

Social Justice, Housing and Local Government Committee
Wednesday 4 November 2026
7th Meeting, 2025 (Session 7)

Note by the Clerk

Local Government Themed Stakeholder Evidence Session

1. At its meeting on [24 June 2026](#), the Committee agreed to hold a series of themed stakeholder roundtable evidence sessions to assist Members in developing their understanding of key issues across the Committee's remit. These roundtable sessions follow a series of evidence sessions with Scottish Government Cabinet Secretaries and Ministers, during which the Committee explored the Scottish Government's priorities and planned activity across the Committee's remit. The roundtable evidence sessions are intended to complement that evidence by providing Members with an opportunity to hear directly from a range of stakeholders and organisations working across those policy areas.
2. At its meeting on [09 September 2026](#), the Committee agreed to invite a selection of stakeholders to participate in two roundtable discussions on local government at its meeting on 4 November 2026 – one on the transformation of local government, and the other on empowering communities.
3. On the issue of transformation, the Committee will hear from representatives of the Accounts Commission, SOLACE Scotland, UNISON, the Association for Public Service Excellence; and Local Government Information Unit. On the issue of empowering communities, the Committee will hear from representatives from the Scottish Community Alliance, Action Porty, Fife Council and the Development Trust Association Scotland.
4. SPICe has prepared a briefing for the Committee on transformation in local government and empowering communities. This briefing is included as **Annexe A** to this paper.
5. This evidence session will provide an opportunity for the Committee to explore key issues relating to its local government remit, including proposals for local government reorganisation, the financial sustainability of councils in Scotland, how to drive transformation in local government, confidence in the delivery of public services, strengthening community level governance and empowering and engaging communities.

6. Witnesses were invited to submit a one-page briefing in advance of the session, outlining their organisation's priorities for Scottish Government action on reforming local government and empowering communities over the current parliamentary session, including key issues, opportunities, challenges, and areas of concern that they consider relevant to the Committee's scrutiny work.

Submissions made can be found at **Annexe B**.

Clerks to the Committee
October 2026

Annexe A: SPICe Briefing on Local Government and Communities



Background information

Today's session was agreed before summer recess. Since then, the Scottish Government has made various announcements, all with potential implications for local government and communities.

Proposals for local government reorganisation

Scotland has 32 local authority areas, with population sizes ranging from 22,000 in Orkney to 650,000 in Glasgow. Highland Council is one of the largest local authorities by land mass in Europe.

In his [statement to the Chamber on the 1st September](#), the First Minister stated that “some of our councils are too small to be strategic and some are too big to be local”.

The First Minister confirmed that his “starting point is that changes must not create another layer of administration or a new group of politicians”. The PfG states the Government will be:

“Engaging in an intensive dialogue over the next three months with partners in Local Government, and other parties across Parliament reach a clear shared direction about the future of local governance in Scotland. The Government believes there is a need for regional local government, alongside community empowerment, and will engage with partners to find common ground.”

Some examples of work already being done in this area is set out later in the Programme for Government:

“We will learn and build from the leadership already evident through the work led by Councils across Scotland, including work on integrated service delivery being led by Falkirk, Clackmannanshire and Stirling Councils and the three Ayrshire Councils, as well as drawing from the progress led by our city-regions in Regional Economic Partnerships.”

On 21 September the Scottish Government published its [proposals for reform of local governance](#). The Scottish Government’s starting point is that Scotland’s 32 local authorities could be replaced with between 6 to 10 mainland regional authorities and 120 to 160 community level councils. Councillors would sit on both their regional council and community level council, whilst new administrative and corporate structures would support both regional and community authorities.

There will be different solutions for the three all-island local authorities, with the idea being that they become single island authorities with health merged in some way with local government.

[On the 29 September](#), the Cabinet Secretary for Public Service Reform provided more information on why change is required:

“The programmes that we are taking forward will create new governance arrangements that are strategic and capable of enabling more local decision making, that identify where resources can be pooled to greatest effect and most efficiently, and that ensure that key services and outcomes are delivered consistently well in line with what communities want and need.”

The Scottish Government hopes that after the three-month discussion period “we can move from debate to implementation, with early decisions informing the next Scottish Budget” (due to be published on 3 December).

During the [debate on empowering communities and strengthening local democracy](#) on the 29 September, the Cabinet Secretary for Public Service Reform and the Minister for Public Finance mentioned engagement the SG has had with the Norwegian Government about recent local government reform in Norway:

“When we were having the conversation with Bjørnar Selnes Skjæran, the minister for local government in Norway, it was very clear that our Norwegian and Scandinavian neighbours have a level of democratic engagement that we just do not have here. Having worked across the Nordics and the Baltics, I have seen that. Again, the evidence holds up: the Nordics have 80 to 85 per cent turnout in their local elections; the Baltics have 50 to 65 per cent; and we have 30 to 40 per cent.”

Reaction to the Scottish Government's local government proposals

Council leaders responded with some scepticism to the SG's proposals, as can be seen in a recent BBC report: [Council leaders wary of radical plan to redraw Scotland's local government map - BBC News](#). COSLA published a press release on [Friday 25 September](#) which "urged caution" around the Scottish Government's plans and "called for strong evidence to underpin any significant changes".

Councils around the country are currently discussing the proposals. Perth and Kinross Council, for example, debated and [agreed a motion](#) on the 23 September which stated:

"Local decisions should be made as close to the residents they affect as possible. The proposal put forward by the Scottish Government mean that decisions on core services such as education, housing and social care will likely be made further away from the people affected by them."

In a [co-authored article](#), Professor James Mitchell of Edinburgh University, Professor Stuart McIntyre of Strathclyde University and Dr David Waite of Glasgow University wrote "there is a good case for reconsidering Scotland's existing arrangements". However, they also argue that:

"...there is a danger that Scotland becomes preoccupied with deciding how many authorities it should have, and where their boundaries should lie, before properly establishing what those authorities should do, how they should be funded and to whom they should be accountable."

They have a number of concerns about the Scottish Government's proposals, namely:

- The three-month engagement period is too short given the scale of what is proposed.
- Reaching an early agreement on the institutional structure could constrain subsequent consideration of alternative models.
- There is a risk that restructuring could impact existing regional arrangements.
- Having councillors sitting on both their local and regional councils raises important questions about how democratic accountability would operate in practice.
- Scotland's economic and social geography is remarkably diverse. How should regional authority boundaries be established?

Local Governance Review and community empowerment

[The Scottish Government's states](#) that its proposals for local government reorganisation builds on work done through the Local Governance Review and the Democracy Matters engagement:

“We heard from more than 4,000 people across the two phases of engagement. The number of people who took part in that conversation and the strength of feeling that was expressed through that engagement are a reminder that accessibility, not apathy, is the issue with local democracy.”

The 2026 Programme for Government talks about the need to strengthen “community level governance”. This will be part of discussions over the next three months “with partners across Parliament, local government, and beyond about the future of local governance in Scotland”.

In March 2026, the Scottish Government published its [Democracy Matters: route map to reform](#) document. This lays out reform proposals for empowered community decision-making and the work needed to deliver it. It states:

“Improved participation and engagement in local decision-making should be enabled by a representative community body – integrated within wider local governance arrangements – bringing together diverse members of the community with the public sector and community anchor organisations to provide effective oversight, support and collective leadership”

Community Planning Partnerships

Community Planning is about organisations within communities working together to improve the lives of residents and the services they receive. The [2015 Community Empowerment Act](#) requires every local authority to have a Community Planning Partnership (‘CPP’) which works with community bodies and brings together a wide range of partners to collaborate, identify priorities and share resources.

A [2023 inquiry](#) by the previous Local Government, Housing and Planning Committee found that CPPs are stronger in some areas than in others, with a lack of financial resources and staff availability being some of the issues raised. The Committee also heard frustrations from the third sector that organisations often struggle to engage with CPPs.

The PSR Strategy [progress report to the PSR Committee](#) states that CPPs are the “primary mechanism for place-based public service reform”.

Community asset transfer

[Part 5 of the Community Empowerment Act](#) gives community bodies the right to make requests to all local authorities, Scottish Ministers and a range of public bodies for any land or buildings they feel they could make better use of. They can request ownership, lease or other rights as they wish. These authorities must transparently assess requests against a [specified list of criteria](#) and agree the request unless there are reasonable grounds for refusal.

There were 853 assets in community ownership in Scotland in December 2015 (not all required through asset transfer). This is up from 436 in 2015.

The Scottish Government published [a review of asset transfers last year](#).

City region deals, growth deals and regional economic partnerships

The Scottish Government is proposing a local governance model built around 6 to 10 strategic regional authorities (on the mainland). The principle is that strategic decisions such as those on economic development, housing, transport and long-term planning should be taken regionally.

Since the Programme for Government announcement, council leaders from across Scotland have highlighted that local authorities are already involved in various forms of regional partnership.

For example, city region and growth deals are bespoke multi-year funding agreements between the Scottish Government, the UK Government, local authorities and other local partners. Each area of Scotland has at least one deal in place. City region and growth deals typically span more than one local authority area. Many have existed for the past 11 years.

They are designed to bring about long-term improvements to regional economies, particularly by co-ordinating public investment and infrastructure projects.

Regional Economic Partnerships (REPs) is a general term for arrangements across different geographic areas of Scotland that bring together local authorities, enterprise agencies, private sector industry, education providers and the third sector. They act as a forum for collaboration, intelligence gathering and sharing, and provide strategic direction for economic development at a local level. They do not, however, have formal powers underpinned by legislation.

REPs are closely linked to city region and growth deals. In fact, many REPs were established as a direct result of these deals.

Transformation in local government over recent years

The [Verity House Agreement](#), signed by the Scottish Government and COSLA in June 2023, set out how the two spheres of government would work together and approach their shared priorities. One such priority is to “work together strategically to advance public service reform”.

In most of the Accounts Commission’s Best Value reports and annual bulletins, there is an acknowledgement that local government has been responding to financial and demand challenges over the past 15 years, changing how it works and delivering services differently. However, a common theme in many Commission reports is that the scale and pace of change must change.

In its [2024 Transformation in Councils](#) report, the Accounts Commission concluded that “councils cannot deliver transformation alone and it is essential that the Scottish Government and Community Planning and third sector partners support the transformation of local services through more effective collaboration”. The Commission identified some barriers to reform, namely:

- 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 finds that some of these barriers are external and not within councils’ control. However, others are internal or partially internal, and “councils have at least some control over how they overcome or remove those barriers and should do all they can to do so”.

Improvement Service and SOLACE transformation programme

Over the past few years, the Improvement Service and the Society of Local Authority Chief Executives (SOLACE) have been working on a sector-led [Transformation Programme](#). The Accounts Commission mentions this in its *Transformation* report, noting the Programme is:

“a positive development representing a radical change to how councils work towards transformation. But the work is at an early stage. More clarity is

needed on the timescales for achieving outcomes and there are significant risks around workforce capacity and skills to realise ambitions.”

The Programme focusses on six anchors identified by SOLACE/IS as “key building blocks for transformation”:

- Unlock community action.
- Enable a functioning, trusted local and central government relationship.
- Design for people’s needs.
- Create digital, design and technology-enabled transformation.
- Tackle inequality and meet the needs of all citizens.
- Lead council and cross-sector partnerships with a focus on outcomes.

The Programme arose from the [Delivering a future for Scottish Local Authorities](#) report published by the Improvement Service in October 2022 and co-written by seven local authority chief executives.

The Scottish Government’s Invest to Save Fund

The Invest to Save Fund is a £30 million Scottish Government fund which supports efforts “to catalyse efficiency, effectiveness and productivity projects” as part of the Government’s wider public service reform programme. Around £6 million of the £30 million was supposed to go to local government in 2025-26.

Devolved public sector bodies were encouraged to submit bids to the Scottish Government for additional investment in projects to create future savings.

The “principal”, i.e. the amount allocated to successful bidders, will be returned to the Scottish Government to allow further investment in future years. It therefore operates as a repayable grant.

An assessment board with a mix of Scottish Government and other public sector members are involved in selecting the successful bids. The Scottish Government [recently set out details](#) of the 14 projects receiving funding in 2025-26 (over [40 bids were submitted](#)). The following are the five projects awarded the largest amounts in 2025-26:

Recipient	Amount	Project details
Scottish Government Directorate-General (DG) Corporate	£4.9m	Scaling AI Automation. Scaling of Artificial Intelligence (AI) Automation as a transformation enabler across the Scottish Public Sector to deliver higher productivity and efficiency.

Falkirk and Clackmannanshire Councils	£2.0m (requested)	Work to identify and explore opportunities for financial and non-financial benefits from closer collaboration
Aberdeen City Council	£1.2m	To address the increasing demands and pressures from an ageing population with complex care needs, by developing advanced digital tools to enhance care efficiency and quality, ensuring services are flexible, comprehensive, and person centred.
Scottish Government Directorate for Justice	£1.0 m	National Victim and Witness Gateway. To create a website where victims and witnesses can access information about their case which will incorporate live information from across the justice system
Clackmannanshire council	£1.0 m	Transformation Space. Under the Fairer Futures Partnership banner [a child poverty programme], developing the approach of locally driven, targeted tests of change

The guidance sent to local authorities in 2025 stated:

“Projects must provide a report by November 2025. Further reports will be required every six months to the end of the project, with further reports required after project delivery to monitor and ensure realisation of agreed efficiencies. Details of these are in the timeline are outlined below. We would expect all projects to provide savings by May 2027 given the requirements for savings to be realised in 18 months to 2 years from commencement of the project.” [source: guidance provided to SPICe as an email attachment)

The Fund was continued into 2026-27 with a further £30 million included in the 2026-27 Budget; however, details of 2026-27 bids and awards are not yet available.

Service-user dissatisfaction and growing demand

The Scottish Government’s Public Service Reform (PSR) Strategy notes that “despite increased investment, people’s satisfaction with public services is declining”. This can be seen across a number of public services. In social care, according to the [Local Government Benchmarking Framework](#), “user-reported experience indicators continue

to show a long-term downward trajectory across all core domains". These relate to quality of life, independent living and support for carers.

Empowering people and communities is central to the recommendations of the Christie Commission and is also a workstream of the current PSR Strategy. However, the [most recent Scottish Household Survey](#) shows that only 17% of Scottish people feel they can influence decisions affecting their local area. This is down from 23% ten years ago.

The PSR Strategy also acknowledges growing demand across many service areas:

"We know that demand within the health service and social protection will become unsustainable in the medium term and will require ever greater proportions of the Scottish Government's budget to meet demand. This is untenable. However, not all of this demand is fixed; much of the demand is preventable."

One of the key pressures affecting public services is demographic change. This includes the effect of population growth on the demand for health and social care services, the impact of a population living longer, and demographic change in the workforce itself.

What does the Programme for Government say about social care?

In his statement introducing the Programme for Government, the First Minister stated:

"Right now, the arrangements we have in place to manage social care in Scotland are overly complex, with competing lines of accountability. No one understands this more than those on the front line delivering these services."

The proposed National Care Service in Session 6 aimed to change this, but the Parliament opposed significant provisions of the Bill and the idea was dropped. However, the 2026 Programme for Government states:

"We will use these next three months to engage with local authorities, trades unions, and healthcare and service providers to reach agreement on reform of social care."

The First Minister told the Chamber:

"I do not seek to be prescriptive, but I cannot see us resolving the fundamental challenges facing social care without a single line of decision-making, accountability and funding, with the NHS taking the lead."

SJHLG/S7/26/7/1

**Greig Liddell, Senior researcher (local government and public administration)
SPICe**

Date: 28/10/2026

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.

The Scottish Parliament, Edinburgh, EH99 1SP www.parliament.scot

Annexe B: Stakeholder Written Evidence

SOLACE Scotland – October 2026

SOLACE Scotland welcomes the Committee's focus on local government transformation. Councils are central to Scotland's national priorities, including tackling poverty, delivering housing, supporting inclusive economic growth, improving wellbeing, responding to climate change and sustaining communities. Transformation must therefore be understood as whole-system public service reform.

Local government is operating under sustained financial pressure alongside rising and changing demand, demographic change, workforce constraints and increasing expectations of public services. Incremental improvement within existing organisational and funding models will not be sufficient. Reform must improve outcomes, strengthen prevention, align power, funding and accountability, support local democratic decision-making and create a financially sustainable public service system.

There is already significant collective activity across local government. Through the SOLACE Scotland and Improvement Service Transformation Programme, all 32 councils have committed to a shared, sector-led approach to transformation. This includes the Duties and Powers portal, the National Self-Evaluation Framework, collaborative procurement and shared service opportunities, digital platforms for common services and investment in leadership capacity. These initiatives are reducing duplication, strengthening evidence, building resilience and creating the foundations for wider public service reform.

SOLACE believes that reform should start with children and families, particularly tackling child poverty and strengthening active communities. This offers the clearest opportunity to move from crisis response towards prevention, early intervention and whole-family support. Councils already bring together education, housing, social work, employability, economic development and community services. However, meaningful reform requires health, national agencies, the third sector and local government to align funding, data, priorities and accountability around the needs of people and places.

The principle of subsidiarity should guide reform. Responsibilities should sit as close as possible to the communities and outcomes they serve. Functions should be delivered regionally or nationally where that demonstrably provides greater resilience, specialist capacity, consistency or value, but structure should follow purpose rather than become the starting point. Reform must also recognise Scotland's diverse geographic and demographic circumstances, including the distinctive challenges facing rural, remote and island communities.

Performance and accountability arrangements should focus more strongly on outcomes, prevention and public value rather than activity alone. Accountability must follow responsibility: organisations expected to deliver outcomes must have the powers, resources and flexibility to influence them. Scrutiny, audit and inspection should support

learning and improvement while reducing duplication and unnecessary reporting burden.

Workforce pressures are now a material risk to both service delivery and reform. Recruitment, retention and specialist capacity challenges require sustained investment in workforce planning, leadership development and the skills needed to work across organisational and professional boundaries.

SOLACE's view is that successful public service reform in Scotland will depend on six critical shifts:

- moving from short-term funding to multi-year investment that rewards prevention;
- aligning powers, funding and accountability around outcomes;
- removing barriers to integrated, place-based delivery;
- strengthening national-local partnership and governance;
- creating a proportionate system of scrutiny and improvement; and
- investing in the workforce and leadership capacity required to deliver change at scale.

SOLACE Scotland supports ambitious reform. It must be purposeful, evidence-led and rooted in place, with local government treated as an equal partner from the outset. Scotland should use this opportunity to create a simpler, more preventative, financially sustainable and democratically accountable public service system designed around people, families and communities.

UNISON Scotland – October 2026

Key challenges and opportunities facing local government in Scotland - transformation and reform, performance, workforce matters, and service delivery.

The main challenges facing local government are financial and demographic, outlined in reports from the Accounts Commission and the Improvement Service. The financial crisis affecting services to local communities will deepen under the 2026 Scottish Spending Review with real terms cut in government funding in the final two years. Council services are still struggling with the longer-term consequences of the covid pandemic combined with rising costs of delivering services, growing poverty and homelessness due to the housing shortage, and an ageing population, all driving demand for local services. Rurality and remoteness heighten these challenges and is driving depopulation and the loss of a future workforce for local services.

The cumulative effect of these things is putting immense strain on the council workforce across services because of a) pressures arising from people's needs not being met due to lack of resources and b) understaffing due to loss of posts, non-filling of posts & recruitment & retention difficulties in specific parts of the country and in particular services, including social work and social care and areas, such as planning and environmental services, disproportionately affected by budget cuts in order to protect other services. Local government workers have had a real term pay cut over the past decade with many UNISON members struggling with the cost of living.

A key opportunity, and urgent priority for this parliament, is action to address councils' lack of autonomy over their finances and the reform of local government finance, including reform of council tax, particularly in view of the recent incorporation into law of the European charter of local self-government.

Shift to prevention: the unfulfilled potential of local government to save costs and improve people's lives through the delivery of preventative services via early learning, schools, housing, youth and community work, social care and social work, culture and leisure, libraries, primarily because of budget constraints, which have removed resources and capacity over the years. This underpins the rising problem of violence at work experienced especially by education and social care staff.

Priority issues for consideration in the current parliamentary session

1. The proposed re-organisation of local government is beyond doubt the key emerging area of concern. There are two aspects to this.
 - Consideration of the proposed new structure, its aims/rationale and evidence base, and available alternative options.
 - To assess what would be involved in undertaking a reorganisation at the present time, drawing on experience from the 1996 reorganisation, in terms of workforce impact, the implications of moving from 32 to 6-10 employers, and in terms of planning, costs, timeframe, timing and potential risks. We suggest a committee inquiry would be the best vehicle for this.
2. Scrutiny of the proposed reform of social care from a local government perspective. The implications of the NHS becoming the lead body for social care and social work, on social services as an integrated system, integration with other local services, on the role of the new National Social Work Agency.
3. Delivering a shift to prevention in local government: the opportunities, barriers and experience across a range of services.

Accounts Commission – October 2026

The Accounts Commission welcomes the opportunity to provide evidence to the Committee. Our work shows Scotland's councils face significant and interconnected financial, service and workforce pressures. Demand for services and the costs of providing them continue to grow faster than available resources, increasing the need for clear priorities and choices about how total resources are used, alongside fundamental service redesign to meet communities' needs.

Transformation and reform - Transformation is essential to the future sustainability of local services. Our *Delivering for the future: Transformation* report found mixed progress across councils. Half of the councils examined still needed to demonstrate how transformation would support future financial sustainability, while workforce capacity and challenges relating to skills, governance, partnership working, data sharing and community engagement can constrain progress. Councils need greater ambition and pace, with transformation clearly linked to financial planning, measurable outcomes and improved services. In addition to the existing sector led transformation activity, wider public service reform presents opportunities for greater collaboration and different models of delivery. It will be important that reform enables, rather than distracts from, the transformation already in place or required within councils and across local services.

Financial sustainability and service delivery - Despite a small real-terms increase in Scottish Government funding in 2026/27, our *Local government budgets 2026/27* report noted that councils identified a combined revenue budget gap of £529 million, while capital funding fell by 15 per cent in real terms. Councils continue to make savings and draw on reserves, alongside increasing council tax and other income. These pressures have consequences for individuals and communities. The Commission has reported declining performance in some services, with some being reduced or becoming harder to access.

Workforce - Councils cannot transform services without the capacity, skills and leadership to do so. *Delivering for the future: Responding to the workforce challenge* highlighted continuing recruitment and retention difficulties, ongoing sickness absence challenges, increasing service demand and the need to develop new skills, including those required for digital transformation. Strategic workforce, financial and transformation planning therefore need to be closely aligned.

Performance and outcomes - There is significant variation in performance across and within councils. Effective performance management arrangements, better use of information and data to inform decision making, improved public performance reporting and meaningful engagement with communities will be increasingly important in demonstrating whether transformation is improving outcomes and delivering Best Value. The Commission's forthcoming Best Value thematic work on information and data will provide further insight into how effectively councils use information to target resources towards improving services and outcomes.

Priorities for this parliamentary session - In our view, scrutiny should recognise the close relationship between finance, workforce, transformation and service performance, rather than considering each in isolation. Attention should be given to:

- whether transformation and wider public service reform are progressing at sufficient pace and scale to secure sustainable local services;
- the impact of financial and workforce pressures on service quality, accessibility and inequalities;
- whether councils and their partners have the skills, capacity, data and digital capability needed to reform services effectively; and
- whether national and local funding, governance and accountability arrangements support effective collaboration and better outcomes for communities.

These issues go to the heart of the sustainability of local government and its ability to continue delivering the services on which Scotland's communities rely.

Association for Public Service Excellence (APSE) – October 2026

1. About APSE (Association for Public Service Excellence)

The Association for Public Service Excellence (APSE) is owned by around 260 local authorities across the UK, providing networks, briefings, and research to local councils in the pursuit of excellence in local authority services. APSE is committed to financially strong, stable, and sustainable local council services.

2. Overview of challenges and opportunities

Your organisation's views on the key challenges and opportunities facing local government in Scotland.

Financial Resources: Financial constraints are well documented, with gaps between available resources and service-delivery demands. Economic models that have sought to reduce state spending and increase reliance on private markets to deliver public services, while less evident in Scotland than elsewhere in the UK, continue to challenge the basis of comprehensive local public service delivery. The services most experienced by residents at neighbourhood level have been disproportionately squeezed by spending cuts. Reduced settlements to local councils have had a similarly adverse impact on capital investment.

Demand Side Pressures: Financial constraints have been exacerbated by growth in demand for many local-level services, including housing and homelessness services and care services for both adults and children. The disproportionate impact of austerity on the poorest areas has embedded unmet demands and, in turn, reduced, by

necessity, some services viewed as ‘less essential,’ such as parks and greenspace, leisure, and community-based services.

Workforce and Future Skills: The local government workforce is ageing. Newer skills necessary for the future delivery of services need to be developed at pace. Sector skills shortages are well documented in areas such as planning, domiciliary care, IT, transport, and fleet. Current and future skills gaps are evident in the environment and renewables sectors.

Geopolitical Factors: Global conflicts, while acknowledging the human tragedies that have unfolded in recent years, also affect the affordability of service delivery. Areas such as waste and recycling collections are reliant on heavy fleet, for which fuel costs (including ‘eco’ fuels such as HVO) have risen drastically because of wars. Food supply and security in areas such as school meals are already being actively considered by local authority providers. Construction costs have also risen alongside shortages of construction materials.

Cyber Security and AI: Most cyber security weaknesses are found at the human level. This means investing in both people and systems. While artificial intelligence may speed up the processing of information, such as applications to access a service, and decisions in areas such as planning consent, this can rapidly increase the call on resources. Public expectations tend to demand that decisions reached quickly are matched by speedier access to services. Councils are seeing a surge in demand, with AI being deployed in areas such as Freedom of Information requests. Savings from AI are often calculated by estimating the amount of low-level work that can be automated. This approach may leave a gap in natural career pathways, result in workers being continually deployed on more stressful and complex work requiring human intervention, and risk overstating the efficiencies and savings that can be achieved.

Priorities and progress in relation to local government transformation and reform; approaches to performance, accountability, and continuous improvement

Initial feedback from APSE member councils on the proposals for Scottish Government reform highlights conditional support for reform, but not a clear mandate for structural reorganisation or the proposed two-tier model. The more consistent initial message is that reform should start with the outcomes it is meant to achieve, be backed by a credible assessment of costs and benefits and allow different solutions for different places and services. APSE members also do not think that the current timetable – to engage with partners before the end of 2026 – allows sufficient time to reach a sound and shared direction.

Therefore, while APSE welcomes the opportunity for dialogue on the structural issues, this cannot take place in isolation from the conversations that must be held about the

intended outcomes, the efficiency and effectiveness of service-delivery models, and consideration of which services are best delivered at which level. Evidence suggests that optimal efficiency in service delivery is extraordinarily complex and service dependent. There is no ‘one size fits all’ model. Prevention of future need must also be considered if public services are to move away from crisis responses to new challenges and towards a prevention-first approach.

Lessons from proposals in England suggest that placing ‘form over function’ in devolution could risk the delivery of the stated aims of local inclusive growth, the development of better local transport, and the strategic delivery of housing and neighbourhood renewal. Moreover, skills in local areas must be developed to facilitate the desired local growth. In some areas of English devolution, it is suggested that the proposed structures do not form a natural economic footprint and that there is a risk of over-reliance on agglomeration models to deliver growth. Devolution and reorganisation in England are proving costly and complex and council level reorganisation has been suspended because of mounting legal challenges. Important lessons for Scotland are therefore emerging from the issues evidenced in England.

The implications of the Programme for Government on local government; workforce-related issues, including recruitment, retention, and capacity.

The Programme’s wider emphasis on public service reform raises important questions about capacity, workforce, and resources. Councils are already responsible for delivering many of the services through which the Scottish Government’s priorities will be achieved—from tackling poverty and homelessness to housing, education, transport, waste, environmental services, and community development. Structural or technological change therefore needs to be accompanied by realistic consideration of workforce capacity, skills, financial pressures, assets, and infrastructure.

APSE research suggests that government programmes to develop place-based growth models will not succeed if local councils do not have a stable financial basis. They are uniquely placed to function as stewards of place and as convenors of local actors, including other public institutions and the VCS. Capacity is not always enhanced by structural changes.

3. Scope for Oral Evidence

APSE looks forward to expanding on the challenges facing its member local councils in an oral evidence session, where further explanation can be provided alongside references to APSE’s extensive research programme, supported by academics and local authority experts.

Local Government Information Unit (LGIU) – October 2026

LGIU's work on local government finance in Scotland is informed by conversations with our local government members and our broader research projects, including our flagship annual State of Local Government Finance survey, which in 2025 received 36 responses from 26 local authorities, including 13 chief executives, 13 leaders and 10 section 95 officers

Transformation and reform

In our State of Local Government finance 2025 survey we asked a battery of questions on Public Service Reform, including what respondents believed the term referred to. There was a large variety of responses, with no clear consensus on what PSR means. There was an overall assessment that local government has, and will continue to, transform in response to changing circumstances. As one respondent put it: "Call it change, improvement, transformation – whatever – more than any other area of the public sector, councils have been adapting to their financial circumstances."

The recent proposals by Scottish Government indicate that structural change and a reduction in the number of public bodies are a priority. We asked specifically about attitudes towards structural reform, and there was no clear consensus on whether it was necessary, nor what form the structural reform should take: whether councils should change in size or if there should be a regional tier. Several respondents echoed concerns about the potential effect this would have on council capacity to deliver business as usual services and was described by one respondent as a "costly distraction."

Performance, Workforce and Service Delivery

Councils are severely concerned about the impact of their financial constraints on service provision. Every council in our 2025 survey said they were reducing spending on services. More concerning, 89% said they believed cuts to services increased the risk to vulnerable people in their council, and 44% said there was a danger that financial constraints put their council at risk of being unable to fulfil its statutory duties in 2026/2027.

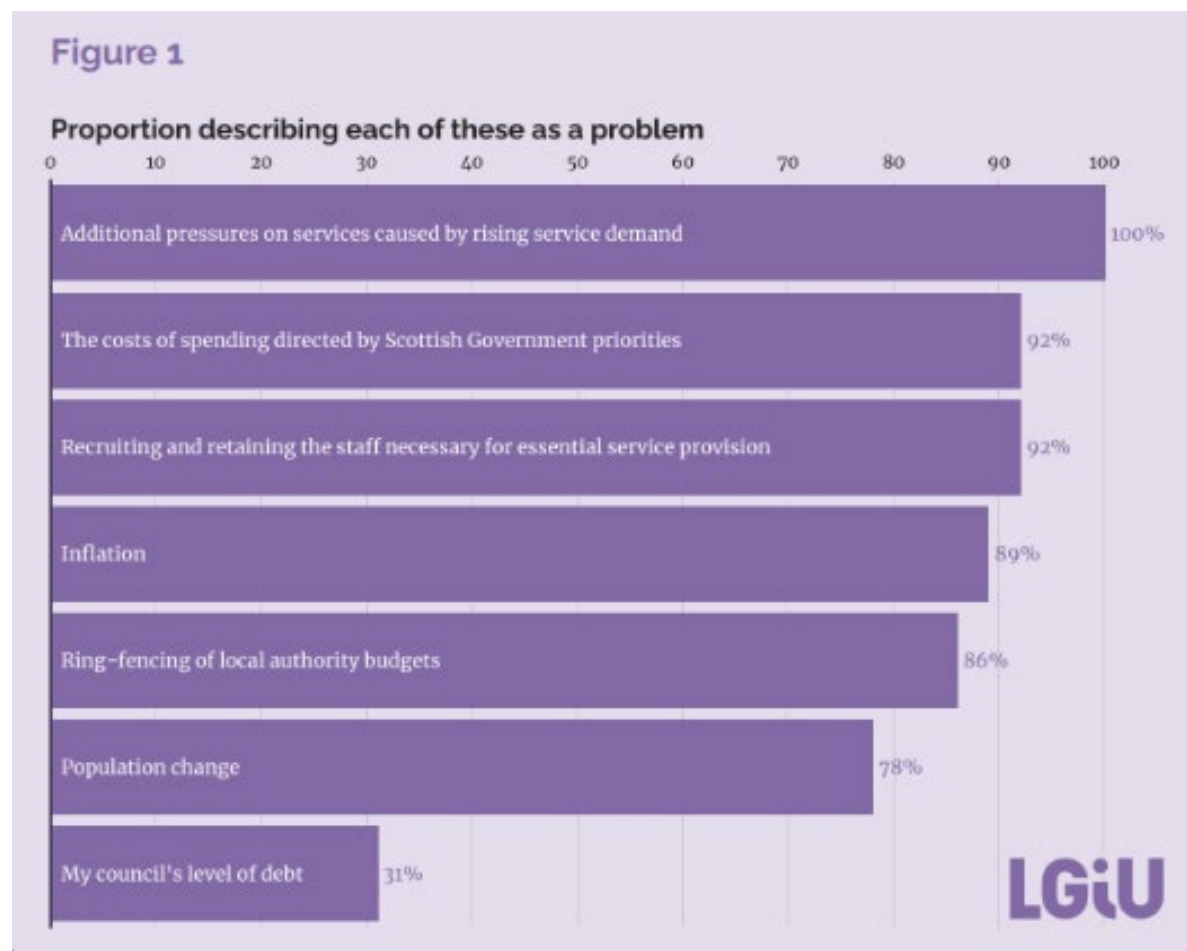
These financial constraints have several causes, with the major problems outlined in Figure 1. Amongst the issues caused by financial constraints are the complications with recruitment and retention, which 92% of councils cited as a problem. From conversations with members, we know this extends from frontline roles, such as teaching and care provision, to technical roles, such as IT and law, up to senior executive roles, and is particularly acute in areas with population decline, such as many rural councils. The structural reform proposals would have to manage the increased staffing requirements of a two-tier structure and the short-term staffing needed for the transition

Priorities for the current parliament

Financial stabilisation should be a priority. In our 2025 survey, 69% of respondents said their council may be unable to pass a balanced budget in the next 5 years, a legal requirement that they must meet, and where the consequences of non-compliance are unclear. This can be achieved through the adoption of techniques common in other comparable countries, such as the adoption of a well-defined transfer mechanism and expansion of revenue raising and spending options.

Areas of concern

What we are concerned about are the two simultaneous, three-month conversations on the restructuring of local government and the reform of social care, both of which are enormously complicated topics and, although reform of social care at least is necessary, can only be achieved with significant support and expertise from across the sector, which this method of consultation is unlikely to achieve.



Scottish Community Alliance – October 2026

The Scottish Community Alliance believes there has been progress in supporting community empowerment and community led development. Across the country community organisations and grassroots groups demonstrate the value of local knowledge, experience, leadership and action in responding to community needs.

However, the fundamental challenge remains that communities are increasingly encouraged to participate but have limited power to influence or control decisions. Genuine community empowerment must go beyond consultation and engagement to address how decision making powers, resources and responsibilities are shared with communities.

Despite the ambitions of community empowerment legislation and the Local Governance Review/Democracy Matters process, too much local decision making remains distant from communities. Existing approaches have created opportunities for community led development however, their effectiveness is often dependent on local capacity, access to resources and the willingness of public bodies to respond to community priorities. Mechanisms such as asset transfer, participation requests and participatory budgeting have brought benefits but have not consistently shifted decision making power to communities.

Community led development and local democracy are closely connected but are not the same thing. Community organisations play a vital role in delivering local change but they cannot substitute for democratic structures through which all communities can influence and exercise power over decisions affecting their local area.

Similarly, changing tiers of local government alone, however, will not create stronger local democracy. Without a recognised, resourced and community led statutory democratic structure, reform risks leaving an unresolved gap between public bodies and the people they serve.

In response to the Democracy Matters work, we are currently hosting conversations exploring a new model for local democracy with the intention to build on existing community infrastructure while providing communities with stronger democratic representation, meaningful influence over public investment and the capacity to turn local priorities into action.

We would welcome the Committee examining:

- Local democratic reform: Progress on the Local Governance Review/Democracy Matters and the case for stronger statutory community level democracy.
- Public sector reform and local democracy: How statutory, community led democratic structures could be embedded within the wider reform agenda.

- Effectiveness of community empowerment: Whether existing legislation and approaches have delivered meaningful influence over decisions, resources and local priorities.
- Finance, workforce and capacity: The sustainability of investment in local democratic infrastructure, community organisations and community led service delivery.
- Community planning and accountability: How community priorities can more directly influence public sector decisions, investment and outcomes.
- Equality of participation: Ensuring communities experiencing disadvantage, rural, island and other underrepresented communities have equitable access to democratic representation, resources and support.

The test of community empowerment and public sector reform should be whether communities have genuine influence and control over the decisions and resources that shape their future

Cllr David Ross, Leader of Fife Council – October 2026

There is a long history and commitment to community engagement and empowerment in Fife. Numerous different approaches to participative and representative democracy and decision making have been and continue to be employed across the Kingdom.

I would identify three fundamental reasons for engaging communities and local people in decision making.

Firstly, it provides better information about local needs and aspirations, leading to more informed and better decision making. Secondly it leads to better understanding and acceptance of how and why decisions have been made. Thirdly it is a basic principle in a democratic society that those affected by decisions should have the opportunity to express their views

Communities should be able to see how their views shape decisions, priorities and resources. There are a wide range of mechanisms for engaging communities but the key challenge is ensuring communities can see how their involvement influences decisions and resource allocation.

Community capacity remains a critical factor. Fife's work shows that communities are not starting from the same position. Communities with strong local organisations, volunteers and leaders are often better able to access opportunities, funding and influence. Sustained investment in community capacity building is therefore essential.

Place-based approaches offer significant potential. Fife's approach to decentralisation has shown the potential of local decision-making, bringing communities, public services and investment decisions closer together around local priorities.

Alongside this, approaches like Community Wealth Building, participatory budgeting, community ownership and community benefit arrangements show the potential of giving communities greater influence over public decisions and local economic development.

Initiatives such as Pride in Place decentralise this further to a neighbourhood-level of decision-making, while No Wrong Door highlights the importance of designing services around people, communities and local need. Community ownership and action can allow very local communities to define and address their own local priorities, harnessing voluntary effort and attracting funding and other resources not available to the local authority.

Whilst I would argue that community and voluntary activities should not be seen as a substitute for properly funded and accessible public services, they should be seen as a very valuable addition to those basic core services.