
Local government sector update – March 2026

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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. The report is considered in public and is published as part of the [Commission's meeting papers](#).
2. This is an adapted version of the report, which is shared with local government stakeholders for information. However, this edition will not be shared until after the election due to restrictions on Audit Scotland's public activity during the pre-election period. On the same basis, the meeting at which the Commission considered this month's report was held in private.
3. Please direct any queries or feedback [via email to Joe Chapman](#).

Local governance review

4. On 20 March, the Scottish Government and COSLA jointly published a set of documents relating to the local governance review. This included an [overarching joint statement](#) reaffirming a “shared commitment to bringing decision-making closer to communities” and restating the principle of subsidiarity reflected in the Verity House Agreement.
5. As well as the ‘Route map to reform’ and progress report on single authority models (see below), the wide-ranging statement also addresses:
 - the fiscal framework between Scottish and local government
 - incorporation of the European Charter of Local Self-Government into Scottish legislation
 - the role of Community Planning partners in improving local outcomes
 - plans for new legislation to strengthen regional partnerships and enable additional revenue generation
 - engagement on council tax reform.

6. The commitments made in the joint statement are backed up by a new [Democracy Matters route map to reform](#). This sets out proposals for actions aimed at “enhancing local democracy” by:

- strengthening rights and powers of communities to take decisions and building capacity and leadership to enable them to do so
- streamlining and simplifying existing service-planning arrangements – using these where they exist, such as local place plans
- improving relationships between communities and the public sector, and ensuring local governance is inclusive and representative.

7. Implementation will be for the next Scottish Government to decide on and take forward in partnership with COSLA, but the route map proposes a three-phase approach across four main workstreams:

- **Legislative reform:** identifying the legal basis for reforms and how best to take them forward including in a proposed Local Democracy Bill; specifically considering changes to give communities stronger rights to participate in decision-making.
- **Governance design:** exploring potential changes to existing structures and processes including around locality planning, how to enable greater participation and representation, and the design of dispute resolution and other scrutiny and regulatory measures.
- **Funding reform:** seeking to streamline and integrate the provision and governance of nationally-provided funding streams intended to support community capacity and service delivery.
- **Community capacity:** looking at how to increase and better co-ordinate existing support, and promote good practice, to ensure community bodies have the required governance, skills and capacity to take on greater rights and functions.

8. Finally, the [Single Authority Models publication on progress](#) sets out the background and rationale for the concept, the “reform parameters” set by the Scottish Government, and the draft initial proposals submitted by the partners in each of Orkney, Western Isles and Argyll & Bute.

9. The document states that while the proposed models vary, each seeks to simplify and strengthen local governance arrangements, making best use of overall resources and enabling greater involvement of local people. It is also clear from the document that the process remains at an early stage with significant work to be undertaken including engagement with communities. There are also significant challenges to overcome, including greater alignment between council and NHS (in some areas), and ensuring any local arrangements are compatible with national structures.

10. The suite of documents represents a fairly comprehensive update on the status of the local governance review, and sets out an ambitious programme of work for the next government to take forward. Upcoming Programmes for Government may provide an indication of the degree to which this is seen as a priority, particularly in terms of legislative change. It

may also be an area of focus for the local government committee in the next Parliament – it is covered in the [outgoing committee's legacy report](#).

Committee legacy report

11. The Local Government, Housing and Planning Committee [published its legacy report](#) on 25 March, summarising the issues it has scrutinised over the last five years and making recommendations to its successor committee. These include:

- **Verity House Agreement:** the Committee welcomes progress on reducing ring-fencing and suggests the next committee considers the fiscal framework and monitoring and accountability framework. It also highlights the potential for legislation relating to or in place of a general power of competence.
- **Local governance review** (see above): the Committee believes this work has not progressed with enough pace and notes assurances by the Scottish Government and COSLA that implementation will take place in the next Parliament.
- **Council tax reform:** the report highlights “several outstanding issues and questions” including in relation to the outcomes from consultation and engagement, costing of a full-scale revaluation, and consideration of research by the Institute for Fiscal Studies.
- **Community empowerment and community wealth building (CWB):** the report recommends that the next committee considers actions arising from the review of the legislation in respect of participation requests and asset transfers, and local authorities’ roles and responsibilities under the new CWB legislation.

Across both of these themes, the committee highlights the range of statutory reporting requirements borne by local authorities.

- **Social care:** the Committee highlights the issue of “how local authorities are being asked to deliver social care services and the resources which are being made available to support this” and comments that “barriers to innovation will perpetuate if upfront investment to improve delivery of all services ... is not made”.

Verity House Agreement – assurance and accountability

12. On 24 March, the Scottish Government published the [high-level assurance and accountability approach](#) that it and local government will use to evidence progress towards the shared priorities in the Verity House Agreement. These arrangements have been agreed by the First Minister and COSLA President and will be implemented in the next Parliament.

13. The document includes a set of principles that should inform the delivery of the monitoring framework and identification of indicators:

- maximise the use of existing data and be aligned with existing data sets in order to avoid duplication of effort and identify opportunities for streamlining reporting
- be identified and agreed by the Scottish Government and Local Government with input from partners such as Audit Scotland, the Accounts Commission and the Improvement Service in order to promote credibility of joint approach
- include a mix of annual and more ‘real time’ data, including existing qualitative data where appropriate, in order to support a holistic understanding of progress towards shared outcomes
- wherever possible, be able to be disaggregated at local authority level in order to understand local variation and identify examples of good practice
- wherever possible, be able to be disaggregated by protected characteristics in order to promote equalities and human rights dimensions of delivering public services in line with the Public Sector Equality Duty
- be accessible and transparent, noting that most data, other than management information, will already be published.

14. The document also notes that the Accounts Commission and Audit Scotland are “important partners given their role in providing independent and objective assurance”. This includes through annual financial and best value audit, and the Statutory Performance Information Direction.

Policy area updates

Additional support for learning

15. The report on the [review of ASL by Janie McManus](#) was published on 12 March. It sets out six recommendations for strengthening key areas of the system to enable more consistent and sustainable delivery. They are:

- **National planning and staged intervention:** a shared national model for staged intervention and planning to help reduce variation, support earlier intervention, and clarify families’ expectations
- **Workforce alignment:** ensure workforce planning reflects the scale and complexity of need, including a coherent approach to career-long professional learning so staff have the knowledge, confidence and tools to support young people effectively
- **Early intervention capacity:** including timely access to specialist services across education, health and social care so that support begins early, not once needs escalate

- **National visibility of need, progress and impact:** improve the understanding of young people’s needs, progress and experiences, including clearer insight into the quality and impact of support in schools, to help inform decision-making and improve outcomes
- **Delivery model:** a clearer national delivery model aligned to current levels of need, including consistent expectations, and consideration of whether existing legislation and guidance remain fit for purpose
- **Curriculum design, delivery, and assessment:** ensure ASL is embedded as a core consideration in curriculum design, delivery and assessment, so approaches to learning consistently reflect the full range of learners and support equitable access.

Child poverty

16. On 12 March, the Scottish Government published its latest [Tackling Child Poverty Delivery Plan](#), covering 2026-2031. This is the third and final such Plan mandated by the Child Poverty (Scotland) Act 2017, with the targets set in that legislation – including reducing relative poverty to ten per cent and absolute poverty to five per cent – due by 2030/31.

17. The Plan brings together a range of measures the Government is taking to support children and families in poverty, tackling three main drivers of poverty – earnings, benefits and living costs – and a broader theme of “supporting children and families to thrive”. The [Fraser of Allander Institute’s \(FAI’s\) analysis](#) highlights that the Plan is really a ‘framework’, describing a range of funding streams supporting some often small-scale policies, while some measures have limited applicability to child poverty. The Plan has been cautiously welcomed by charities, with a focus on ensuring it is used as a catalyst for action in the next Parliament.

18. Two weeks after the Plan was published, the latest [official poverty statistics were released](#). They show that both relative and absolute child poverty declined slightly from the previous year, but – at 21 per cent and 23 per cent respectively – are still well above the 2030/31 statutory targets, which appear to be very unlikely to be met.

19. [As the Institute for Fiscal Studies \(IFS\) explains](#), these rates are significantly lower than in the rest of the UK, largely due to lower housing costs and Scottish Government tax and benefits policies. The IFS and FAI effectively agree that while these policies have had a significant impact, they both contribute to and are made more difficult by tight public finances.

Climate change

20. On 24 March, the Scottish Government published the final version of its [Climate Change Plan 2026-2040](#), alongside an Environment Strategy and Circular Economy Strategy. The Climate Change Plan sets out actions aimed at reducing emissions and meeting the Scottish Government’s next three five-year carbon budgets (which replaced annual targets), along with

a range of delivery indicators. The Plan covers a range of areas such as buildings, transport, waste and agriculture, and includes:

- a target to decarbonise heat in buildings by 2045 – most of this is [set to be delivered after 2035](#), with targets for replacing existing boilers with heat pumps having [already been deferred](#)
- phasing out of the need for new petrol and diesel cars – including incentivising a shift to electric vehicles and reduced car use (but new petrol and diesel vehicles can still be sold until 2035, and the target to reduce car use by 20 per cent [had already been dropped](#))
- increasing woodland creation to 18,000 hectares planted each year, and increasing peatland restoration by 10 per cent each year
- [£7 million funding in 2026/27](#) to implement a national network of local climate action hubs and to support local authorities and others to work together to identify and mitigate climate risks.

21. The Government says the Plan will mean warmer homes, lower bills, greater job opportunities and less exposure to volatile fossil fuel prices. However, [it has been widely criticised](#) by environmental campaigners and opposition politicians, including for a lack of progress from the draft plan published in November, a lack of pace in delivering the required actions, and a lack of clarity and honesty about the costs involved.

School education

22. The [Scottish Government and teaching unions agreed a deal](#), ratified by COSLA, to reduce teachers' class contact time by 90 minutes a week. The reduction will be introduced for primary and special schools from August 2027, and for secondary schools two years later. The changes will mean teachers have a maximum weekly class contact time of 21 hours.

23. The Scottish Government says it will meet the full cost, including £40 million in 2026/27 to recruit the required additional teachers, and a multi-year budget line from 2027/28 based on modelling to be developed jointly with COSLA. Rural and island councils will also receive additional funding to help them offer or enhance incentive packages for hard-to-fill posts.

24. In [agreeing to support the proposal](#), COSLA said the funding must be separate from the Barnett consequential funding earmarked for additional support for learning (ASL). It also expressed concern about the "lack of meaningful consultation" with children and young people in developing the implementation plan, and at the lack of impact assessments.

Other updates

25. A number of Bills were passed in the final few weeks before the end of the session. Those with relevance to local government include:

- [European Charter of Local Self-Government \(Incorporation\) \(Scotland\) Bill](#) – this Bill incorporates the Charter into Scots law, enshrining the rights of communities to local self-government. For more information on what this means for local government, see [this briefing for LGIU by Andy Wightman](#) who first introduced the Bill.
- [Children \(Care, Care Experience and Services Planning\) \(Scotland\) Bill](#) – ‘[The Promise Bill](#)’ aims to enhance the services and support for people who are in or have been in the care system, including extended aftercare and advocacy. It also increases regulation of residential childcare providers and foster care providers, and makes reforms to children’s hearings. [COSLA opposed the Bill’s passing](#).
- [Visitor Levy \(Amendment\) \(Scotland\) Bill](#) – this amends the original Act to give councils flexibility in how they design a local ‘tourist tax’, including setting either a flat-rate or a percentage charge. [This briefing by Greig Liddell](#) provides more information on the changes.
- [Community Wealth Building \(Scotland\) Bill](#) – passed in February and now law, this Bill is intended to create a “strategic foundation” for community wealth building (CWB). It requires local authorities and relevant public bodies to produce and implement a CWB action plan, and requires the Scottish Government to produce a statement and guidance on CWB which certain public bodies must consider.

26. Other recent publications and updates identified as being of possible interest to Accounts Commission members (besides those covered earlier in this report) are listed below. Some of these issues may be covered in future editions of this report.

- Poverty and inequality:
 - IFS: [Labour market, living standards & poverty trends in Scotland](#)
 - Joseph Rowntree Foundation: [How improved data affects the Scottish child poverty reduction targets](#)
 - FAI: [Understanding the latest child poverty statistics](#)
 - Holyrood: [Sick to death: Why poverty remains at the centre of Scotland's public health divide](#)
 - LGIU: [Closing the education attainment gap - how are we doing?](#)
- Prevention:
 - LGIU: [How do we unlock preventative investment?](#)
 - Scottish Parliament Information Centre (SPICe): [Prevention: The “urgent” topic of the last decade](#) (blog) and [detailed briefing](#)
- Climate change:
 - Audit Scotland: [Transforming the approach to climate change: Lessons from public audit](#) report and [blog for LGIU](#)

- [Good governance matters more than money for council climate action](#) (blog for LGIU by Climate Emergency UK)
- Health and social care:
 - [COSLA response to delayed discharges and health & social care performance reports - letter to Public Audit Committee \(PAC\)](#)
 - [Parliament should continue close scrutiny tackling drug deaths and drug harms, say three Committees](#)
- Digital inclusion:
 - [Scottish Government update to PAC on digital inclusion](#)
 - [SCVO follow-up to Scottish Government update](#)
- Scottish local government:
 - LGIU: [The impact of community assets in 2026](#)
 - LGIU: [Draft Scottish Infrastructure Strategy 2027-2037 - what it means for Scottish local government](#)
 - SPICe: [New Council Tax powers for empty and second homes](#)
- English local government:
 - LGIU: [2026 State of Local Government Finance in England](#) and ‘first look’ preview briefing
 - LGIU: [Local Government Reorganisation - collection of articles](#)
 - LGIU: [Schools White Paper - SEND reform and implications for local government](#)
- Other publications:
 - Institute for Public Policy Research Scotland: [More for less? Employment, productivity and reform in Scottish public services](#)
 - SPICe: [What’s changing in Scotland’s National Performance Framework and why it matters](#)
 - Scottish Parliament: [Committee reports including legacy reports](#)
 - LGIU: [Interview with Owen Mapley, Chief Executive of CIPFA](#)

Further information

27. You can find more information about the Accounts Commission [on our website](#). This includes our latest and upcoming publications, as well as biographies of Commission members, and current strategies and plans. Meeting agendas, public papers, minutes and the recording and transcript of the most recent public session are all available [on the meetings page](#).