

Council budgets crisis



Introduction

Local authorities deliver services that are at the heart of communities. From street cleaning and waste collection to social care and early learning and childcare, councils provide the services of every day life. The Accounts Commission has published a stark warning about the state of council finances in Scotland. It warned that overall, Scottish councils face a budget gap of around £529 million.

UNISON has long warned that years of austerity and underfunding from the Scottish government would leave councils, the communities who rely on their crucial services, and the workers who deliver those services, in crisis. UNISON is extremely concerned that rather than being met with action to invest in local authorities and the vital public services they deliver, this crisis will be met with cuts under the guise of 'public sector reform'.

Context

The Accounts Commission's warning comes as the Scottish government embarks on a sweeping programme of 'public service reform', having published the Public Sector Reform Strategy in 2025.

The strategy was authored by Ivan McKee, who has been appointed as the minister for public sector reform in the SNP Scottish government. McKee will be the minister for outsourcing and for austerity in all but name. There must be no doubt about what the creation of this ministerial role will really mean for public services. The IPPR Scotland thinktank warns that if the strategy is carried out, almost 20,000 public sector jobs will be lost by the end of the 2020s, and that frontline services will be drastically cut. The impact of this reform package will be similar to that of Margaret Thatcher's government in the devastation it will bring to public services, workers, and communities.

Cuts

There should be no doubt that this budget crisis and the Scottish government's stated aims to radically 'reform' the public sector will lead to damaging service cuts for local authorities. Derek Yule, a member of the Accounts Commission, said: "As things stand, councils will continue to face increasing financial pressures unless they stop, reduce, or significantly redesign services."

This is a stark warning that councils will soon reduce services that the public relies on. Council cuts affect people's daily lives perhaps more than any cuts to any other area of public spending. Council cuts can mean libraries closing their doors, bins being collected less frequently, leisure centres being unable to offer affordable activities during the school holidays, and social care staff being unable to offer the compassionate and individualised care they want to.

If economic growth is to be the key aim of the Scottish government, any proposals of cuts to services misses the mark.

KEY POINTS:

- **Councils are facing a budget crisis – threatening the frontline services the Scottish public relies on.**
- **The Scottish government is embarking on a programme of public service 'reform' that is likely to mean cuts, austerity and automation.**
- **Cutting council services is a political choice. Alternative choices to invest in services to safeguard their future and pay the workers delivering those services fairly can, and must, be made.**



Contact UNISON's Bargaining & Campaigns team:

Claire Beaton-Thomson
c.thomson@unison.co.uk

Stephen Low
s.low2@unison.co.uk

Susan Galloway
s.galloway@unison.co.uk

Nicola Morris
n.morris@unison.co.uk

0141 342 2811
0800 0 857 857

Investing in public services and paying public sector staff fairly would allow workers to participate more in their local economies.

Cuts damage communities and reduce the quality of people's daily lives. The false logic of cuts cannot be allowed to be the prevailing logic of public administration in Scotland.

Service reform

The threat posed is not from cuts alone. On the budget warning, COSLA resources spokesperson Ricky Bell said, "Whilst councils are being forced into damaging cuts, we are also expediting service transformation, which must be recognised as we begin to consider our role and expectations in public service reform."

Changing how services are run and delivered is also at the heart of the public service reform strategy. This has very worrying implications. A key part of the strategy is a reliance on automation to 'streamline' services – this is likely to come at the expense of jobs, and service quality. Artificial intelligence (AI) is likely to be a key part of how this automation happens in practice.

Rolling out AI-driven automation in public services will lead to poorer service provision for the public, and raises serious questions about information security and privacy. AI must not be seen as a solution to the crisis facing public services.

Outsourcing is also at the heart of the strategy. This includes an increased reliance on the third sector to deliver services, and no curtailing of outsourcing to private companies. Outsourcing and automation reduces workers' wages and pensions, and siphons money off to technology companies and other private firms (often based overseas) rather than keeping it in the heart of communities.

Because of outsourcing, £2-3bn of public money in Scotland goes to private profit every year. That's money that could be spent delivering good quality services that allow communities to thrive and the public to live good lives. Rather than increasing outsourcing, which the strategy proposes, cutting down on outsourcing should be the first target of any serious attempt to reform public services.

UNISON position

We need an honest conversation about paying for public services. Decent services can be properly and fairly funded. The answer is not cuts and automation. A better, fairer Scotland must include standing up for local democracy – allowing local government its own freedoms and responsibilities. Giving councils more freedom would improve public finances, diversify the funding base and shift the focus from earned income to excess wealth.

Political choices can and should be made to protect the services we all rely on. UNISON's calls for action on fair funding for services can be found in the UNISON Scotland [Scottish election manifesto 2026](#).

Action for branches

- Ask your local authority for their response to the Accounts Commission report, and for their plan for responding to public service reform
- Find out what the [budget situation facing your council is here](#)
- Write to your MSPs to ask what their positions on council budgets and public service reform is

Additional reading

- [More for less? Employment, productivity and reform in Scottish public services](#) – IPPR report
- [Scottish Government Public Service Reform Strategy](#) – UNISON Scotland briefing
- [Local government budgets 2026/27](#), Accounts Commission report
- [Scottish government public sector reform summit](#) – UNISON Scotland briefing
- [Public services: the heart of a fairer Scotland](#) – UNISON Scottish elections manifesto 2026



Contact UNISON's Bargaining & Campaigns team:

Claire Beaton-Thomson
c.thomson@unison.co.uk

Stephen Low
s.low2@unison.co.uk

Susan Galloway
s.galloway@unison.co.uk

Nicola Morris
n.morris@unison.co.uk

0141 342 2811
0800 0 857 857