

Local government policy update

Item 6

Policy Manager for the Accounts Commission

Meeting date:
08 October 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 directly with auditors and stakeholders for information and posted on the Commission's website.

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:

- **Best Value: West Dunbartonshire Council** (06 October)
 - *Published after this report was produced. Details of coverage and engagement will be included in next month's report.*

Media and Parliamentary monitoring

4. The Accounts Commission and its reports were referenced several times during an evidence session at the [Social Justice, Housing and Local Government Committee on 9 September](#). The Committee took evidence from Jenny Gilruth (Deputy First Minister and Cabinet Secretary for Finance and Local Government), and Hannah Mary Goodlad (Minister for Public Finance). The Commission was mentioned in relation to financial sustainability, budget gaps, the Glasgow report, and IJBs.

5. The Commission has also been mentioned recently as follows:

- In Public Service Reform (PSR) Committee evidence sessions [on 03 September with Stephen Boyle](#), Auditor General for Scotland, and [on 10 September with Ivan McKee](#), Cabinet Secretary for Public Service Reform
- In a Finance and Public Administration Committee evidence session [on 23 September involving representatives of COSLA, Solace and Directors of Finance](#)

- The [Flooding in communities report](#) was referenced several times in a Scottish Government-led [debate on flood resilience](#), while the [report on The Promise](#) was referred to in [a question to Education Secretary Mairi McAllan](#) during an evidence session with the Education Committee
- The Glasgow Best Value report was referenced in [reporting by the Herald on the new council leader](#) calling for a change in the law regarding homelessness
- Clackmannanshire Council's meeting to discuss (and approve) resourcing of its audit delivery recovery plan was reported in [The Herald](#), with reference to the section 102 report
- The Commission is mentioned throughout a briefing by LGIU on [Scottish public service reform and local government transformation](#).

Scottish and local government updates

6. On 21 September, the Scottish Government published [a proposal for reform of local governance](#). The proposal followed the initial stages of the three-month dialogue with local government and other partners announced in the Programme for Government, including a meeting between the First Minister and COSLA on 11 September.

7. The proposal reiterates the Scottish Government's view, expressed by the First Minister in his statement to Parliament, that "some authorities are either too big to be local or too small to be strategic". It states that the Scottish Government does not seek to be prescriptive but "recognises the need to aid discussions by setting out an initial proposition" which is "intended to be a starting point to facilitate debate and discussion".

8. Key points in the proposal are as follows:

- Replacing current local government arrangements with a smaller number (six to ten) of "regional authorities focusing on strategic decision-making", alongside a large number (120 to 160) of "community authorities focused on local decision-making"
- This model would apply to the mainland, with a likelihood of "bespoke solutions" for island communities
- Community authorities would sit within the borders of regional authorities, and would be based on "identifiable communities" such as towns, village, suburban communities or islands. The proposal sets out factors to consider in deciding the geography of these
- As part of enhancing local participation and decision-making, the proposal states there must be a "statutory obligation" on regional authorities to devolve some functions to community authorities

- Councillors would continue to be elected at the current ward level, sitting on both the relevant community and regional authorities. The proposal acknowledges that this dual mandate would significantly increase their responsibilities and “prompt serious consideration” on councillors’ remuneration and expected time commitment
- The same administrative/corporate structure would support both a regional authority and the community authorities contained within it
- Suggested powers for regional authorities include those which can support economic development such as housing, strategic planning, employability and transport, along with existing “core” services such as waste and cleansing, and early learning and education
- Community authorities could oversee “community-based support that is person-centred and responsive to local need”, and make decisions on householder planning applications and licensing, and manage local regeneration and leisure, sport and culture facilities
- The proposal states that some functions and responsibilities of either regional or community authorities could be shared with or transferred from other public bodies outside of local government
- Social care and social work are not included within these suggested responsibilities. The proposal addresses them separately, referring to the parallel process of engagement in this area, and to a need to improve “integrated support for people” across a range of services including health, housing and family support, “taking into account new organisational structures for the NHS”.

9. The proposal states that once the allocation of responsibilities between community, regional and national government is agreed, then the most appropriate level and methods of funding would be considered. This would include determining the distribution of funding, reflecting differing local needs and the degree of local and regional revenue raising powers.

10. The proposal reiterates the Scottish Government’s intent to reach a “shared direction” before the end of the year, in order to shift towards implementation, with “early decisions informing the next Scottish Budget”. It expects that as its strategic dialogue with stakeholders continues, more detailed and specific proposals will be developed for further consideration by Parliament, local authorities and communities.

11. [COSLA issued an initial response](#) to the proposal on the day it was published, then [a further statement](#) following discussion by COSLA Leaders at a meeting on 25 September. Both statements emphasised the need for meaningful engagement with local government and communities – including for any changes to be implemented only through agreement with existing local authorities – and for any reforms to enhance local democracy and bring decisions closer to communities.

12. [This article by BBC News](#) reported on the initial responses by some council leaders and raised a number of questions or points of detail including around the possible costs of any reorganisation. There was also a range of local reporting on the proposals and what they could mean for specific councils or communities, which has been shared with members.

13. The Scottish Government has published an [independent analysis of its consultation on the future of council tax in Scotland](#), which ran from October 2025 to January 2026. Key findings are:

- There were 1,219 responses from individuals (just over half of whom are in council tax bands E-H) and 72 from organisations
- 82 per cent of respondents (including almost all organisations that responded) were in favour of reforming the system
- 67 per cent overall (including 91 per cent of organisations) were in favour of a revaluation of properties, while all 20 participant groups at the five public engagement events also supported revaluation; the most preferred revaluation frequency was every 10 years
- Opinion was divided about the design of a new system of council tax bands, although two thirds of organisations preferred nationally-set thresholds and most supported the proposed 14-band system
- Many respondents raised concerns about increased council tax bills disproportionately affecting those in high-value properties but with low incomes, said the new council tax would not reflect ability to pay or service provision, or proposed alternative forms of local taxation.

Council finance issues

14. Glasgow City Council initially announced it would [issue redundancy notices to 23,000 members of staff and then re-hire them on new contracts](#) as part of implementing its new pay and grading structure, then [agreed to pause the plan following talks with trade unions chaired by Deputy First Minister Jenny Gilruth](#). The initial move, known as ‘fire and rehire’, came after earlier talks between the council and unions broke down over a disagreement about whether to ballot union members on the pay offer. At the time of writing, negotiations were set to resume.

Policy area updates

Education, children and young people

15. [The Scottish Government published a report by its independent advisor on the future of education in Scotland](#). The report recommends significant changes including creating local schools authorities to take over responsibility for the delivery of school education, reviewing how success is measured and best practice shared, and ring-fencing national funding for education. The Scottish Government says it will set out its response to the report after a three-month dialogue with local government.

16. The latest results from the three-yearly Programme for International Student Assessment (PISA) survey showed [a further slight decline in pupil performance in reading and maths](#), and growing gaps between Scotland and England in those categories and science. Analysis showed that in Scotland, pupils from most deprived backgrounds are around three years behind those in the least deprived areas, though the gap has narrowed.

17. Worldwide results from the PISA tests indicate a [decline in skills that the report said “matter most in the age of AI”](#), such as reading and critical evaluation. The fall was said to be greatest in those from more well-off families. However, a relatively high proportion of UK teenagers said they had never used AI for schoolwork.

18. [A new report from the Oversight Board for The Promise called for “greater urgency and a determined focus”](#) to deliver the commitment by 2030. The report says progress has been made in a number of areas since early 2025, including through new legislation, but practical change is hampered by “stretched teams, limited capacity and resources that do not match need”. The report says “too much of the promise remains on paper, not in people’s lives” and sets out ten actions including establishing workforce needs and making better use of available evidence.

Health and social care

19. [The latest official annual statistics for drug-related deaths in Scotland](#) showed that the number of deaths rose from 1,017 in 2024 to 1,133 in 2025 – an increase of 11 per cent. The number has fluctuated in the last five years and is below the peak of 1,339 in 2020. However, Scotland still has the highest rate of drug-related deaths per population in Europe (subject to variations in recording methods), and the rate was 2.4 times that of England in 2024 (the most recent comparable year). The rate in the most deprived areas was 15 times as high as in the least deprived areas.

Housing and homelessness

20. [There have been further calls for changes in policies affecting Glasgow in relation to homelessness](#) and the housing of asylum seekers. New council leader Ricky Bell has said a temporary pause in applications and a change in the law to allow applicants to be moved to neighbouring authorities are needed to ease pressure on services in the city. He and the UK Home Secretary Shabana Mahmood have both claimed the city is bearing a disproportionate burden within Scotland.

21. [New official statistics for homelessness in Scotland](#) showed a record number of children (10,715) and households (19,004) were in temporary accommodation at 31 March 2026. The figure for children rose by 5 per cent in a year, while the households figure increased by 10 per cent. The number of homelessness applications and the number of households assessed as being or at risk of being homeless were up very slightly. Meanwhile a council report showed more than 1,000 households were living in unsuitable temporary accommodation in Edinburgh in March.

Infrastructure and communities

22. [Infrastructure projects in five regions of Scotland are to benefit from UK Government funding](#) under the first year of the £140 million Local Growth Fund. The Glasgow City Region, Edinburgh and South East Scotland, Tay Cities, Ayrshire and Forth Valley economic partnerships have received a combined total of £52 million from the fund, after their regional investment plans were approved. The three-year programme aims to strengthen local economies in areas with lower household income.

23. There were a few stories regarding local infrastructure projects:

- [Work to develop Shetland's first inter-island tunnel took another major step forward](#). Councillors backed a 30-year plan for the future of transport in the islands, and £23 million of Scottish Government funding over 3 years was confirmed. These developments mean detailed work on the first proposed tunnel, connecting Mainland Shetland with Yell, can now progress.
- [The City of Edinburgh Council decided to prioritise extending the city's tram network to the south](#), with a northern extension not going ahead due to disagreements over the route. Work on developing a southern spur connecting the city centre and the Royal Infirmary via BioQuarter at a cost of around £1.7 billion could begin by the end of the decade. Meanwhile councillors [rejected a 'radical rethink' for Princes Street](#) in favour of a more modest redevelopment.
- [A £16 million transformation of Burns Statue Square in Ayr was approved by South Ayrshire Council](#) despite concerns over impacts on businesses and the wider town. The scheme aims to turn the traffic-dominated square into a more pedestrian-friendly civic space. Construction is now expected to start in January.

24. There were also a number of stories relating to flooding:

- [The Scottish Government announced £15 million of investment in flood prevention and resilience](#), including a £5 million Community Flood Resilience Fund opening in 2027. The funding is intended to provide support, including directly to communities, for local measures as well as larger-scale resilience and recovery projects.
- [More than 80,000 properties across Glasgow will be at risk of flooding by the end of the century](#), prompting the city council to develop a targeted resilience initiative.
- [Similarly, thousands more properties across Inverclyde could face the risk of flooding](#) as climate change intensifies, with a council report setting out the areas likely to be worst hit.
- [Councillors in Angus have approved plans to demolish 150 homes in the town of Brechin](#) damaged by Storm Babet almost three years ago as well as changes to flood defences costing up to £8.2 million.

25. [Renfrewshire Council has approved the award of a £5 million contract as part of its AI Transformation Programme](#). The supplier will work with the council to provide AI software, and consultancy services to support both its technical implementation and adoption by staff. The council says its AI Programme is key to mitigating its medium-term financial challenges.

Other updates

26. Results on [Perceptions of local councils from the 2025 Scottish Household Survey](#) showed divided opinions among respondents on how well councils are performing:

- 38 per cent agreed and 36 per cent disagreed their council provides high quality services; 37 per cent agreed and 37 per cent disagreed that their council is doing the best it can with the money available
- 29 per cent agreed their council is addressing key issues affecting quality of life in their neighbourhood while 39 per cent disagreed
- All of the above measures show a negative change of a few percentage points since 2023, but most are unchanged from 2024
- 54 per cent do not think they can influence decisions affecting their local area (up from 49 per cent in 2024); 17 per cent think they can
- 37 per cent say they would like to be more involved in their council's decisions – up from 33 per cent in 2024 and 30 per cent in 2023
- As in previous years, perceptions of councils are more negative among women compared to men, younger people compared to older people, and among those from the most deprived areas.

27. Recent publications and updates of possible interest to members (besides those referenced earlier in this report) are listed below:

- Scottish Government:
 - Scottish Parliament Information Centre (SPICe): [Programme for Government 2026-31 – a programme for public service reform?](#)
 - COSLA: [Public service reform must strengthen local decision making, not weaken it](#)
 - LGIU (Local Government Information Unit): [Where next for Scottish local government? Nine questions raised by the Programme for Government](#)
- Scottish local government:
 - LGIU: [Scottish Government's council reform proposition – what does it mean?](#)
 - Holyrood: [Local government reform must find consensus and not lead to a further centralisation of powers](#) (by Prof James Mitchell)

- English local government:
 - LGIU: [LGIU response: Review of local government reorganisation \(LGR\) launched](#)
 - LGIU: [Pressing pause on LGR - what does it mean?](#)
- Health and social care:
 - SPICe: [Adult Social Care and Support in Scotland 2026 briefing](#)
- Housing and homelessness
 - SPICe: [Temporary accommodation in Scotland: pressures on homelessness services](#)
 - LGIU: [Homelessness is a public health issue: why prevention must be everyone's business](#)
- Child poverty:
 - Improvement Service (IS): [Why reform must start with children and families: A local government call to action](#)
 - IS: [New report published: Local Action on Child Poverty](#)
- Other topics:
 - LGIU: [The future of council leisure and culture services](#)
 - LGIU: [LGIU guide for new councillors](#)
- Auditor General reports:
 - [Scotland's colleges 2026](#)
 - [Management of the ScotWind leasing round: How the Scottish Government is using offshore wind funding](#)

Conclusion

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