yet clear on the implementation of the Heat in Buildings Bill.

Taking into account the challenges and assumptions outlined above, the proposed investment programme is summarised in the table below. Individual projects comprised within each project heading are listed in Appendix 1 and further detail on work to be encompassed within the programme is contained in Appendix 2.

Table 1: Planned Capital Investment

Investment Area	**2026/27 £'000**	**2027/28 £'000**	**TOTAL £'000**
New Housing Supply	9,081	1,240	**10,321**
Major Refurbishment	0	400	**400**
Major Elemental Upgrades	7,319	3,639	**10,958**
Planned Programmes	12,504	11,736	**24,240**
Environmental Upgrading	213	222	**435**
Statutory Compliance	8,089	11,247	**19,336**
Miscellaneous	20	28	**48**
Total Expenditure	**37,226**	**28,512**	**65,738**

New Housing Supply
Significant resources will continue to be invested in the creation and acquisition of new homes with budgeted resources of £10.321 million factored into the investment programme.

Approved council projects will deliver 427 new houses over the budget strategy period and, following a review of the new supply capital budget, the new build programme will deliver a further 35 additional new council houses, including both new build and open market acquisition additions. This will deliver an overall total of 462 new council houses over the course of the investment programme.

Good progress is being made in delivery of the West Lothian Affordable Housing programme across the active sites, with 1,386 units completed to the end of Quarter 3 2025/26, representing 85.5% of the overall Affordable Housing Programme minimum target of 1,621. Affordable homes are under construction at thirteen sites across West Lothian and a total of 533 homes are under construction.

Major Refurbishment
Significant improvements will include the windows, roof and render works at Almondell Road in Broxburn. A total of £400,000 of major refurbishment works are planned over the two-year period.

Major Elemental Upgrades
Major Elemental Upgrades consist of long-term maintenance work, where structural elements such as roof and external walls are beyond economical repair by routine maintenance. This work will continue to form an important part of the investment programme, with planned resources of £10.958 million to be invested in eight individual projects over the period from 2026/27 to 2027/28.

Following review of completed work and condition information, the project at School Place in Broxburn is no longer required and this budget will be reinvested to support additional air quality and dampness work as a result of Awaab's Law as outlined below, fencing replacements and one-off component replacements (windows/doors).

Planned Programmes
Planned programmes cover a broad range of activities, including kitchens and bathroom replacements, window and door refurbishments, painting and fencing programmes. These works are of preventative maintenance in nature, and are prioritised based on condition.

Air quality is a focus for the upcoming year, with the new Awaab's Law recently introduced in October 2025 and coming into force from March 2026. This sets strict deadlines for fixing damp, mould and serious hazards within social housing. Building services are in the process of creating a dedicated team which will focus on this important work and there are planned resources of £832,000 over the remaining two years of the Capital programme.

It is recognised that increasing legislative standards relating to insulation and energy efficiency of housing stock, in tandem with modern day lifestyles, can create challenges relating to air quality and ventilation. As such, planned programmes contain air quality and ventilation projects in addition to the energy efficiency measures included within statutory compliance works. Works to the value of £24.240 million are anticipated from 2026/27 to 2027/28.

Environmental / External Upgrading
Planned work, to the value of £435,000, will continue on general environmental improvements and external upgrading, including back courtyards. Although many works are of a small scale, these projects can have a substantial impact on local amenities and the community.

Statutory Compliance Works
The Scottish Housing Quality Standard (SHQS) remains a key focus for investment in existing stock however, in addition, there are a range of legislative requirements that require

to continue to be met, including aids and adaptations, fire safety, electrical safety and management of asbestos. Statutory compliance works include projects to deliver energy efficiency measures, central heating replacements, aids and adaptations, electrical testing and repair, external wall insulation upgrades and asbestos management projects. Works to the value of £19.336 million are anticipated from 2026/27 to 2027/28.

A saving of £3.262 million has been identified in relation to the Energy Efficiency budget in 2026/27. While the Social Housing Net Zero Standard (SHNZS) is poised to replace the Energy Efficiency Standard for Social Housing (EESSH), as noted above, detailed requirements for compliance such as specific timelines and regulatory standards have not yet been published. Despite the Scottish Government receiving consultation feedback, a clear commitment to a timeframe has yet to be announced and, as a result, a saving has been identified. Budget remains in the final year of the current capital programme with an expectation this budget will be required following the Scottish Parliamentary elections in 2026. This budget is being reinvested back into the programme to deliver more new homes in West Lothian which is a priority given the current housing emergency.

As part of energy efficiency works, External Wall Insulation (EWI) work will continue to target work in council houses in areas of mixed tenure, to maximise economies of scale where homeowners receive support through the Home Energy Efficiency Programme Scotland (HEEPS).

D.5 HOUSING CAPITAL RESOURCES 2026/27 TO 2027/28

The breakdown of the £65.738 million resources to fund the proposed 2026/27 to 2027/28 capital programme is detailed in Table 2. Financing of the programme will continue to be met largely through borrowing, with £49.082 million of borrowing planned over the investment period.

Table 2: Capital Funding

Investment Area	**2026/27 £'000**	**2027/28 £'000**	**TOTAL £'000**
CFCR	5,953	5,602	**11,555**
Borrowing	27,140	21,942	**49,082**
Government Grants	2,725	0	**2,725**
Developer Contributions	640	200	**840**
Council Tax on 2nd Homes & long term empty homes	168	168	**336**
Capital Receipts	600	600	**1,200**
Total Funding	**37,226**	**28,512**	**65,738**

It should be noted that capital financing costs in respect of monies borrowed for the purpose of improving the housing asset stock, or acquiring new stock through new build or open market acquisition, must be charged to the HRA account under Schedule 15 of the Housing (Scotland) Act 1987. As such, the level of sustainable capital expenditure is coterminous with the Housing Rent strategy over the budget period and must be deemed as prudent and affordable, based on the Prudential Indicators contained within the General Fund Revenue Budget report.

The level of capital financing charges and CFCR associated with the proposed programme are considered to be at an affordable level within the HRA Revenue Budget, based on an anticipated rent increase of 3.5% per annum. The projected ratio of gross rental income to capital financing charges is forecast to increase from 30.5% in 2025/26 to 32.3% by 2027/28, however there are ongoing risks around interest rates that can adversely affect borrowing cost projections and these ratios are regularly reviewed to identify the impact of any increases in costs on the overall funding of the capital programme.

The capital investment programme approved by council on 7 February 2023 is predicated on the five-year rent strategy which provides for a 3.5% per annum increase in the rental charge for council houses, garages, sheltered housing and homelessness properties and related accommodation. From this programme CFCR contributions of £11.555 million are

planned over the two-year period to 2027/28 from the HRA to support the proposed capital investment programme. This is a decreased CFCR contribution from the original approved budget as a result of increased costs in the Housing Revenue budget and higher borrowing costs.

Any decision to reduce the annual rent increase below 3.5% per annum would have implications for the level of capital investment programme unless the cumulative shortfall in rent is reinstated in future years and/or there is an increased level of borrowing and/or capital resources. A 1% reduction in rent would equate to a £655,000 reduction in CFCR funding in a single year and over the remaining two-year period this would equate to a minimum of £1.3 million.

Scottish Government grant funding is restricted to the support for new build and open market acquisition properties. All other costs associated with investing in existing stock for issues such as SHQS, EESSH, SHNZS require to be fully funded from the other sources of capital funding which are principally funded from tenant's rents via CFCR and borrowing costs.

Updated assumptions on Scottish Government grants and other contributions have also been factored into funding sources, as the council completes the existing new build housing programme and enters into a new phase of funding. Scottish Government grant funding for all new build is assumed to be £87,750 per unit, and for open market acquisitions the grant available is assumed to be £60,000 per unit. A total of £2.725 million is anticipated for 2026/27 to 2027/28.

With regards to other sources of financing, funding of £840,000 is expected from developer contributions and £336,000 from council tax on second homes and long-term empty properties, which will be directed towards the creation of new social housing, and £1.2 million is budgeted from capital receipts. Capital receipts are an integral part of resources to fund the investment programme, and there is a programme of land disposals to ensure best value is obtained for the council and this target is achieved. The council is also actively reviewing sites in Priority 1 areas (Broxburn, East Livingston & East Calder, Linlithgow, Livingston North, Livingston South, Uphall and Winchburgh) for additional areas of affordable housing investment. In total, £2.376 million is anticipated from these income sources over the two-year period to 2027/28.

D.6 GOVERNANCE

In setting the HRA capital budget, due cognisance must be made to the relevant statutory, regulatory and governance requirements. The Prudential Code requires the council to take into account a number of factors when agreeing capital spending plans. In overall terms, the proposed Housing Capital Investment Programme for 2026/27 to 2027/28 is considered affordable, relative to gross rent levels and subject to appropriate management of capital risks and housing arrears. The revenue implications are incorporated within the HRA Revenue budget and loan charge projections continue to indicate that the proposed Housing Capital Investment Programme is prudent, affordable and sustainable.

The council has continued to build a resilient culture of effective planning and governance, with strong evidence to demonstrate how the council meets the defined best value characteristics. The council's Best Value Framework, which was approved on 22 February 2022, ensures that the council complies with the provisions contained within the Local Government in Scotland Act 2003. The 2003 Act requires the council to:

- Secure best value in the performance of its functions;
- Balance the quality and cost of the performance of its function and the cost of council services to service users;
- Have regard to efficiency, effectiveness, economy and the need to meet equal opportunity requirements in maintaining that balance;
- Fully discharge its duty to secure best value in a way which contributes to the achievements of sustainable development.

All aspects of the Housing Capital Investment Programme are geared toward securing best value. The Best Value Framework no longer sets a pre-determined threshold over which works must be subject to competitive tendering and exemptions are not specified. Instead, it recognises that there is a range of benefits though in-house delivery but that issues relating to available capacity, skills and resources may result in the need to procure external support or service delivery. Where that is the case, Standing Orders for the Regulation of Contracts and Corporate Procurement Procedures apply. Decisions to proceed in-house or through external provision must be made on a case-by-case basis and must be informed by and justified against the Best Value Framework.

A review of the Housing Capital Investment Programme for 2026/27 to 2027/28 has been undertaken to determine works that may be carried out by external providers and works that may be carried out in-house to ensure compliance with the Best Value Framework. The outcome of that exercise will be kept under review at regular intervals over the duration of the programme and tested against the Best Value Framework. It is proposed that works on elements of the Refurbishment and Investment programme continue to be carried out or managed by Building Services and this work includes:

- Major Refurbishment
- Major Elemental Upgrades
- Planned Programmes – Kitchens and Bathrooms
- Planned Programmes – Windows and Door Refurbishment/Renewal
- Statutory Compliance Work – Central Heating programme
- Statutory Compliance Work – Periodic Testing and Smoke and Heat Detector Upgrades

The Public Sector Equality Duty (PSED) (often referred to as the 'general duty') requires public bodies in the exercise of their functions, to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct;
- Advance equality of opportunity between those who share a protected characteristic and those who do not;
- Foster good relations between those who share a protected characteristic and those who do not.

Supplementary legislation (the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012), requires the council to be proactive in meeting the general duty of eliminating unlawful discrimination, advancing equality and fostering good relations. In addition, the Fairer Scotland Duty, part 1 of the Equality Act 2010, places a legal responsibility on councils to pay due regard to how they can reduce inequalities of outcome, caused by socioeconomic disadvantage, when making strategic decisions. The Fairer Scotland Duty came into effect from 1 April 2018, therefore it is not a retrospective duty and does not apply to decisions taken before that date.

D.7 INTEGRATED EQUALITY IMPACT ASSESSMENT

Following the key principles of relevance and proportionality within the Equality Act 2010, an integrated equality impact assessment of policies and decisions of the councils is a requirement of the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. This process is well established within the council's budget setting process.

Assessment of the proposed two-year Housing Capital Investment Programme has demonstrated that there is clear evidence that the service plans and delivers an ongoing co-productive approach to the design, timing, and delivery of the capital programme with tenants, tenant representatives and other stakeholders. This ensures that the views and preferences of stakeholders are factored in to shape the programme, and the ongoing reporting of progress and scrutiny of the delivery of the programme means that officers are accountable and performance is transparent. In previous years, changes implemented throughout the period of the capital investment programme have reflected the changing needs of tenants, and have been made in response to feedback from customers.

Reflecting the recent Fairer Scotland duty, an integrated relevance assessment has been carried out for the updated programme and is attached as Appendix 3. The assessment gave consideration to the key general duties and it is deemed unnecessary that a full Integrated Impact Assessment (IIA) be carried out. Any further budgetary proposals or amendments to the Housing Capital Investment Programme will be screened for IIA relevance where required.

D.8 RISKS

The Housing Capital Investment programme was reviewed and updated in June 2024, to take account of the 2024/25 outturn position, latest circumstances and funding assumptions.

Uncertainty of Scottish Government grant funding for future years remains a key risk as the majority of house building projects span multiple years, requiring an indication of likely future grant funding to ensure deliverability. Officers will continue to work closely with Scottish Government to ensure any available funding is maximised for the West Lothian programme.

Market conditions are continuing to have an impact on costs. There may be further increased costs due to construction price inflation, which remains unpredictable, with further increased costs and delays due to lack of availability of materials.

The (SHQS) remains a key focus for investment in existing stock, however in addition there are increased legislative requirements that will require to be addressed within the timeline of a ten-year capital investment strategy. While the Social Housing Net Zero Standard (SHNZS) has been confirmed to replace the Energy Efficiency Standard for Social Housing (EESSH), concrete details such as final regulatory requirements and technical benchmarks remain partially elusive. Although the Scottish Government has moved closer to a defined timeframe, the lack of full technical clarity continues to pose a significant challenge for structured investment in net zero initiatives, as it hinders effective planning and resource allocation. The emphasis for the new Standard has moved firmly towards zero emissions heating, which will require significant utilities infrastructure to support a large scale replacement programme.

In order to meet the milestones towards SHNZS and net carbon zero by 2045, capital investment will span over multiple capital planning periods, and will include secondary replacement cycles.

The programmes of compliance, maintenance and investment work to existing housing stock requires to be fully funded through tenant rents.

D.9 CORPORATE ASSET MANAGEMENT AND FUTURE CAPITAL INVESTMENT

The current Corporate Asset Management Strategy was agreed by the council in February 2023. The Housing Asset Management Plan was agreed at Council Executive on 20 June 2023 and an annual update was provided to PDSP on 14 August 2025. Asset management provides appropriate structures and governance arrangements to ensure that the council's assets are utilised appropriately in support of service delivery. It is important that resources are prioritised on an ongoing basis to ensure investment has the maximum impact on the core assets required to sustain existing service delivery.

The Housing Capital Investment Programme forms a key part in the longer term approach to asset investment and planning, and considers expenditure required to improve and extend the council’s assets for future years. Looking forward, investment plans will be updated annually to demonstrate best value, continuous improvement, sound performance management, partnership working and sustainable development.

E. CONCLUSION

This report sets out the proposed Housing Capital Investment Programme for 2026/27 to 2027/28, with proposed investment of £65.738 million over the two-year period, and anticipated expenditure of £37.226 million in 2026/27. It builds on, and consolidates, local housing needs identified within the SHIP and LHS. The investment proposals are framed on the outcome of the Housing Rent and Consultation Strategy reported to the Housing Services Policy Development and Scrutiny Panel on 5th February 2026, which indicated that the majority of responses from tenants supported a 3.5% rent increase per annum.

There is a strong focus within the programme on the creation of additional social housing including continuation of the approved new build programme and continuing with a programme of open market acquisitions. These measures will increase the availability of social housing within communities for both existing residents and future generations.

Alongside investment in new and additional housing stock, there will be continued significant investment in existing council housing stock and the environment, to improve homes and local amenity. Energy efficiency is recognised as a continuing priority, with an emphasis on meeting the requirements of the Energy Efficiency Standards for Social Housing legislation and its replacement, the Social Housing Net Zero Standard.

Through the Housing Capital Investment Programme, the council continues to maintain quality standards and invest in the suitability and sufficiency of its housing stock to improve the environment within communities and meet the needs of existing and future tenants across West Lothian.

F. BACKGROUND REFERENCES

Best Value Framework Review – Report by Head of Finance and Property Services to Council Executive on 22 February 2022

Housing Capital Investment Programme 2023/24 to 2027/28 – Report by Depute Chief Executive to West Lothian Council on 7 February 2023

2025/26 Housing Capital Programme – Month 6 Monitoring Report - Report by Depute Chief Executive to Council Executive on 11 November 2025

Appendices/Attachments: Three

Appendix 1: Housing Capital Investment Programme 2026/27 to 2027/28
Appendix 2: Housing Capital Investment Programme 2026/27 to 2027/28 – Further Information
Appendix 3: Integrated Relevance and Consumer Duty Impact Assessments

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Elaine Cook
Depute Chief Executive
19 February 2026

DATA LABEL: PUBLIC **Appendix 1**

West Lothian Council
Housing Capital Investment Programme 2026/27 to 2027/28

	2026/27 £'000	2027/28 £'000	Total £'000
NEW SUPPLY			
New Build	7,919	40	**7,959**
Open Market Acquisitions	1,162	1,200	**2,362**
TOTAL NEW SUPPLY	**9,081**	**1,240**	**10,321**
REFURBISHMENT & INVESTMENT			
Major Refurbishment			
Almondell Road, Broxburn	0	400	**400**
	0	**400**	**400**
Major Elemental Upgrades			
Belvedere/ Dundas, Bathgate	0	1,241	**1,241**
Dedridge, Livingston	2,736	800	**3,536**
Fountainhead, Bathgate	184	0	**184**
Gracies Wynd Armadale	2,000	1,040	**3,040**
High Academy, Armadale	696	0	**696**
Hillside Place, Longridge	682	0	**682**
McNeil/ King Street, Armadale	1,021	0	**1,021**
Northfield Crescent, Longridge	0	558	**558**
	7,319	**3,639**	**10,958**
Planned Programmes			
Air Quality, dampness & ventilation	550	282	**832**
Common Access Door Upgrades	58	61	**119**
Common Stair Upgrades	49	51	**100**
Fencing	450	243	**693**
Kitchens and Bathrooms (incl. of decoration & ventilation)	5,962	5,985	**11,947**
Painting	174	182	**356**
Planned Reactive/ HIO Investment	700	500	**1,200**
Rainwater Goods Testing and Upgrading	162	170	**332**
Windows & Doors Refurbishment / Renewal	4,399	4,262	**8,661**
	12,504	**11,736**	**24,240**
Environmental / External Upgrading			
Aerial Upgrades	29	30	**59**
Programmed Drainage	10	10	**20**
Tenant Environmental Projects	174	182	**356**
	213	**222**	**435**
Statutory Compliance Works			
Aids and Adaptations - Building Services	972	1,010	**1,982**
Aids and Adaptations - Occupational Therapists	232	243	**475**
Asbestos Management	650	495	**1,145**
Central Heating	3,243	3,405	**6,648**
Common Stairwell lighting upgrades	55	58	**113**
EESSH2 / Carbon Zero Additional Works	100	3,362	**3,462**
Periodic Testing and Electric Upgrades	1,074	1,122	**2,196**
RAAC Remediation Programme	1,000	753	**1,753**
Smoke and heat detector upgrades	519	544	**1,063**
Stock Condition Surveys/Energy Performance Certificates	232	243	**475**
Water Safety	12	12	**24**
	8,089	**11,247**	**19,336**
Miscellaneous			
Feasibility Surveys	20	28	**48**
	20	**28**	**48**
REFURBISHMENT AND INVESTMENT TOTAL	**28,145**	**27,272**	**55,417**
TOTAL HOUSING CAPITAL INVESTMENT PROGRAMME	**37,226**	**28,512**	**65,738**

DATA LABEL: PUBLIC

HOUSING CAPITAL INVESTMENT PROGRAMME 2026/27 TO 2027/28

FURTHER INFORMATION

1. NEW BUILD SUPPLY

Major investment is to continue, providing new houses in areas across the district of different sizes and style; many are designed to support occupation by people with limited movement ability, including wheelchair users. Built to modern standards, they are well insulated and will substantially reduce heating bills of tenants while ensuring warmth and stable heat levels. Existing tenants are given priority to move into the new housing supply. Rents are slightly higher but should be more than offset by the reduction in heating costs.

In 2025/26 construction work continued at four new build sites at Almondvale Crescent, Houston Road and Simpson Parkway in Livingston as well as Deanburn in Linlithgow. Handovers for these projects commenced in 2025/26 and all four will be fully handed over in 2026/27.

Details of sites included as part of the new supply programme including those proposed additional units are provided below. It is anticipated these units will be constructed during the period of the programme. Detailed updates on new build council housing will be reported as part of the overall affordable housing programme updates.

Site	Units
Deans South, Livingston (complete)	29
Eagle Brae, Livingston (complete)	29
Mossend, West Calder (complete)	69
Standhill, Bathgate (complete)	4
Wellhead Farm, Livingston (complete)	42
Social Policy, Pumpherston (complete)	16
Hopetoun Street, Bathgate (complete)	4
Almondvale Crescent, Livingston (Supported flats)	16
OMAS 2022-23 (target 31, achieved 34 within budget)	34
Houston Road, Livingston (Barratt) – on site (12 complete)	33
Simpson Parkway, Livingston (Persimmon)	32
Deanburn, Linlithgow (Cala) – on site	15
Almondvale Crescent, Livingston (mainstream) – on site	20
Winchburgh Grange, Winchburgh – (complete)	16
Winchburgh New Build Acquisitions	15
OMAS (2023/24 & 2024/25)	50
OMAS (2025/26 – 2027/28)	38
Total WLC Approved Five Year Programme	**462**

2. SCOTTISH HOUSING QUALITY STANDARD (SHQS) AND ENERGY EFFICIENCY STANDARD FOR SOCIAL HOUSING (EESSH)

One of the primary objectives of the Housing Capital Programme is to invest in existing housing stock to maintain the Scottish Housing Quality Standard (SHQS) and transition toward the Social Housing Net Zero Standard (SHNZS), which has succeeded the previous Energy Efficiency Standard for Social Housing (EESSH) framework. The energy efficiency criteria of EESSH1 are now fully integrated within the SHQS.

Following recommendations from the Zero Emissions Social Housing Taskforce (ZEST), the Scottish Government accelerated its review of energy standards to align with national Net Zero targets. While the previous EESSH2 milestones for 2025 and 2032 were paused during the consultation period, the transition to the SHNZS is now the driving force for capital investment.

Landlords are required to maintain robust data collection to inform future compliance, specifically tracking:

- The number of properties within each Energy Performance Certificate (EPC) band.
- The total annual investment value dedicated to energy efficiency improvements.

While specific statutory deadlines for the new SHNZS are being finalized into long-term cycles, the Council continues to prioritize a "Fabric First" approach. This strategy ensures that investment remains cost-effective and provides the greatest benefit to tenants by reducing demand before upgrading heat sources.

Key investment priorities include:

- Thermal Efficiency: Enhancing insulation and ventilation to improve the building envelope.
- Zero Emissions Heating: Transitioning away from fossil fuels to heat pumps and other zero-direct-emission systems.
- District Heating: Implementing communal heating systems where high density makes them viable.
- Hard-to-Treat Properties: Targeting specialized solutions for non-traditional or historically significant stock.
- Innovation: Modelling the real-world performance of new technologies to ensure they deliver promised energy savings.

The primary risk to the programme remains the evolving nature of statutory requirements and the volatility of construction costs. To mitigate this, the Council utilizes up-to-date Stock Condition Survey data to categorize and plan works effectively.

Investment is strategically divided into the following streams:

1. Major Refurbishment & Elemental Upgrades: Large-scale structural and energy improvements.
2. Planned Programmes: Lifecycle replacements (e.g., kitchens, bathrooms, roofing).
3. Compliance & Environmental Works: Ensuring health, safety, and estate-wide improvements.

This proactive approach ensures that all housing stock not only maintains the SHQS but moves decisively toward a Net Zero future, protecting the value of the assets and reducing fuel poverty for tenants.

a) MAJOR REFURBISHMENT

The Major Refurbishment group of projects involves renewal and reconfiguration of multiple elements such as roof, render, stairs, balconies and external areas in a single project.

Almondell Road, Broxburn
This project will include extensive external works across 1-45 Almondell road, involving roofs, windows and new and more secure stairwells as well as remedial external wall repairs.

b) MAJOR ELEMENTAL UPGRADES

The work involves long term maintenance work, where structural elements such as roof and external walls are identified as beyond economical repair through routine maintenance.

The work planned from 2026/27 to 2027/28 is detailed below:

	Units	2026/27 £'000	2027/28 £'000	TOTAL £'000
Belvedere/ Dundas, Bathgate	41	0	1,241	**1,241**
Dedridge, Livingston	178	2,736	800	**3,536**
Fountainhead, Bathgate	5	184	0	**184**
Gracies Wynd, Armadale	151	2,000	1040	**3,040**
High Academy, Armadale	19	696	0	**696**
Hillside Place, Longridge	18	682	0	**682**
McNeil/ King Street, Armadale	58	1,021	0	**1,021**
Northfield Crescent, Longridge	16	0	558	**558**
TOTAL	**486**	**7,319**	**3,639**	**10,958**

*The units above are the total units including Mixed Tenure Blocks and rely on the owners taking part.

c) PLANNED PROGRAMMES

- **Air Quality, Dampness & Ventilation**
  This programme supports required individual upgrades and investment in ventilation systems.

- **Common Access Door Upgrades**
  This budget undertakes work which keeps the properties in compliance with the SHQS. This requires Secure Door Entry System upgrades or replacements in order to keep them in compliance with the SHQS. The budget funds around 5 communal blocks each year.

- **Kitchens and Bathrooms**
  This category incorporates work which keeps Kitchens and Bathrooms in compliance with the SHQS. The budget funds around 370 full kitchen and bathroom installations each year.

- **Cyclical Maintenance**
  Cyclical Maintenance (CM) work involves external and communal parts of the council housing stock and undertakes the required preparatory repairs and minor external upgrades. The work is done on a five year rolling programme.

  The programme plays a significant role within the council's capital programme planning processes linking key conditions information to overall investment planning.

  All properties within the council stock are to be surveyed externally by the service as part of the five year rolling programme. The survey programme is pre-determined as shown in the table below:

Year	Areas
2026/27	Fauldhouse & Breich
2027/28	Blackburn, Whitburn & Bathgate
2028/29	Livingston South / North/ East Livingston & East Calder
2029/30	Broxburn, Uphall, Winchburgh, Linlithgow
2030/31	Armadale & Blackridge

The CM Programme is primarily made up from the following Capital Planned Maintenance Budgets:

- Painting
- Common Stair Upgrades
- Rainwater Goods Testing and Upgrading
- Fencing

- **Planned Reactive/HIO Investment**
  This programme supports required individual upgrade investment out-with the named current capital projects and is commissioned by the Housing Investment Manager and Building Services Manager to ensure compliance with the Scottish Housing Quality Standard.

- **Windows and Doors**
  Windows and Door upgrades to keep them in compliance with the Scottish Housing Quality Standard (SHQS) and contribute towards meeting Energy Efficiency Standard for Social Housing (EESSH). This funds around 400 full Window and Door Upgrades each year.

d) ENVIRONMENTAL AND EXTERNAL UPGRADING

This category supports local environmental programmes which include; Tenant Led Environmental Projects and Aerial Upgrades. These projects are delivered in consultation with NETS, Roads, Local Housing Offices, tenants and elected members.

For example, the drainage programme supports the design and implementation of large works to multiple homes to prevent the flooding of homes and the damage to access paths, while the Tenant Led Environmental Projects support the council's Community Choices works.

	2026/27 £'000	**2027/28 £'000**	**TOTAL £'000**
Aerial Upgrades	29	30	**59**
Programmed Drainage	10	10	**20**
Tenant Environmental Projects/Back Courtyards	174	182	**356**
TOTAL	**213**	**222**	**435**

e) STATUTORY COMPLIANCE WORKS

- **Aids and Adaptations**

  Aids and adaptations for both council housing and private sector housing are assessed by Occupational Therapists in Social Policy and are carried out based on individual need.

- **Asbestos Management**

  This budget funds surveys and removal work arising from those surveys.

- **Central Heating**

  Central heating upgrades are undertaken in order to keep the properties in compliance with the SHQS and meet EESSH. The budget funds around 640 full central heating systems each year.

- **EESSH2 / Carbon Zero Additional Works**

  Local energy efficiency schemes will continue to be carried out, prioritising households in fuel poverty, in consultation with the local housing offices and the Advice Shop. It will also include works required to meet EESSH.

- **RAAC Remediation and Removal**

  The project strategy for RAAC remediation and removal will continue in 2026/27 and is scheduled to complete early in 2027/28. The budget allocated for this project is sufficient for the works required. This project will ensure these houses continue to meet SHQS.

- **Periodic Testing and Electric Upgrades**

  There is an obligation on the council as a landlord to electrically test each house at least every five years and additionally at the point of re-letting after a house is empty.

  These surveys identify any potential problems. The most important of these are electrical faults, earthing issues and asbestos in consumer units. This includes full electrical upgrading where required.

- **Smoke and Heat Detector Upgrades**

  The original smoke detector programme, which commenced in 2010/11, concentrated on upgrading battery operated smoke detectors to hard wired smoke detectors.

  On 5 May 2020, the Scottish Government published updated guidance on the SHQS. The amendment included changes to bring the guidance in line with changes to the tolerable standard for fire and smoke alarms and carbon monoxide detectors. A review of the programme has taken place and all properties are now compliant with the new standard. The proposed budget will ensure continued compliance with the standard.

- **Stock Condition Survey/Energy Performance Certificates (EPC)**

  This budget funds stock condition survey work and EPCs that are required for circa 9,000 of the council's properties in order to ensure the council meets its legal requirements when renting a property, as well as updating our Asset Management Database.

  To date 4,991 properties have had a full stock survey and 2,122 that have had an External Only Survey, with the remainder of the stock to receive a full house condition survey by 2027/28.

  This will also help focus investment measures required to ensure the council complies with the SHQS and EESSH.

- **Feasibility Surveys**

  This budget will support the Stock Condition Programme aimed at updating the council's stock conditions information and providing cost information for future capital planning. The budget also supports detailed engineering reports on structural issues.

DATA LABEL: PUBLIC

STEP 1 – INTEGRATED RELEVANCE ASSESSMENT (IRA) [LINK]

Proposal title (include budget reference if applicable)	Housing Capital Investment Programme 2026/27 to 2027/28
Service Area (detail which service area and section this relates to)	Housing, Customer and Building Services
Lead officer (name and job title)	Julie Whitelaw Head of Housing, Customer and Building Services
Other people involved (list names, job titles and organisation if applicable)	• Marjory Mackie, Housing Strategy & Development Manager • Gillian Edwards, Team Manager Housing Strategy & New Supply • Robert Smith, Housing Investment Manager • Karen Stevenson, Senior Service Accountant • Tenants Panel • Capital Programme Working Group
Date relevance assessed	31 January 2026

Tick the boxes you think apply	**No**	**Maybe**	**Yes**
Will your proposal have an impact on groups with Protected Characteristics?	✓		
Will your proposal have an adverse impact on people experiencing socio economic disadvantage?	✓		
Does your proposal impact on the human rights of people?	✓		
Does your proposal impact on the rights of children and young people?	✓		

IF YOU HAVE TICKED YES OR MAYBE TO ANY OF THE ABOVE PROCEED TO FULL IIA – STEP 2

DECISION RATIONALE
If you have ticked NO to ALL of the above, please detail below why a full IIA is not required: The proposed 2026/27 to 2027/28 housing capital programme details where the council intends to spend its capital resources. The justification for this expenditure is on house (stock) condition as outlined by the Scottish Housing Quality Standard (SHQS), new build council houses, as well as other additional non SHQS upgrades and improvements including externals, environmental work to aid in achieving energy efficiencies (in support of Energy Efficiency Standard for Social Housing (EESSH) compliance) and equipment and adaptations. The focus on meeting the SHQS will improve the condition of older stock to make it more secure, safe, accessible and energy efficient by design. The new build homes are being built to an exceptionally high specification and the selection of the designs were made in partnership with members of the local equality groups to ensure the service had considered the needs of potentially vulnerable tenants from the formative stages of the project. External upgrading will continue in areas identified as in greatest need and an increasing emphasis will be placed on the EESSH over the course of the investment programme. Demographically, the communities in greatest need of housing improvements tend to include people who may face fewer life choices and decreased social mobility – these tenants benefit most from improvement projects. By improving the

appearance and overall quality of stock in these areas as a priority the life chances of those living there are significantly improved, with benefits to education, health and wellbeing and community safety.

EESSH is intended to continue investment in external wall insulation to target work in council houses in areas of mixed tenure, where homeowners benefit from support through the Home Energy Efficiency Programme Scotland (HEEPS). The funding is to help tenants achieve energy efficiency and keep fuel bills as low as possible will obviously aid those in most danger of fuel poverty and deprivation. There is funding commitment within the Housing Capital Investment Programme allocated for improvements include boiler and heating system replacements, the installation of energy efficient loft and cavity wall insulation, and double/triple glazing window and door replacements. The service intends to continue to focus on this area in recognition of the importance of tackling poorly insulated and heated homes to mitigate the threat of fuel poverty for those tenants most vulnerable to this threat. Improving the energy efficiency of our stock most in need of this work is a priority for the service.

A key focus in the direction of capital funding is new housing supply. The new supply programme seeks to address the gap in supply and demand issues for good quality and affordable socially rented housing in the area. Provision of modern housing, exceeding the SHQS standard that is well supported by robust local infrastructure and services will benefit those most in need of housing and increase housing options for tenants and potential tenants. There is significant housing demand pressure on all local registered social landlords; the capital programme priorities are directed towards alleviating some of this pressure and increasing the supply of affordable, socially rented accommodation.

This type of combined approach to meeting demand of increasing housing supply through new homes and improving older stock is continued in the proposed capital programme through the environmental upgrade works in communities, and the energy efficiency measures through the provisions made for increased spend on improving energy efficiency of properties. External environmental improvement projects support regeneration of communities most in need of works to improve the local environment.

The capital programme specifically budgets for needs based improvements to aid active living through provision of funding projections for adaptive equipment and adaptations to the council's housing stock as determined by the health assessment process. Improvements made to meet the SHQS also ensures all stock is more accessible at a basic level. This portion of the programme remains need-based and reactive in terms of service delivery in order to deliver improvements at the point of need to the tenant. A needs based investment approach prevents areas from becoming undesirable places to live, increases choice for potential tenants and encourages social mobility for existing residents, thereby increasing the social diversity of communities while seeking to prevent socio-economic deprivation.

The approach of making general structural and fixture/fittings improvements combined with specific adaptations where required enables tenants with mobility issues to remain independent in their own homes for longer and ensures that the adaptations that are made are tailored to the individual. By budgeting for and recognising the importance of this type of improvement work to properties the proposals ensure the provision of needs based solutions for those who require it most. The policy on equipment and adaptations is centred on qualification via a set criteria applied by Occupational Therapy professionals; this has led to a straightforward process that is transparent and easy to access. Most requests meet the criteria and are approved. By designing new build properties with the capacity for future aids and adaptations future proofs the supply of accommodation types in order to meet the needs of a diverse range of tenants. The decision to build more accessible housing is a result of responding directly to the needs of our local communities as expressed during consultation activity.

Housing, Customer and Building Services Senior Management Team, the Senior Service Accountant, the Housing Development Manager, the Housing Investment Manager, Housing Strategy Officers and the service equality lead were involved in the consultation of this assessment. The details of the budget proposals within this report support these findings and it is unnecessary that a full IIA be carried out. It is recommended that any further budgetary proposals or amendments to the Housing Capital Investment Programme be screened for IIA relevance where required.

SIGN OFF IF NOT PROGRESSING TO A FULL IIA

Signature (Head of Service or Depute Chief Executive responsible for the proposal)	Julie Whitelaw, Head of Housing, Customer and Building Services
Date	31 January 2026

Consumer duty impact assessment not required

Title of the programme/proposal/decision	Housing Capital Investment Programme 2026/27 to 2027/28
Programme/proposal/decision implementation date	1 April 2026
Directorate/Division/Service/Team	Housing, Customer and Building Services
Responsible officer for taking decision	Julie Whitelaw Head of Housing, Customer and Building Services
Who else participated in taking the decision	Marjory Mackie Housing Strategy and Development Manager
Was the decision taken by a partnership?	No
Rationale for decision	The proposed 2026/27 to 2027/28 housing capital programme details where the council intends to spend its capital resources. The justification for this expenditure is on house (stock) condition as outlined by the Scottish Housing Quality Standard (SHQS), new build council houses, as well as other additional non SHQS upgrades and improvements including externals, environmental work to aid in achieving energy efficiencies (in support of Energy Efficiency Standard for Social Housing (EESSH) compliance) and equipment and adaptations.

Declaration:

I confirm that the decision not to perform a consumer duty assessment has been authorised by:

Name and job title: Julie Whitelaw, Head of Housing, Customer and Building Services

Date: 31 January 2026