



Item 7 (d)

24th February 2026

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Our Reference: 202500498885
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26 January 2026

Dear Susanne,

Thank you for your letter of 17 December 2025 regarding the 2026-27 Scottish Budget. Please accept my apologies for the delay responding.

Firstly, the Scottish Government does recognise the pressure local services are under and that local authorities and their employees play a crucial role in our communities. That is why the 2026-27 Scottish Budget provides a further real-terms increase in the Local Government Settlement, delivering record funding of almost £15.7 billion, including a quarter of a billion pounds of unrestricted General Revenue Grant.

It is hopefully acknowledged that the process for both the 2025-26 and 2026-27 Budget was improved relative to previous years in terms of meaningful collaboration and I remain committed to continuous improvement through our work to evolve a Fiscal Framework with Local Government with the jointly agreed Fiscal Framework between Scottish Government and Local Government published on 10 October 2025. It sets out a statement of our collective intent for how we are working in partnership with local government and contributed to the publishing of the draft Scottish Budget alongside a Spending Review.

The [Verity House Agreement](#) between Scottish Government and COSLA, on behalf of Scotland's 32 Local Authorities, commits to respecting one another's democratic mandate. Ministers have agreed through the Verity House Agreement with the Convention of Scottish Local Authorities that the default position will be no ring-fencing or direction of funding.

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Tha Ministearanna h-Alba, an luchd-comhairleachaidh sònraichte agus Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh www.lobbying.scot



With regards to the request for an immediate investment of £750 million in social care I understand COSLA's view that more funding is needed but simply providing more funding without wider reform will leave us having the same discussion next year, where even more funding will be required to meet the growing need.

I understand that extra funding is important, but without broader reforms, the same issues will keep coming back and future demands will only grow.

Notwithstanding this wider discussion, I want to put on record the Scottish Government's commitment to developing a sustainable health and social care system that ensures people get the right care, at the right time, in the right place. That is why the 2026-27 Budget will provide almost £22.5 billion of investment in health and social care services exceeding consequentials and providing a real terms uplift to enable more sustainable and resilient services.

It will also invest over £2.3 billion for social care delivering our commitment to increase funding by 25 per cent (£840m) and in 2026-27 exceeds this by over £0.5 billion.

This investment includes an uplift to adult social care pay as well as providing support to deliver improvements to wider terms and conditions for workers, such as maternity and paternity pay and also to help with payment of PVG checks for workers.

I understand that despite these substantial funding increases, social care providers continue to have significant challenges to maintain both the volume and quality of service provision.

I hope the information I have provided is useful and I can assure you that the Scottish Government will continue to work in partnership with local government to ensure that the people of Scotland continue to receive the high quality public services that they expect and deserve.

Yours sincerely,

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