
Local government sector update – August to 4 September 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](#). This is an adapted version of the report, which is shared directly with local government stakeholders for information and also published on the Commission's website.
2. Please direct any queries or feedback [via email to Joe Chapman](#). This report covers the month of August and up to 4 September, thus covering the announcement and publication of the Programme for Government. Subsequent responses, engagement and developments will be covered in the next report.

Scottish Government and Parliament updates

3. The Scottish Government published its [Programme for Government \(PfG\) 2026 to 2031](#) on 1 September. The five-year programme differs from the previous approach of publishing a separate PfG each year; the Scottish Government intends to publish an update each spring aligned to the Scottish Budget.
4. A key aspect of this PfG is the set of plans in relation to Public Service Reform (PSR). It proposes the following:
 - Replacing the current 14 territorial health boards with two “strategic health boards” – intended to be ‘east’ and ‘west’ – and further reducing the number of special health boards
 - “Convening a dialogue” with local government and others about the future of local governance in Scotland, including at a regional level and supporting community empowerment as well as single authority models where applicable
 - In his [speech to Parliament](#), the First Minister said “some of our councils are too small to be strategic and some are too big to be local”, which the government believes should change; he called for “stronger, more strategic regions” and said changes must not create another layer of administration

- Engaging with local authorities and other stakeholders to reach agreement on reform of social care – the First Minister indicated a desire for “a single line of decision-making, accountability and funding” led by the NHS
- Reducing the number of public bodies in a range of ways including:
 - merging existing environment bodies into a single body
 - bringing Transport Scotland into the Scottish Government and exploring a single ferries body for the Clyde and Western Isles
 - consolidating commissioner bodies overseen by the Scottish Parliament Corporate Body
 - “undertaking reform activity” with the National Records of Scotland (NRS) and Registers of Scotland
 - rationalising the number of bodies with inspectorate functions
 - merging, integrating or transferring functions in various areas
- Working with Audit Scotland, in line with the PSR Strategy, to “review the audit and scrutiny landscape and identify opportunities for simplifying and integrating processes and bodies whilst maintaining a robust assurance system”.

5. The PfG lists the Bills the Scottish Government intends to bring forward in the first year. These include a Public Service Renewal (Scotland) Bill, likely to include most or all of the above proposals, and legislation to introduce the two additional Council Tax bands for high-value properties.

6. Other headline proposals in the PfG include:

- extending the £2 bus fare cap, already in place in the Highlands and Islands, to the Strathclyde Partnership for Transport area from 7 September, as part of a phased Scotland-wide roll-out
- breakfast clubs for all primary schools from August 2027, with a new after-school and holiday childcare offer from August 2029
- introducing and consulting on legislation to establish price ceilings on some essential food items
- a focus on tackling violence against women and girls including a new Misogyny Bill to be introduced in the first year
- measures aimed at growing the economy including establishing a Major Projects Office to “accelerate progress on nationally and strategically significant investment”.

7. This [summary and comment by LGIU \(Local Government Information Unit\)](#) highlights other proposals that are of relevance to local government. [This analysis by BBC News](#) looks at the context for the PSR proposals. There has also been a range of comment on potential further devolution, with Prime Minister Andy Burnham saying (before the PfG announcement) that [Wales and Scotland should consider following England's model](#) of giving more powers to cities and regions, and [two public policy experts making the case](#) for reforming without overhauling local government.

8. There were developments regarding Scottish Government finances:

- The latest annual Government Expenditure and Revenue Scotland (GERS) report showed [Scotland's public spending deficit fell by £600 million last year](#) to £25.3 billion – 10.9 per cent of GDP – after an increase in the amount raised in tax. Spending per person in Scotland in 2025/26 was £22,281 – £2,720 higher than the rate per person in the UK as a whole. The [Fraser of Allander Institute \(FAI\)](#) and the [Institute for Fiscal Studies \(IFS\)](#) each published analysis.
- The [Scottish Fiscal Commission \(SFC\)](#) warned of a difficult and uncertain economic and fiscal outlook for the Scottish Government. It said that while £831 million of additional UK Government funding has improved the position for 2026/27, revenue and capital funding could well fall in real terms in 2027/28. A £720 million shortfall in Scottish income tax revenues in previous years will further constrain spending. Again there were summary responses by [FAI](#) and [IFS](#).
- After the date of the UK Budget was set as Wednesday 28 October, it was confirmed that the Scottish Budget 2027/28 will be presented to Parliament on Thursday 3 December. The UK Government will also publish detailed plans for devolution alongside its Budget.

Local government finance issues

9. [Glasgow City Council has agreed a plan for a new pay and grading structure](#) aimed at bringing an end to the long-running dispute over equal pay. The plan involves a phased roll-out of new terms and conditions for non-teaching staff from April 2027. The new system is expected to see 63 per cent of staff gain financially, no change for 26 per cent, and 11 per cent worse off – though they will receive pay protection for the first 12 months. [Trade unions have responded to the plans](#), saying those due to lose out are mostly female and mostly in lower-paid roles.

10. City of Edinburgh Council has agreed to a [delayed implementation of a 300 per cent premium on council tax](#) for second homes and long-term empty properties, to take effect from January 2027. The council initially increased the existing 100 per cent premium from April 2026, but suspended it eight days into the year following legal advice, in order to undertake further assessment and engagement. Officers estimate the delay has cost the council £3 million in expected revenue this year, and councillors are set to discuss this at a meeting in late September.

Policy area updates

Education, children and young people

11. There have been a number of stories recently relating to the teacher workforce (a subject which will be addressed by the Commission in an upcoming performance audit report):

- Official statistics showed that [less than a quarter of the 2024/25 cohort of newly-qualified teachers](#) found permanent work in their first year, down from nearly 60 per cent of those starting in 2016/17, and most councils now employ a majority of their newly-qualified teachers on temporary contracts
- Intake for initial secondary teacher training was [a little over half of the target number in 2024/25](#), according to official figures, with maths, sciences and foreign languages all below 50 per cent; primary teacher intake was at 96 per cent of the target
- Education Secretary Mairi McAllan said plans will be brought forward soon to [help primary teachers gain additional registration](#), so they can transition to other roles including in secondary schools
- Ms McAllan also announced a £1 million pilot fund to help teachers taking up posts in rural and island areas with relocation costs, and reaffirmed the planned three-year job guarantee for new teachers, though [concerns have been raised](#) about impacts on other staff.

12. It was reported that projections by the Institute for Fiscal Studies (IFS) show a [15 per cent fall in primary school pupil numbers](#) across Scotland between 2025 and 2035 – a bigger drop than previously forecast. The projections are based on new data from the NRS which showed that [Scotland's birth rate fell to another record low in 2025](#). The IFS says the trend – which is replicated in England and Wales – could lead to school closures or fewer teachers, or alternatively to smaller class sizes.

13. Meanwhile in the last month, at least two councils have discussed plans for reducing their school estate. [Aberdeenshire Council is looking to merge a number of primary schools](#), having already closed or merged seven since 2020. And [Moray Council has agreed a new ten-year strategy](#) that identifies 23 schools that could be merged, closed or mothballed, alongside a range of other options.

Health and social care

14. At least two Health and Social Care Partnerships (HSCPs) have unveiled new plans for how some services will be delivered after reviews:

- In Glasgow, the HSCP is to consult on proposals to [reduce the current ten day care centres to four 'hubs'](#), as the centres are below 50 per cent of capacity. Staff would be redeployed under the plans, which are part of a wider three-year reform programme.

- [Angus HSCP has begun procurement for a new framework](#) for a number of home care services. The new framework follows a review of provision for supported elderly and adults with learning disabilities, mental health and substance misuse issues.

Housing and homelessness

15. [Glasgow City Council says it is expecting a “meaningful contribution”](#) from the Scottish Government towards the city’s homelessness costs, which are set to reach £75 million in 2026/27, following talks with Finance Secretary Jenny Gilruth. The scale of support has yet to be determined. Council leaders have recently commented that the issue is beyond the council’s control and poses a significant threat to its financial sustainability.

16. The [City of Edinburgh Council has ended its suspension of its housing allocation policy](#). In April 2025 the council decided to reserve almost all properties for people experiencing homelessness, alongside increasing the supply of suitable temporary accommodation. Since then, more than 350 households have been moved out of unsuitable accommodation. Meanwhile [Aberdeen City Council has brought 400 empty council homes back into use](#) in six months as part of a drive to cut costs and increase revenue as well as easing pressure on the housing waiting list.

17. Research by the Fraser of Allander Institute (FAI) has found that the Scottish Government’s [social and affordable house-building targets will not be met](#) at the current rate of construction. The PfG reaffirmed the 2021 target of delivering 110,000 affordable homes by 2032.

Other updates

18. The UK Government has [put on hold its plans to reform the structure of local government](#) in several areas of England following legal advice. The planned changes – some of which had been subject to judicial review – involved merging district and county councils to form larger, unitary authorities. As a result of the pause, local elections scheduled for May 2027 will go ahead on existing council boundaries.

19. The [Finance and Public Administration Committee](#) and the [Public Service Reform Committee](#) of the Scottish Parliament each published the responses to the calls for views as part of their pre-budget scrutiny. [These and other committees](#) – including the Social Justice, Housing and Local Government (SJHLG) Committee – are likely to hold pre-budget scrutiny evidence sessions in September. The [SJHLG Committee](#) took evidence on Scottish Government priorities from relevant Cabinet Secretaries and ministers on 09 and 16 September (after this report was produced).

20. 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:

- Scottish Government (SG):

- SG: [Serving Scotland: our five-year plan](#) (*civil service*)
- Scottish local government:
 - COSLA: [Series of blogs by the COSLA Presidential Team, Spokespeople, policy teams and guest authors](#)
 - LGIU: [Scotland's towns are changing: how data can help councils respond](#) (*by Scotland's Towns Partnership*)
- Education, children and young people:
 - LGIU: [Explainer: SEND and additional need in local government](#)
 - SG: [Education – additional support for learning: route map](#)
- Health and social care:
 - SG: [Health and Care Improving Flow Plan 2026-2031](#)
- Housing and homelessness
 - SPICe: [Affordable Housing Supply Programme – Update August 2026](#)
 - FAI: [An overview of provision of affordable housing in Scotland](#)
- Child poverty:
 - Joseph Rowntree Foundation: [Scottish child poverty targets review – a chance to advance, or a retreat?](#)
 - Improvement Service: [New guidance helps councils compare child poverty drivers across Great Britain](#)
- Other topics:
 - LGIU: [Wildfires: building resilience and planning for response and recovery](#)
 - NRS: [New record low for births in Scotland](#)
- Audit Scotland and Auditor General reports:
 - Audit Scotland: [The National Fraud Initiative in Scotland 2026](#)
 - Auditor General: [Blog: attention to detail a must for public service reform](#)

Further information

21. 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](#).