

Craig Hoy MSP
Member of the Scottish Parliament for South Scotland Region
Scottish Parliament
(via email)

5 March 2026

Dear Craig,

Thank you for your letter of 26 January to Ed Humpherson about the presentation of Local Government Finance figures in the Scottish Government's Budget for 2026-27. You queried a statement made by the Cabinet Secretary for Finance, that funding for local government would increase by 2 per cent in real terms on a budget-to budget basis. I am responding as Interim Chair of the UK Statistics Authority, which oversees the Office for Statistics Regulation.

We recognise that there are competing views over the best way to capture comparisons of local government funding by the Scottish Government between years. The Scottish Budget is revised in the autumn and the spring to incorporate changes from any UK-wide fiscal events like the UK Budget, as well as routine in-year transfers of funding between Scottish Government departments. For example, funding is routinely transferred¹ from Health & Social Care to Local Government during the year, as local authorities are responsible for the delivery of social care.

As you have identified, the 2 per cent figure comes from Table 4.15 in the Budget² document. It is calculated in the following way:

- Known in-year transfers from the Autumn Budget Revision and the Spring Budget Revision are removed from the totals at the top of Table 4.15
- In-year transfers that occur routinely are added into the Local Government totals; in other words, they are "baselined"
- Table 4.15 then adds in estimates of further, non-baselined transfers from other portfolios.

In total, these provide an estimated 4.3 per cent increase from £15.0bn (2025-26) to £15.7bn (2026-27) in cash terms, which translates as approximately a 2 per cent increase when adjusted for inflation. This approach provides a comparison between 2025-26 Budget and 2026-27 Budget Local Government funding on a like-for-like basis.

There are alternative approaches, as you mention. One such is to compare the latest known funding position for local government in 2025-26 with the 2026-27 settlement. This is done by comparing the Autumn Budget Revision estimate for 2025-26, which accounts for transfers made up to and including when the revision is made, and then

¹ [Scottish Budget 2026-27: Initial reaction](#), Scottish Parliament Information Centre, 13 January 2026

² [Scottish Budget: 2026-27](#), Scottish Government, 13 January 2026

remove the non-baselined transfers. The Scottish Fiscal Commission has [estimated](#)³ an increase of 0.4 per cent using this approach when adjusting for inflation. This and similar approaches capture the funding change local governments are set to experience at the time of the announcement of the settlement, even if further transfers follow during the Spring Budget Revision.

This is a technical subject area, and we conclude that there is value in both approaches: they provide different comparisons for different purposes. The focus should therefore be on supporting understanding on the choice of approach, and why it is suitable for the statement you are making.

We recognise that the Scottish Government has introduced improvements to this information within the Budget in recent years to support understanding, including:

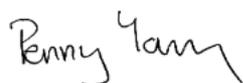
- Increased baselining of routine transfers in Table 4.15 to enable “budget to budget” comparisons that are more informative about the Local Government settlement, as they previously didn’t include any routine in-year transfers
- The publication of Table A.09 which provides a closer comparison to the approach used by the Scottish Fiscal Commission and others.

Piecing together this information is not straightforward and it remains unclear, for example, why some routine transfers are baselined and some not. Our view is that the Scottish Government could build on its recent developments by setting out its reasoning behind its presentation of the local government figures and comparisons in a more accessible manner. This would further support public understanding in line with the Standards for Public Use of Statistics⁴ within the Code of Practice for Statistics⁵.

We have shared our findings with the Scottish Government to clarify our expectations accordingly.

Thank you for raising this matter with us.

Yours sincerely,



Penny Young
Interim Chair

³ [Scotland’s Economic and Fiscal Forecasts](#), Scottish Fiscal Commission, 13 January 2026

⁴ [Standards for the Public Use of Statistics, Data and Wider Analysis](#), Office for Statistics Regulation, 3 November 2026

⁵ [Code of Practice for Statistics](#), Office for Statistics Regulation, updated 3 November 2026