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# Local government finance: Budget 2025-26 and provisional allocations to local authorities

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This briefing focuses on both the overall local government settlement for 2025-26, as set out in the Scottish Government's Budget document, and the provisional allocations to local authorities, as set out in the most recent Local Government Finance Circular. It looks at how provisional allocations have changed over the year and how individual council allocations have changed since 2013-14.



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# Introduction

The main purpose of this briefing is to inform Members of the Scottish Parliament about the Budget allocation to local government and show changes to individual council allocations over time. The main sources of information are the 2025-26 Scottish Budget document <sup>1</sup> published on 4th December 2024 and Local Government Finance Circular 10/2024 <sup>2</sup> published on 12th December 2024.

Perhaps the most striking aspect of this year's Budget has been the relatively positive response from COSLA and the degree to which there is general agreement between local government and Scottish Government on what the figures show. This has not always been the case. There appears to be a refreshing change of tone, perhaps demonstrating an improvement in the relationship between these two important spheres of government since the signing of the Verity House Agreement in summer 2023.

When compared with the 2024-25 Budget, this year's Budget includes a cash and real terms increase in both the resource and capital parts of the local government settlement. Every council sees at least a 3% real terms increase in revenue allocation compared to the same time last year. Likewise, the overall capital allocation sees a 19% real terms increase compared to 2024-25. COSLA highlights that much of the increase relates to funding commitments announced in 2024-25 (or earlier) with costs being carried forward into 2025-26. Nevertheless, both the Scottish Government and COSLA state that there is a real-terms uplift.

Funding increases such as these make the road to a better relationship somewhat smoother. However, a potential pothole in this road could come next month when local authorities start discussing council tax increases for 2025-26. The Cabinet Secretary for Finance and Local Government has made it clear that "with record funding, there is no reason for big increases in council tax next year". But that's now a decision for councils themselves to make. We know from [the Local Government Information Unit](#) that around a fifth of local authorities had been considering raising council tax by at least 10% next year. Increases of this scale would be very unpopular, and the Scottish Government could find itself being blamed just as much as the councils themselves.

This year, the presentation of the figures in the main Budget document was different with 2024-25 figures set out to show changes made at the 2024-25 Autumn Budget Revision. For the local government budget, this can present a misleading picture, due to the number of in-year transfers that take place in this portfolio area. For this reason, all the figures in this briefing are presented comparing 2025-26 Budget with the 2024-25 Budget (before revisions), as is the usual practice for the SPICe local government budget briefing.

# Sources of local authority funding

Local authorities in Scotland are responsible for delivering a wide range of vitally important services, including pre-school care, primary and secondary education, adult social care, social work, local roads and transport, economic development, housing and planning, environmental protection, waste management, and cultural/leisure services.

The [Scottish Government's position](#) is that “councils operate independently of central government and are accountable to their electorates for the services they provide”. However, they are not financially independent. Table 1 shows that the largest single element of local government's income in 2022-23 came from the Scottish Government, in the form of General Revenue Grant (GRG):

**Table 1: sources of local government revenue income 2022-23**

Source	2022-23 (£bn)	% of total revenue income
General Revenue Grant	8.7	35%
Non-Domestic Rates	2.8	11%
Other grants (including ring-fenced from SG)	2.9	12%
Council tax	2.8	11%
Customer and client receipts	2.9	12%
Other grants, reimbursements and contributions	4.7	19%
<b>Total revenue income</b>	<b>24.8</b>	<b>100%</b>

Source: [Scottish Local Government Finance Statistics 2022-23](#). Calculations based on the method used by the 2016 Commission on Local Tax Reform (see p.13).

The Scottish Government provides a block grant to local government consisting of the General Revenue Grant, Non-Domestic Rates income and a number of Specific Revenue Grants. Details of these allocations, plus their capital equivalents, are set out in the annual Scottish Government Budget document and associated Local Government Finance Circulars. These are what we will focus on in the remainder of the briefing.

# Local government revenue settlement

Unusually, COSLA has been relatively positive about the Scottish Budget this year, with the organisation welcoming "the Scottish Government's efforts to provide Local Government with a real terms funding increase for the coming year". It still highlights the "continued financial challenge" faced by local authorities and notes that "it will take more than a single year's settlement to restore the financial position of local authorities". Nevertheless, there is a noticeable difference in tone coming from COSLA compared to previous years.

## Comparing 2025-26 to the 2024-25 settlement

Comparing Budget document 2024-25 and Budget document 2025-26 we see both cash and real terms increases in the overall revenue allocation (see Tables 2 and 3).

**Table 2: comparing revenue budget 2024-25 and 2025-26 (cash terms)**

Local Government (Revenue)	2024-25 Budget document	2025-26 Budget document	Cash change (£m)	Cash change %
General Revenue Grant	8,404	9,458	+1,054	+12.5%
Non-Domestic Rates	3,068	3,114	+46	+1.5%
Specific (ring-fenced) Resource Grants	239	247	+9	+3.6%
Revenue within other portfolios	1,534	1,438	-96	-6.3%
<b>Total revenue in Finance Circular</b>	<b>13,245</b>	<b>14,258</b>	<b>+1,013</b>	<b>+7.6%</b>

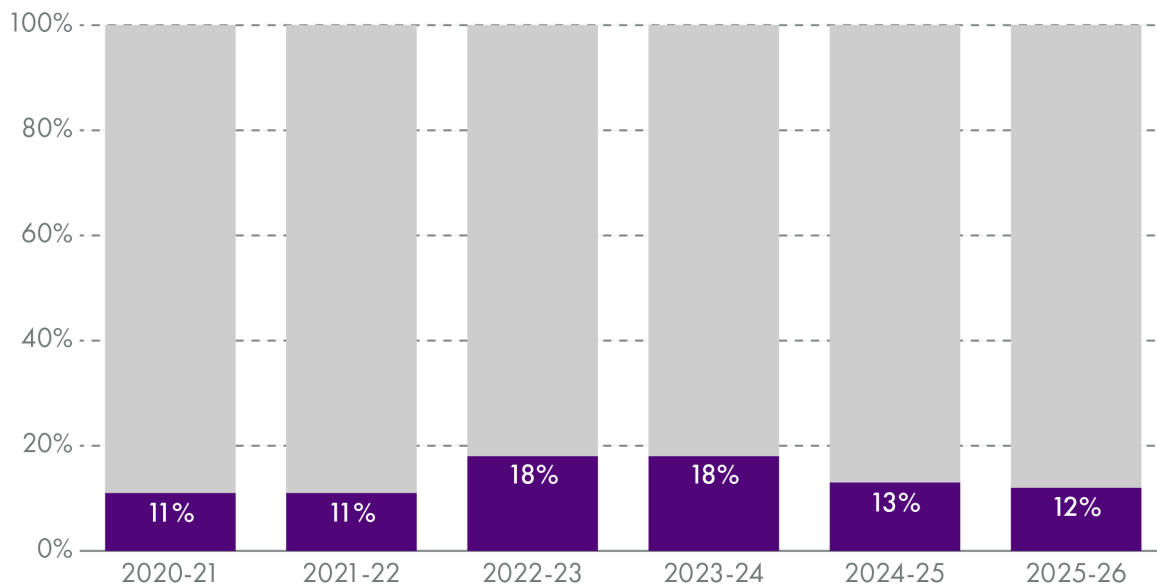
Table 3 shows that the total revenue settlement increases by 5.1% in real terms. However, this does not take into account the £144 million provided to local authorities in 2024-25 for the council tax freeze. When this is factored in, we see a cash terms increase of £869 million over the year, or a 4% increase in real terms.

**Table 3: comparing revenue budget 2024-25 and 2025-26 (real terms, 2024-25 prices, £m)**

Local Government (Revenue)	2024-25 Budget document	2025-26 Budget document	Real change (£m)	Real change %
General Revenue Grant	8,404	9,238	+834	+9.9%
Non-Domestic Rates	3,068	3,041	-27	-0.9%
Specific (ring-fenced) Resource Grants	239	242	+3	+1.2%
Revenue transferred from other portfolios	1,534	1,405	-130	-8.4%
<b>Total revenue in Finance Circular</b>	<b>13,245</b>	<b>13,926</b>	<b>+681</b>	<b>+5.1%</b>

The amount of funding that is formally ring-fenced or transferred from other portfolios (a total of £1.7 billion in 2025-26) has reduced in both cash and real terms over the year. As a proportion of total revenue funding in the Finance Circular, it has reduced from 13% in 2024-25 to just under 12% in 2025-26. This demonstrates progress towards the "default position" of no ring-fencing or direction of funding as set out in the [Verity House Agreement signed last summer](#).

### Chart 1: percentage of total revenue which is either formally ring-fenced or transferred in-year



COSLA state that much of the increase in General Revenue Grant relates to funding commitments announced in 2024-25 (or earlier) with costs being carried forward into 2025-26<sup>3</sup>. The following table shows how these commitments are being met in the 2025-26 allocation:

**Table 4: Local Government revenue funding commitments already announced (figures from COSLA)**

Revenue Change	Cost (£m)
Discretionary Housing Payment increase	6.5
Early Learning and Care Pay	25.7
Free Nursing Care	10.0
Real Living Wage	125.0
Additional Support for Learning	28.0
School workforce	41.0
Teachers Pay	43.0
Teachers Pension	86.2
Local Government Pay	77.5
24-25 GRG Baselined	62.7
Mental Health Baselined	15.0
Minor in-year transfers Reductions	-0.8
Child Social Care staff	33.0
Council tax freeze	3.3
Inter Islands (Ferries) Specific Grant	8.6
Free school meals increase	15.0
<b>General Revenue Grant Uplift</b>	<b>289.3</b>
<b>Total Revenue increase</b>	<b>869.0</b>

After accounting for these costs, the remainder of the increase represents a General Revenue Grant uplift of £289.3 million. This, according to the Scottish Government, is “to deliver real terms protection” to councils, with [COSLA noting](#) that “the Budget reality is that

there is £289.3m of additional uncommitted local government core revenue funding”<sup>3</sup>.

In its [press release published after the all-leader meeting](#) on 6th December, the COSLA leadership welcomed the real terms uplift whilst warning of the impact of increased employer National Insurance Contributions for councils. Finance Spokesperson, Cllr Katie Hagmann, also mentioned the issue of local government pay, which in theory is a matter for local authorities and their unions but for the past few summers have required Scottish Government intervening in some high profile disputes:

“ I look forward to constructive discussions with the Scottish Government over the coming months, to emphasise that the final Budget must address these risks and ensure that Local Government is fairly and adequately funded. This is essential if we are to relieve the pressures on our crucial services, such as social care, and ensure our workforce can receive the pay rise that they deserve next year.”

## Comparing Budgets over the past 13 years

The local government revenue settlement, as presented in the Scottish Government Budget has seen an increase of almost 10% in real terms since Draft Budget 2013-14. We should remember that over this period there have been some years when local government have seen significant real term annual reductions. However, for the past two years there have been real terms increases of 4% and 5%:

**Table 5: Changes in local government provisional allocation since 2013-14 in real terms (2024-25 prices, £m)**

Source	2013-14	2025-26	Change since 2013-14	% change
General resource grant (GRG)	9,256	9,238	-18	-0.2%
NDRI	3,286	3,041	- 245	-7.4%
Specific resource grants	133	242	+108	+81.0%
Transferred in-year from other Portfolios	-	1,405	+1,405	-
Total revenue in provisional Finance Circulars	12,681	13,926	+1,245	+9.8%

Table 5 shows that much of the increase in total revenue over the past 13 years has been in funding transferred in-year from other portfolios, mainly from health and education budgets. This is provided to support specific policies but does not have terms and conditions attached so is not formally ring-fenced. Instead, it is transferred to the local government settlement in-year and is included as part of the weekly General Revenue Grant payments made to councils. The Scottish Government argue that local authorities have autonomy to allocate this and other general funding on the basis of local needs and priorities (personal email correspondence).

During an evidence session in January 2024<sup>4</sup>, both COSLA and CIPFA's Directors of Finance section stressed that local authorities do considerably more now than they did in 2013-14, particularly in the areas of early years provision, free school meals and adult social care. Stripping out the funding and costs of new policy requirements and comparing

like-for-like over time is a very difficult exercise. COSLA also argues that the true costs of delivering new and enhanced services exceed the additional money allocated by the Scottish Government over the period. And if we look at only the GRG and NDR element of the Budget, we see a real terms reduction of 2% in the thirteen years since the 2013-14 Budget.

## Local government revenue budget as a percentage of Scottish Government revenue budget

One way of assessing the importance of local government to the Scottish Government is by looking at the local government revenue allocation as a proportion of the Scottish Government's budget and comparing this over time.

We have already seen that total revenue going to local government, including General Revenue Grant, Non Domestic Rates income and ring-fenced grants, will amount to £14.3 billion in 2025-26. This is equivalent to 32.2% of the Scottish Government's total resource settlement (plus NDR).

**Table 6: Local Government revenue allocation as percentage share of total Scottish Government revenue budget (+NDR)**

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
LG revenue allocation from SG (£m)	9,693	9,496	9,631	9,987	10,573	11,003	11,859	12,403	13,245	14,258
SG Total revenue DEL+NDR (£m)	28,867	29,109	29,496	30,486	32,501	33,554	37,088	39,070	40,028	44,255
<b>LG as % of SG</b>	33.6%	32.6%	32.7%	32.8%	32.5%	32.8%	32.0%	31.7%	33.1%	32.2%



# Local government capital settlement

There is a significant increase in the capital allocation when comparing budget to budget, with a real terms increase of £121 million, or 19%, between 2024-25 and 2025-26. This comes after a big reduction in the capital allocation between 2023-24 and 2024-25.

**Table 7: Local Government capital settlements 2024-25 and 2025-26 (Cash terms) (£m)**

Local Government (Capital)	2024-25 Budget document	2025-26 Budget document	Cash change (£m)	Cash change %
General Capital Grant	477	556	79	16.6%
Specific (ring-fenced) capital grants	121	196	75	61.9%
Capital Funding within other Portfolios	40	25	-15	-37.5%
<b>Total capital in Finance Circular</b>	<b>638</b>	<b>777</b>	<b>+139</b>	<b>+21.8%</b>

**Table 8: Local Government capital settlements 2024-25 and 2025-26 (real terms in 2024-25 prices) (£m)**

Local Government (Capital)	2024-25 Budget document	2025-26 Budget document	Real change (£m)	Real change %
General Capital Grant	477	543	+66	+13.9%
Specific (ring-fenced) capital grants	121	192	+70	+58.2%
Capital Funding within other Portfolios	40	24	-16	-39.0%
<b>Total capital in Finance Circular</b>	<b>638</b>	<b>759</b>	<b>+121</b>	<b>+19.0%</b>

As with the revenue budget increase, COSLA has provided additional information showing that much of the £139 million cash increase has already been committed, with the “uncommitted” part of this increase amounting to £48.1 million.

**Table 9: Local Government capital funding commitments (from COSLA)**

Capital Change	Costs (£m)
Local government pay*	31
Climate	40
SPT Specific Grant	12
VDLF Specific Grant	3
Free school meals capital (24-25)	-40
Inter Islands (Ferries)	20
25-26 Playparks	25
GCG Uplift	48
<b>Total Capital increase</b>	<b>139</b>

\*This is included because the Scottish Government allowed local authorities to switch some capital to resource to help support the 2024-25 pay deal. In a letter to council leaders at the time, the Scottish Government recognised that this “would need to be replaced as additional capital funding in 2025-26”.

In its [pre-budget letter](#) to the Scottish Government, the Local Government, Housing and Planning Committee noted “the continuing pressures on capital budget allocations” and the need for local authorities to invest in infrastructure “to facilitate the effective delivery of services in the most efficient way possible”. In [her response](#), the Cabinet Secretary highlighted the real terms increase in capital in the Budget whilst also stressing “the importance of considering more innovative measures to fund capital projects”. We do not have details of these measures, but it is worth remembering that local government debt already sits at around £22 billion (see [Local Government Finance: facts and figures 2024](#)).

# Individual local authority settlements

The [Finance Circular announcing provisional allocations for individual local authorities](#) was published on 12th December 2024. The delay was because officials had to wait for the publication of pupil-teacher ratio data, an important part of the allocation calculations.

This data is used as part of a needs-based formula, agreed with COSLA, which the Scottish Government uses to allocate the overall local government settlement. This aims to take into account variations in the demands for services and the costs of providing them to a similar standard. Applying this formula to the overall revenue settlement allows the Scottish Government to allocate revenue funding to Scotland's 32 local authorities.

For more information on how the Scottish Government allocates funding please see the [Scottish Government's Funding of Local Government in Scotland, 2024-25](#) document. This explains how the formula considers around 140 local authority services- for example, early learning and childcare, adult support and protection, road maintenance, etc - each having different data sets and formulas applied to assess relative need. Many of these indicators are related to population or school pupil numbers, but other factors such as deprivation levels and rurality, road length and homelessness may be taken into account depending on the service being considered.

In order to provide a stable distribution of revenue funding to councils, the financial settlement includes a grant 'floor' to ensure that all councils receive at least a minimum increase in revenue support for each year when there is an overall increase in revenue funding or a maximum decrease in those years where overall revenue funding decreases. Where an individual councils' total revenue support allocation from the distribution formula is below the 'floor' in any one year, its allocation is increased up to the 'floor' by redistributing grant from other councils based on their share of total revenue support.

For 2025-26 , nine councils are beneficiaries of funding from the floor with twenty-three councils contributing to the floor. Details of who benefits and who contributes to the floor are included in Column 4, [Annex B in Finance Circular 10/2024](#).

## Change in revenue allocations between 2024-25 and 2025-26

Finance Circular 10/2024 includes provisional revenue and capital allocations for local authorities. Consultation on these figures is taking place between the Scottish Government and COSLA in advance of the Local Government Finance (Scotland) Order 2025 being presented to the Scottish Parliament in late February. Final allocations will likely be published in a circular in late February.

Tables 10 and 11 show provisional revenue allocations for each local authority as they appear in Finance Circulars [8/2023](#) and [10/2024](#) (comparing "like-for-like") and show cash and real terms changes over the year:

**Table 10: Provisional revenue allocations for each local authority 2024-25 and 2025-26 (cash, £m)**

Local authority	2024-25 Provisional	2025-26 Provisional	Change (£m)	Change (%)
Aberdeen City	454	495	41	+9%
Aberdeenshire	573	615	42	+7%
Angus	267	288	21	+8%
Argyll & Bute	242	260	18	+7%
Clackmannanshire	125	135	10	+8%
Dumfries & Galloway	370	397	27	+7%
Dundee City	377	399	22	+6%
East Ayrshire	303	322	19	+6%
East Dunbartonshire	252	275	23	+9%
East Lothian	237	258	21	+9%
East Renfrewshire	240	261	22	+9%
Edinburgh, City of	989	1,059	70	+7%
Eilean Siar	111	118	7	+6%
Falkirk*	367	381	14	+4%
Fife	862	928	66	+8%
Glasgow City	1,591	1,679	88	+6%
Highland	582	621	39	+7%
Inverclyde	209	222	14	+7%
Midlothian	219	239	20	+9%
Moray	214	230	15	+7%
North Ayrshire	353	375	22	+6%
North Lanarkshire	813	870	56	+7%
Orkney Islands	96	106	10	+11%
Perth & Kinross	338	364	27	+8%
Renfrewshire	416	452	36	+9%
Scottish Borders	273	292	20	+7%
Shetland Islands	112	119	7	+6%
South Ayrshire	270	292	22	+8%
South Lanarkshire	743	806	63	+9%
Stirling	219	234	16	+7%
West Dunbartonshire	239	253	14	+6%
West Lothian	424	459	35	+8%
<b>Scotland</b>	<b>12,878</b>	<b>13,804</b>	<b>925</b>	<b>+7%</b>

Every local authority sees a cash and real terms increase over the year when comparing 2024-25 and 2025-26 provisional allocations:

**Table 11: Provisional revenue allocations for each local authority 2024-25 and 2025-26 (real terms, 2024-25 prices, £m)**

Local authority	2024-25 Provisional	2025-26 Provisional	Change (£m)	Change (%)
Aberdeen City	454	483	29	+6%
Aberdeenshire	573	601	28	+5%
Angus	267	281	14	+5%
Argyll & Bute	242	253	11	+5%
Clackmannanshire	125	131	7	+6%
Dumfries & Galloway	370	388	18	+5%
Dundee City	377	390	12	+3%
East Ayrshire	303	315	12	+4%
East Dunbartonshire	252	268	16	+7%
East Lothian	237	252	15	+6%
East Renfrewshire	240	255	16	+7%
Edinburgh, City of	989	1,034	46	+5%
Eilean Siar	111	115	4	+3%
Falkirk*	367	372	6	+2%
Fife	862	906	44	+5%
Glasgow City	1,591	1,640	49	+3%
Highland	582	606	24	+4%
Inverclyde	209	217	9	+4%
Midlothian	219	233	14	+6%
Moray	214	224	10	+5%
North Ayrshire	353	367	13	+4%
North Lanarkshire	813	849	36	+4%
Orkney Islands	96	104	8	+8%
Perth & Kinross	338	356	18	+5%
Renfrewshire	416	442	25	+6%
Scottish Borders	273	285	13	+5%
Shetland Islands	112	116	4	+4%
South Ayrshire	270	285	15	+6%
South Lanarkshire	743	787	44	+6%
Stirling	219	229	10	+5%
West Dunbartonshire	239	247	8	+4%
West Lothian	424	448	24	+6%
<b>Scotland</b>	<b>12,878</b>	<b>13,482</b>	<b>604</b>	<b>+5%</b>

\*The allocation for Falkirk may be revised with discussions between the local authority and Scottish Government ongoing.

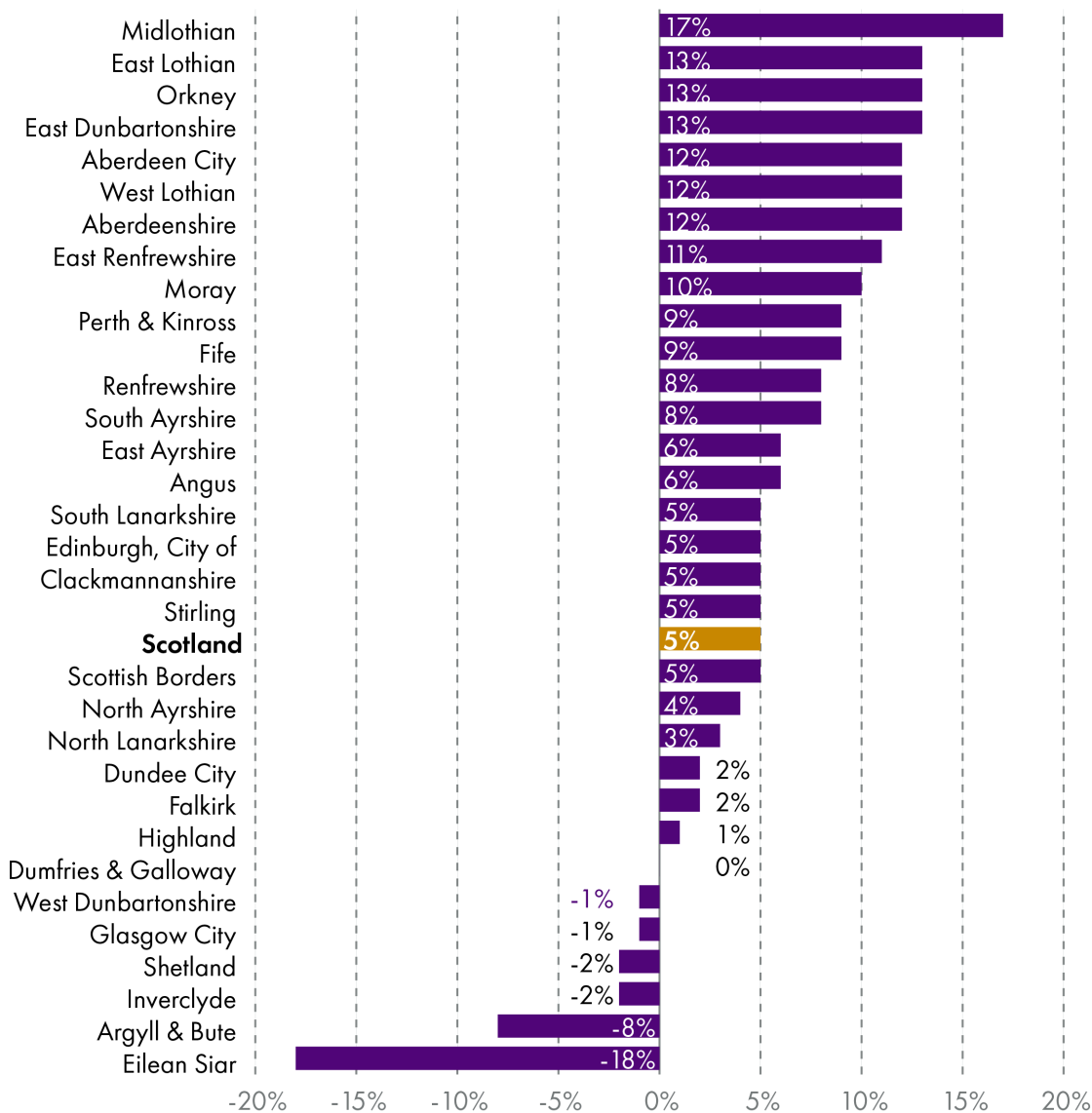
Again, it is worth reiterating the point made by COSLA about the real terms increase across the board, i.e they believe much of the increase relates to funding commitments announced in 2024-25 (or earlier) with costs being carried forward into 2025-26.

## Change in allocations over the past 13 years

Because of the "main floor" safeguards ([discussed above](#)) local authorities are protected from dramatic changes in their allocations from year to year. However, the floor can only

do so much, and over a longer period of time factors such as changes in population and school pupil numbers can lead to considerable changes. This can be seen in the following chart which shows real terms changes in provisional revenue allocations over the past 13 years for every local authority. We can see a noticeable West-East shift, with five of the six local authorities seeing real terms reductions over the period being in the West of the country.

**Chart 2: changes to provisional revenue allocation by local government since 2013-14 (in real terms, %)**



The Scottish average increase of +5% is different from the figure in Table 5 (+9.8%) because the 2025-26 figure used in the earlier table includes £440 million that has not yet been distributed to individual councils. This money will be distributed over the next year.

**Table 12: real terms changes in provisional revenue allocations between 2013-14 and 2025-26 (in 2024-25 prices, £m)**

Local Authority (ranked by highest to lowest % change)	2013-14 revenue totals (from 01/2013)	2025-26 revenue totals (from 10/2024)	£ change	% change
Midlothian	199	233	34	17%
East Lothian	223	252	30	13%
Orkney	92	104	12	13%
East Dunbartonshire	239	268	30	13%
Aberdeen City	431	483	53	12%
West Lothian	399	448	49	12%
Aberdeenshire	536	601	65	12%
East Renfrewshire	231	255	24	11%
Moray	204	224	20	10%
Perth & Kinross	326	356	30	9%
Fife	833	906	73	9%
Renfrewshire	410	442	32	8%
South Ayrshire	265	285	20	8%
East Ayrshire	298	315	17	6%
Angus	266	281	15	6%
South Lanarkshire	746	787	41	5%
Edinburgh, City of	982	1,034	52	5%
Clackmannanshire	125	131	7	5%
Stirling	218	229	11	5%
<b>Scotland</b>	<b>12,869</b>	<b>13,482</b>	<b>613</b>	<b>5%</b>
Scottish Borders	273	285	13	5%
North Ayrshire	353	367	14	4%
North Lanarkshire	822	849	28	3%
Dundee City	382	390	7	2%
Falkirk	365	372	7	2%
Highland	601	606	6	1%
Dumfries & Galloway	387	388	1	0%
West Dunbartonshire	250	247	-3	-1%
Glasgow City	1,660	1,640	-20	-1%
Shetland	118	116	-2	-2%
Inverclyde	222	217	-4	-2%
Argyll & Bute	275	253	-22	-8%
Eilean Siar	140	115	-25	-18%

## Local government revenue per head by local authority

For illustrative purposes Table 12 and Chart 3 show 2025-26 revenue allocations as per head calculations. This uses allocations from Finance Circular 10/2024 and mid-year population estimates for 2023 from the National Records of Scotland<sup>5</sup>. It is worth repeating that the formula used to allocate funding takes into account a whole range of indicators from population and deprivation to road length and remoteness.

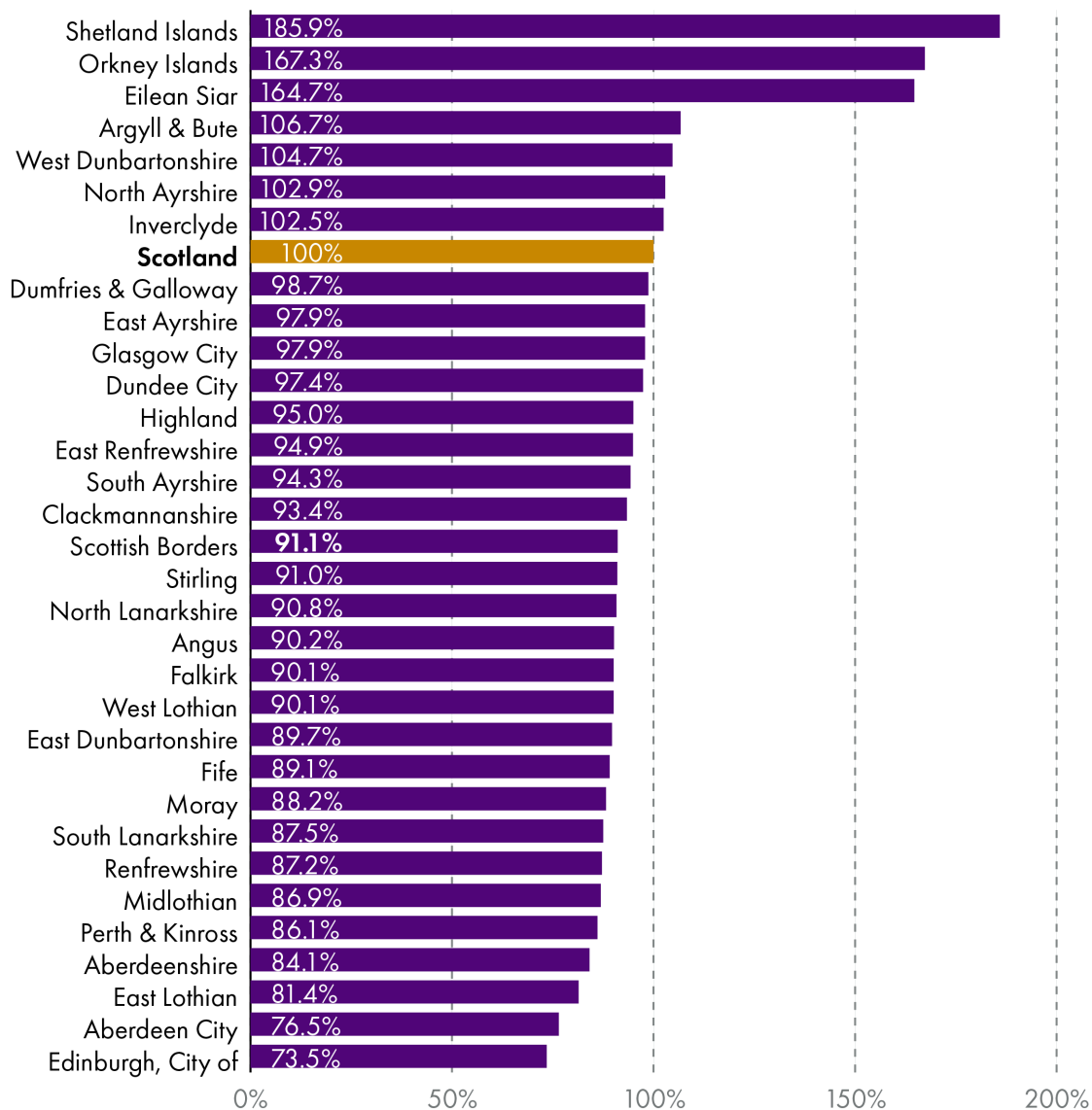
**Table 12: local authority revenue allocation per head of population (ranked highest to lowest)**

Local authority	2025-26 Provisional (£m)	Population (2023)	Per head (£)
Shetland Islands	117	23,000	5,079.1
Orkney Islands	101	22,000	4,570.1
Eilean Siar	117	26,030	4,499.8
Argyll & Bute	256	87,810	2,915.9
West Dunbartonshire	254	88,750	2,860.7
North Ayrshire	376	133,570	2,812.1
Inverclyde	219	78,330	2,799.4
Dumfries & Galloway	393	145,670	2,695.7
East Ayrshire	323	120,750	2,675.4
Glasgow City	1,690	631,970	2,674.1
Dundee City	400	150,390	2,660.7
Highland	613	236,330	2,594.9
East Renfrewshire	256	98,600	2,593.5
South Ayrshire	288	111,830	2,575.9
Clackmannanshire	133	51,940	2,552.3
Scottish Borders	290	116,630	2,489.4
Stirling	233	93,550	2,486.8
Scotland	<b>6,058</b>	<b>2,217,150</b>	2,732.2
North Lanarkshire	848	341,890	2,481.4
Angus	283	114,820	2,465.5
Falkirk	391	158,620	2,462.3
West Lothian	453	183,810	2,462.2
East Dunbartonshire	268	109,230	2,451.1
Fife	909	373,210	2,434.6
Moray	228	94,670	2,409.3
South Lanarkshire	790	330,280	2,391.7
Renfrewshire	444	186,540	2,381.2
Midlothian	233	98,260	2,373.9
Perth & Kinross	359	152,560	2,353.6
Aberdeenshire	608	264,320	2,298.6
East Lothian	253	113,740	2,224.8
Aberdeen City	476	227,750	2,090.5
Edinburgh, City of	1,051	523,250	2,009.2

Chart 3 (below) shows revenue allocation per head as a percentage of the Scottish average, with the Scotland average being 100%. Island local authorities clearly have the highest allocations per head, whilst Edinburgh and Aberdeen have the lowest. These two cities have higher levels of anticipated council tax income than the national average.



**Chart 3: local authority revenue allocation per head of population, presented as % of Scottish average**



# Local Government performance and public service reform

No one disputes the importance of the services delivered by local authorities as well as the need to strengthen local democracy. However, it is also a fact that public satisfaction with local government and the services provided is not especially high at the moment. Results of the Scottish Household Survey show that the percentage of people saying they trust local government dropped from 59% in 2022 to 53% in 2023, and only 42% of people surveyed in 2022 agreed with the statement "my local council provides high quality services"<sup>6 7</sup>. It is also worth noting that the number of complaints about local government services escalated to the Scottish Public Services Ombudsman increased dramatically during the [last reporting year](#).

The Improvement Service's Local Government Benchmarking Framework [2022-23 Annual Report](#) shows that performance across a range of indicators has reduced in recent years, particularly in the area of social care. It also discusses how "for the first time, the rate of decline has overtaken the rate of improvement". The report concludes:

“ If the current trend continues, the improvements and progress that has been achieved thus far, could potentially be lost and council service performance may start to decline over the longer-term.”

The need for public service reform has not escaped the attention of the Scottish Parliament's Local Government, Housing and Planning Committee, with [its pre-budget letter to the Scottish Government](#) noting an "urgent need for transformational change". As such the Committee hoped to see:

“ ...specific measures in the Budget that support sector-led transformation in local government. These could include funding for collaborative pilots, for example in areas of digital, human resources and procurement, or in supporting changes in the way services are delivered in specific areas.”

Although the Budget did not mention any specific measures, and the Scottish Government did not fully address this recommendation in [its response to the Committee](#), the Cabinet Secretary did set out a number of ways her Government has already supported public service reform. Her letter also discussed possible future developments, for example relating to single island authorities:

“ Proposals for a move towards single authority models in three authority areas reflect the potential of place-based approaches to enable systems reform. Alternative local governance arrangements would enhance local leaders' ability to shape service provision in light of local circumstances and deploy budgets in ways which support a vital shift towards prevention. Closer integration across key service areas within these geographies also presents opportunities to secure back-office efficiencies and redirect resource to front-line services.”

So, in response to the question "how can local government address the various challenges they face?", one answer could be "more money from the Scottish Government", but it is not the *only* answer. This is recognised by the sector itself, for example in work being done jointly by the Improvement Service and the Society of Local Authority Chief Executives

(SOLACE). Their [Local Government Transformation Programme](#), launched in October 2022, aims to develop proposals both for future operating models for councils and options for future delivery of council services. Outputs from the programme will hopefully appear over coming months. COSLA and the Scottish Government may also point to the [Local Governance Review](#) which has been in existence for more than 7 years but has not yet led to any meaningful changes.

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