

Financial Outlook 2026-28 noted – Further representation and Terms of Reference for Public Service and Strategy approved.

3 There was submitted a report by the Executive Director of Financial Services regarding the financial outlook for the next 2 financial years, 2026/27 and 2027/28, advising

- (1) that the Council's budget strategy for 2024-27, published in November 2023 had approved a 3-year approach to savings including the first year of this forecast 2026/27 and the Council on 15th February 2024 (Print 7, page 6) had approved the 2024/25 budget and agreed indicative Council Tax increases of 5% for 2025/26 and 2026/27 to meet the forecast spending gap of £107.7m over the 3 years;
- (2) of the economic outlook, as detailed in the report;
- (3) that the April 2025 Fiscal Sustainability Report by the Scottish Fiscal Commission had taken a long-term look at sustainability and had highlighted that the Scottish Government would face significant challenges funding public services, due to an aging population requiring increasing health and social care and concluded that improvements to the health of the population could ease these pressures and most significantly, it stated that current projections for devolved spending were unsustainable;
- (4) of the key messages of the briefing published in May 2025 by the Accounts Commission on the 2025/26 Local Government budgets and the Scottish Government subsequently published its Medium-Term Financial Strategy on 25th June 2025;
- (5) of the Council's budget projections for 2026-28, based on the key assumptions, as detailed in the report and the latest projections forecasted a budget gap of £109.7m for 2026-28 before any Council Tax increase with £65.7m of this relating to pressures associated with homelessness;
- (6) that the financial forecast has been based on the best understanding of the Council's financial prudent use of professional judgement in relation to variable factors and key risks, as detailed in the report; and
- (7) that Appendix A to the report, sets out the proposed arrangements to manage the challenge facing the Council.

After consideration, the committee

- (a) noted the financial projections, as detailed in the report;
- (b) agreed
 - (i) that further representations be made to the Scottish and UK Government on the impact of homelessness within the city, seeking both funding and long-term investment in housing; and

- (ii) to continue to engage with COSLA and the Scottish Government on the 2026-28 budgets, highlighting the impact of flat cash settlements; and
- (c) approved the Terms of Reference for Public Service and Strategy, as detailed in Appendix A to the report.