



The Scottish Parliament  
Pàrlamaid na h-Alba

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Local Government, Housing and Planning  
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30 January 2024

Dear Joe,

**Local Government, Housing and Planning Committee: Budget scrutiny 2024-25**

Thank you for appearing before the Committee at its meeting on 16 January. It was helpful to explore issues around this year's local government budget with you and the ongoing efforts to strengthen the relationship between local and central government and in particular the efforts to establish a fiscal framework.

The Committee particularly welcomed the emphasis in your evidence on an outcome focussed approach as opposed to one driven by inputs.

However, in reviewing the evidence we took from you and COSLA there are a few issues we would like to explore further and we are consequently writing to you and COSLA for your reflections on those issues.

Central to all of the issues raised in this letter is the importance of agreeing a fiscal framework. The Committee recognises that this is immensely complex and that efforts to agree a fiscal framework have been ongoing for many years. Nonetheless it is critical that a fiscal framework is agreed as soon as possible. We urge both COSLA and the Scottish Government to make every effort to have a fiscal framework in place in time to inform next year's budget and enable the Scottish Government and COSLA to work more effectively together.

There are number of related themes we would wish to invite your reflections on. One of the key themes of the session was the ongoing challenges around the different interpretations of the budget figures. As stressed in the session we are keen that future budget considerations are focussed on outcomes for communities and not just on debates around interpretations of whether the local government budget has gone up or down. To that end, we would welcome further efforts by the Scottish Government and COSLA to agree a common understanding of the figures and how best to present them.

We noted in your evidence your suggestion that you were constrained in how you presented the figures by the written agreement on the budget process with the Finance and Public Administration Committee. I would ask that you invite your officials to discuss with Parliament officials how figures could be presented for future budgets to enable more effective scrutiny.

We also note that there continues to be a difference in understanding between local and central government on what continues to be ringfenced and what has now been un-ringfenced. Clarity and common understanding of this must be achieved. There also appears to be a difference of opinion on what constitutes directed spend and it would again be helpful if a common understanding of this too could be reached, so we can better understand what level of flexibility is available to local authorities in how they use their resources.

With greater flexibility there would appear to be greater scope for local authorities to adopt preventative approaches. In your evidence you highlighted examples of good practice by some local authorities, however, we would welcome further information on how you are supporting local authorities to embed and benchmark preventative approaches and what role the Improvement Service has in this.

We also explored the potential benefits of multi-year budgets. We appreciate the challenges in providing local authorities with that certainty, however, the Committee would welcome any further reflections on how, as part of a fiscal framework, there could be a move to multi-year funding.

While there might be differences of interpretation on some matters, it is incontestable that there has been a cut in the capital budget for local government. It would be helpful to the Committee if you could share more information about the decision-making process that led to this cut and its potential impact on capital assets and investment.

Moreover, it would be helpful to know if the Scottish Government has a full list of all the statutory duties local government must do to inform its decisions about local government budgets. It would be immensely helpful if you could share this list.

The Committee would also welcome your reflections on the long-term impact of the council tax freeze. Specifically, what do you see as the likely impact on the long-term sustainability of local government finances of having a lower council tax base.

Finally, the Committee would welcome any information you could share on the overall amount of local authority reserves and the extent to which non earmarked reserves have been used by local authorities to plug gaps in budgets.

We look forward to continuing to work with on the development of a fiscal framework as well on the broader New Deal with Local Government. In the meantime, we would be grateful for your reflections on the issues raised in this letter by **20 February**.

Yours sincerely

Ariane Burgess MSP  
Convener, Local Government, Housing and Planning Committee