

Local government policy update

Item 6

Policy Manager for the Commission

Meeting date:
14 August 2025

Purpose

1. This regular report provides an overview of significant recent activity relating to the Accounts Commission and local government. More news updates are provided via the [weekly digest](#).

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:

- [Best Value: Renfrewshire Council](#) (5 June 2025)
 - **Coverage:** Interview on Good Morning Scotland, and interview for That's TV Scotland. Reported by local news media only, including Renfrewshire Gazette.
 - **Engagement:** 290 downloads in first 4 weeks. Social media: 1,050 views, 340 video views, 50 engagements, 25 link clicks.
 - Very limited media coverage and engagement. Reporting reflected the positive messaging and the need to share good practice, as well as the budget gap.
- [Best Value: East Lothian Council](#) (3 July 2025)
 - **Coverage:** Interviews on Good Morning Scotland and local radio; coverage on BBC Breakfast and STV evening news. Reported by STV, Scottish Housing News and local media.
 - **Engagement:** 420 downloads in first 4 weeks. Social media: 3,650 views, 950 video views, 310 engagements, 65 link clicks. Notable shares by the council, council leader, and STV News.
 - Fairly typical coverage for a Best Value report. Reporting led with messages on the need for reform but also acknowledged improved or sustained performance.

- **Delivering for the future: Responding to the workforce challenge** (7 August 2025)

- *Published after this report was produced; details provided via email in the interim and included in next month's report.*

4. The latest quarterly analysis of report downloads, covering the period between July 2024 and June 2025, is provided in the Appendix.

Media and Parliamentary monitoring

5. Recent references to the Accounts Commission and its reports include the following:

- The Commission was referenced during [Portfolio Questions: Finance and Local Government](#) on Thursday 12 June. Shona Robison cited Commission reports when highlighting real-terms increases in funding for local government, when asked whether the settlement for Aberdeenshire Council had been assessed for its impact on the local authority's ability to deliver local services.
- Ms Robison also referenced the Commission in written answers to two Parliamentary questions: [from Stephen Kerr](#) (Conservatives), about the Commission's "reported view that local authorities are facing unsustainable budget shortfalls", and [from Jamie Greene](#) (Liberal Democrats), asking what is being done to support councils facing "significant structural funding gaps" affecting service delivery.
- Argyll and Bute Council referred to the Commission's Best Value report in its news release announcing the [agreement of a long-term budget planning approach](#) to address its £58 million budget gap.
- The Local government budgets briefing was referred to in an article by The Ferret reporting that [Scottish councils have sold off 1,851 properties since 2020](#), including schools and community centres, generating £243 million in revenue "amidst budget shortfalls".

Local and Scottish government finance issues

6. A two-year pay offer for council staff (excluding teachers) has been accepted by all three unions and will now be implemented. The offer includes a four per cent pay rise this year, and a further 3.5 per cent in 2026/27. The deal is the first since 2021 to be agreed without industrial action, and is expected to bring a degree of stability and financial certainty, though it is likely to be above what many councils had budgeted for.

7. First Minister John Swinney has [threatened councils with financial penalties](#) if they fail to present a "credible proposal" by 20 August to reduce teachers' class contact time by 90 minutes a week. In a letter to COSLA in June, Mr Swinney warned that failure to deliver the policy could result in the government adjusting, withholding or recovering funding

allocated to councils for this purpose. Analysis by COSLA has concluded that delivering the policy will cost £253 million to £307 million – far more than the £186.5 million provided by the Scottish Government. Recently-released correspondence shows Ministers wanted a phased reduction of contact time to start this month, but [the proposal was rejected by COSLA](#) on the basis of cost, new school roll data and a lack of consultation.

8. The Scottish Government published its Medium-Term Financial Strategy, Fiscal Sustainability Deliver Plan and Public Service Reform Strategy, all in late June. Members have previously received a [briefing on these publications](#), which bring together various strands of existing strategies, plans and policies. There is some useful analysis by the [Fraser of Allander Institute](#) and the [Institute for Fiscal Studies](#), but very little that is specific to local government. More detail is now due in a Spending Review to be published alongside the next Scottish Budget in December.

9. Work is continuing in the Western Isles to explore the potential for a single authority model, with the Scottish Government having awarded [£300,000 of funding to Comhairle nan Eilean Siar](#) through the Invest to Save Fund to progress the Comhairle’s work on public service reform. The Comhairle has begun to publish [information and updates on this work](#), including a detailed policy document and frequently asked questions.

10. There have been various developments in recent months in relation to a visitor levy, with a number of councils at different stages in the process of considering, consulting on or implementing a so-called ‘tourist tax’. I have collated [visitor levy updates by council](#) as a reference for members.

11. Meanwhile, the Scottish Government says it plans to [give councils powers to introduce road charging](#), subject to necessary regulations and guidance being in place, as part of a revised strategy to reduce car use. And separate analyses by the [Sunday Post](#) and [The Sun](#) found councils have raised a minimum of approximately £1 million in fines for pavement parking in a 12-15 month period, although not all councils have yet begun enforcement of the ban that first became enforceable in 2024.

12. Ayrshire’s four Labour MPs have [called for change in the management of the Ayrshire Growth Deal](#). They say only five per cent of the £251 million allocated by the Scottish and UK Governments more than four years ago has been spent, and are calling for an independent chair to be appointed to help speed up delivery. They are also unhappy at not being invited to meetings of the Growth Deal board.

UK local government finance updates

13. The [English Devolution and Community Empowerment Bill](#) was introduced to the UK Parliament on 10 July. Part 4 of the Bill provides for the establishment of a Local Audit Office (LAO) to “secure the effective operation” of the local audit system in England. UK Government officials have described their engagement with Audit Scotland as “instrumental” in

the development of this Part of the Bill. The LAO's proposed functions include setting fees, appointing auditors to eligible bodies, setting the code of audit practice and overseeing a regulatory framework. Subject to the passage of the Bill, the MHCLG plans for the LAO to be legally established by autumn 2026 before assuming its responsibilities during 2027/28.

14. The National Audit Office (NAO) has refused to sign off the Whole of Government Accounts (WGA) for the second year running because of concerns about unaudited accounts. Only [four per cent of councils in England filed full audited data for 2023/24](#) – down from ten per cent in 2022/23 – while 167 councils provided no data at all. With many other public bodies also failing to submit accounts, it's estimated that £73.2 billion of public-sector expenditure was unaudited for 2023/24, leading to the NAO issuing a disclaimed opinion on the WGA.

15. The Housing, Communities and Local Government Committee at Westminster published [a report on 'the funding and sustainability of local government finance'](#), which raised the following key points:

- Local authorities are being asked to deliver more than ever before, but they have not been given adequate funding to do so
- The strain is caused by mandatory, high-cost, demand-led services, limiting councils' control and hindering long-term planning
- The link between taxation and council services is "broken", with residents being asked to pay more but seeing services decline, fuelling dissatisfaction and undermining trust in democracy
- Council tax is "unfair and regressive" and should be replaced, with councils given more control of the system locally in the interim
- Ringfencing of funding should be replaced with an outcomes-based system of accountability, under which councils are held accountable for achieving against agreed outcomes, not spending targets.

Policy area updates

Communities and infrastructure

16. [Aberdeen's incinerator has been closed since mid-June](#) because of a conflict between its operators, with waste being diverted to landfill. The facility is used by Aberdeen City, Aberdeenshire and Moray councils as part of efforts to meet Scottish Government waste management targets, but the company that manages its day-to-day operation is "reviewing its future involvement". It is unclear when the site will reopen but it is believed the councils can recoup the costs of sending waste elsewhere.

17. A group of 53 community councils in the Highlands has [called for a summit with energy ministers](#) over what they describe as a "barrage" of energy infrastructure projects. There are over 700 live applications in the Highland Council area alone, including renewable energy projects, energy storage facilities, and new energy grid infrastructure. Campaigners say local people "feel they have not had a voice" and are being "overwhelmed" by a series of complex applications from large developers.

18. Glasgow City Council and North Ayrshire Council are both set to remove qualified librarians from secondary schools as part of restructuring of school library services intended to save money. [In Glasgow](#), an area-based model is being introduced, with qualified librarians covering a number of schools, each of which will also be served by a library assistant. [In North Ayrshire](#), the five librarian posts that currently cover the nine secondary schools are all being replaced by library assistants.

Health and social care

19. A [report from Healthcare Improvement Scotland](#) showed the Hospital at Home service prevented people from being admitted to hospital in more than 15,000 cases in 2024/25, saving the health service more than £50 million in admission and follow-up treatment costs. The report found more than 650 extra hospital beds and almost 500 care home admissions would have been needed over the year if [hospital at home services](#) did not exist.

20. COSLA announced that its [CHI in Local Government project](#) has received £590,000 funding from the Scottish Government. The project explores the use of the Community Health Index (CHI) number – a unique patient number used across the health service – to improve information sharing and data quality across health, social care and social work services, enabling reduced duplication and better outcomes for citizens.

Housing and homelessness

21. The new Cabinet Secretary for Housing, Mairi McAllan, has said [she wants to ‘step up’ action to deal with the housing crisis](#) and is working on an “enhanced and expedited” plan to address the housing emergency. Ms McAllan highlighted the need to reverse the decline in housebuilding, and has also announced [funding for additional empty homes officers](#) for local authorities, to help bring more privately-owned houses back into use.

22. Campaigners have called on the Scottish Government to [provide immediate financial help](#) to those affected by reinforced autoclaved aerated concrete (RAAC), after the Scottish Housing Regulator reported that 17 social landlords have identified the presence of RAAC in some of their rented properties, with 2,200 homes in total affected. The landlords include nine councils; Dundee City Council is the worst-affected, with 516 social rented homes found to contain the material.

23. Meanwhile, minutes of a meeting in June between then-Housing Minister Paul McLennan and members of Dundee City Council stated that the council’s chief executive, Greg Colgan, had [instructed officers not to engage directly with RAAC-affected residents](#) in order to limit liabilities arising from information provided. The minutes, released in response to an FOI request, contrast this with Aberdeen City Council’s proactive approach to engagement. A council spokesperson said Mr Colgan strongly refutes the accusation and defended the council’s handling of the issue.

Council updates

24. An investigation into the cyber-attack on Glasgow City Council showed [no evidence of data having been stolen](#). The cyber-attack was detected on 19 June when the council was alerted by a third-party supplier to malicious activity on their servers. The council responded by taking affected servers offline, rendering some services unavailable, with work to recover these still ongoing. Attempts were made to download data but all were denied. The council says it has “high confidence” that the incident was contained.

25. [Argyll and Bute Council was the subject of a judicial review hearing](#) at the Court of Session, brought by Helensburgh Community Council regarding the planning process for development of the town’s waterfront including a new supermarket. It is unclear when the Court is likely to issue its decision. The council also faces a judicial review regarding the process that led to its decision to build a new Mull school campus in Tobermory; a hearing on that case is due in October.

26. Midlothian Council has announced that council meetings are to be held in part of a specialist housing complex for up to two years while its headquarters undergoes a £12.6 million programme of repairs and improvements. As a result, while online webcast access (live or recorded) will be maintained, [members of the public won't be able to attend in person](#) due to space constraints.

Other updates

27. The Sunday Times has repeated its analysis from last summer that seeks to [rank mainland council areas \(not councils\) in Scotland from ‘best to worst’](#) according to the performance of certain public services. The analysis is based on a small selection of indicators across education, health, policing and ‘community’ services as well as finance, with each category weighted according to a subjective judgement of importance, and scoring also adjusted for population size. (A fuller explanation of the methodology was provided in the [October 2024 policy update report](#).) The position of every one of the 29 councils is unchanged from 12 months ago, with East Renfrewshire topping the list and Highland at the bottom.

28. Other recent publications of relevance and interest are listed below:

- Local Government Information Unit (LGIU): [Devolution and Community Empowerment Bill – Insights for local government](#)
- LGIU: [What can Scotland and England learn from each other? A discussion between Prof. James Mitchell and David Marlow](#)
- LGIU: [Interview with Richard Lloyd-Bithell, Service Director for Finance and Procurement, the City of Edinburgh Council](#)
- LGIU: [Interview with Cllr Katie Pragnell, East Renfrewshire Council](#)
- LGIU: [Initial reflections on the Fair Funding Review 2.0](#)
- LGIU: [What happens to debt when councils reorganise?](#)

- LGIU: [How can Scottish councils design more inclusive classrooms](#)
- LGIU: [Local government perspectives on zero-fare transit](#)
- LGIU: [Food insecurity in Scotland](#)
- LGIU: [Use of open spaces: how to balance the needs of local communities and the pressures to raise revenue](#)
- Scottish Parliament Information Centre (SPICe): [Balancing the Scottish budget: the challenges ahead](#)
- SPICe: [The Care Reform \(Scotland\) Bill \(formerly National Care Service Bill\) – the final hurdle](#)
- SPICe: [Climate change and the Public Audit Committee](#)
- SPICe: [Child poverty in Scottish local authorities](#)
- SPICe: [Scotland's life and healthy life expectancy: facts and figures](#)
- SPICe: [Links between climate change and health in Scotland \(detailed briefing\)](#)
- Improvement Service (IS): [Place Based Investment Programme brings benefits to councils and communities](#)
- IS: [Scottish Climate Intelligence Service publishes impact report](#)
- COSLA: [CHI in Local Government – Improving outcomes through partnership](#)
- CIPFA: [Social care finance in focus: case study library](#)

Consultations

29. The Convener of the Local Government, Housing and Planning Committee [wrote directly to the Commission Chair](#) in July as part of the Committee's pre-budget scrutiny. The Committee is focusing on public service reform, and would like to know about activity, barriers and impact in relation to local authority transformation. In addition, the Committee is seeking an update from the Commission on progress against the expectations set out in last year's [Transformation in councils report](#).

30. The Commission Support Team is currently working with Audit Scotland colleagues on a draft response, the deadline for which is 29 August. While some of the questions posed are subjective, the response will be firmly rooted in audit evidence, including that report as well as early findings from 2024/25 best value thematic audit work on transformation.

We propose that responsibility for sign-off of the response is delegated to the Chair and Deputy Chair as well as the sponsors of last year's Transformation report (Carol Evans and Jennifer Henderson). The response will subsequently be shared with all members.

Appendix: Quarterly publication stats, Jul 2024 to Jun 2025

Scotland-wide publication	Date	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	TOTAL
Local government budgets 2025/26	22 May				1,167	1,167
IJB finance bulletin 2023/24 (report)	06 Mar			764	555	1,319
IJB finance bulletin 2023/24 (web)	06 Mar			851	391	1,242
Additional support for learning	27 Feb			3,735	2,948	6,683
Housing benefit overpayments	20 Feb			214	107	321
Sustainable transport (report)	30 Jan			1,602	1,132	2,734
Sustainable transport (web)	30 Jan			2,372	456	2,828
Local gov. financial bulletin 2023/24	28 Jan			1,375	498	1,873
Alcohol and drug services	31 Oct		2,281	1,418	1,474	5,173
Transformation in councils	01 Oct		2,444	765	656	3,865
Tackling digital exclusion	22 Aug	1,248	1,232	1,052	1,273	4,805
Commission annual report 2023/24	08 Aug	304	104	131	114	653
IJB finance & performance 2024 (rpt.)	25 Jul	1,982	1,003	1,103	1,002	5,090
IJB finance & performance 2024 (web)	25 Jul	2,431	1,140	896	404	4,871
BV thematic report: Leadership	11 Jul	317	230	93	125	765
Local government budgets 2024/25	15 May	572	803	824	936	3,135

Council-specific publication	Date	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	TOTAL
Best Value: Renfrewshire Council	05 Jun				288	288
Best Value: The Highland Council	24 Apr				530	530
Best Value: Argyll and Bute Council	03 Apr				614	614
Best Value: Fife Council	25 Feb			465	455	920
Best Value: East Renfrewshire Council	06 Feb			832	450	1,282
S102: Aberdeen City – C. Tax fraud	09 Jan			1,481	286	1,767
Best Value: Scottish Borders Council	28 Nov		560	294	291	1,145
Best Value: City of Edinburgh Council	24 Oct		647	372	729	1,748
Best Value: Clackmannanshire Council	27 Sep	149	278	150	137	714
S102: Renfrewshire – Dargavel update	20 Aug	323	102	64	84	573