

Local government sector update – December 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](#).

Local and Scottish government finance issues

3. Ahead of the Scottish Budget announcement on 13 January, [COSLA launched its budget lobbying campaign, 'Strong councils, strong communities'](#), warning of risks to the sustainability of local services without sufficient funding. COSLA's key asks included:

- A £16 billion revenue budget settlement for local government
- £844 million for general capital projects, and the affordable housing supply programme budget to be “restored” to £955 million
- An immediate £750 million investment in social care
- Flexibility for councils to make local decisions that respond to community needs, and recognition of local government as an equal partner in delivering national priorities and tackling inequalities.

4. [Perth and Kinross Council has agreed a revised council tax strategy](#) setting out planned increases – subject to budget setting each year – of 7.5 per cent in 2026/27 and subsequently 3.75 and 3.25 per cent. These rises are less than those in the existing strategy, which were backed by the council administration, and opposition members who proposed them said it will require “acceleration of transformation” and a wider range of savings.

5. The Scottish Government confirmed its intention to introduce a bill in early 2026 to [amend the visitor levy legislation](#), which “it is hoped” will be passed before Parliament is dissolved. The new bill is intended to give councils more flexibility over the so-called ‘tourist tax’. Measures include:

- Giving councils the option to set either a percentage charge or a fixed (‘flat-rate’) charge

- Allowing councils to set different rates for different locations, times of year or types of accommodation
- Clarifying how levies are applied to sales via third parties such as booking platforms

6. Other recent developments regarding the visitor levy are listed below. I am maintaining a spreadsheet 'tracker' of each council's position and progress on the visitor levy, which I would be happy to share on request.

- Stirling Council agreed to implement a three per cent levy (reduced from five per cent following consultation) to apply from June 2027.
- The Highland Council followed Perth and Kinross in formally putting their plans on pause pending the legislative changes.
- City of Edinburgh Council leader Jane Meagher said she is happy to keep a percentage levy, irrespective of the planned reforms.

7. In early January, the Scottish Conservatives published figures for the total amount spent by councils on six-figure exit payments for senior officers, based on a review of councils' annual accounts for 2022/23 to 2024/25. They said payments totalled £62.6 million over the three years. North Lanarkshire Council was said to have paid the most, at £15.4 million, followed by Glasgow City Council and Renfrewshire Council. Six local authorities did not make any six-figure payoffs in that period.

8. There was some media coverage in early January of money held by councils due to historical overpayments of council tax. Figures obtained via Freedom of Information showed councils hold a total of £46.6 million, with 293,000 closed and overpaid accounts. Reporting quoted a previous response from COSLA explaining that councils can hold overpayments for a variety of reasons, including changes in household circumstances, and that it can be difficult to trace the holders of closed accounts.

9. The fourteen Scottish communities due to benefit from £20 million of investment in the latest phase of the Pride in Place programme have been announced. The UK Government announced in September which council areas would be allocated this funding, but the specific neighbourhoods had not yet been identified. Local community boards will now need to draw up proposals for what the money will be spent on.

10. This latest development in the Pride in Place scheme triggered a row, with Glasgow City Council calling it a rebranded cut and SNP councillors in Edinburgh saying they have "deep concern" over the "design, allocation and distribution of the funding" and calling the announcement misleading.

11. Shona Robison has advised that the measures she intended to pursue instead of a general power of competence will be delayed until the next session of Parliament. The delay was requested by COSLA, to allow more time for consultation and consideration by a working group. The proposals

would enable local authorities to provide goods and services to any person without requiring Ministerial consent, and (separately) widen the scope of the existing statutory “power to advance wellbeing”.

Policy area updates

Education

12. There have been a number of media stories regarding pressures on teachers and other school staff, including in relation to (separately) trends in additional support, classroom violence, and mental health absence.

- A record proportion of pupils in Scottish schools – nearly 300,000 in total – are now classed as having an additional support need.
- Unions say teachers are being made ill by the stress of working with soaring numbers of additional needs pupils, and that Ministers are putting classroom staff at risk by failing to properly fund additional needs provision in Scotland’s schools.
- Figures show that in South and East Ayrshire, there are 50 times as many pupils with additional support needs as there are teachers.
- Almost 600,000 teaching days have been lost to mental health absences in the last five years.
- The General Teaching Council for Scotland has warned the Scottish Government to focus on retaining teachers after new research found many are leaving the profession “sooner than expected”.
- School staff across Scotland have been paid £1m in compensation after violent incidents in city primaries and secondaries.
- Reports of violence against teachers have increased in Glasgow’s primary schools, but have fallen in the city’s secondary schools.

13. COSLA has pushed back on government plans to cut teachers’ class contact time by 90 minutes, arguing they are uncotted, untested, and “oversimplify educational reality”. COSLA estimates that this change alone – without taking account of other proposals such as a four-day teaching week – could cost £250-£310 million to implement. They say the Scottish Government’s modelling does not reflect variations in class sizes, school makeup and staffing pressures, particularly in rural and island schools.

14. MSPs have voted to pass a Bill that will place a legal duty on councils to ensure school pupils can access residential outdoor education trips. The Bill was previously criticised over its potential costs, and amendments brought by Ministers mean the ‘duty to fund’ falls on local authorities rather than the Scottish Government as originally proposed. COSLA has also said such a duty could require changes to teachers’ contracts and possibly pay. No date has been set for when the new law will be implemented.

Health and social care

15. East Renfrewshire Council has voted to go ahead with rolling out means-tested charges for non-residential social care, starting in June. The council – the only one in Scotland that does not already charge for these services – had previously agreed to introduce the fees in 2025/26, before delaying in response to opposition from families and carers. The fees are expected to raise £1.5 million, with around 500 people required to pay.

16. East Renfrewshire also became one of the first councils in Scotland to declare a ‘health and social care emergency’, saying increased funding is needed to maintain current service levels. The council wants a “realistic re-evaluation” of funding allocations by the Scottish Government, amid concern about the impact of potential changes. Perth and Kinross Council took the same step, but Stirling Council rejected a similar motion.

Housing and homelessness

17. Two councils announced financial incentives aimed at tackling a shortage of available housing.

- Orkney Islands Council is setting aside £1 million to offer loans of up to £25,000 to owners of empty homes, to fund improvements to properties which must then be made available to key workers.
- South Lanarkshire councillors have approved new incentives aimed at encouraging council tenants to downsize, freeing up larger homes and easing pressure on the area’s housing stock.

18. Construction in the social housing sector in Scotland in the year to September was the lowest on record. Amid a general fall in housebuilding across the country, work started on just 3,000 homes for social rent. The Scottish Government previously pledged to build 110,000 affordable homes by 2032, but only 31,000 have so far been built.

Infrastructure and communities

19. The Court of Session ruled in favour of Aberdeen City Council in a judicial review hearing on the council’s introduction of bus gates. A shop owner had argued the decision to make the measures permanent was unlawful as Ministerial consent is required for road changes that prevent access to premises. However, the court found the measures only restricted access for cars. Research has shown the bus gates have led to more bus use and improved punctuality, despite temporary closures for roadworks.

20. A £20 million investment package has been confirmed for the Western Isles as part of a Community Regeneration Partnership involving the council and the UK Government. Almost a third of the funding – originally allocated under the previous Government’s ‘Levelling Up’ programme – will go to improving the flood resilience of roads and causeways in Uist and Barra. A Housing Investment Fund will also be set up, seeking to bridge gaps in existing sources of investment in local housing stock.

21. Proposed developments intended to improve electricity distribution associated with new renewable energy sources are facing opposition from councils as well as local communities. Angus and Moray councils have raised formal objections to planning applications lodged with the Scottish Government for large new power lines and substations, while [Highland Council is dealing with a range of issues](#) relating to similar projects. The programme of upgrades is considered, prompting concerns over the extent to which communities' views will be considered in final decisions.

Council leadership

22. Comhairle nan Eilean Siar has announced the appointment of Martin Joyce as its new Chief Executive Officer. He is currently Executive Director of Regeneration at Clyde Gateway.

Other updates

23. The Auditor General has recently published the following reports:

- [Financial sustainability and taxes](#) (*November 2025*) – Key findings from the report include:
 - Lower earnings and employment growth in Scotland compared with the rest of the UK is reducing the impact of devolved taxes on the country's budget.
 - In 2025/26, the Scottish Government expects to raise up to an additional £1.7 billion from its Scottish Income Tax rates and bands, but the budget is only projected to benefit by £616 million because of how the fiscal framework operates.
 - The Scottish Government has not been transparent enough about why the difference exists and how it can be addressed.

As well as the Public Audit Committee session on the report, Stephen Boyle and Richard Robinson [gave evidence to the Finance and Public Administration Committee](#) on 9 December, where questioning focused on issues including transparency and public understanding, behavioural change, and availability of data.

- [NHS in Scotland 2025: Finance and performance](#) (*December 2025*) – Key points from this report include:
 - Health spending in 2024/25 was over £20 billion – a £3 billion real-terms increase from 2019. However, despite these increases and health boards making unprecedented savings in 24/25, the NHS in Scotland remains financially unsustainable.
 - The Scottish Government has made progress in setting out its plans for reform, with three new frameworks (including jointly with COSLA). However, the published improvement plan lacks

clear actions, timeframes and accountability, and some of the wider reform ambitions, such as moving more care into communities, are long-standing and have yet to be delivered.

24. New population statistics from the National Records of Scotland (NRS) showed that, as of June 2024, the number of people living in Scotland had reached a record high of 5,546,900. This is a rise of 41,000 in a year, driven entirely by net migration, as the number of deaths exceeded the number of births. Other trends include the following:

- The population continues to age – 20.5 per cent of people were aged 65 and over, up from 16.2 per cent in 2004, while the proportion aged under 16 had fallen by two percentage points
- Glasgow, Edinburgh and the Lothians saw the biggest increases, while some rural and island councils' population fell slightly.

25. Meanwhile, separate NRS data showed life expectancy in Scotland has increased and is now similar to pre-pandemic levels, but it is still below each of the other UK nations. The average life expectancy in 2022-2024 was 77.12 years for men and 81.06 years for women – up by 18 weeks and 14 weeks respectively in one year. Inequality based on deprivation and between urban and rural areas remains significant, with a gap of up to 13 years between the most and least deprived areas.

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

- Local Government Information Unit (LGIU):
 - [UK Budget: Devolution, sub-national and devolved nations development perspectives](#)
 - [Goodwill isn't just for Christmas - How government is paying the price when we forget that](#)
 - [A National Care Service: Lessons from Scotland and Wales](#)
 - [Lies, damned lies and survey results](#)
- Improvement Service: [Achievements highlighted in annual report](#)
- COSLA: [The Promise Story of Progress](#)
- Scottish Parliament:
 - [Cybercrime and cyber-security in Scotland](#)
 - [Children \(Care, Care Experience and Services Planning\) \(Scotland\) Bill – summary of Stage 1 report](#)
 - [Building Safety Levy \(Scotland\) Bill – summary of Stage 1 report](#)
 - [Report tracking the work of the Local Government, Housing and Planning Committee 2024-25](#)
- Scottish Parliament Information Centre (SPICe):
 - [Year-to-year comparisons of the Scottish Budget](#)
 - [Public Sector Pay Policy - Challenges ahead?](#)

- [Climate Change Plan: policies, proposals & sector summaries](#)
- [SPICe Hub: draft Climate Change Plan](#)
- Holyrood: [Powering on: How Scottish local government could be on the cusp of major change](#)
- Localis: [Local digital leaders must connect devolution and deliver reorganisation benefits](#)
- Fraser of Allander Institute: [Scottish Public Spending Dashboard](#)
- Fraser of Allander Institute: [How balanced is the Scottish Budget?](#)

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.