



The Scottish Parliament
Pàrlamaid na h-Alba

Ed Humpherson
UK Statistics Authority
Head of the Office for Statistics Regulation

By email - regulation@statistics.gov.uk.

26 January 2026

Dear Mr Humpherson,

I am writing to request clarification from the UK Statistics Authority regarding the presentation of local government funding statistics in the Scottish Government's Budget for 2026–27. I believe clarification from the Authority would assist public understanding and help maintain confidence in the use of official statistics in public debate.

In her Scottish Budget 2026–27 statement, the Cabinet Secretary for Finance stated that funding for local government would increase by 2 per cent in real terms on a budget-to-budget basis.

The basis for this figure appears to be set out in table 4.15 on page 46 of the Budget document. As I understand it, the calculation starts from the local government budget settlement, removes the effects of in-year changes arising from the Autumn and Spring Budget Revisions, and then adds baseline restatements from before the ABR in order to produce a comparator intended to be more consistent across years.

However, the Budget Annex (page 129) states that transfers made after the Autumn Budget Revision are not rebased. These transfers are nevertheless incorporated into the 2026–27 Budget totals. This means that the comparison underlying the 2 per cent figure appears to exclude certain in-year funding adjustments in the baseline year that are reflected in the forward year.

Independent analysis by organisations including the Scottish Fiscal Commission, the Fraser of Allander Institute and the Institute for Fiscal Studies has instead reported a real-terms increase of around 0.4 per cent when in-year transfers occurring after the ABR are rebased. While these organisations use their own methodologies, their analysis illustrates the sensitivity of the headline real-terms change to the choice of comparator and the treatment of in-year funding.

By way of context, I also note that the Scottish Government's standard approach in Budget documentation is to use the latest available Autumn Budget Revision as the prior year

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comparator, and that expert commentators have emphasised the importance of accounting for in-year transfers when making year-on-year comparisons of local government funding.

More broadly, the way in which the settlement is presented has implications for public understanding of the financial position of local authorities. The Cabinet Secretary has characterised the settlement as a ‘fair’ one that should allow for ‘reasonable’ council tax decisions, while independent analysis has suggested that councils may face significant ongoing financial pressures. This further highlights the importance of clear and transparent presentation of the underlying statistics.

I also note that the 2 per cent real-terms figure has been repeated in wider public communications. For example, a Scottish Government spokesperson has stated that ‘The Budget delivers record funding of almost £15.7 billion for local authorities, a real terms increase of 2%.’ Such statements present the figure without specifying the comparator used or the treatment of in-year funding adjustments. This reinforces the importance of clarity and transparency around how the figure has been calculated, given that it is being used as a headline statistic in public debate.

I would therefore be grateful if the Authority could clarify whether the method used to derive the Scottish Government’s 2 per cent real-terms figure aligns with the principles of the Code of Practice for Statistics, and whether the approach taken to rebasing and comparator choice is consistent with best practice in presenting real-terms changes to the public.

Yours sincerely,

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