



The Scottish Parliament  
Pàrlamaid na h-Alba

## Local Government, Housing and Planning Committee

Shona Robison  
Cabinet Secretary for Finance and Local Government  
The Scottish Government

**14 November 2025**

Dear Shona,

### Pre-Budget scrutiny 2026-2027

Thank you for giving evidence to the Committee as part of our pre-budget scrutiny, at our meeting on 28 October. As you know, this followed evidence sessions on [9](#), [16](#) and [23 September](#) and [28 October](#) at which we took evidence from local authorities, the Accounts Commission, Unison and COSLA. I would like to thank all witnesses and stakeholders who contributed to our scrutiny.

I am writing to inform you of the Committee's views in advance of publication of the Scottish Government budget for 2026-27.

The [Verity House Agreement](#), signed in 2023, sets out the Scottish Government and Local Government's ambition to "work together strategically to advance public service reform". The Committee agreed to explore how the Scottish Budget supports this.

The Committee considered the following themes:

- how local authorities have been reforming public services in recent years;
- what is preventing councils from achieving "transformative change"?
- what impacts have efficiency savings had on service users?
- the support available to councils trying to reform how they deliver services;
- local authority engagement with the Scottish Government's Invest to Save fund, a £30 million fund supporting efforts to catalyse efficiency, effectiveness and productivity projects;
- will the Invest to Save Fund continue and expand in future years?;
- how multi-year funding packages from the Scottish Government could help councils reform;
- how successful is the partnership between the Scottish Government and local government in delivering public service reform

The Committee wrote to a number of stakeholders, including key support agencies, scrutiny bodies and trade unions seeking their views on these issues. Responses can be found on the Committee webpage.

---

Contact: Local Government, Housing and Planning Committee, The Scottish Parliament, Edinburgh, EH99 1SP. Email [localgov.committee@parliament.scot](mailto:localgov.committee@parliament.scot). We welcome calls through Relay UK and in BSL through Contact Scotland BSL.

## Background

In 2011, the Christie Commission published its [report](#) on the future of public services in Scotland. Its key recommendations focused on reforming public services around four main principles: empowerment of individuals and communities, integration and partnership between service providers, prevention of negative outcomes, and efficiency through the reduction of duplication and sharing of services. In November 2021, the then Deputy First Minister and Cabinet Secretary for Covid Recovery told the Finance and Public Administration Committee that “...the Government’s commitment to Christie’s vision and public services reform remains strong”.<sup>1</sup>

In June this year, the Scottish Government published the [Public Service Reform Strategy](#) which sets out commitments to change the system of public services – “to be preventative, to better join up and to be more efficient”.<sup>2</sup>

While conducting our work outlined in this letter, we heard a number of definitions of what “reform” and “transformation” mean.

For example, SOLACE said:

“Transformation is about delivering savings and doing things more efficiently, but it is also about delivering better outcomes and providing communities with more choice.”<sup>3</sup>

## Financial situation

While it must be noted that in recent years, we have observed a real-terms growth in the local government budget settlement and a decrease in formal ring-fencing, both broadly welcomed by stakeholders, the overall financial situation of local government looks challenging.<sup>4</sup>

A primary factor impacting this situation is the significant increase in demand, particularly in areas of education and social services.<sup>5</sup> We also heard that some of this increased demand has been driven by the increase in legislative requirements for local authorities, without the necessary additional resources.<sup>6</sup> [The Deputy Chair of the Accounts Commission](#) said:

“Although money might not be ring fenced, there are policy demands around early years, which we have discussed, and around social care, which we have

---

<sup>1</sup> Finance and Public Administration Committee, [Official Report](#), 21 November 2021

<sup>2</sup> Scottish Government, [Public Service Reform Strategy](#)

<sup>3</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 18

<sup>4</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 21, Local Government, Housing and Planning Committee, [Official Report](#), 16 September 2025 Col 2

<sup>5</sup> Improvement Service [written submission](#), Accounts Commission [written submission](#), Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 23-25, Local Government, Housing and Planning Committee, [Official Report](#), 16 September 2025 Col 29, Local Government, Housing and Planning Committee, [Official Report](#), 23 September 2025 Col 5, Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 13 and 16

<sup>6</sup> Improvement Service [written submission](#)

touched on, that local authorities cannot avoid delivering on. That is a form of de facto ringfencing pressure, which is still there on local authorities”.<sup>7</sup>

The Committee heard that some Councils feel particularly strongly affected by the challenges of changing demography and demand which are said to be not addressed appropriately by the local government settlement.<sup>8</sup> There is a perception that there is no room for investment in prevention because of the financial pressures of social care.<sup>9</sup> Indeed, other services are being cut to pay for increased demands in the area of social care.<sup>10</sup> Chief Executive of the Fife Council said:

“...as we move forward into future years, unless we can get health and social care spend under control, which will be incredibly difficult because of demographic pressures, certainly, it will begin to impact other services across the council and difficult choices will have to be made”<sup>11</sup>

COSLA argues that local government spending on social care has increased, but not enough to meet demand, which councils “still struggle to meet”.<sup>12</sup> Unison described social care as “a ticking time bomb” with demand for care services only likely to grow in future years.<sup>13</sup> The Committee heard about COSLA’s *Manifesto 2026* and its call for an additional £750m funding injection.<sup>14</sup>

**The Committee believes the budget must recognise the challenges of increased demand for council services, in particular social care delivery. We seek the Scottish Government’s view on the increased demand for council services and the pressures presented by the rising costs of social care, and COSLA’s call for significant investment in this area.**

## **Impact of financial challenges on services**

The scale of financial and demand pressures is forcing councils to make increasingly tough choices about the scope and quality of service delivery.<sup>15</sup> These decisions are beginning to impact the performance gains and efficiency improvements achieved in previous years.<sup>16</sup> Comhairle nan Eilean Siar said:

“We are all deeply committed to what is loosely called transformation, and we are all deeply committed to what is called the preventative agenda. We know

---

<sup>7</sup> Local Government, Housing and Planning Committee, [Official Report](#), 16 September 2025 Col 21

<sup>8</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 24 and 30

<sup>9</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 25, 26, 40 and 48

<sup>10</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 24, 25 and 30

<sup>11</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 24

<sup>12</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 16

<sup>13</sup> Local Government, Housing and Planning Committee, [Official Report](#), 23 September 2025 Col 5

<sup>14</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 17

<sup>15</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 12

<sup>16</sup> Improvement Service [written submission](#), Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 15

what those are. However, it is extremely difficult to deliver that while keeping the lights on and running our services. That is the fundamental issue.”<sup>17</sup>

The data from the Local Government Benchmarking Framework (LGBF), a high-level benchmarking tool run by the Improvement Service, reveals that although council service performance has shown long-term improvement—with 68% of indicators in the LGBF improving since the baseline year—recent trends reveal a slowdown. More indicators are now declining than improving, with the past two years showing a reversal: 45% have declined compared to 39% that have improved.<sup>18</sup> Moreover, Councils serving the most deprived communities tend to experience a more pronounced slowdown in performance improvement compared to other local authorities.<sup>19</sup>

The LGBF highlights a downward trend in public satisfaction with council services across nearly all areas, except for parks and open spaces, and more recently, refuse collection. This decline is evident in most councils, though a few have seen long-term improvements. The Committee heard that the results of some satisfaction surveys run by the councils themselves are more positive, nevertheless, it remains the case that public expectations are not being met.<sup>20</sup>

In their latest six-monthly update, the Scottish Public Services Ombudsman reports complaints about local authorities have increased by 21% compared to the equivalent quarters last year.<sup>21</sup>

COSLA told the Committee that Councils work actively to address all complaints and always aim for the best outcomes, as well as considering where certain services can be run by communities themselves.<sup>22</sup> The Improvement Service argued that it is crucial for local government to engage closely with their communities to explain how rising financial, demand, and workforce pressures are affecting local services, and to collaboratively shape priorities.<sup>23</sup>

Unison also highlighted the gap between expectations and what is being delivered, and argued this is one of the causes of recent public unrest.<sup>24</sup>

**The Committee believes there is a need for public consultation and awareness-raising initiatives that would build better understanding of the financial situation across local government.**<sup>25</sup>

**The Committee seeks the Scottish Government’s view on the how this could be achieved and how the budget could support this.**

---

<sup>17</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 21

<sup>18</sup> Improvement Service [written submission](#) and Accounts Commission [written submission](#)

<sup>19</sup> Improvement Service [written submission](#)

<sup>20</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 11 and Improvement Service [written submission](#)

<sup>21</sup> [SPSO six-month update](#)

<sup>22</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 9 and 10

<sup>23</sup> Improvement Service [written submission](#)

<sup>24</sup> Local Government, Housing and Planning Committee, [Official Report](#), 23 September 2025 Col 4

<sup>25</sup> Local Government, Housing and Planning Committee, [Official Report](#), 23 September 2025 Col 4

## Funding and revenue raising

### Council tax increases

The revenue generating options open to local government are limited. The proportion of a councils' revenue coming from council tax for example is only around 19 per cent of total council income across Scotland, with the exact proportion varying across council areas.<sup>26</sup>

While council tax increases can make a marginal impact on the overall revenue available to a local authority, they are payable by citizens who may already be feeling the effects of the current economic circumstances. COSLA stated that they see local government autonomy of Council Tax as important and voiced strong opposition to the idea of the Scottish Government freezing or capping increases to Council Tax.<sup>27</sup> They also highlighted a range of support options available to those households most impacted and vulnerable.<sup>28</sup> Last year, you had expressed hope that council tax increases would be kept to a minimum, given the "...real-terms uplift to local government over the past few years".<sup>29</sup> However, [as noted by the BBC](#), councils increased rates by between 6% and 15.6% in 2025-26.

### Funding allocation

Some Councils expressed dissatisfaction with current distribution mechanisms. In this context, Clackmannanshire Council said:

"In terms of deprivation levels, our council area typically trends around the upper quartile, but the level of need and of complexity of demand that we see flowing through our systems is definitely trending above that level of deprivation. That is not taken into account in any of the distribution mechanisms, even in mechanisms such as the needs-based indicators."<sup>30</sup>

These inequalities are also reflected in wider revenue raising and funding opportunities with Clackmannanshire stating that many of the flexibilities offered by the Scottish Government come with specific contextual requirements, which the area generally does not meet.<sup>31</sup>

When asked about this, the Chartered Institute of Public Finance and Accountancy (CIPFA), the Society of Local Authority Chief Executives (SOLACE) and COSLA were sceptical about focusing resources on the distribution issue<sup>32</sup>.

Councillor Heddle said that COSLA would see it as a distraction to focus on "how the pie is sliced" among local authorities instead of "the size of the pie."<sup>33</sup> Nevertheless, COSLA said that they recognise that some local authorities feel disadvantaged as a

---

<sup>26</sup> Accounts Commission, [Briefing: Local government budgets 2024/25](#)

<sup>27</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 5

<sup>28</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 5

<sup>29</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 33 and Meeting of the Parliament, [Official Report](#), 4 December 2024 Col 25

<sup>30</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 22

<sup>31</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 22

<sup>32</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 22

<sup>33</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 22

result of population changes not being reflected in funding.<sup>34</sup> It argued that population data should be captured and updated more quickly.<sup>35</sup>

In your response, you argued that the funding allocation should be reached in agreement with COSLA and through consensus with all 32 local authorities who might have different interests.<sup>36</sup> You also acknowledged specific challenges of some authorities in leveraging funding such as the visitor levy. You said the Scottish Government is working with relevant local authorities to design programmes of work and targeted streams of funding.<sup>37</sup>

**We request more detailed information on the Scottish Government's work aimed at addressing some of the issues coming from the current funding distribution formula.**

### **General Power of Competence**

The Committee explored progress on a general power of competence with COSLA and the Scottish Government.

COSLA said that it remains committed to pursuing it and convincing the Scottish Government to progress with legislative and regulatory changes. It believes that it will enable innovation and open new funding streams.<sup>38</sup>

You told us that one option for progressing the issue was a local democracy bill, but highlighted interim measures you would like to proceed with by the end of the session.<sup>39</sup> You later wrote that the Scottish Government intends to introduce subordinate legislation which will:

Introduce subordinate legislation to allow local authorities to pursue trading opportunities with non-statutory bodies; and

Ask officials to explore the "...possibility of widening the scope and meaning of the 'power to advance wellbeing' contained in section 20 of the Local Government in Scotland Act 2003."<sup>40</sup>

**The Committee welcomes the fact that you intend to respond to the representations from COSLA and Local Government by taking steps to expand local authority flexibilities through some interim measures in secondary legislation.<sup>41</sup> We look forward to scrutinising the detail later in the year.**

---

<sup>34</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 22 and 23

<sup>35</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 23

<sup>36</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 38

<sup>37</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 39

<sup>38</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 28

<sup>39</sup> [Letter from Cabinet Secretary for Finance and Local Government, 28 October 2025](#)

<sup>40</sup> [Letter from Cabinet Secretary for Finance and Local Government, 28 October 2025](#)

<sup>41</sup> [Letter from Cabinet Secretary for Finance and Local Government, 28 October 2025](#)



## Budget Process

Following the UK Government's announcement that the budget will be published in November, the Scottish Government set the publication of the budget for January.

The Committee asked how this schedule impacts the work of local authorities in setting their own budgets. In their evidence, COSLA said that local authorities are required to set the council tax rates and make other budgetary decisions within set timeframes. They said the late budget adds the pressure on staff and elected representatives.<sup>42</sup>

However, COSLA also assured the Committee that work on budget processes is well underway in every local authority and while the shorter timeframes do pose challenges, councils are well equipped to meet them.<sup>43</sup>

In your evidence, you outlined ongoing work aimed at ensuring that the budget process reaches its conclusion swiftly and that local government can have as much information as early as possible.<sup>44</sup> The collaboration between the Scottish Government and COSLA on the budget is taking place in the context of the newly published fiscal framework.

## The New Fiscal Framework

The Verity House Agreement signed in summer 2023 committed to a robust Fiscal Framework between Scottish and Local Government. Although having formed the basis of work between the Scottish Government and COSLA on the budget in 2025-26, the document was published on 10 October 2025<sup>45</sup>.

In evidence, COSLA stated that it views the publication of the framework as a first step and is committed to regular reviews to ensure it is up to date.<sup>46</sup>

It also remains local government's hope that a "rules-based approach" to the Fiscal Framework will be accepted by the Scottish Government in the future.<sup>47</sup>

Speaking on behalf of COSLA, Councillor Heddle said:

"...we are talking about a funding formula that we do not have, which is a rules-based funding formula that is applied to the totality of the money that we get from the Scottish Government—a Barnett-type formula, if you will. We are keen to have that funding formula because it would allow us to have a greater degree of certainty about what is coming over the horizon. It would also give reassurance: if we are being squeezed, at least we are being squeezed as

---

<sup>42</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 3

<sup>43</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 3

<sup>44</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 31

<sup>45</sup> [Fiscal Framework between Scottish Government and Local Government](#)

<sup>46</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 21

<sup>47</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 21

much as the rest of the public sector and are not being used to balance the books.”<sup>48</sup>

In your letter from 27 May 2025, you said:

“Whilst there has been much progress and collaborative working on the Accountability and Assurance Arrangements, we recognise that agreeing and finalising the monitoring framework must be a priority for both Scottish Government and COSLA. I am mindful that it is two years since we had committed to completing this and hope to have this agreed by the Autumn this year.”<sup>49</sup>

In your evidence on 28 October, you said that you continue to make progress towards establishing a monitoring and accountability framework and hope to present proposals for ministers and local government leaders early next year and finalise them by the end of the session.<sup>50</sup>

**The Committee has previously agreed to consider the Fiscal Framework once published.**

**We were pleased to hear initial views from COSLA and the Scottish Government on how this supported the development of the budget this year and will return to this issue once the Budget is published.**

## **Local government reform in recent years**

Local government has taken an active role in driving sector-wide change and has ensured there are various organisations, professional networks, and initiatives to support individual councils.<sup>51</sup> SOLACE and the Improvement Service have put in place a sector-led Transformation Programme and many councils have clear programmes and projects in place.<sup>52</sup>

In its [2024 Transformation in Councils](#) report, the Accounts Commission stated:

“The unprecedented financial and service demand pressures mean there is an urgent need for the local government sector to transform how it operates if it is to sustainably maintain services.”<sup>53</sup>

Some of the prevalent themes of the evidence we heard on existing reform initiatives include:

- Shared services;

---

<sup>48</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 22

<sup>49</sup> [Letter from the Cabinet Secretary for Finance and Local Government on the Committee's tracker report - 27 May 2025](#)

<sup>50</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 54

<sup>51</sup> Accounts Commission [written submission](#) and Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 13

<sup>52</sup> Accounts Commission [written submission](#), Improvement Service [written submission](#), Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 40 and 41

<sup>53</sup> Accounts Commission, [Transformation in councils Sector-led change and collaboration to achieve financial sustainability](#) p.7



- Integration Joint Boards (IJBs);
- Digitalisation; and
- Public participation in decision making.

## Shared Services

A key area of reform initiatives is work on shared services. The Committee heard about a number of positive examples of successes in this area, such as Scotland Excel in procurement or Tayside Contracts providing catering, cleaning, roads maintenance, vehicle maintenance and winter maintenance.<sup>54</sup> COSLA [previously told](#) the Finance and Public Administration Committee about savings made by the myjobscotland website.<sup>55</sup>

You highlighted that some local authorities share waste management and back office functions and how the Invest to Save fund will help to facilitate further collaboration<sup>56</sup> However, some stakeholders such as EIS highlighted less successful examples of introducing shared services or ones where success is contested such as Faculty Model schools or shared headships.<sup>57</sup>

## Integration Joint Boards

The Committee also considered Integration Joint Boards (IJBs) which are working to reform health and social care. This has involved adopting integrated governance structures, with the IJB Chief Officer overseeing service delivery. Central to these changes are multidisciplinary service models and a strong emphasis on prevention and person-centred care.<sup>58</sup> However, local authorities indicated that there is significant room for improvement in some of these integrated processes, particularly capital investment, which was viewed as unnecessarily slow and burdensome.<sup>59</sup> We also heard how the costs of this initiative are borne by local authorities, while the National Health Service reaps the efficiency gains.<sup>60</sup>

Unison also told the Committee about the barriers that are preventing full integration including organisational structures, procedures and technology.<sup>61</sup> CIPFA and COSLA also pointed out that financing of IJB's reform efforts remains difficult with low reserves levels and ever-increasing 'firefighting' spending.<sup>62</sup> COSLA, argued that, on balance, IJBs have been a success and there has been a significant improvement in health and local authorities working together.<sup>63</sup>

---

<sup>54</sup> Accounts Commission [written submission](#), Local Government, Housing and Planning Committee, [Official Report](#), 16 September 2025 Col 11

<sup>55</sup> Finance and Public Administration Committee, [Official Report](#), 20 June 2023 Col 8 and 9

<sup>56</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 36 and 41

<sup>57</sup> EIS [written submission](#)

<sup>58</sup> Accounts Commission [written submission](#), Local Government, Housing and Planning Committee, [Official Report](#), 16 September 2025 Col 10

<sup>59</sup> Local Government, Housing and Planning Committee, [Official Report](#), 16 September 2025 Col 48

<sup>60</sup> Local Government, Housing and Planning Committee, [Official Report](#), 16 September 2025 Col 48

<sup>61</sup> Local Government, Housing and Planning Committee, [Official Report](#), 23 September 2025 Col 19

<sup>62</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 17 and 17

<sup>63</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 18

## Digitalisation

Digitalisation was also a key recurring theme in evidence on reform efforts. The Accounts Commission stated that while all councils recognise the importance of digital solutions in shaping their future workforce requirements, digital capacity remains an issue for many.<sup>64</sup> It cited Argyll and Bute as a strong example of how digital technology, supported by a long-standing culture of innovation, has been effectively used to deliver services across a large, remote and rural region. In its submission, the Improvement Service highlighted several examples of successful initiatives including mygovscot myaccount, parentsportal.scot, getyournec.scot and the Digital Right to Work Service.<sup>65</sup> Local Authorities also shared a number of examples of initiatives that employ digital solutions, including road works planning or digital delivery of qualifications at higher and advanced higher levels.<sup>66</sup>

## Public participation in decision-making

Councils continue to implement efficiencies and make tough decisions about which services to prioritise, often resulting in reduced service levels in some areas.

This process requires ongoing dialogue and consultation with local communities to help them understand the challenges councils face and the reasoning behind these decisions.<sup>67</sup> Local authorities provided examples of community engagement in the budget process.<sup>68</sup> Clackmannanshire Council, for example, described robust and long-term engagement activities which have tangible outcomes. The Council is also able to demonstrate examples from previous years of budget decisions being changed as a consequence of consultation. This can create a positive feedback loop and encourage community involvement.<sup>69</sup>

**We welcome the progress towards local government transformation made in recent years.**

**We request that the Scottish Government responds to the points made by stakeholders regarding IJBs and looks into the ways in which it can address some of the organisational, procedural and technical issues preventing further integration.**

## Supporting reform and the Invest to Save Fund

The Committee also considered the support mechanisms available to local authorities to effect reform.

In its submission, the Improvement Service highlighted its support in areas like change management and organisational development, along with tools for self-assessment and improvement planning. It also manages the Local Government

---

<sup>64</sup> Accounts Commission [written submission](#)

<sup>65</sup> Improvement Service [written submission](#)

<sup>66</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 40 and 41; Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 20

<sup>67</sup> Accounts Commission [written submission](#)

<sup>68</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 26

<sup>69</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 27

Benchmarking Framework, which facilitates data-informed comparisons and decision-making.<sup>70</sup>

The Accounts Commission also highlighted examples of councils that have taken initiative to manage their finances in a way that supports long-term investment in transformation.<sup>71</sup> Scottish Borders Council has established a ‘self-replenishing’ change fund which will see savings made invested in other projects to reform services.<sup>72</sup> The Highland Council earmarked two percentage points of its increase in council tax in its 2025/26 budget to be used to support its Highland Investment Programme.<sup>73</sup> Renfrewshire Council was praised for its prudent financial management in recent years, including building up reserves to support future investment.<sup>74</sup>

## **The Invest to Save fund**

The Invest to Save fund was a specific focus for Committee in this year’s work. Establishment of the £30 million fund was welcomed and appreciated by many stakeholders who hoped that future rounds will continue to support local authorities in their transformation efforts.<sup>75</sup> It is a relatively small pot of money, awarding £5,767,752 in total for local government in 2025-26.

However, the Committee also heard criticism of specific parts of the programme, particularly around tight timescales and lack of any prior discussion around the funding.<sup>76</sup> The Committee also heard negative views about the fact that a certain proportion of the fund was “ring-fenced” for local government.<sup>77</sup> This was perceived to be limiting opportunities for collaboration and imposing unnecessary constraints. It was argued that the funding mechanisms could be better used to incentivise collaboration across the public sector.<sup>78</sup> More broadly, COSLA and CIPFA were concerned that the fund entrenches the situation where local government is provided with small, ring-fenced pots of funding, instead of larger overall settlements with flexibility for each council to use as they see fit.<sup>79</sup> They also argued that the bidding process takes away resources which could be better used elsewhere.<sup>80</sup>

In your evidence you said:

“The Invest to Save fund was the starter for 10 to find the level of interest—it was a bidding-in fund. As I mentioned, I am keen to keep an invest to save

---

<sup>70</sup> Improvement Service [written submission](#)

<sup>71</sup> Accounts Commission [written submission](#)

<sup>72</sup> Accounts Commission [written submission](#)

<sup>73</sup> Accounts Commission [written submission](#)

<sup>74</sup> Accounts Commission [written submission](#)

<sup>75</sup> Improvement Service [written submission](#), Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 48, Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 23

<sup>76</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 48, Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 23

<sup>77</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 49

<sup>78</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 49 and 50

<sup>79</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 23 and 24

<sup>80</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 23

proposition going through the spending review because, if the public sector knows that it will not be a one-off or one-year fund, bodies might work on projects that will take two or three years to deliver, which might be more ambitious.”<sup>81</sup>

You also indicated that, in the current round of funding, you are flexible with how it is used and that, in the future, you would welcome bids that take a place-based approach and involve corporate functions or estates being shared with other public sector bodies.<sup>82</sup>

**The Committee welcomes the Invest to Save fund and would like to see further rounds of this funding in the upcoming years. It would also like to see further consideration of how the funding can incentivise collaboration across the public sector. Given the importance of transformation, we also call on the Government to consider if Invest to Save funding can be increased and if, after reaching a sufficient level, it can be allocated to all local authorities, without a bidding process.**

## **Barriers to reform**

In its [2024 Transformation in Councils](#) report, the Accounts Commission highlighted a number of key barriers to reform. They include:

- ring-fenced funding and protected services;
- cost of living hardship for some households – leading to additional pressures;
- workforce pressures including skills gaps, vacancies, absences, etc.;
- public push-back on decisions to reduce services;
- increased service demands, including demographic changes;
- preventative approaches not being prioritised;
- unwillingness or lack of capacity to engage in transformative activity;
- lack of co-ordinated decision-making between public bodies;
- low appetite for risk and fear of failure; and
- increasing costs, for example cost of materials in construction projects.

The report states that “some of these barriers are external and not within councils’ control. Others are internal or partially internal, and councils have at least some

---

<sup>81</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 40

<sup>82</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 42

control over how they overcome or remove those barriers and should do all they can to do so”.<sup>83</sup>

We have heard examples of each of these barriers in our evidence, as well as other challenges.

## High initial costs of action

One barrier that was repeatedly raised by stakeholders is the combination of the high costs of initial investment to fund reform with the difficult financial situation of the local government. In response to current financial challenges, councils may be compelled to focus on short-term cost savings, potentially at the expense of longer-term transformation efforts, which often require upfront investment to drive meaningful change.<sup>84</sup>

Dumfries and Galloway Council said:

“There is no room for investment in prevention or early intervention in that space—there is no capacity in our finances to do that in a way that results in any meaningful outcomes.”<sup>85</sup>

The Committee recommends further expansion of the Invest to Save fund to address this barrier.

## Lack of data to justify expense

The Improvement Service noted that local authorities frequently face challenges due to the lack of real-time, integrated data to support decision-making. Many still rely on outdated systems that are incompatible with modern technologies and offer limited data integration, resulting in isolated data sets that hinder effective service delivery and informed decisions. Upgrading or replacing these systems is often difficult due to the significant costs involved.<sup>86</sup>

Similarly, local authorities and their partners frequently face obstacles in sharing data, often due to legal and privacy concerns, inconsistent data standards, lack of trust, and technical or infrastructure limitations.<sup>87</sup> Limited resources also make it difficult to invest in data governance, staff training, and technological upgrades.<sup>88</sup>

The Committee would like the Scottish Government to consider how the Invest to Save fund or other initiatives could specifically address the lack of data available to inform decision-making and other issues related to data usability and governance.

---

<sup>83</sup> [Transformation in councils Sector-led change and collaboration to achieve financial sustainability](#)

<sup>84</sup> Improvement Service [written submission](#), Accounts Commission [written submission](#), Local Government, Housing and Planning Committee, [Official Report](#), 16 September 2025 Col 20, Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 10

<sup>85</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 25, Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 25

<sup>86</sup> Improvement Service [written submission](#)

<sup>87</sup> Improvement Service [written submission](#)

<sup>88</sup> Improvement Service [written submission](#)

## Workforce capacity

It is also clear that there are significant challenges around workforce capacity and the skills needed to deliver large-scale transformation projects. A repeated concern was voiced relating to attracting and retaining talent.<sup>89</sup> The Committee heard that Councils are struggling to recruit specialist and professional roles which is affecting their capacity to advance service redesign and digitally driven transformation.<sup>90</sup>

Unison argued that this is partially caused by the reduction of certain mid-level jobs, limiting promotion opportunities and making a career in local government less attractive.<sup>91</sup> This is also exacerbated by the lack of multi-year funding which can impact which jobs councils feel able to plan and advertise.<sup>92</sup> Fife Council said:

“We find it incredibly difficult to attract the calibre of people that we need into positions in that [digital] area within the current pay scales. That is definitely a constraint in moving forward.”<sup>93</sup>

## Morale and resilience

A number of stakeholders noted that workforce morale and resilience can also be strained, due to ongoing restructurings required to address budget cuts.<sup>94</sup> EIS wrote that many of its members are overwhelmed and lack adequate support in their roles. They have grown fatigued by a cycle of new initiatives that often come without sufficient investment or training and may be introduced before previous changes have had time to take root.<sup>95</sup> These sentiments were echoed by Unison.<sup>96</sup>

Referring to weakened resilience, the Chief Executive of Comhairle nan Eilean Siar said:

“There is no fat left, and we are now starting to notice that the service will suffer if someone goes off sick for a month, rather than someone else picking up the slack. I think that that is universal across Scotland.”<sup>97</sup>

## Sickness absence rates

The Committee heard that the issue of increasing sickness absence is becoming significant in some areas.<sup>98</sup> Unison argued that this is caused by significant reduction in local government staff and increased workloads as well as cost of living crisis, while the Accounts Commission stated that they are not in a position to identify an

---

<sup>89</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 35

<sup>90</sup> Improvement Service [written submission](#), Accounts Commission [written submission](#), Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 35, Local Government, Housing and Planning Committee, [Official Report](#), 16 September 2025 Col 30, Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 25

<sup>91</sup> Local Government, Housing and Planning Committee, [Official Report](#), 23 September 2025 Col 3

<sup>92</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 21 and 23

<sup>93</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 23

<sup>94</sup> Improvement Service [written submission](#)

<sup>95</sup> EIS [written submission](#)

<sup>96</sup> Local Government, Housing and Planning Committee, [Official Report](#), 23 September 2025 Col 10 and 13

<sup>97</sup> Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 34

<sup>98</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 27



overarching cause, which suggests improvements are needed to how data on sickness is stored and recorded.<sup>99</sup>

## **Resistance to change**

EIS, Unison and the Improvement Service all indicated that ongoing financial pressures and years of budget reductions have led many local authority staff to view transformation efforts primarily as cost-cutting measures rather than opportunities to improve outcomes.<sup>100</sup> This perception can create resistance, as transformation is seen more as a threat than a positive change.<sup>101</sup>

## **Leadership capacity**

There are considerable capacity challenges in leading transformation efforts. The Improvement Service argued that, over time, senior management resources have declined, with councils operating leaner Corporate Management Teams and Chief Officers overseeing broader service areas than they did five years ago. The growing responsibilities of councils often divert senior leaders' attention from strategic transformation, as many are stretched managing daily operations. Additionally, recruitment and retention issues in key leadership roles have further impacted the ability to drive change.<sup>102</sup>

**The Committee would welcome Scottish Government's consideration of how it can ensure that local government leaders can be appropriately represented and better supported on the Public Service Reform Board and other relevant strategic groups.**

## **Risk aversion and fear of failure**

Another deeply engrained barrier is related to the fact that local authorities operate under intense scrutiny, where any misstep can lead to negative media coverage, political consequences, or loss of public trust. This environment can discourage innovation and experimentation, as staff may not feel safe to take risks or learn from failure.<sup>103</sup>

## **Lack of multi-year funding**

Perhaps the most strongly and unanimously highlighted barrier in the evidence gathered by the Committee is the lack of multi-year funding. In evidence to us, there was a consensus that providing multi-year funding could strengthen local authorities' ability to implement meaningful and lasting service improvements.<sup>104</sup>

---

<sup>99</sup> Local Government, Housing and Planning Committee, [Official Report](#), 16 September 2025 Col 30, Local Government, Housing and Planning Committee, [Official Report](#), 23 September 2025 Col 4

<sup>100</sup> EIS [written submission](#), Improvement Service [written submission](#), Local Government, Housing and Planning Committee, [Official Report](#), 23 September 2025 Col 13,

<sup>101</sup> Improvement Service [written submission](#)

<sup>102</sup> Improvement Service [written submission](#)

<sup>103</sup> Improvement Service [written submission](#) and Accounts Commission [written submission](#)

<sup>104</sup> Improvement Service [written submission](#), Accounts Commission [written submission](#), Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 21, Local Government, Housing and Planning Committee, [Official Report](#), 23 September 2025 Col 2, Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 2

It was put to us that the current dependence on short-term funding cycles restricts councils from adopting a strategic, long-term approach to redesigning and enhancing services.<sup>105</sup>

SOLACE also argued that real transformation requires meaningful engagement and participation of local communities which, if done properly, takes a substantial amount of time.

In this context, multi-year settlements would remove elements of uncertainty and could allow for more focused and informed community engagement.<sup>106</sup>

On 1 October, at a Convener's Group meeting, First Minister said that it is his expectation that local authorities will be provided with multi-year settlement.<sup>107</sup>

In your evidence, you acknowledged the "...value and importance of multi-year envelopes" highlighting, however, that providing them has been and will be dependent on the UK Government budgetary decisions.<sup>108</sup>

**The Committee strongly supports stakeholder's calls for multi-year funding for local government and calls on the Scottish Government to provide it in this budgetary cycle.**

## **Collaboration between Scottish and local government**

The Public Service Reform Strategy, although primarily aimed at the Scottish Government and its 131 public bodies, complements the ongoing work with SOLACE on the local government Blueprint Transformation Programme and local authorities are ready to engage with the Scottish Government.<sup>109</sup>

Regular bi-monthly meetings are scheduled with SOLACE, Scottish Government, and COSLA officials to focus on these touchpoints, explore collaborative opportunities, and address any challenges or barriers to reform delivery.<sup>110</sup> In your evidence, you said that local government is at the heart of public sector reform and the Government intends to continue working closely with local authorities.<sup>111</sup>

**The Committee requests an update on this work.**

On behalf of the Committee, I request a response to this letter by 20 January 2026.

Yours sincerely,

---

<sup>105</sup> Improvement Service [written submission](#), Accounts Commission [written submission](#), Local Government, Housing and Planning Committee, [Official Report](#), 9 September 2025 Col 21, Local Government, Housing and Planning Committee, [Official Report](#), 23 September 2025 Col 2, Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 2

<sup>106</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 5

<sup>107</sup> Conveners Group Meeting, [Official Report](#), 1 October 2025 Col 2 and 3

<sup>108</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 30

<sup>109</sup> Improvement Service [written submission](#) and Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 15

<sup>110</sup> Improvement Service [written submission](#)

<sup>111</sup> Local Government, Housing and Planning Committee, [Official Report](#), 28 October 2025 Col 37

A handwritten signature in black ink, appearing to read "Ariane Burgess". The signature is fluid and cursive, with the first name "Ariane" and last name "Burgess" clearly distinguishable.

**Ariane Burgess MSP**  
**Convener**