

Accounts Commission Report - Local Government in Scotland Financial Bulletin 2024/25

Introduction

The Accounts Commissions' latest financial bulletin on Local Government has outlined Scotland's councils are at risk of becoming financially unsustainable and face a budget gap of £1 billion by 2027. The report also outlined that Scottish councils had made significant savings in years 2024/2025, but the cost of delivering services is rising faster than available funding. It was also highlighted that Scottish Government funding and income generated through fees and charges is not keeping pace with rising costs and demand, services are being impacted - improvement is slowing, communities are less satisfied, and some services are being cut or are harder to access.

Key Facts

Funding and Budgets

- **1%** - Annual real-terms increase in funding from the Scottish Government to all 32 councils in 2024/25
- **24%** - Proportion of Scottish Government revenue funding that was ring-fenced or directed towards national policy commitments in 2024/25, up from 21 per cent in 2023/24
- **£542m** - Budget gap identified by our sample of 28 councils at the start of 2024/25. The 2023/24 comparator for those councils was £744 million.
- **£647m** - 2025/26 budget gap forecast by all 32 of Scotland's councils.

Financial performance

- **1%** - Real-terms increase in 29 councils' total revenue funding and income in 2024/25 compared to 2023/24
- **12 out of 29** - Councils that reported overspends against their agreed General Fund revenue budgets.
- **28 out of 30** - Councils that reported underspends against their agreed General Fund capital budgets.
- **23 out of 25** - Councils that reported underspends against their agreed HRA capital budgets.

Financial Position

- **£21.9bn** - Councils' net debt in 2024/25, a 13.5 per cent increase since 2023/24. Councils' long-term external debt includes £14.9 billion borrowed directly from the Public Works Loan Board
- **7%** - Annual decrease in usable reserves between 2023/24 and 2024/25
- **16 out of 30** - Councils that made unplanned use of reserves in 2024/25.
- **85%** - Proportion of the General Fund that is committed, a two percentage point increase from 2023/2024

Key Messages & Recommendations

In examining Scottish councils' financial performance in 2024/25, the bulletin also outlined a number of key messages and recommendations, including:

KEY POINTS:

- Scotland's councils are at risk of becoming financially unsustainable and face a budget gap of £1 billion by 2027.
- Scottish councils have made significant savings, but the cost of delivering services is rising faster than available funding.
- Scottish Government funding and income generated through fees and charges isn't keeping pace with rising costs and demand and that services are being impacted - improvement is slowing, communities are less satisfied, and some services are being cut or are harder to access.

- In 2024/25, councils' total revenue funding and income increased by 1.3 per cent. Despite this, councils faced a £542 million budget gap and remained reliant on reserves and savings to balance their budgets. Councils identified around £200 million of recurring savings to help manage overall financial pressures.
- Despite being successful in implementing the actions agreed to manage budgets, with around 90 per cent of savings targets delivered, the sector reported a collective overspend against their agreed revenue budgets for the first time in six years. Around a third of councils reported that they overspent against their agreed revenue budgets and many struggled to deliver recurring savings, instead taking one-off measures to manage their in-year spending.
- In 2024/25, most councils spent less than planned on capital projects but invested around £3.5 billion in both existing and new public assets. Reduced capital funding meant councils continued to rely on borrowing to finance increasingly expensive projects and, alongside changes to how they account for leases, have seen their total debt increase by over £2.5 billion in a year. Councils now spend around £1.2 billion a year servicing these debts, with future borrowing requirements also increasing.
- There are increasing indications that councils are struggling financially, with a collective budget gap of £647 million identified when budgets were set for 2025/26. Costs continue to outpace funding increases, and there remain significant commitments on funding to fulfil both statutory duties and national policy commitments. There is also continued reliance on non-recurring measures, such as using reserves, to address budget gap.

Key recommendations from the report were that Scottish Councils must:

- take urgent action to address the sustained and recurring cost pressures associated with delivering services and that this would mean carefully considering where services need to be reduced; how service delivery can be fundamentally reconfigured; who is eligible to receive services; and policies on fees and charges.
- take several key actions to progress significant outstanding recommendations from previous years around the transparency of financial reporting.

UNISON Response

The Account Commission's latest financial bulletin reaffirms a number of key challenges for Scottish councils that UNISON have engaged with both the Scottish Government and COSLA for several years on. UNISON has expressed strong concern over local government budgets, as they fail to address the deepening crisis in public services, due to funding gaps and high inflation. The current fiscal environment is the most difficult in years, with chronic underfunding detrimentally impacting services and our members who deliver those services. Key issues remain, such as heavily ring-fenced funds for core services and significant pressures on staff delivering essential services to our communities. UNISON and COSLA have both highlighted that increases in funding are often heavily ring-fenced, leaving minimal room to support core services. Budget constraints have led to reduced capacity in key areas, including education, and left councils navigating service impacts and operational challenges.

The Scottish Government's planned response to this is a Public Services Reform Strategy based not on investment – but on reducing budgets still further, cutting staff, automating services, and outsourcing jobs. Public Services need urgent investment to deliver the change needed to deliver for the people of Scotland.

Further Information

[Local government in Scotland: Financial bulletin 2024/25](#)

[Accounts Commission Press release](#)

[Supplement 1. Checklist for elected members](#)

[Public services: the heart of a fairer Scotland - UNISON Scotland](#)



Contact UNISON's Bargaining & Campaigns team:

Stephen Low
s.low2@unison.co.uk

Susan Galloway
s.galloway@unison.co.uk

Nicola Morris
n.morris@unison.co.uk

Claire Thomson
c.thomson@unison.co.uk

0141 342 2811
0800 0 857 857