

F/T: 0300 244 4000
E: scottish.ministers@gov.scot

Convener
Local Government, Housing and Planning
Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Email: localgov.committee@parliament.scot

27 May 2025

Dear Convener

Thank you for your letter dated 2 May 2025 requesting an update on various issues relating to the Local Government and Housing portfolios. I have set out my response to each of the points raised below.

New Deal

The Committee notes that the budget negotiations were based on “principles of the fiscal framework” and seeks a copy of these principles. It also seeks an update on when the Scottish Government and COSLA intend to publish the substantive fiscal framework and the outcomes and accountability framework. In addition, we also request an update on the reasons for delay of publication of these documents and what actions are being taken to overcome these.

The Verity House Agreement contained a commitment to:

“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.”

As I have previously discussed with the Committee, with the exception of multi-year certainty, we have made demonstrable progress against all of these commitments to date and remain committed to further progress ahead of the Scottish Budget 2026-27.

I acknowledge that we may not have made as much progress on multi-year certainty as I would have liked, but a Fiscal Framework cannot in isolation provide multi-year certainty

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

without equivalent clarity from the UK Government given the prominence of the adjusted block grant in the Scottish Government's funding position.

The public commitments from the Chancellor of the Exchequer to restore the previous three-year Spending Review cycle are welcome and I await the outcome with interest.

It is regrettable that we have yet to agree a document which codifies the actions we are taking into a published 'fiscal framework'. Despite COSLA Leaders openly welcoming the progress made during 2025-26 in their response to the Scottish Budget, some Leaders wish to see further work to explore a rules-based funding arrangement.

It was clear from the outset that such an arrangement would be hugely complex and I note that Cllr Hagmann acknowledged "There is a level of complexity in taking forward the fiscal framework that nobody fully understood...". Reflecting this complexity, and in the spirit of partnership, I agreed to provide COSLA with specialist Civil Service support from those most familiar with the budget process to progress preliminary exploratory work on a rules-based arrangement on a without-prejudice basis.

Experience gathered alongside those exploratory considerations during the 2025-26 Budget process identified unacceptable financial and operational risks both to Scottish Government and to Local Authorities. As a result, notwithstanding the fact that a rules-based arrangement does not contribute in any way to the principles set down in the 'robust fiscal framework' agreed in the Verity House Agreement, I have now instructed my officials to prioritise meaningful budget engagement over further exploration.

I believe that the opportunity cost to meaningful budget engagement of an academic exercise to further explore the operation of a rules-based framework is too great, particularly when the evidence already indicates that such an arrangement would be unworkable and unsustainable. However, COSLA are entitled to continue to progress those explorations should they see fit but in the knowledge that it may have a detrimental impact on the resources available to support sustained engagement on budgetary matters year-round.

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.

I have always made clear that Ministers see the Verity House Agreement and any fiscal framework as a journey rather than a destination in their own right. They will therefore continue to evolve over time, and it is my view that COSLA continuing to explore a rules-based funding arrangement need not prevent us agreeing a fiscal framework in the interim. Unfortunately to date, COSLA have not shared that perspective.

General Power of Competence

The Committee seeks details of the Scottish Government's intended timescales for its formal response to the consultation.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

A public consultation was launched on 6 January to explore the request of COSLA, on behalf of Local Government, for a General Power of Competence for local authorities in Scotland, equivalent to existing statutory arrangements in England, Wales and Northern Ireland.

However, despite its existence in these administrations it remains sparsely utilised due to continuing local authority concerns as to the scope of the power and the potential for adverse interpretation by the courts.

Therefore, the consultation sought to understand more specifically local authority aspirations with regards to greater legislative freedoms and how best to deliver these aspirations. The consultation concluded on 31st March and was complemented by two webinars to provide further information for respondents and a further roundtable event with representatives from each stakeholder group to understand the desire for a general power of competence in Scotland and how it would be utilised.

We are currently analysing the consultation responses, which have been published where the respondent provided consent for publication, and can be viewed here: <https://consult.gov.scot/local-government-and-communities/a-local-authority-general-power-of-competence/>.

Local Governance Review

Programme for Government 2025-26 confirmed that as part of the conclusion of the Local Governance Review we will publish a blueprint for models of democratic community decision making and plans for Single Authority Models in the three participating geographies, with at least one of these areas transitioning to shadow arrangements. This agenda continues to be taken forward jointly with COSLA.

The Committee requests an update on the minutes of (Democracy Matters) meetings since December 2024 and when the group will conclude the first part of its work and whether there will be published output from that.

The minutes of the last two meetings of the Democracy Matters steering group are available on the [Scottish Government website](#). The Steering Group's activity is still ongoing, and their final meeting will take place on 11 June. This work is moving at pace and principles for models are taking shape. In line with the recent PfG commitment we will be publishing blueprints for new models before the end of this parliamentary session. Officials plan to carry out some engagement and testing of what's been developed so far, both with communities and the wider public sector, before then and will set out plans for that in due course.

The Committee requests an update on progress towards the development of a single authority model.

Ministerial engagement on Single Authority Models with health and social care and local government partners has helped to establish a shared understanding across sectors of the opportunity this creates to transform how people experience key services in these unique settings for generations to come. The Cabinet Secretary for Health and Social Care and Minister for Public Finance co-chair quarterly meetings with all partners to drive progress towards agreement on a preferred model for each geography. Partners have welcomed our approach which seeks to enable locally led policy development. The emphasis remains on

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

agreeing a set of arrangements best suited to local circumstances and which can command the support of local communities and relevant workforces.

Community Empowerment (Scotland) Act 2015 – post-legislative scrutiny

Our predecessor Committee considered the operation of Parts 3 and 5 of the Act. On 31 March, the Scottish Government published two reports on the outcomes of reviews of these two parts of the legislation.

On 31 March, the Minister for Public Finance wrote to the Committee on the publication of reports following review of parts of the Act. Mr Mckee referred to the work of the Local Governance Review and the Democracy Matters Steering Group in taking these forward. He also said the findings from the review would be taken forward in collaboration with stakeholders.

The Committee requests specific details of how each of the findings of the two reviews will be progressed and the timescales for doing so.

Part 3 Participation Requests (PR's)

In response to the Community Empowerment (Scotland) Act 2015 - Part 3 Participation Requests Findings Report published on 31 March 2025, the Scottish Government committed to taking three key actions. The Scottish Community Development Centre (SCDC) funded by the Scottish Government will support work to progress these during 2025/26 and details are outlined below. Learning from the review is informing the policy development phase of Democracy Matters.

Clarity on Participation Requests use: The review has highlighted the need for clearer messages to be displayed on Participation Requests demonstrating their purpose and when they should be considered, including clearer examples of outcomes. The Scottish Government and SCDC will review **and** update the Participation Requests website content which will include clearer details on the Outcome Improvement Process, new case studies and a question and answer section. This will involve collating information from Public Service Authorities (PSAs) and Community Participation Bodies (CPBs) to ensure learning is gained from a wide range of experiences and perspectives.

Participation Requests Principles: A set of Participation Requests Principles has been provided by an independent working group led by SCDC as part of the review report. The Scottish Government will work with PSAs, CPBs and interested parties to gather feedback on these proposed Participation Requests principles. Taking that information on board the Participation Requests Principles will be updated for further consideration until a final set is co-produced and agreed. SCDC will provide practical support.

Participation Requests Statutory Guidance: A series of online workshops will be hosted by the Scottish Government and facilitated by SCDC in the final quarter of 2025/26. These sessions will: share learning from the Participation Request review; signpost delegates to the updated Participation Requests website with new case studies; provide examples of outcome improvement processes; seek feedback on a final set of Participation Requests Principles before publishing; and explore the need for updating the Participation Requests Statutory Guidance.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

Part 5 Asset Transfer

In response to the Community Empowerment (Scotland) Act 2015 - Part 5 Asset Transfer Findings Report published on 31 March 2025, the Scottish Government committed to taking four actions. These are outlined below and work will be undertaken during 2025 and 2026. The Community Ownership Support Service (COSS), funded by the Scottish Government will support this work along with the National Asset Transfer Action Group.

Robust data gathering: The Scottish Government will review asset transfer data gathering methods and will consider how the current reporting template issued annually to the 95 Relevant Authorities can be improved, in response to findings from the review. This work will involve exploring options for data collection and working closely with the Relevant Authorities to ensure accurate and robust asset transfer data is available. For the first time, the collation of information on asset types and areas will be explored to include lease, management and ownership.

Updating the Asset Transfer Statutory Guidance: A key finding of the review was the need to strengthen the operation of asset transfers and updating the Statutory Guidance was highlighted as a practical way to do this. The Scottish Government will lead work to explore what updates may be required for both the Relevant Authority and the Community Transfer Body Statutory Guidance documents. This will include consultation with Relevant Authorities, Community Transfer Bodies and key stakeholders who will have the opportunity to comment on any proposed amendments. Updates to the Statutory Guidance documents will also consider learning from asset transfer reviews and appeals. New case studies will be developed and a question and answer document will be produced as part of the work to strengthen the operation of asset transfers. In addition, the Scottish Government will engage with colleagues to consider updates to the Scottish Public Finance Manual to align with the Asset Transfer Statutory Guidance documents.

Asset Transfer Impact: The review found there is limited evidence of the impact of asset transfers on local communities and how it contributes to community empowerment and public service reform. The Scottish Government will lead work to explore how this impact can be measured which will include: working with COSS to explore what evidence of impact is currently available; engaging with the 95 Relevant Authorities and Community Transfer Bodies to gather local evidence; conducting desktop research; and exploring options to collaborate with academic institutions who may be undertaking similar work.

National Asset Transfer Action Group: The group met on 1 May 2025 and members agreed to update the group's remit and membership to respond to the findings of the Part 5 review. An action plan and timetable will be drafted to include the areas outlined above for discussion and agreement at the next meeting to be held at the end of August or early September 2025. The group will also consider the feasibility of any legislative proposals in the report before any other action is taken.

The Committee seeks an update from the Scottish Government on whether there are plans to refresh the participation principles across the Act.

The Scottish Government has no plans to refresh participation principles across the Act and would refer the Committee to the [Principles for community empowerment](#) developed by

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

Audit Scotland. As outlined above the Scottish Government will develop principles for Participation Requests based on those provided by SDCD and the working group.

Part 9 Allotments

The Committee seeks an update from the Scottish Government on how Part 9 of the Community Empowerment (Scotland) Act 2015 has been implemented including—

- **Analysis of whether this has improved access to allotments and community food growing spaces;**
- **How the development of the Good Food Nation strategy is intended to support this; and**
- **Whether it is intended that this part of the Act will be subject to a detailed review and if so the timescales for this work.**

Since Part 9 came into force in 2018 the Scottish Government has provided the leadership and oversight of implementation required of it. The Act places a number of duties on local authorities in relation to allotments and it is ultimately up to the local authorities themselves to decide how best to carry out the functions conferred on them by Part 9. We continue to identify and consider further ways to support, empower and encourage local authorities to deliver upon those, within the constraints of ongoing resource and budget challenges. As highlighted following publication of the Committee's inquiry report into implementation of Part 9, the reality of ongoing budgetary and resource restrictions means implementation of many of the Committee recommendations will take much longer than hoped by stakeholders.

Following the Committee's recommendation for increased oversight of implementation of the Act at a national level, including collation of standardised annual allotment reports as a mechanism for data collection, officials have been giving this further consideration. Recent workshops arranged by the Scottish Government and delivered by APSE Training services, provided an opportunity to explore this in further detail and gather feedback directly from local authority allotment officers. This evidence is currently under consideration and will be used to inform our approach going forward noting that, as with all reporting requirements, the outcome needs to be of benefit for both local authorities and the Scottish Government.

The forthcoming proposed National Good Food Nation Plan is intended to be laid before Parliament in early Summer. The Plan includes a summary of the Scottish Government's current allotment and community growing policy and links to one or more of the strategic, overarching Good Food Nation Outcomes which these policies support. Scottish Ministers will be required to have regard to the Plan when exercising functions specified in secondary legislation, in accordance with section 6 of the Good Food Nation (Scotland) Act 2022. Consideration is currently being given to the suitability and appropriateness of including the Scottish Minister's legislative duties imparted by Part 9 as a specified function in forthcoming secondary legislation.

The Good Food Nation Act also requires local authorities to produce their own Good Food Nation plan, often referred to as the 'local' Good Food Nation Plans. Section 10 which sets out this legal duty has not yet been commenced. In accordance with Section 15, once local authorities' Good Food Nation plans have been published, they will also be required to have regard to their Plans when exercising functions specified in secondary legislation. As with the functions for the Scottish Ministers, consideration will be given on how to include the

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

legislative duties imparted by Part 9 as a specified function in the secondary legislation relevant to local authorities.

In addition, officials have recently undertaken a review of grant funding administered by the Food and Drink Division which supports both our community growing aims and our wider Good Food Nation ambitions. The review has identified the funding continues to have a positive impact and is contributing towards increasing the area of land under cultivation for community food growing, as well as empowering and increasing knowledge within our communities of how to grow food. Since 2012, the Scottish Government has awarded over £2.3 million to support these policy ambitions and continues to do so, with a further £190,000 of grant funding expected to be awarded to organisations imminently.

Part 9 has met one of its main aims of consolidating, updating and simplifying the previous statutory regime regarding allotments, bringing it together in a single piece of legislation. It remains the Scottish Government's position that Part 9 of the Community Empowerment Act does not require a full review. Work will continue to take place, in the context of the ongoing challenging economic conditions, to identify cost effective and meaningful ways to support and empower local authorities meet their legislative requirements to relating to allotments.

Non-Domestic Rates

The Committee seeks details of the number of appeals which have taken place under the new system and the efficacy of their execution when compared with the previous system. We also seek an update on the number of MCC appeals assessors have disposed of.

The [non-domestic rates revaluation appeals statistics](#), published on the Scottish Government website, provide a statistical analysis of proposals and appeals against the 2023 Revaluation, and of appeals against the 2010 and 2017 Revaluations. This information is updated on a quarterly basis, with updates on non-revaluation appeals (which includes Material Changes of Circumstances) every six months.

A new two-stage appeals system was introduced on 1 April 2023 and tens of thousands of appeals, many relating to Covid-19, were transferred to the Scottish Tribunals. The transferred appeals that were to be heard by the Local Taxation Chamber had a statutory disposal deadline of 31 December 2024 and I can confirm that these were all disposed of in time.

Under the two-stage appeals system, Assessors are required to dispose of proposals within the timescales prescribed in the Valuation Timetable (Scotland) Order 2022, as amended.

By 31 December 2024, the Scottish Assessors had received 18,519 proposals against the valuations of 17,282 properties (excluding those for which all proposals had been withdrawn), with a total rateable value at revaluation of £2,974 million. This accounts for around 7% of properties on the valuation roll, and around 40% of the rateable value at revaluation. All proposals for a given property have been resolved for 7,000 properties, accounting for £1,040 million of rateable value.

We understand as at the same date, over 700 appeals had been lodged with the Local Taxation Chamber (LTC). There is a lag between these being lodged with LTC and being

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

notified to the Assessor (and therefore included on statistical returns); we expect that they will be reported in future publications.

The next update of revaluation appeals statistics, including outstanding non-revaluation proposals and appeals, will be published on 11 June 2025.

Short-Term Lets Licensing

The Committee seeks details from the Scottish Government on how the implementation of short term lets regulations has progressed, the impact of this and discussions it has had with stakeholders on how they work in practice. The Committee requests details of when the implementation report mentioned in the update last August will be published.

We continue to monitor the implementation of short-term let licensing through stakeholder engagement and the publication of regular [statistical publications](#), the most recent was published in April 2025 and covers the period ending in December 2024. Work is underway on the other actions outlined in the 2024 Short-Term Let Licensing Implementation Update Report, which includes a review of guidance, and we are on track to write to the Committee with an update before summer recess.

Yours sincerely,

SHONA ROBISON

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver

