

Local Government, Housing and Planning Committee
Tuesday 23 September 2025
24th Meeting, 2025 (Session 6)

Pre-Budget Scrutiny: Public Service Reform

1. 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".
2. At its meeting on the 24 June, the Committee agreed to explore how the Scottish Budget supports this as the focus of its pre-Budget scrutiny.

Pre-Budget Scrutiny

3. Pre-Budget scrutiny normally takes place in the months leading up to the Scottish Budget. It aims to:
 - influence how the Budget is prepared;
 - improve transparency and increase public awareness of the Budget;
 - consider how the Scottish Government's Budget for 2026-27 should respond to fiscal and wider policy challenges; and
 - lead to better results and outcomes when compared against the Scottish Government's targets and goals.
4. The Finance and Public Administration Committee has published guidance for committees on Budget Scrutiny for 2026-27.
 - [Budget Process 2026-27: Guidance for Committees](#)

Public Service Reform

5. The Local Government, Housing and Planning Committee has agreed to consider 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?
6. The Committee wrote to the Improvement Service and the Accounts Commission to seek more details on the public service reform. Their responses can be found under following links—
- a. [Letter from the Accounts Commission](#)
 - b. [Letter from the Improvement Service](#)
7. The Committee also wrote to the [Educational Institute of Scotland](#) and [GMB Union](#).
8. On 9 September, the Committee heard from the first panel of stakeholders—
- Ken Gourlay, Chief Executive, Fife Council;
 - Dr Dawn Roberts, Chief Executive, Dumfries and Galloway Council;
 - Thomas Glen, Chief Executive, Perth & Kinross Council;
 - Nikki Bridle, Chief Executive, Clackmannanshire Council; and
 - Malcolm Burr, Chief Executive, Comhairle nan Eilean Siar.
9. The Official Report of this meeting is available at the following link:
- a. [Official Report of Local Government, Housing and Planning Committee meeting 9 September 2025.](#)
10. On 16 September, the Committee heard from the second panel of stakeholders—
- Derek Yule, Commission Member, Accounts Commission
 - Andrew Burns, Deputy Chair, Accounts Commission
 - Blyth Deans, Audit Director, Audit Scotland
 - Martin McLauchlan, Senior Manager, Performance Audit and Best Value, Audit Scotland
11. When published, the Official Report of this meeting will be available at the following link:

- a. [Official Report of Local Government, Housing and Planning Committee meetings.](#)

This meeting

12. At the meeting on 23 September, the Committee will take evidence from the following witnesses—

- John Mooney, Regional Organiser, UNISON Scotland
- Maureen Dickson, Regional Organiser, UNISON Scotland

13. A SPICe briefing for the meeting is included at **Annexe A**.

Next steps

14. The Committee will take evidence from stakeholders and the Scottish Government.

Clerks to the Committee
September 2025

Annexe A



Pre-budget scrutiny 2026-27 – Unison trade union

Local government is Scotland's largest public sector employer, with 260,000 people currently working for councils. That means around 1 in 10 working people in Scotland are currently employed by a local authority.

Unison is Scotland's largest trade union, with members across the public, private and voluntary sectors. More than half of its members work in local government. As such, it is the largest trade union in the local government sector.

The Committee's pre-budget scrutiny is focussing on public service reform and local government.

Public service reform impacts the current and future local government workforce. "Transformation" also requires the active involvement of local government employees and their trade unions.

Background information - Local Government funding trends

- The local government revenue settlement from the Scottish Government (SG) - £14.4 billion in 2025-26 - is higher in real terms than it was in 2013-14.
- Over this period, local authorities have been required to do more in the areas of early years provision, free school meals and adult social care.
- Demand across many service areas has also risen due to factors such as demographic change and the cost-of-living crisis.
- Since the signing of the Verity House Agreement (VHA) in summer 2023, the use of formal ring-fencing has reduced significantly.
- There is also a real possibility that local government will receive a multi-year funding package in this year's budget (another aspiration of the VHA).
- This has been a major ask of COSLA (and its third sector partners) for years.
- A fiscal framework document showing what has been agreed between the Scottish Government and COSLA is yet to be published ([see letter from Scottish Government](#))

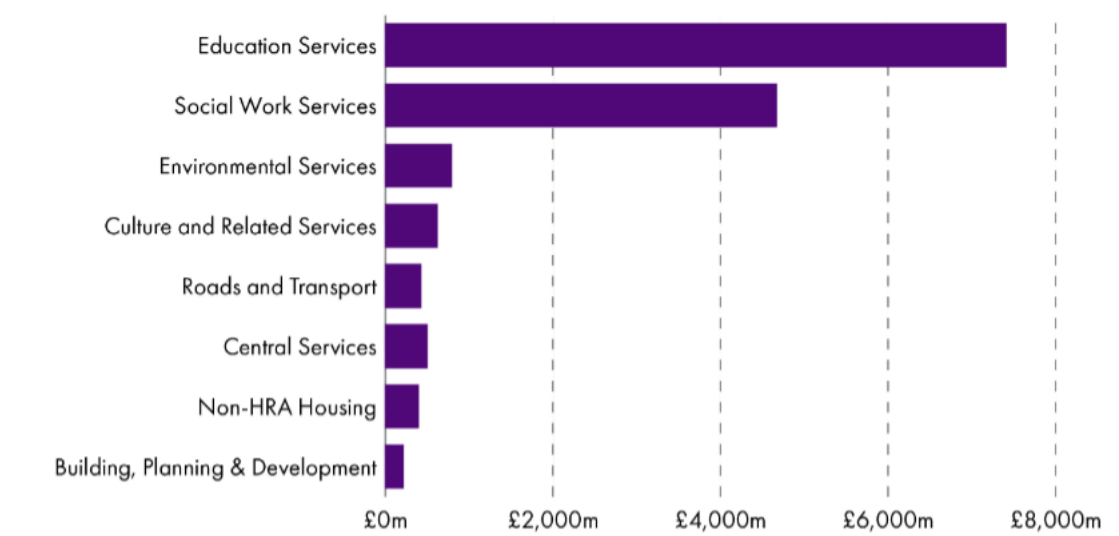
Budget gaps

- The Accounts Commission identified a budget gap of £647 million across all local authorities in 2025-26.
- This will be filled through raising council tax, using reserves and finding savings.
- There are variations in budget gaps and how councils are addressing them.

Local government spending trends

Of the total net revenue expenditure of £15 billion in 2024-25, around half (£7.4 billion) was spent on education services and a further 31% went to social work services (including social care). This means that around 80% of local government net revenue expenditure is spent on these two service areas alone.

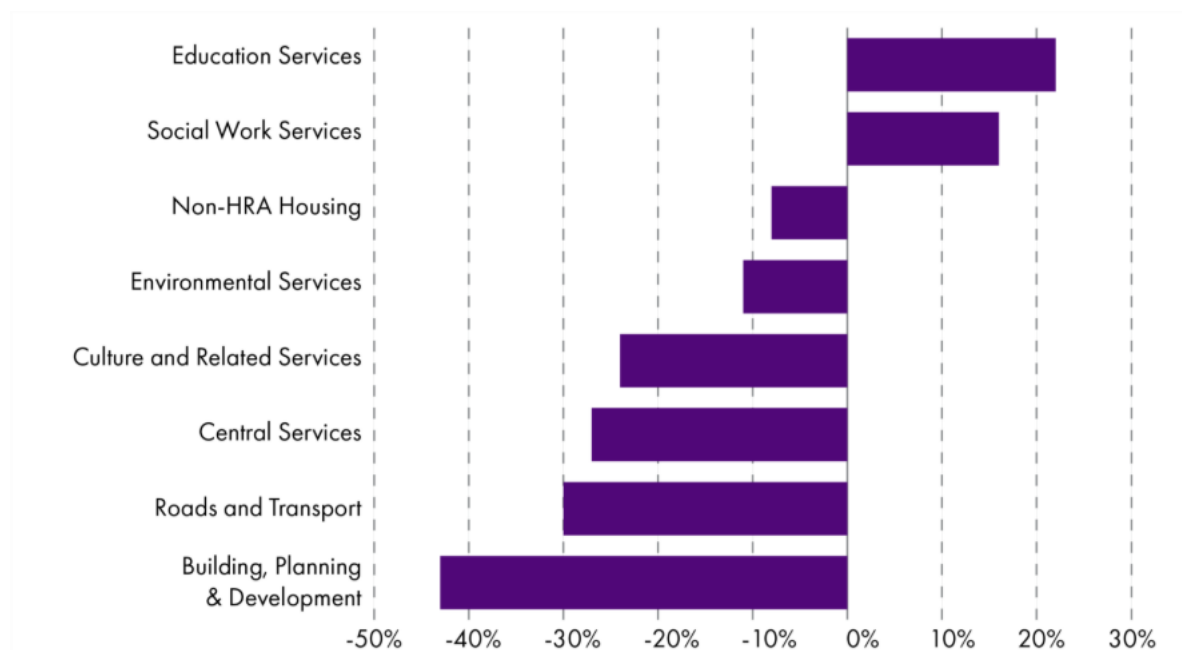
Net Revenue Expenditure for 2024-25 by service, £ millions



Overall, there have been significant real terms increases in the amount of money councils have spent on education and social care between 2013-14 and 2024-25. The graph below shows that it is only these two service areas which have seen increases. Every other service area, from environmental services to planning, have seen significant real terms reductions over the period. The latter, for example, saw a 43% real terms reduction. In 2023, the Accounts Commission concluded:

“Over the last decade, there is a clear divergent pattern of spend. Spending on children’s services (education and looked after children) and adult social care has been protected and increased because of national policy directives. This means that the remaining ‘unprotected’ services have borne a disproportionate level of spending reductions.”

Last week, the Accounts Commission spoke of a “gearing effect” when it comes to spending decisions. With the huge difference in overall spending on education and social care compared to all other services, a small percentage increase in these areas will require very large percentage reductions in other areas (if income doesn’t increase).

Change in expenditure by service area, 2013-14 to 2024-25 (real terms, %)

The local government workforce

According to the most recent [Public Sector Employment Statistics](#), local government employed 260,000 people (or 213,000 full-time equivalent) in Quarter 2 2025. This is up 13,000 (+5%) since Quarter 2 2014. Not every local authority has seen an increase in staff numbers over the period. Scottish Borders has seen a reduction of 300 FTEs (-7%) and Na h-Eileanan an Iar has seen a reduction of 200 (-11%). Glasgow, on the other hand, has seen an increase of 5,000 (+28%) in their FTEs since 2014.

Spending on workforce across the whole devolved public sector in Scotland (including local government) accounts for 55% of the entire Scottish revenue budget in 2025-26. The recently published [Medium Term Financial Strategy](#) (MTFS) estimates that the pay bill for local government (including teachers) stood at £10.7 billion in 2024-25. Around 70% of the costs incurred by councils across delivery of services is associated with pay and the workforce.

The MTFS also shows a possible funding gap for the Scottish Government of almost £1 billion in 2026-27, with this growing to £2.6 billion in 2029-30.

During questions on his [statement to Parliament on public service reform](#), the Minister for Public Finance was asked about the balance of staffing levels between national and local government. He responded:

“I would characterise this not in terms of the workforce in central and local government, but in terms of corporate functions and the front-line workforce. The person-to-person, front-line workers who engage with service users are, of course, the most important. This is about shifting the £1 billion in resources

[across the whole devolved public sector] from corporate functions to that front-line workforce, and we need to accelerate that work, while working with partners to make that happen in a way that does not cause problems for the system as we are doing it. We want to go as fast as we can, using the tools that I have outlined in the strategy.”

Although talking about the devolved public sector more generally, with 40% of the pay bill being paid by local authorities, this aspiration clearly has implications for local government.

Accounts Commission’s Responding to the Workforce Challenge report

The Accounts Commission’s [Delivering for the future: Responding to the workforce challenge](#) report was published in August. Some of the main points raised include:

- Councils are examining the need to make workforce reductions. Further progress with workforce planning is still needed in light of continuing financial and demand pressures.
- Councils need to prioritise workforce planning and development to address existing and future challenges.
- Workforce pressures, including recruiting staff from a competitive labour market, employee retention and high sickness absence levels, are putting councils under sustained pressure.
- Councils are dealing with an ageing workforce, with more than a third of staff over the age of 55. Sickness absence rates are at record high levels.
- Digital solutions are being used to support staff to deliver frontline services, as well as to unlock back-office efficiencies, but more progress is needed.
- Technology solutions include online services, customer relationship management systems, mobile digital devices and, more recently, artificial intelligence (AI) applications.
- Councils like Dundee City, City of Edinburgh and East Lothian are investing in digital tools, training, and infrastructure to enhance service delivery and workforce efficiency.
- Councils have been exploring how best to co-deliver services, including shared service delivery and joint posts.

- Most councils are not actively reporting on the increased use of temporary and agency staff.

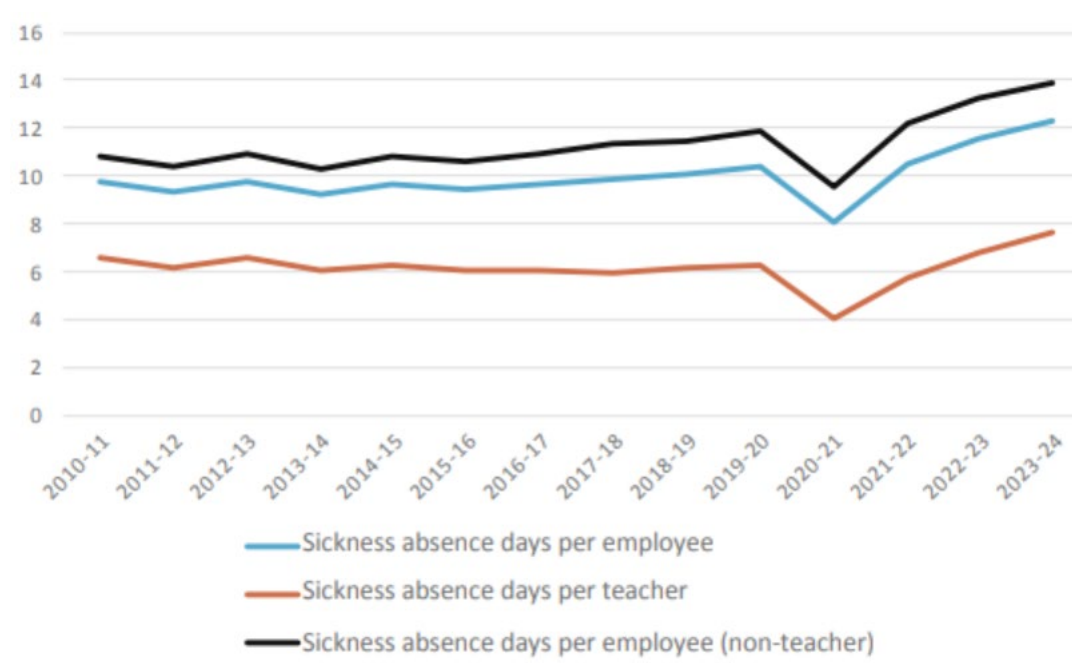
Local Government Benchmarking Framework report

The most recent Improvement Service Benchmarking Framework report found that:

“Councils continue to face multi-faceted workforce capacity pressures including an ageing workforce, increased service demand, skills gaps, and recruitment and retention difficulties which are impacting on overall organisational capacity and resilience.”

Data shows increase in staff absence across local government, “particularly for reasons of stress, mental health and fatigue”. Absence levels are the highest ever reported. According to the Improvement Service (IS), this combined with high levels of vacancies in some roles “will be impacting on councils’ capacity to deliver essential local services”.

Local government sickness absence trends



The IS also found that the local government workforce is ageing, and councils are now seeing employees retiring earlier:

“This is a particular challenge in relation to senior management and leadership positions, where there continues to be a significant turn-over in the most senior positions within councils.”

The IS report also discusses the impact of an aging workforce and problems recruiting people into sectors such as social care.

Growing dissatisfaction with local government services

To support senior management teams across local authorities, and help elected councillors ask questions about the performance of council services, the Improvement Service created its [Local Government Benchmarking Framework](#) (LGBF). They collect and present a range of data which helps councils compare performance against a number of indicators covering most areas of local government activity.

The [2023-24 LGBF Annual Report](#) concludes that the Framework “shows how sustained financial, demand and workforce pressures have substantially disrupted performance and efficiency improvements gained in previous years”. The Scottish Government’s Public Sector Reform Strategy states that “despite increased investment, people’s satisfaction with public services is declining”. There is evidence of declining level of public satisfaction with a range of council services since 2010-11:

Table 2: Public satisfaction with council services across Scotland (%)

	2010-11	2023-24	Change since 2010-11 (% point change)
Schools	83	69	-14
Libraries	84	66	-18
Parks and open spaces	83	84	1
Museums and galleries	76	69	-7
Leisure facilities	75	65	-10
Refuse collection	81	79	-2
Street Cleaning	73	57	-16

Source: [2023-24 LGBF Annual Report](#)

In addition, SPICe’s [Facts and Figures briefing](#) discusses trends in performance and satisfaction relating to adult social care services (see page 41).

Greig Liddell, SPICe Research
17 September 2025

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

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