

Local government sector update – November 2025

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Introduction

1. Each month, the Accounts Commission receives a report that provides an overview of significant recent activity relating to local government that is relevant to its work. This is an adapted version of the report, which is shared with local government stakeholders for information.
2. Please direct any queries or feedback [via email to Joe Chapman](#).

Recent Commission publications

3. The following report was published by the Commission in November:
 - [**Comhairle nan Eilean Siar: Cyber-attack affecting operations and services**](#) (27 November)
 - A statutory report by the Controller of Audit on Comhairle nan Eilean Siar's preparedness for and response to the cyber-attack in November 2023, on which the Commission issued findings. The Commission emphasised the need for all councils to learn from the Comhairle's experience
 - The report found that swift action was taken to protect systems and services and staff have worked hard to recover and to maintain performance. However, previously identified weaknesses in IT and cyber governance had not been fully addressed prior to the attack, and business continuity plans did not anticipate the scale of the impact.

Local and Scottish government finance issues

4. The Chancellor announced the UK Budget 2026/27 on 26 November. Points of relevance or interest to the Commission include the following:
 - Scotland to receive an extra £820 million over the next five years – £510 million in resource funding and £310 million of capital funding – as a result of this Budget, according to the Chancellor
 - Shona Robison says the increase in funding equates to less than half the cost of the rise in employer national insurance contributions

- Income tax and National Insurance thresholds frozen until at least 2030, leading to a reduction in the UK block grant to Scotland
- Two-child benefit cap lifted from April 2026, removing the need for equivalent mitigation the Scottish Government had planned to introduce, with an expected net saving of about £121 million
- English regional mayors – but not councils – to be given powers (subject to consultation) to introduce a visitor levy
- Properties in bands F, G and H in England to be revalued in 2026, and a £2,500-£7,500 surcharge to be levied on council tax – but paid to the Treasury – from 2028 for homes worth over £2 million
- Mileage-based tax for electric vehicles and plug-in hybrid cars from 2028; fuel duty 'cut' of 5p to be phased out from September 2026.

5. The [Scottish Parliament Information Centre](#) (SPICe), the [Fraser of Allander Institute](#) (FAI) and the [Local Government Information Unit](#) (LGIU) each produced detailed overviews of the Budget. The SPICe and FAI briefings look at the implications for the Scottish Government and the extent to which the changes announced apply to people in Scotland; the LGIU's details the implications for local government, mainly in England.

6. Some councils have produced reports and opened consultations on options for savings in their 2026/27 budgets. The below list of examples is not exhaustive or authoritative; other councils are taking similar actions. The council budgets briefing in spring 2026 will include analysis of all councils' consultation and engagement activities.

- [Aberdeen City Council](#) – service reduction and revenue-raising proposals include shortening the school week, cutting education-related services including additional support for learning, various social care service changes, moving non-urgent enquiries to online only, and options for council tax increases.
- [Argyll and Bute Council](#) – explaining the “harsh reality” of council budget gaps and asking residents to say [“yes to fair funding”](#). The council says £3.1 million of efficiency savings have been agreed with no impact on staffing, but a further £3 million of options to be considered in February could mean cutting 38.2 full time equivalent jobs involving 67 employees, alongside service reductions.
- [Dundee City Council](#) – options put to members include cutting the frequency of waste collections and recycling centre opening hours, closing school swimming pools, reducing school transport provision and winter road maintenance, and withdrawing funding for cultural and community organisations.
- [Dumfries and Galloway Council](#) – detailed consultation document with background information on the council's budget, as well as

projected cumulative savings over the next three years for more than 50 policy options; however, [the consultation was criticised by a community council](#) for a lack of publicity and limited scope.

- [East Lothian Council](#) – “budget insights” including where funding comes from and how it is spent, pressures of a growing population, directed spending and its impact on available options, and different means of funding local projects and supporting communities.
- [North Ayrshire Council](#) – an ‘Our Budgets Explained’ series of short animated videos on [YouTube](#) illustrating the budget process and supporting two surveys, one of which is dedicated to schools and related services for children and young people. The general survey considers participatory budgeting and regional collaboration.
- [West Lothian Council](#) – an eye-catching format explaining how funding works and the challenges it faces, and its five main areas of focus in budget-setting – developing new ways of working, generating income, reducing its estate, responding to population change, and cutting spending on non-statutory services.

7. COSLA and the Association of Local Authority Chief Executives and Senior Managers have [agreed a new pay framework for council chief executives](#) that will mean large pay rises especially for those at smaller councils. The average rise is almost £20,000, or 12 per cent, but some will see their salary increase by as much as 24 per cent – more than £30,000. COSLA says chief executive pay had not been reviewed since 2001, and must be competitive and reflect the demands of the role, but unions and some councillors have criticised the proposals in the context of the cost of living, service cuts and council tax rises.

8. There has been [controversy over the UK Government’s Pride in Place programme and Local Growth Fund \(LGF\)](#), after councillors in Glasgow received a presentation from UK Government explaining that together they replace the Shared Prosperity Fund (SPF), with overall funding for Scotland to remain at the same level in cash terms as it is under the SPF in 2025/26. Because of changes to how funding is allocated, the Glasgow City Region is set to receive much less funding than previously planned.

9. Deputy First Minister [Kate Forbes criticised the UK Government](#) for a lack of engagement, particularly compared to Wales, and its use of the Internal Market Act to fund activity in devolved areas in Scotland. Ms Forbes said the Pride in Place programme “does not align” with the Scottish Government’s approach to regeneration, and that the funding should have been allocated through the Barnett formula.

10. Recent developments regarding the visitor levy include the following:

- [West Dunbartonshire](#) has become the fourth council – and the first that isn’t a city – to decide to introduce the levy, despite 60 per cent of consultation responses opposing it. The charge is set to apply for

visits to the area (which stretches from Clydebank to Dumbarton and Balloch) from 1 July 2027, and could raise £1.7 million a year.

- Perth and Kinross Council has deferred further consideration of the levy until there is more clarity about possible legislative changes that could allow a flat rate as an alternative to a percentage charge. The council has held early engagement with residents, and believes many issues raised may be addressed by changes at national level.
- Argyll and Bute councillors are to discuss the visitor levy again next month, having put plans on hold in September pending more clarity about the potential legislative changes. The council agreed at that time to revisit the issue in January, but there is still uncertainty about if and when the changes will happen.

11. The Scottish Parliament passed an emergency bill to rectify an error in legislation that may have led to thousands of properties being eligible for refunds on business rates. The Non-Domestic Rates (Scotland) Act 2020 was intended to give councils powers to levy rates on empty business properties, but the error meant they were not actually entitled to do so from April 2023. Ministers estimated between 24,000 and 34,000 properties could have been eligible for repayments totalling up to £400 million, with councils facing up to £370,000 in admin costs to process claims.

Local government in England

12. The UK Government has published its response to its consultation on the Fair Funding Review 2.0, setting out a revised approach to allocating funding to councils in England from 2026/27. Overall, the government says its new approach is “modern and fairer”, based on “true local need”, that it will simplify more than 30 separate funding streams and “properly account for areas’ ability to raise resources locally”. Key points include:

- New funding formula to be based on 2025 indices of deprivation, population projections and service demands
- Ten per cent most deprived authorities should see a “significant increase in core spending power per head” by 2028/29
- Multi-year settlements to be provided, and fragmented ring-fenced grants and bidding processes to be reduced or scrapped
- Ringfenced three-year grant of £2.4 billion to tackle homelessness and move away from over reliance on temporary accommodation
- £600 million recovery grant maintained for areas with the greatest immediate needs and less ability to raise income locally

13. There has been a mixed response overall to the announcement. The Local Government Association reflected this, welcoming the reforms but warning there will be winners and losers. It called for all councils to be

protected from real-terms cuts and given a “significant boost in resources” to deal with huge cost increases in areas such as adult social care, homelessness and special educational needs and disabilities. The Institute for Fiscal Studies also issued an [initial analysis of the funding reforms](#).

Policy area updates

Communities and infrastructure

14. The Court of Session ruled in favour of Argyll and Bute Council over a bid for a judicial review of the council's decision-making about a waterfront development in Helensburgh. The [community council, which raised the petition for a review, is considering an appeal](#) and said the case could have been avoided if council chiefs or leaders had met with them. [The council welcomed the verdict](#) and said it is ‘saddened’ that “democratically made decisions and potential for inward investment have been stalled”.

15. The case concerned the council's decision to select a preferred developer – which proposes a supermarket – for a commercial site that is part of a wider regeneration project. The [Court's judgement](#) concludes that councils are not legally obliged to consult on or give reasons for disposals of their own land, although it also affirms that community councils are entitled to bring a judicial review. The Court and the council both point out that residents can lodge objections to subsequent planning applications.

Education

16. Education Secretary [Jenny Gilruth has unveiled new proposals](#) aimed at addressing the dispute over teacher workloads and class contact time. Under the proposals, which are likely to be subject to negotiations with unions and councils, teachers could spend four days a week in the classroom, with a fifth day set aside for other activities including lesson preparation, marking and training.

17. However, the EIS and NASUWT unions questioned how the plans would work in practice and are continuing with balloting members on strike action over the issue. [COSLA Leaders have also expressed “significant concerns”](#) about the financial and practical implications of the proposals, which COSLA says could cost as much as £310 million per year (although the Scottish Government disputes this figure).

Health and social care

18. Councillors in Argyll and Bute [voted against declaring an “emergency” in health and social care](#) in the area. A motion was tabled by the leader of the Conservative group who said the system locally “is at a crossroads and needs a model to achieve long-term sustainability”. However, it was defeated amid concerns about the over-use of the term ‘emergency’.

19. [Scotland’s home care system has a funding gap of £320 million](#) this year alone and some councils are in danger of failing to meet statutory obligations, according to the Homecare Association. Meanwhile, [new](#)

figures from Public Health Scotland showed an increase of 30 per cent in one year in the number of people waiting on a care assessment – to 7,800 – and a slight rise in those awaiting a home care package (3,300). COSLA has said the social care system is “at breaking point” and called for urgent investment of £750 million from the next Scottish Government.

Housing and homelessness

20. City of Edinburgh Council is to set aside an annual £5 million of the expected £45-50 million income from the visitor levy for a “housing and tourism mitigation fund” which will be used to deliver almost 500 affordable homes across three new developments. The legislation requires revenue raised by the levy to be used for “developing, supporting and sustaining facilities and services which are substantially for or used by” visitors. The council says providing more affordable homes will enable homeless households to move out of B&Bs, freeing them up for tourism.

21. Funding of £4 million has been allocated for a series of pilot projects aimed at preventing homelessness. The fund, administered by Advice Direct Scotland, is intended to support implementation of the ‘ask and act’ duty introduced by the new Housing (Scotland) Act, which requires public bodies to take reasonable steps to prevent people becoming homeless.

Council leadership

22. The following changes in officer and political leadership have taken place in the past month:

- The SNP has taken over control of Stirling Council, having formed an administration following a win in a by-election in November. Susan McGill was appointed as Council Leader.
- Shetland Islands Council is considering a management restructure aimed at reducing duplication and improving efficiency, and partly prompted by an ageing workforce. Chief executive Maggie Sandison hopes changes could be in place by May 2026.

23. Meanwhile, Cllr Ricky Bell has been appointed as COSLA's interim Resources Spokesperson, in place of Cllr Katie Hagmann who is taking a break from the role. Cllr Bell is Treasurer at Glasgow City Council and was appointed at COSLA Convention on 14 November.

Other updates

24. The Improvement Service (IS) has published an update on the duties and powers project – part of the transformation programme with Solace. The project aims to build a shared understanding of the duties and powers councils hold, including via a register of statutory and non-statutory responsibilities. The IS say the project is also intended to help identify opportunities for improvement and reform through the development of “actionable change propositions”.

25. The IS has also published a briefing on a recent Local Government Benchmarking Framework event exploring how councils can continue to deliver [best value in the time of a housing emergency](#) (PDF link). The event provided an opportunity for councils to share experiences and practice, and the briefing contains a number of case studies from presentations and group discussions, covering themes including service modernisation, collaboration, technology, policy innovation and engagement.

26. Other recent publications and updates identified as being of possible interest to Accounts Commission members are listed below.

- LGIU: [Filling Scottish councils' financial black hole](#)
- LGIU: [Scotland's voluntary sector: An essential partnership for local government](#)
- LGIU: [Aiming high: Innovation and entrepreneurialism at Highland Council](#)
- LGIU: [Beyond the bins: local government must rebrand for Gen Z](#)
- IS: [National Planning Improvement Workforce and Capacity Report](#)
- IS: [ELC \(early learning and childcare\) Workforce Planning Discovery session summary](#)
- IS: [Community groups receive free training on Local Place Plans](#)
- IS: [Community Wealth Building case studies](#)
- COSLA: [Local Government Promise Annual Report 2025](#)
- COSLA: [COSLA calls for urgent national action on social care crisis](#)
- COSLA: [Council teams named winners in Excellence Awards](#)
- Scottish Government: [Scotland's Climate Change Plan – 2026-2040](#)
- Scottish Household Survey: [Satisfaction with Local Health Services and Sport and Leisure Facilities](#) and [Satisfaction with Schools](#)
- Scottish Parliament: [Scottish Government response to the Stage 1 Report on the Community Wealth Building \(Scotland\) Bill](#)
- Scottish Parliament Information Centre (SPICe): [Climate Change Plan: what's the background and what does it need to do?](#)
- SPICe: [Non-Domestic Rates \(Liability for Unoccupied Properties\) \(Scotland\) Bill \(short briefing on the Bill and financial memorandum\)](#)
- SPICe: [How might the UK Budget impact Scottish Government's funding? \(pre-budget background on funding mechanisms\)](#)
- SPICe: [Introduction to Community Wealth Building \(Scotland\) Bill](#)
- SPICe: [How will seats change at the 2026 election?](#)
- Carnegie UK: [Life in the UK 2025 Scotland](#)
- Enlighten: [Revitalising local democracy in Scotland](#)
- Poverty & Inequality Commission: [Advice on the Scottish Government's Child Poverty Delivery Plan 2026-2031](#)
- Scottish Labour / Sir Anton Muscatelli: [Independent report on regional economic development in Scotland \(PDF\)](#)

Feedback and further information

27. I would very much welcome any feedback or comments on this report, including the format or contents. I would also like to know whether it is useful to you, and any other contacts who you think may be interested in it. Please email me at JChapman@audit.scot.

28. You can find more information about the Accounts Commission [on our website](#). Meeting agendas, public papers, minutes and the recording and transcript of the most recent public session are available [on the meetings page](#), and the [Annual review](#) showcases our work and impact in 2024/25.