

Local government policy update

Item 6

Policy Manager for the Commission

Meeting date:
6 November 2025

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.

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:

- **Improving care experience: Delivering The Promise (8 October)**
 - *Coverage:* Widespread reporting across national news media, including interviews with the Auditor General on TV and radio. Issues raised in Parliament (see monitoring section below). Reporting focused on lack of planning, clarity and accountability with some coverage making a headline link to Nicola Sturgeon
 - *Engagement:* 1,950 downloads in first 20 days. Social media: 19,000 views, 5,000 video views, 440 engagements including 140 link clicks. Notable shares on X/Twitter by The Promise Scotland, Education Committee, two MSPs and COSLA.
- **Local government performance: Spotlight on culture and leisure services (23 October)**
 - *Coverage:* Interviews by Jo for BBC Good Morning Scotland and Reporting Scotland, plus local radio and news media. Usual wide range of coverage, and many political responses. Reporting focused on cuts to services despite rising charges. Some local news media placed findings in a local context.
 - *Engagement:* 400 downloads in first 5 days. Social media: 1,500 views, 700 video views, 100 engagements, 65 link clicks.
- **Best Value: North Ayrshire Council (28 October).**
 - Published after this report was produced – details via email in the interim and included in next month's report.

4. In line with the decision to remove web downloads data from our impact monitoring, explained in the recent [impact monitoring report](#) (at paragraph 11), these reports will no longer include quarterly analysis of downloads.

Media and Parliamentary monitoring

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

- The report on Improving care experience [was raised in First Minister's Questions](#) the day after publication. The First Minister said he was “mystified” by the report’s conclusion that there has been no assessment of what is needed to deliver the Promise by 2030, or of how success is defined or measured, as it is “pretty clear” what has to be achieved and that progress is being made.
- The report was also discussed in the meeting of the Education, Children and Young People Committee on the day it was published. Representatives of Solace, COSLA and IJB chief officers gave their reaction to the report at the start of the meeting. You can [read the Official Report](#) or [watch the recording](#).
- The Promise report also featured in discussion at a fringe event at the SNP’s annual conference in Aberdeen. Nicola Sturgeon said it would be [“unthinkable” for the Promise not to be delivered](#), and said changes in culture and attitudes were needed as well as legislation, and those involved have to “pick up the pace”.
- The Glasgow section 102 report was referenced in reporting that Cllr Fiona Higgins has [raised concerns about a “culture of secrecy”](#) at Glasgow City Council. Cllr Higgins is involved in a dispute over her claim that councillors and the public were misled by senior officers about proposed cuts to teacher numbers, and has drawn a parallel between this and the senior officer exit packages.
- The Commission was cited – and the North Ayrshire report was quoted – in the meeting of the [Local Government, Housing and Planning Committee](#) on 28 October, in relation to transformation and sharing of good practice. The Committee took evidence as part of its pre-budget scrutiny from representatives of COSLA, Solace and Directors of Finance, and (separately) from Finance and Local Government Secretary Shona Robison.

Local and Scottish government finance issues

6. The Scottish Government published a [draft fiscal framework with local government](#), which COSLA has been invited to agree ahead of the 2026/27 Scottish Budget. The framework establishes a foundation for cooperation and coordination on all matters concerning the financial relationship between local and Scottish Government. A short summary of some of the key points in the draft framework is provided in the Appendix.

7. The Scottish Government has launched a [consultation on the future of council tax in Scotland](#). The consultation paper sets out a range of possible options and models regarding revaluation, including:

- when and how often to carry out revaluation;
- whether to set council tax band property values locally or nationally;
- different structures of council tax bands, with four options presented that are all said to be revenue-neutral; and
- transition and mitigation measures to support households that see large changes in bills.

8. The consultation paper is accompanied by a report on analysis by the Institute for Fiscal Studies of the [design and impact of potential reforms](#). Shona Robison says the aim of the consultation is to support the evidence base for reform and see if there is “consensus around a unified position”, with any changes unlikely to be completed in this decade.

9. It has been agreed that the 2026/27 Scottish Budget will be published and presented to Parliament on Tuesday 13 January 2026. The Budget Bill timetable is still being developed. As last year, Commission members will receive summary information shortly after the Budget is published, and a more detailed briefing as soon as is practicable.

10. Councils are required by statute to set their budgets by 11 March, and in practice many need to do so earlier to facilitate council tax billing. The delay to the Scottish Budget may have some impact on councils’ budget-setting process, mainly by prolonging uncertainty over funding allocations.

11. This was reflected in some recent pre-budget reports by councils:

- Councillors in Argyll and Bute considered a budget forecast that set out an [expected gap of £10.6 million in 2026/27](#). The report also set out officers’ expectation of multi-year grant figures from the Scottish Government, set against the uncertainty caused by the delay to the Scottish Budget. In considering the report, [councillors discussed income generation](#) as a means of bridging the gap.
- Meanwhile East Lothian Council has become one of the first to open a [public consultation regarding its 2026/27 budget](#), seeking the views of residents on its overall priorities, funding needs for specific services, and options for council tax increases.

12. At the SNP conference, Shona Robison called for the next Scottish Government to be “really bold” with public service reform, including a [radical rethink of what is needed in the public body landscape](#) rather than “trimming around the edges”. She said this was an alternative to income tax rises, on which the government had “reached its limits”. Public Finance Minister Ivan McKee hosted a summit of public sector leaders on 28 October aimed at collaborating on ways to improve efficiency.

13. Ms Robison's comments came days after [new figures for the public sector workforce in Scotland were revealed](#). They showed:

- The full-time equivalent (FTE) workforce in the Scottish civil service grew by 430 (1.6%) between June 2024 and June 2025.
- The workforce in most other sectors fell, including local government which saw a reduction of 1,560 FTE (0.7%).
- The overall FTE figure for the devolved public sector in Scotland was static at 467,400, but has risen by 10 per cent since 2019.

14. In evidence to the Local Government Committee, COSLA's Resources Spokesperson Cllr Katie Hagmann stated their position that the Scottish Government's target of reducing the public sector workforce by 0.5 per cent per year cannot include local government unless there is more flexibility such as removing requirements around teacher numbers.

15. There have been further developments regarding the visitor levy:

- [South Lanarkshire Council](#) is commissioning external research and carrying out informal consultation on the possibility of introducing the levy, with charges ranging from 2.5 to 7.5 per cent being considered. The council says a "conservative estimate" is that these rates could generate between £800,000 and £2.5 million per year.
- [East Ayrshire Council](#) has said it will not introduce the levy in the near future, with work on developing a scheme paused until August 2027. Following early engagement and research by officers, it was decided that the small size of the hospitality sector in the area meant implementing the levy was uneconomic.

Policy area updates

Child poverty

16. The Joseph Rowntree Foundation's (JRF's) latest annual [Poverty in Scotland report](#) has concluded that the Scottish Government will miss its child poverty reduction targets [by a "large margin"](#) without radical action in the next Parliament. The JRF says:

- 23 per cent of children in Scotland are living in poverty – a rate that is largely unchanged from 2021 – far short of Government targets to cut this to 18 per cent by 2024/25 and to 10 per cent by 2030/31.
- Insufficient Universal Credit payments and high housing costs are driving the persistence of poverty including among working families. (The Scottish Government says it will mitigate the two-child cap, with [applications opening in March 2026](#).)
- Poverty rates fell in 27 of 32 council areas between 2019/20 and 2023/24, indicating a positive impact of the Scottish Child Payment.

Communities and infrastructure

17. [A judicial review hearing was held](#) at the Court of Session over Argyll and Bute Council's decision-making process in choosing to locate a new Mull school campus in Tobermory. Some on the island want a more central location so pupils no longer have to travel by ferry to Oban and stay over through the week. A [separate review was heard recently](#) regarding the council's planning process for development of Helensburgh's waterfront. It is unclear when the Court will issue its decision in each case.

18. A [new workforce action plan for the Highlands](#) has been launched that aims to maximise employment from new infrastructure investment. The region is set to see investment of up to £100 billion in the next 15 years, driven by renewable energy generation and transmission. The Workforce North initiative is a collaboration between the council, the further education sector, Scottish Government agencies and private sector partners.

Education

19. Members of the EIS union are [voting on whether to take strike action over teachers' workload](#). The Scottish Government and COSLA have both said discussions are ongoing regarding reducing teachers' class contact time to 21 hours per week, but the union is unhappy at a lack of pace and progress. A pay deal has also not yet been agreed for this academic year, after an offer by COSLA was rejected in August.

20. Councils have dispelled concerns about the impact of VAT being levied on private schools. The Scottish Council of Independent Schools (SCIS) said pupil numbers in the sector had fallen by nearly 2,000 in the last year, and warned of the burden this would place on state schools. However, private school rolls in Scotland were already falling, and the proportion of children in the UK attending private schools is static at 6.5 per cent. City of Edinburgh Council (whose area is home to 17 SCIS members) says it has seen just 17 pupils switching from private schools in the last year.

21. [Renfrewshire Council has received more than 200 objections](#) to a planned extension of Park Mains High School in Erskine, which is due to be considered by councillors at a meeting in November. The community council and many residents believe the school would still have insufficient capacity to meet future demand, including from Dargavel village, and have criticised the council over its community engagement.

Health and social care

22. East Renfrewshire Council has delayed a decision on the potential roll-out of [means-tested charges for some non-residential social care services](#). The council decided in February to defer its planned implementation of the charges, and it will not now make a decision until December at the earliest, pending consideration by COSLA of possible changes to the distribution of funding for adult social care. East Renfrewshire is the only Scottish council that does not charge for non-residential care services, and their planned charges would raise around £1.5 million a year.

Housing and homelessness

23. The Scottish Federation of Housing Associations (SFHA) says the planned public and private investment of £4.9 billion announced by Housing Secretary Mairi McAllan will not be enough to end the housing emergency. The SFHA calculates that [£8.2 billion would be needed to build the number of homes required](#) to resolve the crisis, and that the Scottish Government has not taken account of the impacts of inflation and new national standards on the costs of building new homes.

24. Aberdeen City Council is to [make improved offers to residents](#) whose homes are to be demolished because they contain reinforced autoclaved aerated concrete (RAAC). Following a new funding deal agreed with the Scottish Government, the council will now make offers to purchase the homes based on their market value before the RAAC was identified

Council leadership

25. The following changes in officer and political leadership have taken place in the past month:

- Perth and Kinross Council: John Rebbeck and Ian Massie chosen as joint deputy leaders, replacing Eric Drysdale who was elected leader following Grant Laing's resignation.
- Stirling Council: Brian Roberts appointed as chief executive, having been serving as interim chief executive and with over 30 years' experience at the council.
- Glasgow City Council: Douglas Hutchison resigned as Director of Education over text messages he sent to a councillor, which the council says could have undermined the budget process and may have breached rules on political restriction.

Updates on previous queries

26. At the October meeting, I was asked about the saving Falkirk Council says it will make as a result of the end of a PPP contract for four schools.

- The council paid a monthly 'unitary charge' to the contractor which included capital, maintenance and borrowing costs – it is the ending of these charges that results in a £3 million annual saving.
- The council paid £5 million – provided for in the capital programme – to 'buy back' the schools, and says overall savings figures will be confirmed once all obligations have been determined.
- The council has made use of changes to service concession arrangements (SCAs) for accounting purposes, but this was not referred to in the [report to council](#) on the ending of the PPP schools contract. There is more information on the council's use of SCAs in its [2023/24 Annual Audit Report](#).

27. I was also asked about the mechanism for selecting and funding projects under the UK Government's Pride in Place initiative. The Local Government Information Unit (LGIU) has recently published a [detailed analysis of this programme](#) while the UK Government website includes a helpful [‘FAQ’ on funding, timescales and operational aspects](#). COSLA was not involved in decision-making about the allocation of funding.

- This latest funding complements the [‘Plan for Neighbourhoods’](#) funding announced in March, which made £20 million available to each of 75 towns, including 10 in Scotland. ‘Neighbourhood boards’ in those areas are due to submit locally-produced ‘regeneration plans’ to the UK Government by the end of November.
- The 14 neighbourhoods (in 12 council areas) in Scotland that have each been allocated £20 million have been selected using a [methodology](#) that combines the Scottish Index of Multiple Deprivation (SIMD) and the Scottish Community Needs Index.
- The smaller, shorter-term ‘Impact Fund’ allocations (£1.5 million per area) have been made at local authority level – with eight councils in Scotland selected using a [combination](#) of the SIMD and a ‘pride in place score’ based on Scottish Household Survey responses.

Other updates

28. [COSLA has unveiled its ‘manifesto’ for the 2026 election](#), setting out what it says local government needs from the next Scottish Government to continue to serve communities and achieve improved outcomes. COSLA is [calling for “realistic, long-term funding”](#), including multi-year funding, to help authorities plan local services, as well as reform of council tax and an end to ring-fencing and “restrictive, centralised targets”. The manifesto also seeks an immediate cash injection of [£750 million for social care](#).

29. The National Records of Scotland published projections showing that [23 council areas in Scotland will see an increase in population](#) between 2022 and 2032 if past trends continue.

- The projected rise is driven by migration (positive net migration in all 32 areas); deaths are expected to exceed births in most areas.
- Midlothian is projected to have the largest increase – at 14.7% – followed by East Lothian and Glasgow. Inverclyde (5.4%), West Dunbartonshire and Western Isles are set to see the biggest falls.
- These new figures show fewer council areas are expected to see their population decline than was previously projected. Argyll and Bute has seen the biggest change in projection, up by 10 per cent.
- Populations will continue to age; all council areas except Midlothian are projected to see a fall in the number of children – by as much as 20 per cent in Western Isles, West Dunbartonshire and Shetland.

30. The latest annual [Scottish Social Attitudes survey](#) shows public trust in the Scottish Government is at its lowest ever level. Less than half (47 per cent) of respondents said they trust the Government to work in Scotland's best interests, down from 61% in 2019, while just 36 per cent believe it is good at listening to people before making decisions. The [full report by the researchers](#) focuses on trends during the 25 years of devolution.

31. Scottish and UK Government officials are working to address how the [Public Office \(Accountability\) Bill \(or 'Hillsborough Law'\)](#) would apply in Scotland. In particular, [the law as currently drafted](#) would impose duties only on councillors with executive roles in England and Wales, but to all councillors in Scotland, so discussions are ongoing regarding alignment on this as well as in relation to the proposed new criminal offences.

32. Recent publications of possible interest to members are listed below.

- Local Government Information Unit (LGIU): [Delivering the Promise](#) (article by Fraser McKinlay, Chief Executive, The Promise Scotland)
- LGIU: [Will 'Pride in Place' turn around outcomes in left-behind communities?](#)
- LGIU: [How can we break the cycle of child poverty?](#)
- LGIU: [How can councils lead, support and enable local communities to lead large-scale developments?](#)
- LGIU: [LGR \(Local Government Reform\) question time: with Jonathan Carr-West and Dr Greg Stride](#)
- LGIU: [Measuring what matters: The Local Autonomy Index and the future of comparative local government reform](#)
- Improvement Service (IS): [New report shows extent of joint working in Scottish local government](#)
- IS: ['Tackling cause not symptoms' report published](#)
- IS: [Evaluation in Scottish local authorities - webinar series](#)
- IS: [Creating a child poverty data dashboard for West Lothian](#)
- COSLA: [Celebrating local excellence: COSLA Awards shortlist](#)
- COSLA: [Four nations unite to advocate for civility in public life](#)
- Scottish Parliament: [Public Audit Committee evidence session on "Our impact: Monitoring and evaluation report 2025"](#)
- Scottish Parliament: [Holyrood Committee agrees general principles of Community Wealth Building \(Scotland\) Bill](#)
- Scottish Parliament Information Centre (SPICe): [Wellbeing and Sustainable Development \(Scotland\) Bill](#) (detailed briefing)

Conclusion

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

Appendix: Summary of fiscal framework

1. The [draft fiscal framework](#) is to be viewed as “an evolving document that will develop over time”, and COSLA and Scottish Government will together monitor its effectiveness periodically, with a forward work plan to be revisited following the Budget Bill process each year.
2. The forward work plan for 2025/26 includes joint work on understanding mounting pressure within capital budgets, how local authorities have collectively responded to the climate emergency, and pressures affecting health and social care partnerships.
3. Operation of the framework will be supported by the assurance and accountability arrangements under the Verity House Agreement. This is intended to support transparency and provide assurance that, within the funding available to local government, local authorities are delivering improved outcomes in each of the three shared priority areas, either individually or jointly with Scottish Government and other partners.
4. The underpinning principles of the framework are that it should:
 - promote stability, certainty, transparency, affordability and sustainability
 - promote effective use of fiscal flexibilities and levers to address local priorities and improve outcomes
 - enable discussion of fiscal empowerment of local government.
5. The framework applies directly to the Scottish Government and should be considered by all public bodies where their activities impact on local government. The framework acknowledges the statutory and/or essential roles of other bodies, including community planning partners.
6. The framework sets out a “design and consideration” process for developing, evaluating and implementing local fiscal levers.
7. Local government will be given opportunities to contribute to the evidence and options for the Programme for Government (PFG) and the draft Scottish Budget. This engagement will include consideration of the demands of the previous, current and future financial years as well as fiscal and economic circumstances and horizon scanning.
8. Scottish and local government will hold joint political-level meetings at stated key points in time, including the start of the financial year, early autumn, following UK fiscal events, and before and after the Scottish Budget, with officer-level engagement throughout the year.
9. It is anticipated that the Chancellor’s proposed approach to multi-year budgets will “create foundations to allow” multi-year funding approaches starting with the next Scottish Spending Review. Both parties agree this would not be realistic without the clarity from the UK Government.