



Scottish Government
Riaghaltas na h-Alba



Cabinet Secretary for Finance and Local Government
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Local Government, Housing and Planning
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Cc: Convener of the Finance and Public
Administration Committee

10 October 2025

Dear Convener

I wrote to you on 25 June 2025 inform you of the publication of the Medium-Term Financial Strategy and to provide an update on progress with the Fiscal Framework between Scottish Government and Local Government.

The Verity House Agreement (VHA) included a specific commitment that “Through the development of a robust Fiscal Framework, which will include meaningful early budget engagement, the Local Government Settlement will be simplified and consolidated, clear routes to explore local revenue raising and sources of funding will be established, and wherever possible multi-year certainty will be provided to support strategic planning and investment.”

It is widely acknowledged that we have made demonstrable progress against that commitment since the VHA was signed, and the principles of a Fiscal Framework were embodied in our approach to the Scottish Budget 2025-26.

I am now pleased to write jointly with Cllr Hagmann to inform the Committee that the Scottish Government and COSLA have agreed our first iteration of the Fiscal Framework and it will be published on the Scottish Government website today.

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The “Fiscal Framework between Scottish Government and Local Government 2025” sets out a statement of our collective intent for how we are working together ahead of the Scottish Budget 2026-27 and Spending Review.

Given that the Framework is already being applied in practice, there will be limited noticeable change in the day-to-day relationship between Scottish Government and COSLA as a result of the publication. The publication of a Fiscal Framework in 2025 does not preclude either partner from continuing to develop new ideas for future iterations of the Framework but it does provide a strong signal of our intent to continue to invest in the relationship between Scottish Government, COSLA and councils over the coming months.

Unfortunately, the UK Government’s decision to delay the publication of the UK Autumn Budget to 26 November 2025 necessitates a delay in our own budget process. We acknowledge the impact this delay has on Scottish Local Authorities but in the spirit of the Fiscal Framework, officials and officers are already exploring options to mitigate the financial risks including the provision of additional training and updated distribution models.

We appreciate that the Committee (and other Committees) have been keen to see the publication of a Framework to formalise and codify the behaviours and actions already in operation for some time and we therefore hope you will welcome this development.

Yours sincerely,

SHONA ROBISON MSP
Cabinet Secretary for Finance and Local Government

COUNCILLOR KATIE HAGMANN
COSLA Resources Spokesperson

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