

# Local Government, Housing and Planning Committee

## 31<sup>st</sup> Meeting, 2023 (Session 6)

Tuesday 19 December 2023

### New Deal with Local Government/Verity House Agreement

#### Introduction

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

- Dr Jonathan Carr-West, Chief Executive, Local Government Information Unit;
- Professor Jim Gallagher; and
- Professor Donna Hall.

2. Having previously discussed this topic with the Minister for Public Finance, Planning and Community Wealth and COSLA in September, the purpose of this session is to seek external perspectives on the New Deal with Local Government/VHA from people with expertise in local government.

3. The Committee is expected to wish to explore the following topics (among others) with witnesses—

- how the VHA differs from the [2007 concordat between central and local government](#) and may therefore have greater longevity;
- whether the VHA will enable an improved response to addressing the shared priorities;
- how the Scottish Government and COSLA can be held to account for meeting the shared priorities;
- what should be covered in the outcomes and accountability framework;
- what the potential implications might be for the budget; and
- the potential implications of the recent council tax freeze announcement for the sustainability of the VHA.

4. Biographical information on each witness is provided after paragraph 27 below.

## Background

5. The VHA 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.”
6. 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.”
7. 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.

## Content of the New Deal

8. 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 \(parliament.scot\)](#)
9. 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.”
10. The text of the Partnership Agreement itself can be accessed here: [New Deal with Local Government – Verity House Agreement - gov.scot \(www.gov.scot\)](#)
11. 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.
12. 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.”

13. 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.

### **Progress Updates**

14. The VHA had committed the Scottish Government to completing certain strands of work by the end of September. The Deputy First Minister and President of COSLA [wrote jointly to the Committee on 5 October](#) to update it on progress to date. The letter states that—

“Whilst we have set ambitious timescales to ensure we move at pace, we collectively agree that we need to get this right, therefore there is a balance between achieving specific deadlines and taking the time where needed to do further work if required.”

15. The Deputy First Minister also responded to a Parliamentary Question seeking an update on negotiations with COSLA to agree a new Fiscal Framework with Local Government on Thursday 14 December.

16. The DFM announced that the Scottish Government and COSLA had jointly published a progress report on the Fiscal Framework which can be accessed online here: [Progress Publication, December 2023: Fiscal](#)

[Framework between Scottish Government and Local Government](http://www.gov.scot)  
([www.gov.scot](http://www.gov.scot))

17. The report states that “progress has been made on a draft framework” but there “remains more to do” with both parties acknowledging “that there is a need to consider the options and impacts of a rules-based approach to setting the budget for local government, and joint exploration of that is ongoing.”

### **Council Tax Freeze Announcement**

18. On 17 October 2023 the Scottish Government announced its intention to freeze council tax rates for the coming financial year. This would mean that council tax would be frozen until April 2025. The Scottish Government also committed to fully funding the freeze to ensure councils can maintain their services.

19. The following day (18 October) COSLA expressed considerable disappointment about the announcement. COSLA stated that—

- It had not been made aware of the announcement prior to it being made;
- there had been no agreement from councils to the council tax freeze and moreover that such decisions should be left to local authorities to make;
- the decision “flew in the face of the Verity House Agreement”;
- “... previous council tax freezes have been regressive, having no impact for the poorest in society and eroding the council tax base, compounding councils' ongoing underfunding.”

20. Since the announcement and COSLA’s response, the Scottish Government has reiterated that its objective is to freeze the council tax and that negotiations with COSLA are continuing.

21. This announcement, and the response to it, came after the Committee had concluded its evidence taking on pre-budget scrutiny for 2023-24. As such, without the opportunity to take any evidence on the decision, the Committee concluded that it could not draw any conclusions on the impact of the council tax freeze on local government budgets and the VHA.

22. However, the Committee agreed to invite the Scottish Government and COSLA to give evidence at its meeting on 14 November to consider the impact of the decision on local government budgets and more generally on the VHA.

23. COSLA was unable to attend the meeting, but the Committee took evidence from the Minister for Public Finance, Planning and Community Wealth. Links to the meeting papers and official report can be found at paragraph 27 below.

## 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 \(scotlandfutureforum.org\)](#).

26. The Committee then took evidence on the VHA jointly from the Minister for Public Finance, Planning and Community wealth and COSLA on 5 September. The meeting papers and official report can be accessed on the Committee's website: [Local Government, Housing and Planning Committee 19th Meeting, 2023 | Scottish Parliament Website](#)

27. Most recently, as noted above, the Committee took evidence on the council tax freeze announcement from the Minister for Public Finance, Planning and Community wealth on 5 September. The meeting papers and official report can be accessed on the Committee's website: [Local Government, Housing and Planning Committee 27th Meeting, 2023 | Scottish Parliament Website](#)

## Biographical Information

- [Dr Jonathan Carr-West](#): has been Chief Executive of LGIU (Local Government Information Unit) since February 2013 where he leads on all aspects of the think tank's policy, membership and influencing work. With over 15 years' experience, Jonathan is a leading national expert on local government transformation, local democracy and public services. Some of his particular interests are in participative democracy, the evolving nature of public services and devolution. With extensive media profile and sector credibility, he has published on topics as diverse as localism and public service transformation, cognitive and behavioural science, and the politics of cultural memory.
- [Professor Jim Gallagher](#): Professor Gallagher had a previous career as a UK civil servant, in Edinburgh and Whitehall. He has been head of the Scottish justice department, private secretary to two Secretaries of State for Scotland and twice a member of the No 10 policy unit in London. In 2007 he became the UK government's most senior official advising on devolution and constitutional issues. More recently, Professor Gallagher has held visiting/honorary Professor positions at the universities of Glasgow (School of Law), St Andrews (History) and Nuffield College, Oxford.

- [Professor Donna Hall](#): Donna has been described as a “public service pioneer” by the Mayor of Greater Manchester Andy Burnham. She was awarded a CBE in 2009 for innovation in public service. She was CEO of Wigan Council for 8 years and developed The Wigan Deal – a new relationship with residents which delivered £160m in savings and improved services and resident satisfaction. She is now the chair of the innovative national think tank the New Local Government Network and the Chair of Bolton NHS Foundation Trust. She was appointed as an Honorary Professor of Politics at the University of Manchester in August 2019 and is a Non-Executive Adviser to Birmingham City Council.

### **Recent Local Government Information Unit Publications**

28. The Local Government Information Unit recently published two papers of relevance to today’s discussion, both of which consider the Verity House Agreement—

- [LGIU@40: For the Future of Local Government](#)
- [The state of local government finance in Scotland](#)

### **Conclusion**

29. 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,  
December 2023**