

Local Government, Housing and Planning Committee  
Tuesday 1 October 2024  
26th Meeting, 2024 (Session 6)

## Pre-Budget Scrutiny: Sustainability of local government finance

1. The purpose of this paper is to provide information to inform the Committee's evidence taking as part of its pre-budget scrutiny for 2025-26.
2. The Committee previously agreed that the primary focus of this work would be on the sustainability of local government finances, particularly around the funding of council infrastructure through debt, reserves and capital investment.
3. The Committee will take evidence at today's meeting from the following witnesses—
  - Professor David Heald, Emeritus Professor, Adam Smith Business School, University of Glasgow;
  - Alison Payne, Research Director, Reform Scotland;
  - Bill Howat and Keith Yates, The Mercat Group.

### Background information on today's witnesses

4. Professor Heald is Emeritus Professor in the Adam Smith Business School, having formerly been Professor of Public Sector Accounting from 2015 to 2022. David's academic career has been spent in Scotland, except for 2003-07 when he was Professor of Financial Management at the University of Sheffield Management School. From 1990-2003 and 2007-2015, he was Professor of Accountancy at the University of Aberdeen.
5. Professor Heald's academic work has always been close to public policy and practice, with particular reference to the public sector. He is a member of HM Treasury's [User and Preparer Advisory Group](#) on government financial reporting and of the Scottish Government's [Advisory Group on Tax Strategy](#).
6. Reform Scotland, a charity registered in Scotland, is a non-partisan public policy institute which works to promote increased economic prosperity, more effective public services and expanded opportunities for all Scots. It is independent of political parties and any other organisations and is funded by donations from private individuals, charitable trusts and corporate organisations.

7. Reform Scotland’s policies cover the following broad themes:
  - Increasing prosperity;
  - A positive climate for entrepreneurs and innovators;
  - Reform and modernisation of public services;
  - Widening opportunity for all;
  - Compassion for those who slip through the cracks;
  - Greater courage and appetite for risk among policymakers.
8. The Mercat Group is an informal network of former chief executives of Scottish Councils which has been meeting since 2019. Bill Howat was previously Chief Executive of Comhairle nan Eilan Siar whilst Keith Yates was previously Chief Executive of Stirling Council.
9. The Mercat Group is non-political and “offers considered experience and evidence-based views to stimulate debate and promote the enhancement of local democracy.”
10. All participants have provided written submissions to help inform the Committee’s scrutiny which can be accessed via the following links—

[Professor David Heald submission.](#)  
[Mercat Group submission.](#)  
[Reform Scotland submission.](#)

## Previous evidence taking

11. The Committee took evidence from the Accounts Commission, the National Audit Office and the Local Government Information Unit at its meeting on 24 September. The meeting papers and official report can be accessed via the link below.

[Local Government, Housing and Planning Committee 25th Meeting, 2024 | Scottish Parliament Website](#)

## Briefing materials and next steps

12. The Committee issued a call for views to help inform its pre-budget scrutiny at the start of summer recess. Nine submissions were received and can be accessed on the [Committee’s website](#) under “correspondence”.
13. SPICe has published a briefing to support the Committee in its pre-budget scrutiny: [Local Government Finance: Facts and Figures 2024](#)
14. The Finance and Public Administration Committee published its [Guidance for Committees on the Budget Process 2025-26](#) on 10 June. It recommends taking “a strategic year-round approach to budget scrutiny, allowing parliamentary committees to build up an evidence

base over time on the impact of spending in their portfolio areas.” Committees are invited to report their findings to their respective Ministers by letter or report, at least six weeks before the Scottish Government’s Budget is published.

15. Whilst the publication date of the budget is currently unconfirmed, the expectation is that pre-budget letters or reports would be published around the end of October/start of November 2024.
16. The Committee expects to continue to take evidence to inform its pre-budget scrutiny at its next meeting on 8 October at which it will hear from COSLA and the Cabinet Secretary for Finance and Local Government. It is then expected to consider draft correspondence to the Cabinet Secretary on 29 October and publish that correspondence shortly thereafter.

### **Conclusion**

17. The Committee is invited to consider the above information in its evidence session with Professor Heald, Reform Scotland and the Mercat Group.

**Clerks to the Committee  
September 2024**