

Purpose

1. This regular report provides updates on notable recent activity relating to local government. Similar updates are provided through the Weekly Digest, sent to members by Audit Scotland's Communications Team and available via the [members' SharePoint site](#).

Recommendations

2. The Commission is invited to:
 - Note this report and consider any implications for its work programme

Recent publications

3. Below are details of media coverage and engagement for recent Commission publications.
 - **The 2024/25 audit of Aberdeen City Council: Council tax refunds – a significant fraud (9 January 2025)**
 - *Published after this report was produced; details in next month's report*
 - Pre-publication: Press and Journal – [“Defrauded taxpayers have not had refunds”](#)

Media and Parliamentary monitoring

4. Recent references to the Accounts Commission and its reports include the following:
 - In a [letter to the Local Government, Housing and Planning Committee](#), Finance Secretary Shona Robison said she agreed with the Commission's suggestion that councils should still produce medium-term financial strategies on the basis of stated assumptions, despite uncertainties arising from single-year funding. (See 'Scottish Parliament updates' below for more details on Ms Robison's letter.)
 - The Daily Record reported on the recent [joint event hosted by the chief executives of East, North and South Ayrshire](#), attended by Andrew Burns and Blyth Deans.

Local and Scottish government finance issues

5. [COSLA Leaders welcomed the increase in funding for local government](#) in the Scottish budget for 2025/26, saying it goes some way to meeting their asks, but adding “it will take more than a single year's settlement to restore the financial position of local authorities”. The COSLA statement also referred to improved engagement by the Scottish Government on the budget, ongoing work on the fiscal framework, and continued concerns about the impact of increased employers' national insurance contributions. The statement came after [COSLA's Budget Reality analysis](#) showed an increase of £289.3 million in “uncommitted, core” revenue funding and £48.1 million of additional uncommitted capital funding.

6. COSLA later published a briefing setting out its high-level analysis of [what the Scottish budget means for local government](#), warning that the additional uncommitted funding for 2025/26 may not be enough to reverse planned cuts to local services. In particular, COSLA highlighted concerns and produced specific analysis regarding social care, stating that the level of funding provided in the budget “will not resolve” the challenges faced, including rising costs and escalating demand, or enable the necessary scale of transformation.
7. The Scottish Government provided councils with more details of the proposed Local Government Settlement, including each council’s provisional allocation, through the [Local government finance circular 10/2024](#) issued on 12 December. The Circular outlines some of the funding elements contained within the overall Settlement, including a further £524.9 million which the Scottish Government says has been baselined in the General Revenue Grant (GRG) as part of its commitment to reduce ring-fencing, and an additional £289 million within the GRG “to support local priorities” (aligned with COSLA’s Budget Reality).
8. On 7 January, Scottish Labour announced that they will abstain from the budget vote – and claimed another party had already agreed to either vote in favour or abstain – paving the way for the Budget Bill to be passed by the Parliament in February.
9. Recent coverage of issues arising from councils’ budget proposals include:
 - [Falkirk Council](#) has decided not to proceed with plans to cut learning hours or move to a shorter school day on Fridays.
 - [Moray Council](#)’s administration has apologised for confusion over whether plans to close seven libraries have been scrapped.
 - [North Lanarkshire Council](#)’s leader has warned that the local authority will still need to find £13.39 million to bridge its budget gap, despite a £56.3 million funding increase as part of the Scottish budget.
 - [Perth and Kinross Council](#) has agreed a plan for council tax rises amounting to £400 for a typical household over the next three years, to protect vital services – although John Swinney (whose constituency is in Perthshire) later said the Scottish budget had given the council “more than they were planning for”.
 - [Stirling Council](#) has revealed options it is considering for council tax rises in 2025/26, ranging from 7.5% to 12.5%, as part of its new Medium Term Financial Strategy.
 - Meanwhile [the Sunday Post published analysis](#) of information it had received from councils (prior to the Scottish budget announcement) about proposed council tax rises.

The above is a small sample of recent news stories. The Commission Support Team is collating a range of coverage on each council, as well as examples of council budget consultations and communications, [in the members’ SharePoint site](#).

10. The Scottish Government agreed to release £145.5 million of funding to councils this year that had previously been conditional on maintaining teacher numbers. Education Secretary Jenny Gilruth reached an [agreement with COSLA](#) that included a commitment to “working together to restore teacher numbers to 2023 levels next year” and freezing learning hours. The funding will increase to £186.5 million in 2025/26. However, [councils are reportedly refusing to give assurances](#) about restoring teacher numbers, citing recruitment challenges.

Policy area updates

11. The funding announcement above came after figures showed full-time equivalent teacher numbers had dropped by 621 in a year, although pupil numbers also decreased (by 3,100) so the pupil-teacher ratio remained fairly stable. The statement also referenced additional funding of £28 million to councils from next year to develop the Additional Support for Learning workforce along with “an enhanced offer in support”, plus a further £1 million to support national recruitment and training initiatives.
12. A report to Aberdeen City Council set out more details of [plans to demolish more than 500 homes](#) in the city due to reinforced autoclaved aerated concrete (RAAC), at a cost of over £130 million. Demolition is due to be completed in 2028, after which the council will build new social housing on the site. There are still questions over some of the 138 privately-owned homes, with some residents saying they have been offered just a third of their value.
13. Teachers in Glasgow threatened to go on strike in 2025 unless the city council reverses its plan to axe 450 jobs over a three-year period. The EIS union opened a statutory ballot in the city on 6 January, saying the council has already cut nearly 200 teaching posts since the start of the academic year. The council disputes the union’s figures.

Other updates

14. The Local Government, Housing and Planning Committee received a [response to its Pre-Budget Scrutiny submission](#) from Finance and Local Government Secretary Shona Robison. The letter – written before the Scottish budget was announced – covers the UK Autumn Budget, capital investment and borrowing, council reserves, ring-fencing, revenue raising powers and the Verity House Agreement. Key points from the letter include:
 - Ms Robison said “ring-fenced funding accounts for a very small proportion” of total funding from the Scottish Government, and “whilst the ambition remains to reduce directed expenditure, issues around accountability and assurance remain”. She added: “An agreement with local government on an assurance and accountability framework is likely to be required to achieve further material progress” on reducing ring-fencing.
 - There will be a consultation in the new year on the general power of competence, with the aim to “seek clarity on the greater statutory freedoms local authorities wish to see”. This consultation has now been opened (see Consultations section below).
 - The Scottish Government intends to publish its next Medium Term Financial Strategy (MTFS) after the conclusion of the UK Government’s multi-year spending review. The 2025 MTFS will be accompanied by a five-year “fiscal sustainability delivery plan” which will outline specific actions being taken to deliver sustainable finances, and will help support a future Scottish Government spending review.
 - The Scottish Government will lay regulations early in 2025 to implement the pay and banding related changes recommended by the Scottish Local Authorities Remuneration Committee (SLARC) with effect from April 2025. Ms Robison says the recommendations are affordable given the uplift in the General Revenue Grant for 2025/26.
15. The Scottish Government provided an [update on its Public Service Reform programme](#) via a letter from the Minister for Public Finance, Ivan McKee, to the Finance and Public Audit committees on 21 December. The 47-page update provides details of “work to drive efficiency and effectiveness”, as well as on “key cross-portfolio preventative activity”. Mr

McKee said he will be leading the development of a PSR Strategy and will engage with public sector leaders at a PSR summit by the end of February 2025, to “galvanise action behind PSR” and bring clarity as to the Scottish Government’s vision for PSR.

16. Results of the latest [Scottish Household Survey](#) were published. The annual survey offers insights on the characteristics, attitudes and behaviours of people in Scotland, covering a range of topics including demographics, neighbourhoods, housing, household finances, physical activity, environment, culture, childcare, local services, and trust in institutions.
17. The latest survey (carried out in 2023) found trust in local government has fallen slightly – 53% said they trusted councils and 35% expressed distrust, compared to 32% for the latter in 2022. By comparison, 45% said they trusted, and another 45% said they distrusted, the Scottish Government – the latter was [up from 38% in 2022](#). There is more trust in each of the other public institutions that were asked about – the health system, police, education system, civil service and the justice system.
18. [Questions regarding perceptions of local councils](#) yielded the following results:
 - 42% agreed that their local council provides high-quality services, and 42% also agreed their local council does the best it can with the money available (29% disagreed with each statement) – these figures have been broadly stable over the past decade.
 - There were slight year-on-year increases in the proportions of people who think their council is good at letting local people know about what services it provides (37%), and about how well it is performing (30%) – although both of these figures are about 10 points lower than they were in 2013 – and a slight fall in those who said they would like to be more involved in their council’s decisions (30%).
 - Younger adults were more negative than older age groups on many aspects, particularly on doing the best possible with the money available and communicating about services and performance, but slightly more positive about the quality of services. People from minority ethnic backgrounds were more positive, and those from deprived areas were more negative, on all aspects.
19. Other statistics publications in December included the following:
 - The annual [census of pupils and teachers](#) in Scotland’s state schools revealed that 40% of pupils have additional support needs (ASN) such as autism, dyslexia and mental health problems. The numbers have more than doubled in the last 10 years, from 140,500 in 2014 to 284,500 in 2024, while the number of special schools in Scotland has fallen from 145 to 107 in the same period.
 - Statistics for [achievement of Curriculum for Excellence levels](#) in 2023/24 showed that the proportion of pupils achieving the expected level in literacy and numeracy across primary and secondary schools has reached a new high. Meanwhile, the attainment gaps between those from the most and least deprived areas are the smallest on record for literacy at 20.2 percentage points for primary pupils and 12.7 points for S3 pupils, while for numeracy the gap grew slightly to 17.4 percentage points at primary school level but fell to a record low of 12.0 for S3.
 - The latest [Carers Census](#) reported at least 52,000 unpaid carers supported by local services across Scotland in 2023/24. This was a 17% increase from the reported number of carers in 2022/23 (44,310), although there are variations in response rates and data quality between years. Of the total, almost 60% are of working age, while 16%

are aged under 18; three quarters of carers are female. More than half of unpaid carers supported by local services spend at least 50 hours a week providing unpaid care.

- 20.** City of Edinburgh Council [elected Cllr Jane Meagher as its new leader](#), succeeding Cammy Day who resigned amid allegations he sent inappropriate messages to Ukrainian refugees. The election of Ms Meagher – who was the council’s housing convener – means Labour retains control of the council despite being the third largest party.
- 21.** Other recent publications of relevance to local government in Scotland are listed below.

Scottish Budget

- Local Government Information Unit (LGIU): [Highlights for local government](#)
- Scottish Parliament Information Centre (SPICe): [Initial reaction](#)
- SPICe: [Scottish Budget 2025-26 \(detailed briefing\)](#)
- SPICe: [Local government finance: Budget 2025-26 and provisional allocations to local authorities](#)
- Fraser of Allander Institute: [Impact of the Scottish Budget on Homelessness, Child Poverty, Social Care and more](#)

Other

- Improvement Service: [Annual report 2024](#)
- LGIU: [All you need to know about reserves and provisions](#)
- SPICe: [Scottish Government Affordable Housing Supply Programme](#) (blog)

Consultations

- 22.** Below are updates and recommendations regarding recently-opened consultations.
- [Scottish Government’s Equality and Human Rights Mainstreaming Strategy](#)
As noted in the December edition of this report, the Secretary agreed a proposal to produce a joint response by Audit Scotland, the Accounts Commission and the Auditor General. Commission members will be invited to comment on the draft response shortly via correspondence, with comments to be provided by the end of January.
 - [Local authority - General Power of Competence](#) (*closing 28 March*)
At the request of COSLA and as part of joint working between Scottish and local governments, views are being sought on potential legislative changes to enable local authorities to more effectively deliver public services. Virtual roundtable events are also planned, which the Commission and Audit Scotland are being invited to participate in. Discussions within Audit Scotland on how to respond to the consultation are at an early stage and Commission members may wish to provide early views to inform thinking.
- 23.** The Policy Manager will advise verbally of any changes or updates.