

Local Government, Housing and Planning Committee

17th Meeting, 2023 (Session 6)

Tuesday 13 June 2023

Accounts Commission: Local government in Scotland: Overview 2023

Introduction

1. The purpose of this paper is to provide information for the Committee's evidence session with the Accounts Commission on its [Local government in Scotland: Overview 2023](#), published on 17 May 2023.
2. At this meeting, the Committee will take evidence from—
 - Tim McKay – Interim Deputy Chair, Accounts Commission
 - Andrew Burns – Member, Accounts Commission
 - Antony Clark – Executive Director of Performance Audit & Best Value, Audit Scotland
 - Carol Calder – Audit Director, Audit Scotland
 - Lucy Jones – Audit Manager, Audit Scotland

Background

3. The Accounts Commission is the spending watchdog for local government in Scotland. The Commission holds councils and other local government bodies in Scotland to account and helps them improve by reporting to the public on their performance.
4. It operates impartially and independently of both councils and the Scottish Government. Members are appointed by the Scottish Ministers, and its work is supported by Audit Scotland.
5. Its five-year priorities for the period from 2021 to 2026 are—
 - Examining the contribution of local government to **reducing the impact of inequalities**, particularly poverty, on different communities.
 - The contribution of local government to **recovery from the pandemic**, by reporting on how well local government is helping economic recovery and on how such recovery ensures social justice.
 - Reporting on the **stability of funding and the financial sustainability** of local government bodies.

- Tracking how local government is working with, empowering, and ensuring that **communities** help drive the planning of local public services.

6. The Accounts Commission also separately publishes an annual [Financial Bulletin](#) on which the Committee took evidence on 31 January 2023. The meeting papers and official report can be accessed via the following link: [Local Government, Housing and Planning Committee 3rd Meeting, 2023 | Scottish Parliament Website](#)

7. The Committee took evidence on the Local Government Overview 2022 on 21 June 2022. The meeting papers and official report are available here: [Local Government, Housing and Planning Committee 20th Meeting, 2022 | Scottish Parliament Website](#).

Local Government in Scotland: Overview 2023

8. The “key messages and recommendations” section of the 2023 Overview states that—

“Councils have never faced such a challenging situation, with demand and workforce pressures deepening after the Covid-19 pandemic and funding forecast to reduce in real terms. Radical change, achieved through greater collaboration, is urgently needed if councils are to maintain services.”

9. It goes on to summarise its key messages under five headings as follows—

- **Finances and resources:** Budget constraints and increasing cost pressures are putting councils’ finances under severe strain. An increasing proportion of funding is ringfenced or directed for national policy initiatives. While this is important to help deliver national priorities, it prevents councils from making decisions about how funds can be used at a local level, to meet local need. Councils have had to make significant savings to balance their budgets. Increasingly difficult choices about spending priorities and service provision are having to be made.
- **Community needs and inequalities:** The pandemic has affected performance across all service areas. There are signs of growing backlogs and declining performance in some service areas. Councils have a clear focus on tackling inequalities but the extent and impact of needs not being met is unclear. Some communities are facing crisis, with persistently high levels of poverty and increasing financial hardship putting additional pressure on services, at a time when councils have less capacity to support them.
- **Collaboration:** The scale of the challenges ahead means that radical change is needed. It is only by working more collaboratively that

councils and their local partners, communities and the third sector will be able to provide sustainable local services and deliver a significant programme of national reform to tackle issues such as climate change, child poverty and inequalities.

The pandemic demonstrated the benefits of partnership working and shared local goals. This needs to continue. Few councils provide services jointly or share professional support services. Many councils engage well with communities and local partners to better understand local priorities and needs. Now councils must better involve service users and communities, including those with lived experience, as they redesign services.

- **Leadership:** Leaders must think radically and make fundamental changes to how councils operate in future, building on the collaborative and innovative ways of working many demonstrated during the pandemic. Leaders need to be open with their staff, communities and local partners about the difficult decisions ahead and be clear about how change will be achieved. The level of volatility, uncertainty (such as plans for a national care service) and immediate financial pressures make planning and delivering sustainable change more difficult. Ineffective leadership and high turnover identified at several councils, alongside tensions with central government present risks to their ability to make fundamental changes at the pace needed.
- **Workforce:** Increasing workforce challenges, including a competitive labour market and high sickness absence levels, are putting councils under continued pressure. Councils need to innovate by developing the skills and building on the agility, flexibility and joint working demonstrated during the pandemic to make best use of their existing workforce. Wellbeing initiatives must continue and councils should monitor the impact of new ways of working such as hybrid working on both performance levels and staff wellbeing.

10. The Overview also makes a number of recommendations for ways in which the Scottish Government, COSLA and councils themselves should address these challenges.

Conclusion

11. The content of the Local Government in Scotland: Overview 2023 is clearly highly relevant to the Committee's ongoing work on the [Review of Local Governance](#), and in anticipation of the expected New Deal for Local Government, including a Fiscal Framework.

12. The Committee is invited to consider the above information in evidence with the Accounts Commission.

**Committee Clerks,
June 2023**