

By e-mail: Convener of the Social Justice, Housing and Local Government Committee on 15th June 2026

Dear Mr Hoy

The impact of local government ALEOs on Scotland's third sector

We write to you as Convener of the Social Justice, Housing and Local Government Committee ("Committee") of the Scottish Parliament on behalf of Govan Law Centre ("GLC").

As you know, third sector charities provide a wide range of essential services across Scotland: prevention of homelessness, justice, drug and alcohol treatment services, social care, financial inclusion, advice and welfare, mental health, community and cultural services.

Such services are indispensable for local councils to meet their national performance framework ("NPF") obligations for the health and wellbeing of Scots; and contribute to the UN's Sustainable Development Goals ("UNSDG"), adopted by the Scottish Government in July 2015.

GLC's concern is that the policies of some local authority arm's-length external organisations ("ALEOs") currently risk wiping-out vital services for vulnerable people.

We believe there is a cogent need for an inquiry into whether Scottish ALEOs are undermining the provision of essential free services by third sector organisations.

The Accounts Commission looked at ALEOs in May 2018 and made a number of recommendations, including the need for councils to demonstrate how ALEOs help meet their objectives and improve outcomes for communities:

<https://audit.scot/publications/councils-use-of-arms-length-organisations>

GLC believes the time is right to examine the case for reforming the scope and operation of local government ALEOs. These publicly funded bodies often lack transparency and accountability for their activities.

We are aware of concerns about the policies of ALEOs in Glasgow, but have no reason to believe such concerns and detriment does not exist in other parts of the country.

For example, City Property Glasgow ("CPG") is a group of two limited liability partnerships, owned, controlled and run by Glasgow City Council ("GCC").

They own and manage 1,600 commercial, retail and office premises – including lets to 130 charities in Glasgow. Historically, GCC or CPG leases to charities have been on "peppercorn" or non-commercial rents, recognising that voluntary sector organisations provide vital free services to local communities with limited funding.

Recently, CPG has adopted an aggressive commercial approach to Glasgow charities: renewing or terminating leases for full commercial rent and seeking huge sums of money for refurbishment costs under “dilapidation clauses”.

Current practices have already wiped out some Glasgow charities and/or services: see for example <https://eblknd.leaflet.pub/3mg6akzx3n22l> & <https://www.thenational.scot/community/25518929.demanding-800-000-turning-point-scotland-bad-look-city/>

It is worrying that ALEOs can undermine services for local people provided by charities while appearing to have little or no regard to their statutory duties under the Equality Act 2010.

The Scottish Parliament could easily shine a light on the regressive practices of ALEOs and whether they undermine the NPFs and UNSDG in Scotland.

We are confident many organisations in Scotland would welcome an opportunity to support a proposed inquiry into the impact of ALEOs’ policies on Scotland’s third sector.

We are copying this correspondence to members of your Committee for their interest and information; and look forward to your consideration and reply to our request.

With kind regards

Yours sincerely

Mike Dailly

**Principal Solicitor
& Solicitor Advocate**