

Local Government, Housing and Planning Committee

19th Meeting, 2023 (Session 6)

Tuesday 5 September 2023

New Deal with Local Government

Introduction

1. This paper provides background information to inform the Committee's evidence session on the New Deal with Local Government ("the Verity House Agreement") with—

- Joe Fitzpatrick, Minister for Local Government Empowerment and Planning; and
- Cllr Steven Heddle, Vice President, COSLA

2. The New Deal is a partnership agreement between central and local government and was published on 30 June following agreement between the Scottish Government and COSLA. It is intended to set out "our vision for a more collaborative approach to delivering our shared priorities for the people of Scotland."

3. The New Deal forms one of the strands of the broader [Local Governance Review](#) which was launched jointly by the Scottish Government and COSLA in 2017 and is intended "to ensure Scotland's diverse communities and different places have greater control and influence over decisions that affect them most" by "considering how powers, responsibilities and resources are shared across national and local spheres of government, and with communities."

4. As part of this Review, the Scottish Government has previously committed to introducing a local democracy bill before the end of the current parliamentary session.

5. Given the renewed focus on collaborative working towards shared priorities, the Committee previously agreed that it would be appropriate to discuss the New Deal jointly with the Minister and COSLA in the same evidence session.

Content of the New Deal

6. The Minister for Local Government Empowerment and Planning wrote to the Committee on 18 July 2023 to advise it of the New Deal's publication.

The letter can be accessed here: [Joe Fitzpatrick - Minister for Local Government Empowerment and Planning \(parliament.scot\)](#)

7. The letter explains that—

“The Agreement is based on the idea that councils know best how to serve the people in their communities and, by giving them greater flexibility over how they use their budgets and regularly reviewing their powers and funding, we can empower them to put that knowledge into practice. The Agreement is just the start of the process, and we look forward to working with COSLA and our local authority partners to achieve better outcomes for people and communities across Scotland.”

8. The text of the Partnership Agreement itself can be accessed here: [New Deal with Local Government – Verity House Agreement - gov.scot \(www.gov.scot\)](#)

9. The agreement confirms that the Scottish Government and COSLA have agreed three shared priorities as follows—

- tackling poverty,
- just transition to net zero; and
- sustainable public services.

10. It further confirms that both parties to the agreement “recognise that each of these encompasses a breadth of existing activity and potential programmes of joint work, and that local flexibility will be required to maximise impact.”

11. The New Deal is described as a high-level statement of intent upon which the Scottish Government and COSLA intend to build as follows—

By end September 2023:

- Improved engagement on budgetary matters will be well underway, in preparation for the Scottish Budget in December
- We will conclude a Fiscal Framework between Scottish Government and Local Government, of which regular budget engagement will be a key part.
- We will develop and agree a shared programme of activity underneath each of the three priorities, which will focus on the period between now and the next Scottish Council Elections in 2027.

By end October 2023:

- A first joint review of Specific Grants and In Year Transfers to Local Government will be undertaken with a view to identifying those which can be baselined into the General Revenue Grant or General Capital Grant from financial year 2024-25, creating more freedom and flexibility for Councils to address our shared priorities in locally appropriate ways.

By end August 2024:

- We will have jointly considered the first year of implementation of the Verity House Agreement and the Fiscal Framework as a whole, and agree any alterations or addendums required to ensure the ongoing effectiveness of these two key documents.

Part A: Working Together

12. Part A of the Agreement addresses the way in which the Scottish Government and COSLA will work together based on mutual trust and respect with a focus on the achievement of better outcomes for individuals and communities. Both parties have undertaken to consult and collaborate at the earliest possible stage in relevant policy areas.

13. The Agreement further confirms that powers and funding will be regularly reviewed to ensure adequacy and alignment and that “the powers held by local authorities shall normally be full and exclusive. They may not be undermined or limited by another, central or regional, authority except as provided for by the law.”

14. In respect of council budgets, the Agreement states that “from this point onwards, the default position will be no ring-fencing or direction of funding, unless there is a clear joint understanding for a rationale for such arrangements.” Current funding lines and in-year transfers will also be reviewed ahead of the draft 2024-25 Budget Bill, with a view to merging into General Revenue Grant funding (with further detail to be set out in the Fiscal Framework).

15. Both parties have committed to working jointly to ensure better strategic alignment on workforce issues across the public sector, including fair work.

16. Community Planning Partnerships will also be recognised as a critical mechanism for the alignment of resource locally, focussed on prevention and early intervention, and delivering shared priorities.

Part B: Approach to Shared Priorities

17. Part B deals with how both parties will approach shared priorities and notes that the Scottish Government has committed to “working to incorporate into Scots Law the European Charter of Local Self-Government as soon as possible.

18. Both parties have agreed the maxim “local by default, national by agreement” in recognition of the principle that “public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen.” In circumstances where the Scottish Government seeks to explore national delivery models, there should be clear evidence of the rationale for this, and local authorities should be fully involved in the policy

development process from the outset and appropriately involved in decision making.

19. In such circumstances, and “insofar as is possible and effective, there will be a presumption in favour of local flexibility, unless evidence of meeting outcomes dictates otherwise.”

20. Other topics considered under Part B of the Agreement include—

- Local Government will respect and value the roles and responsibilities of the Scottish Government and Scottish Parliament, and all parties will act in good faith in discussions where there is a clear rationale for national approaches;
- Both parties will work together to conclude the Local Governance Review by the end of this parliamentary term, with an equal focus on the fiscal, functional and community empowerment that will enable public service reform, innovation and collective, whole system improvement;
- Both parties will work together strategically to advance public service reform, building on the joint work under the Covid Recovery Strategy. This will include working constructively and quickly to remove barriers which hinder flexibility;
- Both parties commit to evidence-based policy making, using data to understand issues and to then identify the most appropriate means of tackling them;
- Any required reporting and data collection will be proportionate, fit for purpose and will support transparency, accountability and future decision making;
- The Local Government Settlement will be simplified and consolidated, clear routes to explore local revenue raising and sources of funding will be established, and wherever possible multi-year certainty will be provided to support strategic planning and investment, through the development of the Fiscal Framework.

Part C: Accountability and Assurance

21. Part C of the Agreement addresses accountability and assurance, and notes that central and local government will “jointly agree a monitoring and accountability framework, drawing on proportionate reporting and data collection, to provide evidence and visibility over progress towards agreed outcomes.” Audit Scotland and the Accounts Commission Scotland will also be invited to support and provide independent evaluation of progress.

22. Existing strategic and service level plans and associated reporting will also be streamlined and refined to be utilised within this assurance process without creating duplication.

Part D: Engagement

23. Finally, Part D of the Agreement considers engagement including committing to—

- The First Minister and the President of COSLA meeting twice a year to discuss progress towards shared outcomes;
- Quarterly meetings between COSLA's Leadership Sounding Board and a group of key Cabinet Members led by the Deputy First Minister;
- A robust and regular process for early budget engagement to be embedded in the Fiscal Framework, with an underlying principle of "no surprises."
- A refreshed role and remit for the Scottish Government's Place Directors who will act as ambassadors for Local Government and community planning partnerships across portfolios and programmes;
- The Strategic Review Group (SRG) providing assurance that Scottish and Local Government are maintaining all commitments set out in the agreement.
- Portfolio and programme level engagement to support overarching governance through regular and meaningful joint oversight, reporting to the SRG.

Previous Work

24. The Committee has previously held several evidence sessions to inform scrutiny of the New Deal, hearing from representatives of local government, COSLA, SOLACE and community groups. The meeting papers and official reports can be accessed on the Committee's website: [Local Governance Review and New Deal for Local Government | Scottish Parliament Website](#)

25. The Committee also held a joint event with Scotland's Futures Forum in May 2023 on the future relationship between local and central government in Scotland which brought together MSPs and a range of stakeholders from central and local government, academia, and the public, private and third sectors. The report of the event can be accessed via the following link: [Central and Local Government: Building for the Future - Event Report \(scotlandfutureforum.org\)](#).

Conclusion

26. The Committee is invited to consider the above information in its joint evidence session on the New Deal with Local Government with the Minister for Local Government Empowerment and Planning and COSLA.

**Committee Clerks,
September 2023**