

Local government policy update

Item 7

Policy Manager for the Commission

Meeting date:
12 February 2026

Purpose

1. This regular report provides an overview of significant recent activity relating to the Accounts Commission and local government. This report complements the [weekly news updates](#) by highlighting key issues. A version of each monthly report is shared with local government stakeholders for their information.

Recommendations

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

Recent publications

3. Media coverage and engagement for recent publications is as follows:

- **[Delayed discharges: A symptom of the challenges facing health and social care](#)** (8 January)
 - *Coverage:* Interviews on BBC, STV and local radio; widespread coverage in newspapers and online media. Issues raised in First Minister's Questions; range of stakeholder responses.
 - *Engagement:* 2,200 downloads in January. 9,000 views, 3,500 video views and 430 engagements including 210 link clicks in the first week. Very high numbers overall, and broadly similar to the Auditor General's NHS Overview report. Boosted by a few shares from stakeholders, and some comments on X.
- **[Community health & social care: Performance 2025](#)** (8 January)
 - *Coverage:* N/A. *Engagement:* 650 downloads of the briefing and 1,050 registered views of the webpage in January.
- **[Best Value: North Lanarkshire Council](#)** (15 January)
 - *Coverage:* Limited – articles on Daily Record ('Lanarkshire Live' section), Scottish Housing News and the council website.
 - *Engagement:* 450 downloads in January. 11,750 views, 100 video views and 575 engagements including 50 link clicks in the first week. These exceptionally high figures for a Best Value report were driven by the council sharing our post on Facebook.

- **Local government financial bulletin 2024/25** (29 January)
 - *Coverage*: Interviews for TV and radio with BBC, STV, local and specialist media. Articles on all main news websites and various sometimes strongly-worded political and stakeholder reaction.
 - *Engagement*: 700 downloads in the first 3 days. 13,200 views, 5,600 video views and almost 1,000 engagements including 300 link clicks. Extremely high social media engagement (3-5 times higher than last year's bulletin) driven by comments on Facebook, councils re-sharing, and interest on LinkedIn.

Media and Parliamentary monitoring

4. The above reports continued to receive Parliamentary and media attention and comment throughout the month, including [an evidence session with the Public Audit Committee](#) on the delayed discharges and health and social care performance reports on 21 January.

Local and Scottish government finance issues

5. The [Scottish Budget for 2026/27](#) was published and announced to Parliament on Tuesday 13 January. Alongside the Budget, the Scottish Government published a new multi-year [Spending Review](#). Members are receiving a detailed briefing from Audit Scotland colleagues at this month's meeting. Links to other analysis are provided in the publications section at the end of this report. Given opposition parties' positions, the Budget is expected to pass, with no major amendments, by the end of February.

6. Shona Robison gave evidence to the [Finance and Public Administration Committee](#) and the [Local Government, Housing and Planning Committee](#) on Tuesday 27 January. Key areas of discussion included:

- The size of the real-terms increase in funding to local government given different interpretations by different analysts, whether this is sufficient to meet rising demand, and the need for reform
- Presentation of comparisons with the previous year's Settlement and with the position after the Autumn Budget Revision, and the rationale for baselining some but not all routine in-year transfers
- The outlook for local government in the Spending Review – Ms Robison clearly indicated an expectation, based on previous experience, that allocations are indicative and likely to change.

7. COSLA produced its initial '[Budget Reality](#)' analysis immediately after the announcement, and later published a fuller response titled: [What does the 2026-27 Budget mean for Councils?](#). The latter followed discussion by COSLA Leaders, who agreed the budget is "a very poor settlement which fails to address the dire financial situation in local government", while the Spending Review reflects "a "deprioritisation of the sector".

8. A number of councils warned about the implications for their 2026/27 budgets. A few examples of this are provided below:

- [Comhairle nan Eilean Siar](#) said it is facing a £4.1 million deficit in the coming financial year, and highlighted its budget consultation as it considered options for council tax rises, service cuts, increased charges and use of reserves. Council leader Paul Steele said the authority could not continue to cut services back year after year, and called for "open and frank" discussions with the Scottish government to find real solutions for council funding.
- [Inverclyde Council](#) also opened a consultation seeking residents' views on council tax and a range of savings options as it looks to close a cumulative budget gap of £8.6 million over the next two years. Proposals include library closures, cuts to employability services, ceasing of civic events, and reduced community safety and street cleaning, with a total of 70 jobs at risk.
- [West Lothian Council](#) leader Lawrence Fitzpatrick said the authority is facing 'years of funding cuts' and needs to be "honest with the public". He said the settlement "falls well short of covering the continuing rise in the cost of delivering essential services". More than 10,000 people responded to the council's budget consultation – the council's biggest ever consultation response.
- [East Lothian Council](#)'s Provost warned that tough decisions will be needed after a report by officers stated that the funding announced by the Scottish Government left a £2.7 million gap in the council's 2026/27 budget. This updated a previous report which had said that without extra funding, the gap would be £6.9 million and require a 13 per cent council tax increase; this figure may now be revised.
- [Moray Council](#) set out the "key themes shaping budget proposals" alongside an updated Short to Medium Term Financial Plan, with graphics illustrating 'where the council's money comes from' and the proportions of its budget spent on different services.

9. The UK Government unveiled the allocation of a total of [£140 million of funding to five Scottish regions under the Local Growth Fund](#) (LGF). The programme is designed to support projects aimed at driving economic growth, with funding provided via Regional Economic Partnerships. This was described as "new investment", but the LGF is a replacement for the previous government's UK Shared Prosperity Fund (SPF). The Industrial Communities Alliance published [an assessment of the funding](#) (*PDF link*), and members can view [this briefing on Pride in Place and the LGF](#).

10. The announcement was widely criticised by councils:

- The leaders of Dundee City Council, Glasgow City Council and Midlothian Council, among others, strongly criticised the reductions

in funding compared to the SPF, as well as the new requirement for 70 per cent of the money to be spent on capital projects.

- They also pointed out the “impractical” three-year timescale for completing capital projects, queried the shift in focus away from employability and poverty reduction programmes, and warned that hundreds of jobs are at risk due to the changes.
- Meanwhile, council leaders across the Highlands and Islands questioned the decision not to allocate any funding to the region. They called on the UK Government to revise the methodology to take into account the high cost of living in the islands, and to put in place transitional measures to mitigate the funding ‘cliff edge’.

11. The Scottish Government’s consultation on the future of council tax closed at the end of January. Responses from councils in both Edinburgh and Glasgow called for a “more progressive” system, including more bands with steeper rates for the highest-value properties, and regular revaluations. Councillors in Glasgow also [called for wider reform of local taxation](#), ‘looking beyond’ council tax and taking into consideration where councils provide services to a wider population than their own tax base.

12. The Scottish Government [published its draft amendment to the Visitor Levy Act](#), intended to provide more flexibility and choice to councils in designing the levy. It is hoped the Bill will be passed in the current session.

13. Alongside coverage of the money held by councils due to historical overpayments of council tax, it was also reported that over £55 million in council tax is owed to the City of Edinburgh Council, according to figures obtained via FOI, including £16.2 million unpaid for 2024/25.

Policy area updates

Education

14. Scotland’s largest teaching union, the EIS, is asking its members to vote again on whether to go on strike over their workload, after a ballot that closed in mid-January failed to reach the 50 per cent turnout threshold required for a legal mandate. Eighty-six per cent of those who did vote backed strike action. The new ballot closes on 4 March. A ballot by the NASUWT also failed to reach the threshold, but it has said it will “continue to push for implementation of the promised class contact time reduction”.

15. There have been a range of stories arising from releases or analysis of education-related statistics in the past month, including the following:

- [Most newly-qualified teachers are not securing permanent jobs](#). Of around 2,300 teachers who completed their probation year in 2024/25, only a quarter got a permanent post; about 44 per cent are on temporary or fixed-term contracts, while just under a third are in “other” roles – either supply teachers, or not in teaching at all.

- [At least 70,000 pupils have missed half of school](#), and more than 6,000 have not been to school at all, in Scotland in the last six years. Not all councils provided full (or any) statistics, so the actual numbers are likely to be higher.
- [Hundreds of applications for places in additional support needs \(ASN\) schools](#) are being rejected, while the number and proportion of children classified as having ASN have risen to record levels. Jenny Gilruth has announced a national review of ASN provision, led by former Chief Inspector of Education Janie McManus.

Health and social care

16. Glasgow City Integration Joint Board (IJB) revealed that it is facing a [budget gap of £53 million in 2026/27](#), with officers working on a plan to minimise the impact on services. The IJB says a key factor in its budget pressure is the constrained ability of the council to provide financial support as it underwrites the IJB's overspend on homelessness, which is even greater than the overall shortfall currently faced by the IJB.

17. The Scottish Government says there have been more than 130 requests for support through its '[displaced worker scheme](#)', aimed at boosting the recruitment of social care workers who are in the UK but lack sponsorship for a visa. The scheme covers additional costs faced by employers when hiring people in this position to fill existing vacancies.

Housing and homelessness

18. A new national housing agency is to be established by the Scottish Government, aimed at helping to accelerate housebuilding. 'More Homes Scotland' is expected to start operating from 2027/28, subject to the outcome of the Scottish Parliament election. The agency's functions and operating model will be co-designed by the Cabinet Secretary for Housing, Scottish National Investment Bank (SNIB) and local authorities.

19. The role of the SNIB in supporting the new agency is intended to help attract more commercial investment, which represents about one sixth of the planned £4.9 billion investment in new affordable housing over the spending review period. However, sector bodies representing housing associations and tenants have criticised the level of spending especially in 2026/27, and reliance on the private sector to deliver affordable homes.

20. It was reported that the [City of Edinburgh Council is set for a large underspend on housing](#), including £45 million allocated for buying existing homes and £14 million for building new ones. Officers said the underspend on purchasing is due to challenges in securing good value and there has been slippage in its housebuilding programme, but insisted the money is committed and will be spent this year or next.

21. Glasgow City Council's housing convener, Cllr Ruari Kelly, suggested [redirecting funds and sharing resources](#) across local authority boundaries could help tackle homelessness in the city and across Scotland. Glasgow

is facing a £56 million overspend arising from pressure on homelessness services, with nearly 5,000 households in temporary accommodation, and use of B&Bs and hotels costing around £4.5 million per month.

22. Delays in reaching decisions on planning applications for local housing schemes have also been highlighted as a “major issue” and potential “barrier” to housebuilding by industry body Homes for Scotland. Official statistics for 2024/25 show:

- A rise in the number of ‘major’ housing developments (50 or more homes) being processed, from 77 to 101, and the average decision time fell to 44.4 weeks after peaking at 59.8 weeks in 2023/24
- Applications for smaller ‘local’ developments (fewer than 50 homes) fell for the third year in a row – from 3,653 to 3,289 – and average decision times for these remained at a record high of 19.4 weeks
- For both major and local housing developments, decision times far exceed statutory timeframes of 16 weeks and 8 weeks respectively.

23. The average times above are ‘mean’ averages – median averages were substantially lower (and the same as or lower than the previous year) because some, more complex applications can take much longer to be determined. As an example, it was reported that [nearly 100 applications in Argyll and Bute have been waiting at least a year](#), which the council attributed partly to limited resources and budget cuts.

Infrastructure and communities

24. A number of towns across the south of Scotland have published their [proposals on how to spend a share of £20 million](#) offered as part of the Borderlands Growth Deal Place Programme, funded by the UK and Scottish Governments. This initiative is distinct from the UK Government’s Pride in Place programme, which is providing £20 million *each* to various towns in Scotland and the rest of the UK, though both initiatives involve communities themselves identifying projects and developing plans.

25. Community leaders from across the rural south are joining with those in the Highlands and the north east in [opposing the Scottish Government’s position on renewable energy developments](#), following a ‘convention’ of more than 40 community councils and other organisations. The Scottish Government aims to generate around half of the country’s overall energy consumption from renewable sources by 2030 and denies that the views and concerns of rural communities are being ignored.

26. Angus Council has [decided against taking a blanket approach to the use of 20mph speed limits](#) in built-up areas, after a public consultation showed strong local opposition to the proposal. The Scottish Government wants to roll out 20mph limits across the country by the end of March, but has said it is for councils to decide where and how they should be applied. Angus has decided to continue introducing limits on a case-by-case basis, and will have to give up £250,000 of funding for the initiative.

Council leadership and public appointments

27. North Ayrshire Council's leader, Cllr Marie Burns, and deputy leader, Cllr Shaun Macaulay, announced a surprise joint resignation. No reason was given, although Cllr Burns has said she will not be standing in the 2027 election. Cllr Tony Gurney and Cllr Christina Larsen immediately took over as the SNP group's leader and deputy leader respectively, and were expected to be elected to lead the council at a meeting on 11 February.

28. Ruth Binks has been appointed as the new HM Chief Inspector of Education in Scotland. The post was newly established by legislation passed last year, which transferred inspection functions from Education Scotland, providing greater independence. Ms Binks is currently Director of Education at Inverclyde Council, and was previously a head teacher; she is expected to begin the role at the end of March.

Other updates

29. The Local Government Information Unit (LGIU) published its third annual report on '[The State of Local Government Finance in Scotland](#)' – based on a survey of Council Leaders, Chief Executives and Directors of Finance. Overall, the survey showed a continuing lack of confidence about the sustainability of local government finances. Members can view a [summary of key points and survey results](#).

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

- [Best Value in policing: Joint Best Value audit of policing in Scotland](#) with HM Inspectorate of Constabulary in Scotland.
- [Administration of Scottish income tax 2024/25](#): additional assurance to the Scottish Parliament following the [report by the National Audit Office](#) which has statutory responsibilities in this area.

31. Publications and analysis relating to the Scottish Budget include:

- Scottish Government:
 - [Scottish Budget 2026 to 2027](#) (main Budget document)
 - [Scottish Budget](#) (collection of all documents)
 - [Scottish Spending Review 2026](#)
 - Responses from Shona Robison to pre-budget scrutiny by the [Finance and Public Administration Committee](#) and the [Local Government, Housing and Planning Committee](#)
- Scottish Fiscal Commission:
 - [Budget and Spending Review underscore tight fiscal outlook as Scottish Government plans efficiencies and reform](#)
 - [Scotland's Economic and Fiscal Forecasts – January 2026](#)

- Scottish Parliament Information Centre (SPICe):
 - [Initial reactions to the final Budget of Session 6](#)
 - [Budget Bingo: a full house? – key themes in pre-budget scrutiny for 2026-27](#)
 - [Scottish Government responses to pre-Budget scrutiny: evidence of action, but few outcomes?](#)
 - [Scottish Budget 2026-27](#) (detailed briefing)
- Fraser of Allander Institute (FAI):
 - [A Budget where the silences were loudest](#)
 - [More on the 2026-27 Scottish Budget](#) (podcast and transcript)
 - [Council tax and the Spending Review](#)
 - [Are the Scottish Government spending all the two-child limit savings on reducing child poverty?](#)
- Institute for Fiscal Studies: [Immediate response to the Scottish Budget and Spending Review](#)
- LGIU: [Scottish Budget 2026-27 – highlights for local government](#)
- BBC News: [Scottish Budget](#) (collection of articles and analysis)

32. Other recent publications and updates of possible interest to members are listed below.

- LGIU: [LGIU's look ahead for Scottish local government in 2026](#)
- LGIU: [Resource pack: Ask the Expert: The state of local government finance in Scotland](#)
- SPICe: [Buy now, pay later: borrowing and the Scottish Budget](#)
- FAI: [Paving the way for preventative budgeting in Scotland](#)
- FAI: [How poverty rates in Scotland compare with the rest of the UK](#)
- Public Health Scotland: [Together we can: 10-year strategy to 2035](#)

Conclusion

33. The Commission is invited to note this report and consider any implications for its work programme.