



The Scottish Parliament
Pàrlamaid na h-Alba

Local Government and Regeneration Committee

Report on Draft Budget 2014-15

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Report on Draft Budget 2014-15

The Committee reports to the Finance Committee as follows—

INTRODUCTION

1. In recent years we have seen significant agenda for change develop for local government and the public service in Scotland. Central to the current agenda for change has been the work of the Christie Commission and the need to move to preventative spending in public service delivery.
2. Draft budget 2014-15 is the third of the five budgets the Scottish Government will present to the Scottish Parliament during Session 4 of the Parliament (2011 – 2016). With this in mind, and with a view to our work programme for 2014, we decided this would be an opportune moment to both look back at the impact of the 2011 spending review on local government, as well as consider the potential implications for the spending review settlements going forward from 2014.¹
3. In preparation for our consideration of the 2014-15 draft budget, we took advantage of ongoing inquiry work to undertake pre-budget scrutiny in the spring of 2013. As part of Strand 3 of our inquiry on Public Services Reform and Local Government in Scotland, we examined local authority saving plans². This allowed us to formulate our approach to the scrutiny of this draft budget much earlier than usual, in May 2013.
4. Our call for evidence ran from 8 July to 27 September 2013, and we received 22 written submissions from local authorities and other organisations.

Overview of the local government settlement

5. Following the publication of the 2014-15 draft budget by the Government on 11 September 2013, the Scottish Parliament Information Centre's Financial Scrutiny Unit ("FSU"), published a parliamentary briefing on the budget. This set out the main elements of the draft budget settlement for local government covering the two year period up to March 2016.

¹ Committee call for evidence

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/65773.aspx>

(published 8 July 2013).

² <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/56442.aspx>

Local government settlement 2014-15

6. The key facts about the draft budget settlement for local government are set out in the SPICe Briefing³, summarised as follows—

- The **total allocation to local government** for 2014-15 is £10.531 billion. Local government's share of the overall Scottish budget remains largely static from 2013/14 to 2015/16. From 2013/14 to 2014/15 there is a small real terms increase in the overall allocation to local government, and from 2014/15 to 2015/16 there is a real terms reduction of 1.1%;
- In terms of the **resource allocation to local government**, the Scottish Government guarantees the combined general resource grant and distributable Non-Domestic Rates Income ("NDRI") figure, approved by Parliament, to each local authority, which is then distributed according to the agreed distribution formula. If NDRI receipts are lower than anticipated, this is compensated for by an increase in general revenue grant by the Scottish Government;
- For 2014-15, the **Total General Resource Grant** plus NDRI is £9.659 billion, which represents a 0.4% cash-terms increase on 2013-14, but 1.5% real terms reduction;
- The **capital settlement for local government** was re-profiled with reductions in 2012-13 and 2013-14 of £120 million and £100 million respectively. This was offset by a corresponding increase in 2014-15 of £120 million with £100 million added in 2015-16;
- NDRI is expected to increase by 10.4% in cash terms and 8.3% in real terms from 2013-14 to 2014-15. This is due to the Scottish Government matching the English poundage rate, which is tied to September RPI and factors such as inflation, buoyancy and prior year adjustments (i.e. appeals loss assumptions being more cautious than turned out to be the case);⁴
- The Scottish Government is providing an additional £70 million of funding in 2014-15 to freeze the council tax at the previous year's level. However, since the freeze is based on 2007-08 levels of council tax, the actual cost (and amount of money provided by the Government) of the council tax freeze for 2014-15 is £490 million (see paragraph 53).

Major trends of the local government settlement

7. In his evidence to us the Cabinet Secretary for Finance, Employment and Sustainable Growth, John Swinney MSP ("the Cabinet Secretary") stated that the overall budget of the Scottish Government has increased by 6.4% between 2007-

³ FSU Briefing 13/61: Draft Budget 2014-15 Local Government, Page 3: http://www.scottish.parliament.uk/ResearchBriefingsAndFactsheets/S4/SB_13-61.pdf [Retrieved 21 October 2013].

⁴ FSU Briefing 13/61: Draft Budget 2014-15 Local Government, Page 3: http://www.scottish.parliament.uk/ResearchBriefingsAndFactsheets/S4/SB_13-61.pdf [Retrieved 21 October 2013].

08 and 2012-13. He also pointed out that over the same period the local government budget settlement has increased by 8.9%.⁵

8. UNISON set out a different view of local government settlements. In their written evidence to us they stated—

“The council tax freeze has not been fully funded, further reducing local authority budgets and leaving councils with limited options to increase their incomes. Local Government has, and continues to take, the largest budget cut: £637m since 2008/9. Over 30,000 jobs have gone since 2008. The demands on local government services have increased while the resources available to meet those demands have diminished substantially.”⁶

9. The period 2007-08 to 2012-13 has also seen a marked decrease in the percentage of the local government settlement which are ring-fenced, falling from £2.7 billion in 2007-08 to £200 million in 2013-14.

10. The local government financial statistics⁷ up to 2012 shows that local government staff costs grew between 2008-09 and 2010-11. However, staffing costs experienced a major decline in 2011-12 in excess of £500 million.

11. On 31 October 2013 the Accounts Commission for Scotland published a report entitled *Charging for services: are you getting it right?*⁸ One of the key messages of this report is that local authorities are currently collecting in excess of £1.3 billion through charges for services. This accounts for 7.4% of their total revenue in 2013. The findings of this report are set out in more detail in paragraphs 109 – 112.⁹

The role of COSLA

12. As the collective voice of local government in Scotland, COSLA plays a key role in representing the views of the local government sector. This is especially true in terms of debate on how we fund and deliver local services.

13. In our view the principal discussion on the overall shape of local government funding is directly between the Scottish Government and COSLA, on behalf of councils. This process largely takes place behind closed doors, and in many ways this relationship mirrors the relationship which used to take place on funding between local government and the old pre-devolution Scottish Office.

⁵ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2766.

⁶ UNISON written submission, page 1.

⁷ Scottish Local Government Financial Statistics:

<http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance/PubScottishLGFStats> [Retrieved 4 November 2013].

⁸ *Charging for Services: are you getting it right*. Accounts Commission for Scotland (2013): http://www.audit-scotland.gov.uk/docs/local/2013/nr_131031_hcw_charging_services.pdf [PDF 922KB] (Retrieved 31 October 2013).

⁹ Local Government and Regeneration Committee work programme:

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/42911.aspx>

14. One of the main reasons for the establishment of devolution in Scotland was to bring more openness and transparency to the process of government. Nowhere is this principle more true than in terms of the debate on how the Government, and local councils, spend taxpayers' money to deliver the services the public demand.

COSLA and the Scottish Parliament

15. One of the main points of debate on the funding for Scottish local government in recent years has been the shift in the balance of responsibility for funding of local government. We heard that, broadly speaking, approximately 81% of all local government funding comes directly from the Scottish Government.¹⁰ This does not wholly account for all local government revenue. We comment on this later in the report.¹¹

16. Given this trend, it is even more important that local government in Scotland speaks with a coherent voice on funding. Furthermore, the current squeeze in the public finances mean there is now, more than ever, a need for transparency and openness on how local services are provided and funded.

17. One of our key duties as a parliamentary committee is to hold the Scottish Government to account for the spending decisions it makes in relation to local government. Central to this process is the need to have a clear and agreed view from local government on the implications of those spending decisions, and the choices local councils may have to make as a result of them.

18. As a membership body COSLA requires a reasonable amount of time to respond to any requests for written and oral evidence from a parliamentary committee. We acknowledge that in order to achieve an agreed response the COSLA leadership must seek approval by way of its governance mechanisms. On 27 July we invited COSLA leadership to give oral evidence at our meeting on 30 October 2013 on the draft budget. COSLA declined our invitation and did not submit any written evidence to inform our scrutiny of the draft budget.

19. **In our view only the political leadership of COSLA can provide the clear, definitive message from local government which is so necessary in this process. We are disappointed and very frustrated that COSLA have not engaged directly with us this year in terms of the draft budget.** Other key organisations such as SOLACE and CIPFA did provide us with written and oral evidence. So did various individual councils. However, we are painfully aware that without the views of COSLA, an incomplete picture of the funding situation facing local government may have been presented to us.

20. It is disappointing that COSLA only confirmed to us on 9 October that it could not attend the meeting on 30 October, or provide us with any written evidence. Instead COSLA arranged for a member of CIPFA to provide oral evidence in its place. We exchanged letters¹² with the President of COSLA, Councillor David O'Neill, on this issue.

¹⁰ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2752.

¹¹ Paragraphs 110 – 119.

¹² Correspondence from the Convener and the President of COSLA 22 October 2013:
http://www.scottish.parliament.uk/S4_LocalGovernmentandRegenerationCommittee/General%20D

21. While noting Councillor O'Neill's comments we cannot refrain from remarking on the incongruity between COSLA's stated approach, and their actual level of engagement with us. We find this especially surprising in light of the financial pressures facing local government. We would expect COSLA to take every opportunity possible to publically advocate its message to the Parliament, and the Government, on the pressures local councils face. We are at a loss to understand why this should not be the case. We earnestly hope this process will improve over the coming years so that we can fulfil our role of holding the Scottish Government to account. While it would have been helpful to have COSLA's perspective on the draft budget, we are confident that the broad facts we have considered reflect an objective view of the financial situation.

Key themes to emerge from evidence

22. Some key themes have emerged from our scrutiny of the 2014-15 draft budget. We broadly consider these themes based on the evidence received, as well as setting out our conclusions on them:

- How councils have responded to local government settlements to date;
- The future of local government financing;
- Public services reforms.

23. Our consideration of the draft budget has also been informed by the work we have undertaken during our three-strand inquiry on Public Services Reform and Local Government in Scotland¹³, as well as our ongoing inquiry on the Delivery of Regeneration in Scotland.¹⁴

24. These inquiries have provided us with the opportunity to engage with hundreds of people in communities across Scotland. Many of the themes which have emerged from our scrutiny of the draft budget reflect the concerns and views people have raised with us.¹⁵

HOW COUNCILS HAVE RESPONDED TO LOCAL GOVERNMENT SETTLEMENTS TO DATE

Background

25. Since 2011 local government has faced its most challenging funding environment in recent history. While witnesses varied in their evidence of the implications of this situation, there is broad consensus on the pressure the

[ocuments/20131018_KS_to_COSLA_President_Oneill_re_budget.pdf](#). Correspondence from the President of COSLA to the Convener 29 October 2013:

http://www.scottish.parliament.uk/S4_LocalGovernmentandRegenerationCommittee/General%20Documents/20131029-Letter_to_Kevin_Stewart_from_COSLA.pdf [Retrieved 14 November 2013].

¹³ <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/56442.aspx>

¹⁴ <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/58480.aspx>

¹⁵ Local Government and Regeneration Committee 9th Report 2013 (Session 4) *Public Services Reform in Scotland: Strand 3 – Developing New Ways of Delivering Services*:

http://www.scottish.parliament.uk/S4_LocalGovernmentandRegenerationCommittee/Reports/lgr-13-09w.pdf [Retrieved 8 November 2013].

recession has placed on councils. This, in turn, has impacted the general funding environment for councils, and for those who depend on their services.

26. Several strands emerged on this topic. The first being the implications of flat-cash revenue settlements local authorities have received since 2011 and the resulting decisions councils have had to take in order to deal with this situation.

27. Many of the factors which have contributed to the current financial situation are beyond the control of both local authorities and the Scottish Government. Consequently, many of the funding decisions made over the period since 2011 have been in reaction to the deterioration in the wider UK economy, and the knock on budget implications for Scotland.

28. Coupled with this has been the need to make structural reforms across both local government, and the wider Scottish public service. Core to this process is the pressing need to move to a spending model based on preventative service designed to deliver long term savings by avoiding the reactionary system which has operated up until now.

29. One step in this process has been the national concordat between the Government and local authorities (“the concordat”) introduced at the time of the 2007 Spending Review. Through this the Scottish Government dramatically decreased the percentage of expenditure it provided to local government which is ring-fenced.¹⁶ In return councils have agreed the delivery of various national targets and key objectives, such as the council tax freeze, and maintaining teacher numbers and places for graduate teachers.

Pressure on sustainable resourcing for local government

30. Many of the local authorities who provided evidence to us welcomed the flexibility the concordat had delivered for local government. This has allowed locally elected councillors the freedom to shape council spending in response to the varying needs of their local communities.

31. The ever-growing financial pressures which local authorities have faced over the last few years has led to ever more difficult decisions being made by councils.¹⁷ A major concern for councils is the task of striking a balance between the delivery of their statutory duties and concordat commitments, while trying to meet an ever-growing need for their discretionary services. They point to the challenge this poses for them set against a backdrop of an end to the era of year-on-year growth in the resource allocation they receive from central government.

32. Added to this concern is the still unquantified impact of policy changes by the UK Government, such as changes to the benefit system, the introduction of Universal Credit, as well as changes to National Insurance and pensions policy.

33. Discussing the support the Scottish Government has provided to local government over the period of the last six years, the Cabinet Secretary highlighted

¹⁶ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2775.

¹⁷ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Cols 2698-2700.

the “progressive attitude” Scottish Ministers have adopted in terms of their funding discussions with local government. The Cabinet Secretary pointed out that the—

“...recent local government finance settlements have been set against a backdrop of the significant financial constraint that has been imposed on Scotland by the United Kingdom Government. We have striven to agree the settlement with local government as part of our partnership with local authorities in Scotland”. [...]

“The recent settlements build on the strong financial outcomes agreed with local government during challenging financial times. Between 2007-08 and 2012-13, the resources within the Scottish Government’s control increased by 6.4 per cent and over the same period local government’s budget increased by 8.9 per cent, demonstrating the strong financial settlements agreed with local government in this context.”¹⁸

34. The removal of the vast proportion of ring-fenced resources from the local government settlement has provided councils with a significant degree of flexibility to direct resources at priority areas.

Statutory duties vs. discretionary services

35. One question which has arisen in the evidence has been the pressure councils have experienced in funding those services they have a statutory duty to provide, and the implications for the discretionary services councils provide to the public. Central to this discussion has been the debate over what constitutes ‘provisions’ of a statutory service.

36. UNISON gave the example of a local authority’s statutory duty to provide library services to the public. While a council must provide a library service, the number and location of such libraries - and their opening hours etc. - is a matter for each council to decide.¹⁹ Therefore, the resource provision to deliver a ‘statutory’ duty may often be subjective, based on those areas determined as priorities.

37. How such policy decisions are informed at local government level was discussed by Finlay Lavery from the Prince’s Trust for Scotland (“the Prince’s Trust for Scotland”). In response to a question as to whether personal relationships and networking played as much of a role in determining the statutory/discretionary spending of a council as policy decisions do, he stated—

“It is often about how the local authority prioritises its discretionary spend. I have found youth employability and enterprise to be quite high on the agenda across local government. If we can secure relationships at the chief executive or corporate level within the local authority, the discussions are a bit easier.”²⁰

38. In general, local authorities stated that while statutory services and agreed priorities were delivered over the period, discretionary services have been affected

¹⁸ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Cols 2766.

¹⁹ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2715.

²⁰ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2724.

by the need to achieve savings. SOLACE Scotland summarised the position in its written submission when it stated—

“Over the Spending Review period, local authorities have had to achieve a significant level of savings in order to balance budgets while delivering on the joint priorities and statutory duties. During that same period we have had to respond to an increasing demand for many of our services. The real term reduction in resources made available to local authorities has required ingenuity and creativity in service delivery, and a high level of commitment from reduced numbers of staff as a significant proportion of savings have been achieved through voluntary early retirement and voluntary redundancy. Local authorities have continued to deliver on the joint priorities by prioritising budgetary and other resources.”²¹

39. Chair of SOLACE Scotland and Chief Executive of North Ayrshire Council, Elma Murray (“Chair of SOLACE”) expanded on these comments when referring to the work of her own local authority, North Ayrshire Council—

“My council has done quite a lot of work to consider statutory and non-statutory services. However, that ended up giving us more questions about than help with the decisions that we were trying to make, because the issues are not all straightforward or necessarily black and white.”²²

40. Concern about the decisions being made on statutory duties vs. discretionary services was also echoed by others. Falkirk Council and Comhairle nan Eilean Sair/Western Isles Council (“nan Eilean Sair”) in their written evidence both highlighted savings they have had to make to discretionary services. Nan Eilean Sair stated that it has been required to make some difficult decisions, for example, in relation to schools.²³ Delivering on the Scottish Government agreement and maintaining statutory services, whilst budgets are reducing (both in cash and real terms), has come at the cost of some of the Council’s discretionary services. The cumulative effect of year-on-year savings is that nan Eilean Sair’s capacity to realise efficiencies has reduced and it is now having to make service cuts.

41. Falkirk Council also highlighted the pressure of necessary cost savings it needs to find in order to meet its statutory responsibilities and balance its budget. Bryan Smail, (“Chief Financial Officer of Falkirk Council”), pointed to the fact that, despite the savings it has made to date, Falkirk estimates it will have a cumulative deficit of £35m over the next three years which it will have to address.²⁴

42. When questioned on the potential impact this may have on the discretionary services, the Chief Financial Officer of Falkirk Council pointed out that local authorities should consider “the level at which those services are provided” to the public. Additional savings may be found by councils adopting this approach. Nevertheless, he stated—

²¹ SOLACE Scotland written submission.

²² Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2753.

²³ Comhairle nan Eilean Sair written submission.

²⁴ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2684.

“...attention will inevitably be focused on the areas that are discretionary. When resources are plentiful, we can get into the domain of doing the things that we would all love to do, but when the flip-side prevails, as is scheduled to be the case as far into the future as we can reasonably see, we are regrettably into the territory of needing to make hard decisions.”²⁵

43. The impact of the change to discretionary services was reflected in concerns about deprivation, especially amongst very vulnerable groups such as children living in poverty. The Child Poverty Action Group (“CPAG”) made specific reference to the impact of budget decisions on child poverty. CPAG is concerned “that many of the joint priorities agreed by local and national government have not been translated into action on the ground, particularly for families living in poverty.”

44. On the provision of free school meals, CPAG stated it “has been a matter of real concern and disappointment that, to date, the roll out of free school meals to all pupils in P1 to P3, as announced by the Scottish Government in 2010, has not yet been fully implemented”.²⁶ We hope that additional monies which result from UK Barnett consequential will follow through to implement this commitment.

The distribution formula

45. The need to rebalance local government funding to take more account of issues such as deprivation was also raised in the context of the distribution formula for local government funding.

46. Questioned on the issue of how councils have reacted to the financial pressures facing them, and the tension between statutory duties and discretionary services, the Cabinet Secretary remarked—

“We have to be very thorough in how we go about managing the financial challenges that we face, and I know that local authorities undertake that exercise comprehensively. I see that happening in my locality, and it happens around the country. We have to be open about how we deliver services. Just because we have delivered a statutory service—if I may use that terminology—in one fashion up until now, that does not mean that it must always be delivered in the same fashion in the years to come. That is what the public service reform agenda is all about.”²⁷

47. This highlights the debate surrounding these issues. Some witnesses expressed the view that councils have overemphasised the accepted way in which they provide a statutory duty, and therefore had resourced those services to a disproportionate level in the current environment. This, in turn, may be having a detrimental effect on discretionary services which, in the current economic climate, may be more important to deliver in terms of protecting the most vulnerable in society.

48. It is clear there is widespread concern in relation to the potential reduction or withdrawal of discretionary services to the public as local authorities continue to try

²⁵ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2699.

²⁶ Child Poverty Action Group written submission.

²⁷ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2776.

to find savings in terms of their budgets. The belief that councils have absorbed as much of the financial squeeze internally as they can, and that front line services will now be impacted in a major way over the coming years, is clearly causing a great level of concern.

49. Many councils are expressing concern that the potential savings to be made from reforms and reductions in their operations will now only have limited benefit going forward.

Ring-fencing

50. It should be noted that the Scottish Government has provided additional flexibility to local councils over the last six years to decide how to address local priorities within their area. A significant part of this has been the decrease in the level of ring-fenced funding provided to local government in return for achieving various national outcomes. The Cabinet Secretary pointed to this in his evidence to us—

“If my memory serves me right, there was £2.7 billion of ring-fenced resources when we came into office, which the Government essentially stipulated had to be spent in particular ways. Some elements of that were with the agreement of local government. For example, local authorities were content for police funding to be a ring-fenced grant within that £2.7 billion, and that amounted to the best part of £1 billion. When we came into office, we substantially reduced the level of ring fencing of funds to local government essentially to enable local authorities to be more flexible in exercising their responsibilities.”²⁸

51. Since 2008 the level of ring-fenced resources in the local government settlement from the Scottish Government has reduced by 92.6%, although a large proportion of this is due to the removal of police and fire functions from local government. This has provided councils with a degree of flexibility to direct resources at those issues which they deem to be a priority in their local areas.

Council Tax freeze and commitment on teacher numbers

52. The evidence received also reflected the implications of the delivery of the council tax freeze and maintaining teacher places, and the impact for council spending as a result.

53. The Scottish Government is providing an additional £70 million of funding in 2014-15 to freeze the council tax at the previous year's level. However, since the freeze is based on 2007-08 levels of council tax, and the Scottish Government has provided £70 million to councils' baseline allocations in each of the six years of the freeze, the actual cost (and amount of money provided by the Government) of the council tax freeze for 2014-15 is £490 million. In other words, £70 million is the cost of freezing the council tax compared to not freezing it for one year, and £490 million is the cost of freezing the council tax compared to not freezing it over a seven year period (i.e. 2008-09 to 2014-15).

²⁸ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2775.

54. West Lothian Council pointed to the difficult decisions it has been faced with as a result of the squeeze in expenditure over the last three years. The need for councils to deliver the priorities of a council tax freeze, maintaining pupil/teacher ratio numbers and securing places for all probationary teachers has meant the Council has had to make very significant budget reductions.²⁹

55. Other councils, such as West Dunbartonshire, felt the flat cash settlement was “reasonable, if considered in a closed economy”. However, West Dunbartonshire highlighted the impact of inflation and increasing service demand pressures which have placed significant pressure on councils in the period since 2011. This has resulted in a need to generate significant levels of efficiencies and savings.³⁰ Like West Lothian, West Dunbartonshire felt this situation has undermined council's aims of delivering on joint priorities.

56. The Government's approach to funding has, in Renfrewshire's view “stuck too rigidly to a condition based grant provision based on significant input measures such as teacher and police officer numbers. This approach has “cut across the principles of partnership, local dimensions to the need for services and indeed local approaches and innovation to service delivery to achieve desired outcomes.”³¹ Renfrewshire felt that this input-based perspective approach has, in fact, run counter to the positive outcome based focus that local government has worked to develop with the Government. This adds an unnecessary layer of complication to the significant financial challenges faced by local government.

57. In its written evidence, UNISON stated the view that the council tax freeze has not been fully funded, which has led to a further reduction in local authority budgets.³² During his oral evidence Dave Watson (“the Scottish Organiser of UNISON”) expanded on UNISON's position that—

“The briefing from the Scottish Parliament information centre shows that the figure for the council tax freeze is now up to more than £2.5 billion, and we argue that local government could use that money to tackle some of the inequalities and other agendas. We do not think that spending it on the council tax freeze is the best use of that money, because that clearly benefits the bigger households the most. We summarise that in our written evidence on the impact of charges—and charges also tend to be regressive, in that a lot them hit those who need to use services the most. My plea is a non-partisan one that recognises that nobody likes paying taxes and that tax freezes are always very popular.”³³

58. It should be noted, however, that all 32 local authorities have delivered on the council tax freeze over the period of the last spending review. Indeed, in its written evidence to us, SOLACE pointed to the fact that a small number of councils have managed to reduce their council tax levels.³⁴ Expanding on the implications of this for local authority revenue, Ian Lorimer (“Chair of CIPFA Directors of

²⁹ West Lothian Council written submission.

³⁰ West Dunbartonshire Council written submission.

³¹ Renfrewshire Council written submission.

³² UNISON written submission.

³³ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2714.

³⁴ SOLACE written submission.

Finance”) and Head of Corporate Improvement and Finance at Angus Council told us that—

“The number of councils that have reduced their council tax is small. The only example that comes to mind is Stirling Council, a number of years ago. A reduction takes income out of the base budget that cannot be replaced because, cut or not, councils are not allowed to increase the council tax thereafter. The vast majority of councils have frozen rather than reduced their council tax.”³⁵

59. In his oral evidence the Cabinet Secretary, referred to the debate taking place on the council tax freeze and its potential impact on local government funding. Addressing questions regarding the call by some political leaders within local government to end the council tax freeze, the Cabinet Secretary stated—

“The issue is occasionally raised with me, but I would not say that it is raised with me with the determination that it has to be changed. To be fair, I think that local government respects the fact that I have made it absolutely crystal clear to it that the Government’s priority is to maintain the council tax freeze for the duration of this parliamentary session. I suspect that there might be an element of local government leaders deciding to raise with me issues on which they might make progress, in the knowledge that they will not make much progress with me on abandoning the council tax freeze.”³⁶

Job losses and reductions in payroll costs

60. UNISON also stated that “over 30,000 jobs” have been lost in the local government sector since 2008. This has taken place against the backdrop of a continual increase in the public demand for local government services. During questioning on 9 October, the Scottish Organiser of UNISON expanded on this by stating that “the bald number is 34,500. That figure comes from the numbers from the Scottish Government and the UK Statistics Authority”³⁷.

61. In relation to the impact on budget settlements and staffing levels in local authorities, Valarie Watts, Chief Executive of Aberdeen City Council estimated that the Council has reduced its staffing level by about 5% over the period.³⁸ Witnesses from both Falkirk Council and Midlothian Council also confirmed that their staffing compliment has reduced, this was by way of natural wastage and voluntary redundancy as there is a non-compulsory redundancy commitment in place.³⁹

62. We note the Scottish Local Government Financial statistics include data for local government “employee costs”.⁴⁰ The statistics defined employee costs as “salaries and wages, national insurance and superannuation contributions, cash allowances paid to employees, redundancy and severance payments and other employee costs.” Based on the figures provided by local authorities, the following table sets out those employee costs from 2008-09 (when funding arrangements

³⁵ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2757.

³⁶ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2773.

³⁷ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2708.

³⁸ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Cols 2705-06.

³⁹ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2705.

⁴⁰ Tables on Local Government Revenue Expenditure and Income [see footnote 41].

changed), to the most recent set of statistics for 2011-12. The table shows year-on-year changes for the total of all categories of spend on employee costs and for General Revenue Account expenditure on employee costs.⁴¹

Employee Costs (£ thousands)	General Fund Services	GRF annual change	GRF annual % change	Total	Total annual change	Total annual % change
2011-12	7,160,414	-420,147	-5.54%	7,652,471	-536,805	-6.55%
2010-11	7,580,561	76,169	1.01%	8,189,276	40,565	0.50%
2009-10	7,504,392	379,985	5.33%	8,148,711	267,950	3.40%
2008-09	7,124,407	-	-	7,880,761	-	-

63. The figures shows that, overall, while local government staff costs grew from 2008-09 to 2010-11, there was a sharp decline in staff costs in 2011-12 of just under £537 million (-£536,805,000). As an illustration of this issue we provide the following example from North Ayrshire Council.

Snapshot of North Ayrshire Council

64. When questioned about the suggested levels of job losses across the local government sector, the Chair of SOLACE stated that she could “recognise the 30,000 job losses”⁴² as an accurate approximation of the reduction in staffing levels across local government. Most of these losses would be in local council staff numbers.

65. However, when questioned as to the possible savings these staffing reductions have achieved for payroll costs, there seems to be some dubiety as to the overall benefit to council's budgets. In the case of North Ayrshire Council, Ms Murray told the Committee that as a result of 10% staff reductions between 2008-09 and 2012-13, the payroll budget for the Council has remained “pretty stable”⁴³.

66. In response to the questions posed by the Committee, the Chair of SOLACE provided follow up information on the position of council staffing in general, and in particular at North Ayrshire Council. In her response she stated that it “is fair to say there is a mixed position from one Council to another, but as the national position shows there has been a bit of a reduction over time”.

67. Ms Murray pointed out the complexity of the situation as it relates to North Ayrshire, noting there had been a reduction in their General Fund employee costs. However Ms Murray pointed out that “this is masked by increased costs in our HRA and Building Services operations”. Other issues to take account of in North Ayrshire's case are—

⁴¹ Scottish Local Government Financial Statistics:
<http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance/PubScottishLGFStats> [Retrieved 4 November 2013].

⁴² Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2758.

⁴³ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2754.

- “The period that the information covers is from 2008/09 to 2011/12. The austerity programme did not fully kick-in until later i.e around 2010/11. This means that for most Councils staff costs will have risen in the early part of the period under review before, in some cases, falling back again as austerity kicked in;
- Pay awards (and normal increments within grades for local government staff i.e. cost of living rises) were made in 2008/09, 2009/10 and 2010/11. A full pay freeze (with the exception of teaching staff) was in place during 2011/12 and 2012/13, although for staff not yet at the top of the grade for their post there may well have been increments awarded;
- As Councils seek to reduce their workforce numbers they will also incur increased costs in respect of early retirement and voluntary redundancy costs, along with increased pension costs. Some of these costs are incurred on a one-off basis, however because Councils have been taking a programme approach to reductions then there will be new one-off costs each year as more staff are released;
- Other factors such as the transfer of staff to Arms Length Organisations may also affect the information, but it is not possible to say by how much without looking at each individual Council.”⁴⁴

Our analysis of the North Ayrshire data

68. In examining this information, we have extrapolated the following data set in relation to staffing costs at North Ayrshire Council for the period 2008-09 to 2012-13—

North Ayrshire Council staffing costs (£ thousands)	Total	Annual change	Annual % change
2012/13	194,263.929	3,070.595	1.6%
2011/12	191,193.334	37,213.229	24.2%
2010/11	153,980.105	-41,335.418	-21.2%
2009/10	195,315.523	3,124.474	1.6%
2008/09	192,191.049	-	-

69. From the peak in 2009-10 to 2012-13, North Ayrshire Council’s staffing costs show a reduction of £1,051, 594 (a 0.5% cash reduction). We acknowledge we do not have the total headcount numbers of staff from North Ayrshire.

⁴⁴ SOLACE Scotland supplementary written evidence, 5 November 2013.

70. Nevertheless, this snapshot of one local authority provides an insight into the actual situation regarding local government staffing over the period of the recession. In our view, this data poses some important questions on this issue—

- It is interesting to note that there was a small (1.6%) increase in the 2012-13 figures over 2011-12;
- North Ayrshire experienced a large drop in staffing costs in 2010-11 of over 21%, however this situation is reversed the following year with an increase of 24.2%, saving some £41 million.

71. It would appear costs for redundancy and early severance are included in these cost figures. This may explain why the current budget figures appear to be at a similar level to pre-recession 2008-09 levels. It is also interesting to note that, “other employee costs” show large percentage changes, possible as a result of redundancy payments.

72. The information on staffing costs provided by North Ayrshire Council has provided an insight into the levels of staffing at a local authority over the period of the recession. We accept that this is a snapshot of one local authority and that there will be many local variations for staffing costs across all 32 councils.

73. Nevertheless, it is clear from the national figures that 2011-12 has seen the first major reduction in local government staffing costs across councils since the beginning of the recession in 2008. This is set against a position in 2011-12 where the local government resource settlement from the Scottish Government has remained stable in cash terms.

74. This figure leads us to question just how severe the current pressures on local authorities are.⁴⁵ This is one area upon which we would have expected COSLA to comment and assist us in understanding the £537 million reduction and its effect on the resource settlement they sought from the Scottish Consolidated Fund. **We expect savings from the reduction in staff will lead to a significant reduction in the staffing budgets required in future years.**

UK Government policy and socio-demographic pressures

75. A near continuous message we have received as a Committee has been the general concern that the weight of economic and social hardship caused by the recession is being unfairly borne by the most disadvantaged and vulnerable in society. This debate has been brought into sharp relief by two aspects in particular. The first is the UK Government's welfare reform agenda, such as the introduction of Universal Credit. The second is the increasing demographic pressures placed on the public services in Scotland as a result of the ageing population and how the totality of national spending is shaped to respond to this challenge.

76. Unsurprisingly, the UK Government's welfare reform agenda has given rise to a great deal of anxiety amongst many sections of Scottish society, local authorities and others in the public services. Much of the public debate, and that in the media,

⁴⁵ Paragraph 74 was agreed to by division [see Record of Divisions in Annexe B].

has focussed on changes to housing benefit for those in receipt of welfare support, the so-called 'Bedroom Tax'.

77. The Cabinet Secretary informed us of the framework for discussions with local government, in terms of the impact of UK welfare reform-

“...the Deputy First Minister and I recently met local government representatives to discuss the very real issues that it is facing with regard to the implications of welfare reform. We have many channels of discussion with local government to ensure that we are properly and fully sighted on all the issues that it is wrestling with.”⁴⁶

78. We do not require to expand on this debate, as parliamentary discussion on the impact of welfare reforms is ongoing and comprehensive, not least through the Welfare Reform Committee of the Parliament.

79. It is important to reflect, however, on the pressure the continuing uncertainties surrounding welfare reforms are having on local councils and how this, in turn, may shape the funding decisions they make. Both Falkirk and Midlothian councils pointed to the difficulty of forward planning in the “constantly shifting landscape” of welfare reform rollout.⁴⁷

80. The second theme is the ever-increasing impact of demographic changes which Scotland and local government faces. This is not a new topic of discussion. Issues relating to an ageing population have been the subject of public policy debate, in one form or another, for the last twenty years.

81. Midlothian, Orkney Islands, Renfrewshire, South Lanarkshire and West Lothian councils all referred to the pressures demographic changes are placing on their current and future budget planning provisions.⁴⁸ Comhairle nan Eilean Sair pointed to the problems it faces “with an ageing population, a falling number of children and a decreasing working age population.”⁴⁹

82. Fife Council raised the concern over the future demand for public services its changing demographics represent. Fife stated the key challenges in its financial planning are—

“a marginal increase in pre-school and school age children, a decline in working age population and a significant increase in the elderly, particularly the 75+ age group. The population shift has implications for the way resources are allocated across Council services. This increased demand on services and other cost pressures will create a significant gap between funding and council expenditure”.⁵⁰

⁴⁶ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2772.

⁴⁷ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2687.

⁴⁸ Midlothian Council; Orkney Islands Council; Renfrewshire Council; South Lanarkshire Council and West Lothian Council written submissions.

⁴⁹ Comhairle nan Eilean Sair written submission.

⁵⁰ Fife Council written submission.

83. From our other inquiry work to date, we remain to be convinced that the delivery of the preventative spending agenda is keeping pace with the ever-growing demographic pressure local authorities are facing.

84. Another factor in terms of additional burdens by UK Government policy is forthcoming changes to National Insurance/Pensions policy due to take effect in 2016. The Chair of CIPFA Directors of Finance, referring to the implications of these changes for Angus Council, stated—

“A particular concern for our [CIPFA] members is the end of contracting out, which I think will happen in 2016. At the moment, as employers, local authorities get a rebate on their national insurance contributions because of the pension arrangements that we have. In our case, the introduction of the single state pension and the ending of that rebate will add around 2 per cent to our pay bill. We do not yet know whether that will be funded in some way, but if it is not, 2 per cent on the pay bill—having done nothing else—would be a significant issue.”⁵¹

85. The issue of changes to National Insurance contributions from 2016 is a significant additional cost factor which has not previously been highlighted to us. It will be important to establish what its overall revenue implications will be across the entire local government sector in Scotland. COSLA and the Scottish Government should make clear to the Parliament exactly what the implications of these changes will have for local government financing.

Effect of protection for NHS budgets

86. One of the issues reflected by councils in their budget evidence had been the balance of public spending targeted at this issue, in terms of the protected budget of the NHS, compared to a lack of protected funding for local government care services. It has been speculated that one of the reasons for this imbalance is the general perception that the health service is the appropriate delivery mechanism to address the pressures caused by an ageing population.

87. Renfrewshire Council highlighted the comparative positions of cuts to local government budgets compared with the protected status of NHS budget, pointing out that “local government in Scotland has not enjoyed protection similar to that afforded to the NHS by the Scottish Government.” While recognising that the NHS faces “significant demand led challenges”, it pointed out that “local government faces equally challenging pressures emerging from demand led cost growth.”⁵²

88. This, in turn, has led to a view that there is too much of a focus on protecting specific budgets, such as the NHS, to the exclusion of other in terms of delivering the health outcomes. the Scottish Organiser of UNISON referred to the—

“...view that health is the NHS budget. Well, self-evidently, it is not. As the Christie commission highlighted, instead of having silos, we can start to look at some budgets differently. If we start to look at outcomes and ask how we are spending the budget to tackle health inequalities, we will

⁵¹ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2760.

⁵² Renfrewshire Council submission.

begin to see the Scottish Government's budget allocations very differently and we will start to break down those silos."⁵³

89. The protection of any one part of the Scottish budget, such as the NHS, from resource implications caused by the state of the public finances places a disproportionate burden on the other parts of the budget. Consideration must be given to whether such budget-line protection is the most effective overall policy in terms of providing the best support to the most vulnerable in society. With the move to an integrated health and social care system in Scotland, the efficient targeting of resources should become more effective.

90. Government decisions on ring-fencing NHS budgets will form a key aspect of long term budget planning. The need to deliver on the preventative spending agenda is vital across the public sector in the light of the fact that the pressures from an ageing population are now coming to fruition.

91. We note the opportunities which can arise from the integrated coordination of NHS budgets with other budgets related to the health and wellbeing of the population, across the public sector. This is especially true for the budgeting process in Community Planning Partnerships.

Capital vs. revenue spending

92. The flat cash revenue settlements of the last few years has also given rise to a discussion on the decisions of councils to balance the needs of capital spending with that of revenue expenditure within their over spending limits.

93. Concern has been raised in relation to the potential pressures on capital spending by local authorities as the demand for services which are revenue-spend increased during the recession. The tension between the need for investment in capital spending set against the public demand for local government services - which are revenue intensive - is an ongoing feature in the evidence we have received.

94. Many witnesses speculated that the financial, and demand, pressures councils are facing has resulted in a need to focus on reducing revenue spending as much as possible. Ensuring that capital spending is not adversely effected, can avoid impacting on the future ability of councils to generate revenue, stimulate their local economy and deliver on public services.

Staff cuts and loss of skills and experience

95. The single largest recurring revenue cost for all local authorities is payroll and pension provision for staff. Increasingly, concerns have been expressed about how councils are addressing this pressure, with suggestion that tens of thousands of jobs have been lost across local government through a mixture of natural wastage, recruitment freezes and redeployment of staff.

96. Those expressing these concerns point to the overall diminishing return such an approach ultimately leads to, in their view, in terms of the loss to councils of the skills and experience to deliver and adapt to an ever-changing service

⁵³ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2712.

environment. Such a policy approach can also, it is argued, act to depress local economic activity as, in many cases local authorities are often one of the largest, if not the largest employer in their local communities.

97. Further concerns have been expressed during our evidence taking that major reductions in local authority staffing may be an ever-increasing occurrence over the coming years as councils, having now exhausted all of the low hanging fruit, are increasing faced with the decision to make further reductions in staffing compliments.

PPP/PFI costs & single status/equal pay costs

98. Councils have also highlighted the issue of ongoing expenditure which constitutes a recurring cost. Two were highlighted to us.

99. The first is the ongoing cost of servicing PPP/PFI and NPD contracts which delivered major capital and infrastructural projects over the last decade and a half, such as major school building programs. Owing to the legal and contractual nature of these projects, these costs represent an unavoidable expenditure in terms of council's ongoing budgets. PPP/PFI repayments could be planned for in the context of recurring costs for councils over the term of these contracts. However, what has changed in the last few years is the proportion such repayments now represent for councils in terms of revenue expenditure.

100. In a briefing to support the Committee's pre-budget scrutiny, SPICe produced figures looking at the overall level of PPP/PFI and NPD repayments due to be made by local authorities. Based on currently signed projects, the level of PPP/PFI and NPD unitary charges will peak at £590 million in 2025-26 (made up of £536 million for PPP/PFI and £54 million for NPD). Given the Scottish Government's planned NPD programme, it is likely these numbers will increase.

101. Several witnesses pointed to the ongoing costs of PPP/PFI projects and the impact they are having on council budgets. Falkirk Council confirmed that for a 25 year PPP/PFI contract for eight new schools, Falkirk is paying just under £700 million over the lifetime of the contract. He stressed however that—

“One thing to bear in mind is the fact that we would need to compare like with like. PFI-type deals have rolled into them a whole array of services; it is not just about the build cost. [...] what we are paying for each year is a roll-up of an array of services; it is not just the capital cost.”⁵⁴

102. Midlothian Council confirmed that it has two high school PPP contracts which cost “in the region of £10 million, out of a revenue budget in the region of £180 million”⁵⁵ per annum. While Aberdeen City Council stated—

“We have our 3Rs project—reorganise, renovate, rebuild. The PPP/PFI payment to the contractor costs us approximately £12 million, and it increases by around £800,000 a year. I reiterate what Mr Smail said: that includes the whole life-cycle costing of the building. You have to remember

⁵⁴ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2703.

⁵⁵ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2703.

that, at the end of the period, the building comes back in the day 1, opening state, whereas with the traditional council build of a property we would probably just have looked at what the capital financing costs were.”⁵⁶

103. The other cost factor adding to the impacting on budgeting for some council’s is the ongoing impact of single status payments and equal pay agreements. Currently, this is to a large extent a result of recent and pending judicial rulings on claims for compensation as a result of earlier court rulings on past pay and employment practices found to have been discriminatory.

104. In relation to equal pay issues, UNISON stated that—

“Despite official reports to the contrary, equal pay problems persist on a significant scale in the public sector - principally in local government. The issue has been the subject of detailed scrutiny by MSPs, most notably in the Local Government Committee report of June 2009.⁵⁷ The 2009 report contained a number of recommendations designed to ensure that authorities eliminated discrimination, promoted equality and compensated employees for past losses. When viewed from a national perspective, none of those recommendations have been implemented in full.”⁵⁸

105. West Dunbartonshire pointed out that “councils are still dealing with the significant equal pay challenges as a result of single status”⁵⁹. Falkirk Council spoke of the “constant ebb and flow”⁶⁰ of tribunal decisions on single status and equal pay claims. This has led Falkirk to set aside £4 million to cover possible cost of future claim settlements.

106. Midlothian Council also set out the significant impact single status and equal pay issues represent for it, with its Head of Finance and Human Resources, Gary Fairley telling us that the Council had—

“...moved to a single status pay structure in the 2009 for all previous local government administration, professional, technical and craft staff, and manual workers. We face significant equal pay claims from both sets of staff. We have settled all the claims in relation to former manual workers and we have agreed in principle settlements for former APT and C staff, with the expectation that the claims will be physically settled in this calendar year. If my memory serves me right, the total liability that we have incurred is in the region of £13 million.”⁶¹

107. We have been told that both of these cost variables have increased the difficulty for local government to manage the budget pressures they face in the short to intermediate term. While the extent of these pressures can vary greatly

⁵⁶ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2704.

⁵⁷ Local Government and Communities Commission (Session 3) *Equal Pay in Local Government* (SP Paper 292): <http://archive.scottish.parliament.uk/s3/committees/lgc/reports-09/lgr09-12.htm> [Retrieved 5 November 2013].

⁵⁸ UNISON written submission, page 6.

⁵⁹ West Dunbartonshire written submissions, page 1.

⁶⁰ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2705.

⁶¹ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2705.

depending on councils, the overall effect is to narrow the room for manoeuvre councils have available to them to address current and future pressures.

108. We are concerned at the ongoing cost implications arising from single status and equal pay rulings, and the provisions some councils are having to make for these. COSLA should provide an up to date monitoring report on the position of single status and equal pay costs for all 32 local authorities, setting out the amount each has set aside to deal with this issue.

Fees and charges

109. One issue which will merit further consideration by us in the future is the role of the fees and charges levied by local authorities for services they provide to the public.

110. On 31 October the Accounts Commission for Scotland published a report on local government fees and charges. In its report the Commissions says—

“Information reported by councils in their annual Scottish Government financial returns indicates that they raise over £1.3 billion a year through charges, accounting for 7.4 per cent of councils’ total revenue. The proportion of income from charges rose from 5.6 per cent in 2003/04 to 7.4 per cent in 2013. The implementation of the council tax freeze in 2007/08 altered the relative proportion of councils’ income from charges.

Income from charges now equates to over half of the income raised through council tax, having risen from about 40 per cent in 2003 to 57 per cent in 2013.”⁶²

111. We were struck by a number of the key messages in this report, namely—

- Councils should have clear policies in place for charges and concessions. They should regularly review charges to ensure that they are appropriate and meet their intended objectives.
- Councillors should take a lead role in determining charging policies. They should be involved and consulted over the design of charges and concessions.
- Charges can be used to influence behaviour to help meet councils’ objectives. They should not be seen solely as a means to generate income.
- Councils should improve their use of cost information, including unit costs. This is essential for councils to design charges and understand the extent to which they will recover costs.

⁶² *Charging for Services: are you getting it right*. Accounts Commission for Scotland (2013), paragraphs 24 – 25: http://www.audit-scotland.gov.uk/docs/local/2013/nr_131031_hcw_charging_services.pdf [PDF 922KB] (Retrieved 31 October 2013).

- Charges for services vary markedly between councils, reflecting local circumstances and policy priorities. This may be appropriate but councils should be aware of any significant differences in their charges. They should be transparent in how they set charges and be able to explain their charging decisions to the public.
- Councils should consider charging as part of their overall financial management. Councils should understand the contribution that charges make to their overall financial position, and the extent to which individual services are subsidised. This can help councils to target subsidy to priority areas.

112. The role which charging and fees play within local government resources was put to witnesses on 30 October. We have been told by various witnesses that, current 81% of net local government funding derives from central government, with the remaining 19% coming by way of the council tax.

113. However, in response to questions on the specific nature of this ratio, the Chair of CIPFA Directors of Finance clarified the position—

“the 81 per cent includes core Government grant and non-domestic rate income, but it is all guaranteed. The 81 per cent to 19 per cent split is based on our net expenditure as councils. In reaching that net expenditure, we have fees and charges that we levy for the use of things such as leisure centres. For example, in Angus, fees and charges are about 10 per cent of our net expenditure. The figures of 81 per cent and 19 per cent that I gave are based on net expenditure after fees and charges have been taken into account.” [...]

“What it comes down to is that we look at our budget on a net basis, but we could also look at the figures on a gross basis. Gross expenditure includes everything. Income on a gross basis would include fees and charges, council tax, Government grant, non-domestic rates, Department for Work and Pensions grant for benefits and the like.”⁶³

114. Expanding on this answer, Mr Lorimer also set out the base budget position for councils in terms of revenue budgets (revenue funding from Government + NDRI), and other sources of funding. These other sources of funding include various EU funding schemes; UK Department of Work and Pensions payments; discretionary housing payments; various capital receipts from asset sales; charges and fees levied for council services; the Scottish Futures Trust etc.⁶⁴

115. The Cabinet Secretary was questioned in relation to the increase in local government charges for services and the potential to alleviate some of this pressure if they were allowed to retain a greater share of business rates through an incentivisation scheme. Setting out his discussions with COSLA on this matter, he stated—

⁶³ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2756.

⁶⁴ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Cols 2762-63.

“I would be delighted to announce that scheme tomorrow, if I could, but I have to agree targets with local government that are credible and representative of the current business rates position and local authority leaders have indicated that they do not wish to do that until the final audited position on business rates for 2012-13 is clear, which will not be until February 2014. The need to revise the targets for the business rates incentivisation scheme has come about because of the delay in the application of various implications of appeals as a result of significant court cases [...] I am keen to reach agreement on the targets but I cannot agree a set of targets if there is no willingness to do so at this stage. Once we get to February 2014, we will turn our minds to agreeing the targets with local government.”⁶⁵

116. We note the evidence provided by CIPFA and SOLACE on the net expenditure basis on which local government funding allocations are sought from the Scottish Government, and the other funding streams available to them. However, it is clear from the Accounts Commission that local government has taken in £1.3 billion in revenue in 2011-12 in charges and fees.

117. In this current economic environment it is no longer acceptable for the Parliament to be informed of what funding councils require from the Scottish Consolidated Fund without also being clearly informed on the full range of income, including what councils earn. Otherwise, the Parliament, and therefore, the taxpayer, cannot make any informed judgement on the validity of funding requests.

118. Once again this issue highlights the need for the political leadership of COSLA to engage fully with us on local government financing.

THE FUTURE OF LOCAL GOVERNMENT FINANCING

The revenue base and distribution formula for local government

119. It is clear from the evidence we have received, both in our scrutiny of the 2014/15 draft budget, and more widely across our work as a parliamentary committee, there is a debate under way on how local government in Scotland should be funded in the future.⁶⁶ This includes considering who should assess the need for revenue to be raised and how such revenues should be channelled into the services to deliver outcomes which improve peoples' lives.

120. On several occasions during the consideration of the budget the topic of the current distribution formula used by COSLA to determine the individual financial settlements for each local authority was raised.

121. One specific issue we have already referred to is the use of a demographic model to determine funding settlements. Local authorities, such as Renfrewshire, have called for more emphasis to be given to targeting areas of deprivation within the funding formula.⁶⁷ Other councils such as Aberdeen City and Midlothian

⁶⁵ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Cols 2772-73.

⁶⁶ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Cols 2686-96 and various written submissions.

⁶⁷ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Cols 2785-89.

pointed to the pressure their growing populations place on services and called for the distribution process to take more account of the variations they face.⁶⁸

122. Responding to this debate, the Chair of CIPFA Directors of Finance offered a strictly personal view—

“Distribution is a difficult and emotive issue, and councils take different views on whether distribution reflects their particular circumstances. I suspect that every council could find an indicator in the distribution system that they think does not serve them as well as it should. From my perspective, I would be cautious about getting into a whole debate about distribution, because it would be a fight over a diminishing cake. I think in local government we should focus our energies on dealing with the financial challenges, however difficult that might be, rather than being deflected from that by looking at distribution.”⁶⁹

123. The Cabinet Secretary explained that the distribution formula used by COSLA is agreed jointly between them and Scottish Ministers. Ministers are advised in this process by the Settlement and Distribution Group. Referring to the application of the formula for the financial year 2015-16, the Cabinet Secretary told us—

“The representation that I have had from COSLA is a letter from the convention’s president to indicate to me that COSLA leaders have proposed—by a narrow margin, I must say—that, in 2015-16, the distribution formula should not be applied and that the settlement that is delivered in 2014-15 should be rolled forward for another financial year. There would be no updating of the indicators to take into account the principal driver of the distribution formula, which is population change.”⁷⁰

124. While he has not yet responded to this request, the Cabinet Secretary told us that the consideration given to this would “make it difficult for [him] to set out the indicative allocations to local authorities for 2015-16” which would normally be indicated in early December. He conceded “there will undoubtedly be issues for local authorities that have population uplift if the settlement for 2014-15 is simply to be replicated in 2015-16.”⁷¹

125. Clearly the debate over the distribution formula for local government is one on which many differing views are held. While discussion on the implications of the current formula is primarily one for COSLA and the Scottish Ministers to undertake, such discussions must be considered in the wider context of the overall funding structure for local government. **We would welcome the views of the COSLA Commission on Strengthening Local Democracy on the issue of the future of the distribution formula as part of its wider consideration of local government funding.**

⁶⁸ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Cols 2889-91.

⁶⁹ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2757.

⁷⁰ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2770.

⁷¹ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Cols 2770-71.

Financial empowerment for local government

126. Ultimately, it is not central government which funds local government, neither is it local government which funds local services. It is the taxpayer who funds all levels of government, through direct and indirect taxes; council tax; non-domestic rates; charges and levies for services and general economic activity.

127. The broad question emerging from much of the evidence we have received is, in essence, a straightforward one. What should the statutory and administrative structure for raising revenues for local government look like over the medium to long term? Where should the balance lie between central government and local government in determining how to raise revenue? How should revenue be targeted to achieve the outcomes we seek? Where should public accountability lie in this equation?

128. In the evidence we have received, several suggestions were made in terms of short-term rebalancing of the revenue-raising responsibility between local and national government. These suggestions may provide some additional flexibility to local government to deal with the various financial and service pressures confronting them over the next three to five years—

- some discussion took place around the wider use of Tax Incremental Financing (“TIF”)⁷² as an investment tool for local government. This may be a popular option in light of the current low interest rate environment, and the level of work done in local government in terms of managing the risks involved in this form of funding;
- Consideration was also given to the other empowerment mechanisms which could be provided to local government. Adopting a Scottish variant of the current City Deal scheme in England⁷³, where cities are given additional powers to financially benefit from economic development in their areas;
- New devolved powers from the UK to Scotland on stamp duty equivalent could be examined to see if local authorities could financially benefit from private property development in their area.⁷⁴ It was stated such a mechanism could be used to support the development of social housing;
- More opportunities for local authorities to benefit from increases in business rates were also mentioned as a way to improve income streams to councils.⁷⁵

129. Outside of additional funding mechanisms for local government, witnesses highlighted potential flexibilities in existing mechanisms, which would give local authorities more latitude to adapt to changing circumstances.

130. A more flexible use of non-domestic rates in terms of specific site development within a council area was highlighted to us by Aberdeen City

⁷² Local Government and Regeneration Committee, *Official Report 9 October 2013*, Cols 2695-96.

⁷³ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2686.

⁷⁴ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2690.

⁷⁵ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Cols 2090-91; 2694.

Council.⁷⁶ This could look to develop a risk-reward scenario between councils, local developers and the Scottish Government and provide councils with additional scope to address pressures in service provision.⁷⁷

131. The consideration of looser criteria for the use of discretionary housing payments was another issue raised as having the potential to provide councils with flexibility. Transfer of control of such payments from central government to local government, with sufficient safeguards, could play an important role in assisting councils to address immediate issues, such as the impact of welfare reform and the so-called 'Bedroom Tax'. This could support a dedicated focus by councils on "preventative intervention" and allows them to identify how to direct council resources to improving the quality of people's lives, "rather than just treading water and maintaining the status quo".⁷⁸

132. As previously referred to, the reduction in the level of ring-fenced funding to local government was providing additional flexibility for councils to respond to various pressures in their areas. However, as new financial burdens arise, yet more flexibility may be required by local councils.

133. The Cabinet Secretary pointed to the very close dialogue he is undertaking with COSLA on the position of local government financing—

"Local government is immersed in the discussion with me about how we meet the challenges. I see local government frequently to discuss budget issues. The formulation of the budget proposition for 2014-15 did not happen without any dialogue with COSLA. I met COSLA's presidential team several times over the summer; in fact, I probably met that team more often than I met anyone else other than the Cabinet to discuss the budget during the summer. That is perhaps evidenced in the reaction that local government has given."⁷⁹

134. A close ongoing dialogue between the Scottish Government and COSLA, in relation to the finalisation of the local government budget settlement for any given year, is to be expected. However, it is important that a dialogue is also taking place on the wider issue of developing the local government finance system. It is not clear to us from the evidence received whether this is the case at the moment.

135. As our examination of these suggestions has been necessarily brief, we are not in a position to endorse any proposals - in the absence of a fuller understanding of the potential advantages and disadvantages of each. However, we believe that these suggestions merit further consideration. If there are options currently available to the Scottish Government to provide additional funding flexibility to councils, these should be examined.

136. In the first instance however it is for local authorities, through COSLA, to develop a clear set of funding proposals to inform this debate. For our part, we will constructively engage in any debate on the future of local

⁷⁶ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2694.

⁷⁷ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2694.

⁷⁸ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2687.

⁷⁹ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2772.

government funding, and seek to add value to such discussion through our scrutiny work.

PUBLIC SERVICES REFORMS

Reform potential and sharing best practice

137. The last decade has seen a major drive for reform of the Scottish public sector so as to deliver more effective public services; deliver better value for money and provide more accountability and transparency in the way in which services are delivered.

138. Given the important role local government plays in public services in Scotland, many of these reform initiatives have centred on the operation of councils. This includes the introduction of the community planning process and the establishment of the Improvement Service to provide local government with dedicated support in delivering on change. A recent product of this is the development of the local government benchmarking.

139. The potential of developments, such as the benchmarking system, was highlighted by Jenny Stewart of KPMG (“KPMG”)—

“The community planning partnerships are a good way forward, but the benchmarking data that I know the committee has looked at before—one of the questions was on benchmarking—suggests that there is considerable scope for further efficiencies if the performance of local authorities can coalesce around a higher average than is the case at the moment. I think that there is a bit further to go on efficiencies. If the community planning partnerships can focus in on preventative spend, they could drive some really significant cost savings without impacting on the outcomes that are achieved.”⁸⁰

140. Concern was also expressed by Jenny Bloomfield of the Scottish Council for Voluntary Organisations (“SCVO”), about delays in delivering on the full potential of the Community Planning Partnerships. Referring to the *Agreement on Joint Working on Community Planning and Resourcing*, she stated—

“It is positive that the agreement exists, but I suppose that we will have to wait and see whether it is implemented and whether it does what we hope that it will do. The tenets of the 2009 joint statement with COSLA on working with the third sector and others were very good, but they have not been implemented.”⁸¹

141. Both the SCVO and the Prince’s Trust for Scotland referred to the unmet potential of the third sector in delivering public services in a more efficient and effective way. Both pointed to the difficulties in third sector organisations being able to demonstrate the potential value they can add to reform of the public services.

142. The SCVO referred to the example of the Food Train—

⁸⁰ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2726.

⁸¹ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2727.

“We find that organisations that started off quite small and can demonstrate that they have done well can often spread quite well. The Food Train began quite small but it grew and found other ways of working and brought new ideas that are now being looked at quite seriously by a few local authorities. It is easier for local authorities to look in-house because that is what they know.”⁸²

143. The Prince’s Trust for Scotland called for “better empirical evidence and more benchmarking of the costs and how efficiently the services are being delivered”.⁸³

144. KPMG cited the example of the huge cost variation across local authorities for the cost per hour of home care services, ranging from £8 per hour to £30 per hour, with the average cost coming out at £19 per hour.⁸⁴ It was suggested this was an area where benchmarking should provide much more robust information on the reasons for such a cost range. While acknowledging that there may be many valid reasons for such a disparity, KPMG suggested that “to drag people up to the average should not be a huge stretch” of the system.

145. The Cabinet Secretary indicated that he was content that local government and the wider public sector was actively working to deliver change and learn from best practice. However, he also acknowledged that such processes could always be improved upon and that continuous effort was required to find better ways to deliver on the changes necessary in the public sector.⁸⁵ As an example, he pointed to the ongoing work of the Convention of the Highlands and Islands in assessing their comparative experience of community planning partnerships in advancing the change agenda. The Cabinet Secretary also highlighted the growing potential of social media interaction in order to reach a much wider audience.

146. We are disappointed to learn that, four years on from the publication of the Agreement on Joint Working on Community Planning and Resourcing, no progress has been made in terms of developing the potential of the third sector to deliver reform and savings in public services. This is an issue we will look to investigate in terms of our 2014 work programme.

147. While it is clear that much work is being undertaken in other areas, we still get the sense that not enough progress is being made in terms of achieving the maximum potential from the reform process. Part of this is the perennial problem through the difficulty of sharing best practice across the local government sector.

PARLIAMENTARY BUDGET SCRUTINY

The annual budget process

148. One of the key approaches we have adopted to our scrutiny work as a Committee is to ensure a joined-up approach is taken to policy consideration. We have looked to identify key issues for scrutiny, both within our inquiry work, and our consideration of legislation. This, in turn, informs our programme of ongoing

⁸² Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2727.

⁸³ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Col 2728.

⁸⁴ Local Government and Regeneration Committee, *Official Report 9 October 2013*, Cols 2728-29.

⁸⁵ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Cols 2769-70.

work. In doing so we seek to improve our effectiveness as part of the scrutiny and oversight role of the Parliament, as well as add value through the experience we have gained. This is an approach advocated by the Parliament's Finance Committee.⁸⁶

149. The Committee's call for evidence on the 2014/15 draft budget mainstreamed those areas recommended for examination by other parliamentary committees, such as the National Performance Framework, climate change issues and equal opportunities. Relevant evidence on these issues has been drawn upon for the production of this report. We intend to utilise this body of evidence further in our 2014 work programme, thereby continuing the process of mainstreaming the annual budget process into our committee work.

150. In terms of our scrutiny of this budget, we have identified four areas which we will seek to mainstream into our 2014 work programme.

Agreement on Joint Working on Community Planning and Resourcing

151. As already referred to in the previous section we have taken some evidence on the state of progress of the Agreement on Joint Working on Community Planning and Resourcing. We will return to examination of this agreement as part of our scrutiny of the forthcoming Community Empowerment (Scotland) Bill⁸⁷ in 2014.

Resources for the planning system

152. One area we have noted from our consideration of the 2014/15 draft budget is the evidence from the Royal Town Planning Institute ("RTPI") in relation to local authority staffing and budgets. In their written budget evidence to us, they stated—

"The last year has seen an unparalleled reduction in professional planning staff in local authorities across Scotland. Although this is as yet unquantified, intelligence received by the Institute tells us that this is beginning to have an impact upon how the service is being delivered. [...] A properly resourced planning system, working within the right framework, is key to achieving ambitions for sustainable development, economic growth and successful places for people across Scotland."⁸⁸

153. In January 2014 the Scottish Government will lay the third draft National Planning Framework ("NPF3") before the Parliament.⁸⁹ The Scottish Government has also announced a review of Scottish Planning Policy ("SPP") to run alongside NPF3, and we will be scrutinising both in January 2014.

154. Furthermore, we have agreed to consider, as part of this scrutiny, those planning issues which have emerged from our inquiry on the Delivery of Regeneration in Scotland.

⁸⁶ Finance Committee draft budget guidance.

⁸⁷ Scottish Government consultation of the Community Empowerment (Scotland) Bill: <http://www.scotland.gov.uk/Publications/2013/11/5740> [Retrieved 7 November 2013].

⁸⁸ RTPI written submission,

⁸⁹ Correspondence from the Minister for Local Government and Planning (October 2013): http://www.scottish.parliament.uk/S4_LocalGovernmentandRegenerationCommittee/20131010_Letter_to_Convener_from_Min_LGP.pdf

155. In advance of the laying of NPF3 before the Parliament in January 2014, we call on the Scottish Government, COSLA, and the key planning stakeholders to undertake any necessary examination of the current level of resources for the planning system. This will allow them to make an informed contribution to our scrutiny of planning resources as part of our scrutiny of NPF3 and SPP in January 2014.

Community assets, and local authority fees and charges

156. Two further areas we will give consideration to in 2014 is the issue of the empowerment of communities through the ownership of local government assets; and the fees and charges local authorities levy for various services.

157. On 6 November 2013 the Scottish Government launched a draft Community Empowerment (Scotland) Bill and consultation⁹⁰. The draft Bill contains provisions for asset transfer requests and disposal of common good property. One important issue highlighted by our ongoing inquiry and budget scrutiny, is the issue of the viability of community assets transfer.

158. In response to questions on 30 October about which discretionary services local authorities may look to disengage from, in order to make further savings, the Chair of SOLACE commented—

“Local authorities have provided a lot of support in communities for community halls and centres, but maintaining that support will become increasingly difficult for us. We are actively encouraging communities to take on the operation and running of community centres as well as the associated on-going costs. Authorities take different approaches to that. There might be up-front money to help communities, and there is also a lot of people support to help communities to get the right skills to run community centres. To go back to Ms McTaggart’s earlier question, that is not a statutory duty for us, but a number of us are looking carefully at it.”⁹¹

159. We will use the opportunity provided by the Community Empowerment (Scotland) Bill to generally assess the capacity of local communities to assume the financial, operations and legal burdens of taking ownership of community assets from local authorities. We will also examine the support that is being, or can be made available to local communities to support this.

160. Another piece of forthcoming legislation is the Licensing (Scotland) Bill.⁹² The Bill will be accompanied by a Financial Memorandum and a Business Regulatory Impact Assessment (BRIA), setting out the costs for its implementation, along with an assessment of its wider economic effect on business. We expect our examination of the policies set out in this legislation will provide us with an opportunity to consider further the topic of local authority fees and charging regime, and the scale they play in terms of the overall funding provision to

⁹⁰ Scottish Government consultation of the Community Empowerment (Scotland) Bill: <http://www.scotland.gov.uk/Publications/2013/11/5740> [Retrieved 7 November 2013].

⁹¹ Local Government and Regeneration Committee, *Official Report 30 October 2013*, Col 2756.

⁹² Licensing (Scotland) Bill: <http://www.scotland.gov.uk/About/Performance/programme-for-government/2013-14/Licensing-Bill>

councils. We will be interested to ascertain the extent to which these, and other services, are self-funding.

ANNEXE A: EXTRACT FROM THE MINUTES OF THE LOCAL GOVERNMENT AND REGENERATION COMMITTEE

19th Meeting, 2013 (Session 4), Wednesday 12 June 2013

Draft Budget Scrutiny 2014-15 (in private): The Committee considered and agreed a draft remit and person-specification for the post of adviser as part of its approach to the scrutiny of the Scottish Government's Draft Budget 2014-15.

21st Meeting, 2013 (Session 4), Wednesday 26 June 2013

Draft Budget Scrutiny 2014-15 (in private): The Committee considered its approach to the scrutiny of the Scottish Government's Draft Budget 2014-15, and agreed its call for written evidence along with a timetable for oral evidence taking on the draft budget. The Committee also agreed witnesses from whom it wishes to take oral evidence, while delegating to the Convener the responsibility for identifying any additional witnesses, as needed. Furthermore, it agreed to consider a candidate list of potential advisers, in private, in early September. The Committee also agreed to hold a discussion, in private, at the end of each meeting on the evidence heard; as well as agreeing to consider any further approach to the draft budget, and draft reports on the draft budget, in private, at future meetings. Finally, the responsibility for arranging to pay any expenses to witnesses under the SPCB witness expense scheme was delegate to the Convener.

22nd Meeting, 2013 (Session 4), Wednesday 4 September 2013

Draft Budget Scrutiny 2014-15 (in private): The Committee considered its approach to the appointment of an adviser as part of its scrutiny of the Scottish Government's Draft Budget 2014-15, and agreed to continue consideration at its next meeting.

23rd Meeting, 2013 (Session 4), Wednesday 11 September 2013

Draft Budget Scrutiny 2014-15 (in private): The Committee agreed an approach to support its scrutiny of the Scottish Government's Draft Budget 2014-15.

26th Meeting, 2013 (Session 4), Wednesday 9 October 2013

Draft Budget Scrutiny 2014-15: The Committee took evidence on the Scottish Government's Draft Budget 2014-15 from—

Councillor Barney Crockett, Council Leader, Valerie Watts, Chief Executive, and Steven Whyte, Chief Accountant, Aberdeen City Council;

Kenneth Lawrie, Chief Executive, and Gary Fairley, Head of Finance and Human Resources, Midlothian Council;

Bryan Smail, Chief Finance Officer, Falkirk Council;

Dave Watson, Scottish Organiser, UNISON;

Dave Moxham, Deputy General Secretary, Scottish Trade Union Congress;

Jenny Stewart, Head of Infrastructure and Government - Scotland, KPMG;

Jenny Bloomfield, Policy Officer, Scottish Council for Voluntary Organisations;

Finlay Lavery, Senior Head of Commercial Development, Prince's Trust for Scotland.

Draft Budget Scrutiny 2014-15 (in private): The Committee considered the evidence received.

27th Meeting, 2013 (Session 4), Wednesday 30 October 2013

Draft Budget Scrutiny 2014-15: The Committee took evidence on the Scottish Government's Draft Budget 2014-15 from—

Elma Murray, Chair of SOLACE Scotland, and Chief Executive of North Ayrshire Council;

Ian Lorimer, Chair of CIPFA Directors of Finance, Head of Corporate Improvement and Finance, Angus Council;

John Swinney, Cabinet Secretary for Finance, Employment and Sustainable Growth, Graham Owenson, Head of Revenue and Capital, and Stephen Gallagher, Head of Local Government Division, Scottish Government.

Draft Budget Scrutiny 2014-15 (in private): The Committee considered the evidence received.

29th Meeting, 2013 (Session 4), Wednesday 13 November 2013

Draft Budget Scrutiny 2014-15 (in private): The Committee considered a draft report to the Finance Committee on the Scottish Government's Draft Budget 2014-15. Subject to various amendments the report was agreed to.

ANNEXE B: RECORD OF DIVISIONS TAKEN IN PRIVATE BY THE LOCAL GOVERNMENT AND REGENERATION COMMITTEE

1. On Wednesday 13 November 2013, the Local Government and Regeneration Committee considered its draft report to the Finance Committee on the Scottish Government's Draft Budget 2014-15. This consideration took place in private session.

2. Cameron Buchanan submitted his apologies for this meeting.

3. Mark McDonald attended the meeting following his appointment as a member of the Committee by the Parliament on 7 November 2013.

4. During consideration of the draft report, Richard Baker proposed that paragraph 75 be amended by deleting the following text—

This figure leads us to question just how severe the current pressures on local authorities are.

5. The proposal was disagreed to, by division: For 2 (Richard Baker and Anne McTaggart); Against 4 (Mark McDonald; Kevin Stewart; Stuart McMillan and John Wilson); Abstentions 0.

ANNEXE C: WRITTEN AND ORAL EVIDENCE RECEIVED BY THE LOCAL GOVERNMENT AND REGENERATION COMMITTEE

26th Meeting 2013 (Session 4), 9 October 2013

[ORAL EVIDENCE](#)

Councillor Barney Crockett, Council Leader, Aberdeen City Council;
Valerie Watts, Chief Executive, Aberdeen City Council
Steven Whyte, Chief Accountant, Aberdeen City Council;
Kenneth Lawrie, Chief Executive, Midlothian Council;
Gary Fairley, Head of Finance and Human Resources, Midlothian Council;
Bryan Smail, Chief Finance Officer, Falkirk Council;
Dave Watson, Scottish Organiser, UNISON;
Dave Moxham, Deputy General Secretary, Scottish Trade Union Congress;
Jenny Stewart, Head of Infrastructure and Government - Scotland, KPMG;
Jenny Bloomfield, Policy Officer, Scottish Council for Voluntary Organisations;
Finlay Laverty, Senior Head of Commercial Development, Prince's Trust for Scotland.

Written Evidence

[Midlothian Council \(169KB pdf\)](#)
[Falkirk Scotland \(152KB pdf\)](#)
[UNISON Scotland \(116KB pdf\)](#)
[Prince's Trust \(157KB pdf\)](#)
[Scottish Council for Voluntary organisations \(SCVO\) \(113KB pdf\)](#)
[SENSCOT \(129KB pdf\)](#)

Supplementary Written Evidence

[Midlothian Council \(126KB pdf\)](#)

27th Meeting 2013 (Session 4), 30 October 2013

[ORAL EVIDENCE](#)

Elma Murray, Chair of SOLACE Scotland, and Chief Executive of North Ayrshire Council;
Ian Lorimer, Chair of Directors of Finance, COSLA;
John Swinney, Cabinet Secretary for Finance, Employment and Sustainable Growth, Scottish Government;
Graham Owenson, Head of Revenue and Capital, Scottish Government;
Stephen Gallagher, Head of Local Government Division, Scottish Government.

Written Evidence

[SOLACE Scotland \(174KB pdf\)](#)

ANNEXE D: OTHER WRITTEN EVIDENCE RECEIVED BY THE LOCAL GOVERNMENT AND REGENERATION COMMITTEE

The following submissions were received in response to the Committee's call for evidence on the Scottish Government's Draft Budget 2014-2015:

[Argyll and Bute Council \(147KB pdf\)](#)
[CBI Scotland \(204KB pdf\)](#)
[Coalition of Care and support Providers \(CCPS\) \(173KB pdf\)](#)
[Comhairle Nan Eilean Siar \(167KB pdf\)](#)
[Child Poverty Action Group \(CPAG\) in Scotland \(436KB pdf\)](#)
[Fife Council \(173KB pdf\)](#)
[Improvement Service \(365KB pdf\)](#)
[North Lanarkshire Council \(167KB pdf\)](#)
[Orkney Islands Council \(84KB pdf\)](#)
[Renfrewshire Council \(262KB pdf\)](#)
[Royal Town Planning Institute \(RTPI\) Scotland \(78KB pdf\)](#)
[Scottish Federation of Housing Associations \(SFHA\) \(75KB pdf\)](#)
[South Lanarkshire Council \(158KB pdf\)](#)
[West Dunbartonshire Council \(138KB pdf\)](#)
[West Lothian Council \(106KB pdf\)](#)