

2026/27 Scottish Budget briefing and Financial Bulletin supplement

Item 6

Executive Director of Performance Audit and Best Value

Meeting date:
12 February 2026

Purpose

1. This paper presents the regular budget briefing on the 2026/27 Scottish Budget which is presented to the Commission annually and the agreed supplement to the 2024/25 financial bulletin covering 2026/27 funding for local government in the 2026/27 Scottish Budget and the associated draft financial settlement.

Recommendations

2. The Accounts Commission is invited to:

- note the contents of the budget briefing.
- note the contents of the Financial Bulletin 2024/25's budget supplement that is due to be published today (12 February 2026).

Background

3. The draft Scottish Budget for 2026/27 was published on 13 January 2026. The budget was published later than usual due to the later-than-expected publication of the UK Government's Autumn Budget on 28 November 2025. An accompanying provisional financial settlement was issued to councils on 14 January.

4. The budget briefing paper provides members with a headline analysis of the 2026/27 Scottish Budget, sets out key issues relevant to the local government sector, identifies key announcements which relate to the Accounts Commission's work programme, and summarises reaction to the draft budget by local government stakeholders.

5. The Accounts Commission's Local government in Scotland: Financial bulletin 2024/25 was [published on 29 January 2026](#). Due to the Scottish Budget being published later than expected it was agreed that a supplement to the report would be developed to provide an assessment of the implications of the budget and draft local government settlement.

6. The Financial bulletin supplement was subject to delegated sign off by the Commission sponsors of the Financial bulletin (Derek Yule and Mike Neilson) and is due to be published on 12 February 2026, and it will be added to the [Financial bulletin report webpage](#).

Conclusion

- 7.** Overall, the 2026/27 provisional financial settlement for councils provides a total allocation of £15.7 billion, representing a real terms increase of 2 per cent compared to the 2025/26 provisional settlement. This represents an increase in resource allocations while the 2026/27 capital funding of £681.4 million represents a 14 per cent real terms reduction from initial 2025/26 funding.
- 8.** The later than expected publication of the 2026/27 Scottish Budget results in a much tighter timescale for parliamentary procedure and scrutiny. However, the budget is now widely expected to pass following Scottish Labour's announcement that it would not vote against it.
- 9.** Alongside the 2026/27 Scottish Budget the Scottish Government published its Scottish Spending Review. This sets out the Scottish Government's spending plans, at a portfolio level, for the period 2026/27 to 2028/29 (2029/30 for capital). It should be noted that a single year settlement was issued for 2026/27. Council-level funding is not disclosed within the Spending Review, but elements of Scottish Government funding to local government are projected to fall over the spending review period.
- 10.** In spring 2026, the Commission will publish its detailed annual bulletin examining the 2026/27 budgets set by councils, including analysis of anticipated budget gaps, actions to address these, and the decisions made by councils when setting their budgets. The Commission will be invited to approve the draft budget bulletin in May 2026.