

Purpose

1. This report provides an update on significant recent activity relating to local government. Much of its content is derived from weekly digests of media and Parliamentary mentions, Parliamentary committee updates, consultations and other relevant news updates. These digests are provided to members by Audit Scotland's Communications Team and are available through the [members' SharePoint site](#).

Recommendations

2. The Commission is invited to:
 - Note this report and consider any implications for its work programme

Recent publications and engagement

3. Below are details of the media coverage, download statistics and social media engagement for reports issued recently by the Commission.
 - **[Best Value in Moray Council](#)** (28 March 2024)
 - Media coverage: [BBC News](#), [Press and Journal](#), [The MJ](#), [Northern Scot](#) [online]; Press and Journal (including [front page](#)), Evening Express [print].
 - Engagement statistics: 800 report downloads from the website; 11,000 views, 3,800 video views and 400 engagements on social media.
 - Notable social media activity: 4 Twitter posts by Cllr Stephen McCabe, Leader of Inverclyde Council ([example](#)); BBC Scotland News [post on Twitter](#) reshared widely; short video statement response by [Moray Council on Instagram](#)
 - *For comparison – the Best Value in Dumfries and Galloway report had around 2,750 views, 1,600 video views and 200 engagements on social media.*
4. Quarterly and annual download statistics for Commission publications are also provided, to supplement the regular monthly statistics. The next quarterly update, covering the period up to the end of March 2024, will be provided in the May edition of this report.

Media and Parliamentary monitoring

5. [Question from Kenneth Gibson](#) (SNP MSP, Finance Committee Convener) to Tom Arthur (Minister for Community Wealth and Public Finance), Scottish Parliament, 6 March 2024:
 - “It is clear that the Chancellor of the Exchequer’s two UK Westminster budgets in less than four months, which are desperately aimed at holding on to a few extra seats, can only play havoc with Scotland’s budgeting processes. Nevertheless, the Accounts Commission has long argued that, even in such circumstances, long-term budgeting will

still bring efficiencies and better service delivery for local authorities. Is that not also the case with the Scottish Government?”

6. [Evidence from Tom Arthur](#) (Minister for Community Wealth and Public Finance) to Local Government Committee on Local Authority (Capital Finance and Accounting) Amendment Regulations, 5 March 2024, when asked about risks of councils’ financial failure:
 - “Specific roles and responsibilities are exercised by the Accounts Commission, for example, in assessing the performance and financial management of local authorities. We recognise the challenges that local authorities are facing, but we are in a different set of circumstances than certain local authorities in England were in because of some of the decisions that were taken by individual local authorities. However, a contributing factor was the particular approaches around accounting that we are discussing, and the way in which they were taken in England. We are getting ahead of the situation by being proactive. We are ensuring that we are not creating a situation in which, over time, the level of risk increases and starts to present long-term sustainability challenges.”
7. Scottish Government response to Cllr Stephen McCabe (Inverclyde Council leader) warning that [councillors could “walk away”](#) rather than make further cuts, 23 March 2024:
 - “Scottish ministers are aware that many councils are under financial pressure, which is why the 2024-25 Scottish Budget provides record funding for local government of over £14 billion. The Scottish Government has provided a real terms increase in revenue funding for local government in both 2022-23 and 2023-24, as confirmed by the Accounts Commission. Decisions on local government budget allocations for future years are subject to the outcome of negotiations with COSLA, the results of which will be confirmed in future Scottish Budgets. Any assumptions relating to possible future budget reductions are entirely speculative at this stage.”
8. [Letter from Katie Hagmann](#) (COSLA Resources Spokesperson) to Ariane Burgess (Local Government Committee Convener) regarding Fiscal Framework, 22 February 2024:
 - “Due to systemic underfunding, Councils have been forced to use their reserves to bridge funding gaps and fund vital services. Reserves can only be used once ... The use of reserves is not a sustainable solution to counteract underfunded policy areas from the Scottish budget. As the Accounts Commission reported in [January](#): “Councils continue to rely on savings and reserves to balance budgets. Over half of councils used financial flexibilities in 2022/23. This helps with immediate budget pressures but defers costs to later years and fails to tackle underlying challenges to financial sustainability”.”

Council tax and council budgets

9. The two councils that had initially included increases to council tax as part of their budgets – Argyll and Bute (10%), and Inverclyde (8.2%) – agreed to differing means of delivering an ‘effective freeze’ for 2024/25, as follows:
 - Argyll and Bute Council was to hold a special council meeting on 15 April to consider implementing a freeze that would be backdated to 1 April.
 - Inverclyde Council agreed, on 26 March, to apply a one-off credit to council tax accounts for 2024/25, to offset the previously agreed increase.

10. Residents in both council areas will initially pay more, before the changes are applied and new bills issued with effect from May (subject to council approval in Argyll and Bute's case).
11. These decisions follow confirmation of £62.7 million of additional funding for councils, which was first announced by the Deputy First Minister in the midst of the council budget-setting period. This extra funding includes £45 million in Barnett consequential from the UK Government, supplemented by £17.7 million from the Scottish Government, in order to meet the shortfall in revenue funding identified by COSLA in its Budget Reality analysis.
12. Inverclyde's decision raises the prospect of residents there facing a 14.69% increase to council tax in April 2025, as the council agreed a two-year budget which included a further six per cent rise in council tax in 2025/26, and has not yet reversed either increase.
13. News releases and news stories for all councils' budget announcements are available on the [members' SharePoint site](#). The upcoming Commission publication on council budgets will provide an overall analysis and commentary on council finances in 2024/25.
14. Meanwhile, in the midst of the row between councils and the Scottish Government over the council tax freeze and following contact from some council leaders, Michael Gove (UK Secretary of State for Levelling Up, Housing and Communities) pledged to look into the possibility of providing more UK Government support. Mr Gove said councils had been "let down" by the Scottish Government, which is "not funding local government properly". The Commission was mentioned in coverage of the story including by the [Mail on Sunday](#).

Other local government finance issues

15. The Scottish Government has published its annual [local government finance statistics for 2022/23](#). The figures are taken from audited accounts of councils, Regional Transport Partnerships and some joint boards, and cover revenue expenditure and income, capital expenditure and financing, pensions, reserves and debt, including costs of private finance initiatives and public private partnership contracts. The figures show that [councils' total debt stands at £21.8 billion](#) – 57% more than the 2024/25 Scottish budget allocation to councils – having risen by 6.1 per cent (£1.2 billion) in a year and by 19.6% over five years.
16. Deloitte published its [State of the State 2024: Scotland](#) report, and warned in the media that some council chief financial officers believe 'bankruptcy is not far away'. The report is based on research combining an online opinion survey and interviews with senior public sector leaders including council chief executives and elected representatives. Findings include:
 - Public finances in Scotland are unsustainable, and government needs to prioritise to match its aspirations with its resources. A 'decluttering' for business and continued investment in skills were highlighted as key to economic growth.
 - Scotland is the UK nation with the strongest preference towards higher public spending, with 36 per cent of people in favour of higher taxes to fund services.
 - Infrastructure and availability of affordable housing have grown as public concerns in Scotland, with the latter an equal priority to climate change. People in Scotland also lack confidence in net zero targets, and many don't expect to make major lifestyle changes.
 - People want public services they can access and complain to when things go wrong; they are less interested in how services are organised.

- 17.** The Local Government Information Unit (LGIU) has published the results of its latest research on [The State of Local Government Finance in England](#). The main messages are similar to those reported from its equivalent research in Scotland in December 2023:
- More than half of respondents said they were likely to declare effective bankruptcy in the next five years; 9 per cent said they were likely to in the next financial year.
 - The proportion of respondents who said they had confidence in the sustainability of council finances fell from 14 per cent in 2023 to just 4 per cent in 2024.
 - More than half drew on their reserves in 2023/24 and plan to do so again in the upcoming year – the LGIU says this is a serious warning sign of problems to come.
- 18.** The Chancellor, Jeremy Hunt, announced and published the UK Spring Budget on 6 March, focusing on tax cuts including National Insurance, and reducing inflation. The Budget provided little additional support for local government other than the £600 million of extra funding previously announced – of which £500 million was for social care, and which resulted in the £45 million of consequential towards the council tax freeze in Scotland.
- 19.** The Local Government Association expressed disappointment that the Government had “not announced measures to adequately fund local services”. According to the LGA, councils’ core spending power has been cut by 23.3 per cent in real terms since 2010/11, which it says is unsustainable in the face of unprecedented cost and demand pressures.
- 20.** The UK Government has approved an [exceptional support package for Woking Borough Council](#). The package, worth £785 million – more than 40 times the council’s £19 million net budget – will allow the council to set a balanced budget in 2024/25.

Policy area updates

National Care Service

- 21.** The Stage 1 debate took place on 29 February, and the Parliament agreed to the general principles of the Bill, which now moves on to detailed consideration by the Health, Social Care and Sport (HSCS) Committee at Stage 2. The [Official Report](#) (substantive transcript) and [video recording](#) of the debate are available on the Scottish Parliament website.
- 22.** During the debate, the Minister Maree Todd outlined three key changes the Scottish Government intends to make via amendments at Stage 2, following negotiations with COSLA and other stakeholder engagement:
- Establishing a National Care Service Board to oversee delivery across Scotland
 - Reforming existing integration authorities instead of creating new local care boards
 - Retaining local authority responsibility for current functions and the delivery of services, with no transfer of staff or assets
- 23.** On 28 March, [the Minister wrote to the HSCS Committee](#) providing a detailed response to each of the recommendations in the Committee’s [Stage 1 report](#). The response describes the planned amendments to the Bill and how they respond to those recommendations. The letter also states that an Expert Legislative Advisory Group has been set up to inform the process of amending the Bil, as recommended by the Committee.

- 24.** In its report, the Committee called on the Scottish Government to publish the full text of its proposed amendments and a marked-up version of the Bill showing these amendments, by 29 March. However, the Minister has stated that this information will be provided no later than June 2024, to allow time for the advisory group to consider the amendments. The Committee intends to undertake further scrutiny of those draft amendments, and to issue a call for views, before conducting formal Stage 2 proceedings. It is not yet clear, therefore, whether Stage 2 will be completed before or after the summer recess.

Health and social care

- 25.** Edinburgh and Glasgow City Integration Joint Boards (IJBs) both announced significant cuts to services in response to large budget deficits in 2024/25.
- In [Edinburgh](#), two council-owned care homes are to close, with residents moved elsewhere, while grants to third sector organisations are likely to be cut by 10%, and mental health and drug and alcohol services will also see reduced investment, as the IJB attempts to bridge a £60 million budget gap.
 - In [Glasgow](#), 150 jobs are to go as part of efforts to overcome a £36 million shortfall, which also include potentially restricting social care support to those deemed as “critical need” only, introducing waiting lists for self-directed support, and cutting its “maximising independence” programme that supports people to live at home for longer.
- 26.** The number of suspected drug deaths in Scotland increased by 10% last year, according to [figures from Police Scotland](#). The figures, which are not confirmed drug death statistics, indicated that 1,197 people died due to suspected drug use in 2023 – 105 more than in 2022. Of those who died, 73% were men and 27% women, while the 35-54 age group had the highest proportion. Meanwhile, [data from Public Health Scotland](#) shows alcohol-related hospital admissions in Scotland fell by 11% in 2022/23 compared to the previous year, despite alcohol-related deaths rising by 25% over the last three years. People in deprived areas were seven times more likely to be hospitalised than those in affluent areas.
- 27.** Two funds which aim to improve mental health and wellbeing in adults, children and young people [have been awarded a further £15 million each](#) for 2024/25. The fund for adults has supported grassroots community groups to deliver programmes which build resilience and tackle social isolation, loneliness and inequalities. The fund for children and young people allows local authorities to deliver community-based mental health and wellbeing support.

Housing and homelessness

- 28.** Fife Council became the fourth in Scotland to [declare a housing emergency](#) – joining Edinburgh, Glasgow and Argyll & Bute. Council members passed a motion noting “with great concern” the “extreme pressures” in housing and homelessness services. Housing spokesperson Cllr Judy Hamilton said the council has worked hard to avert the situation, but did not receive any of the [£2 million of targeted funding](#) for temporary accommodation from the Scottish Government in 2023. Cllr Hamilton also criticised the decision to cut funding for the Affordable Housing Programme, reducing the council's ability to provide social housing. Fife has seen a 7% increase in homelessness presentations this year.
- 29.** Hundreds of people in the Balnagask area of Aberdeen are being [moved out of their council homes](#) into alternative accommodation after about 500 homes – including 364 council properties – were found to have reinforced autoclaved aerated concrete (RAAC). The

council hopes most tenants will be rehomed by the end of the summer, and is exploring options for the long-term viability of the estate, which may involve remediation or demolition. Homeowners in the area fear they may also have to move, and are threatening legal action if the council decides to demolish the estate.

30. The new [Housing \(Scotland\) Bill](#) was published, [aimed at preventing homelessness and strengthening tenants' rights](#). The Bill proposes a duty on public bodies to ask about the housing circumstances of those they interact with, and to provide support – described as an “ask and act” approach. Under the legislation, councils would be required to act six months before homelessness is imminent, instead of the current two months. The Bill also outlines proposals for long-term rent controls for private tenancies and stronger protection against eviction. Charities welcomed the proposals but said they must be properly resourced.
31. The Competition and Markets Authority (CMA) has [suggested new powers for councils in Scotland](#) to address the housing crisis and boost the number of new affordable homes. The CMA criticised the housebuilding market for failing to deliver sufficient homes, which has impacted affordability. It proposes giving local authorities enforcement powers to increase the speed of construction, and suggests reforms to the planning system. [Housebuilding in Scotland has experienced a significant decline](#), with newly released figures showing that the total number of new homes constructed fell by 11% in 2023 compared to the previous year, and there was a 24% decline in the number of newly built homes started
32. North Lanarkshire Council has [postponed a decision](#) on the awarding of a £1.8 billion housing repairs contract, after an internal audit found the sole bidder [manipulated performance data](#) on works previously carried out for the council. Staff working for Mears LLP – which is jointly owned by the council – changed completion dates on over 13,000 jobs to make it appear work had been completed ahead of schedule, improving reported performance by around 20%. The council’s chief executive has denied any knowledge of the practice, which Mears has admitted was long-standing.
33. The Local Government Information Unit (LGIU) has published two briefings on the housing emergency in Scotland, which members can access by signing in to the LGIU website:
 - [Emergency call: How councils are flagging up Scotland’s housing crisis](#) (4th March)
 - [Beyond the emergency: Overcoming housing problems in rural Scotland](#) (25th March)

Poverty and inequality

34. The Scottish Government published [poverty and inequality statistics](#) as at March 2023. The figures show little recent change, with about 240,000 children (24%) living in relative poverty after housing costs over the period from 2020-23. This compares to 30% for the UK as a whole; the Scottish Government has a target of reducing the figure in Scotland to 10% by 2030. More than two thirds of children in poverty live with someone in paid work. Poverty for working-age adults (at 21%) is slightly higher than in recent years, but they and pensioners (15%) are less likely to be in relative poverty compared to children.

Climate change

35. The independent Climate Change Committee, published its latest report on progress in Scotland, stating that it no longer believes the Scottish Government will achieve its goal of reducing emissions by 75% by 2030. The Committee said continued delays to the updated

climate change plan, further slippage in promised climate policies, and an apparent lack of a comprehensive strategy for Scotland to decarbonise mean the required acceleration in emissions reduction in Scotland is now “beyond what is credible”.

36. Among the areas highlighted by the Committee were as follows:

- Just 6,000 heat pump installations in Scotland in 2023 - half the recommended level
- No progress in recycling rates over the past 10 years
- New electric car sales in Scotland at a lower rate than the UK as a whole, although public charge point provision is on track.

Education, children and young people

37. The Scottish Government published [guidance for setting rates for funded early learning and childcare](#) in 2024/25. It notes that the Government will provide £16 million of additional funding to local authorities to enable childcare workers to be paid at least £12 per hour.

38. The First Minister announced a £10.5 million funding boost to improve the education of care-experienced young people. The [Care Experienced Children and Young People Fund](#), launched in 2018, provides money to local authorities with the aim of improving educational outcomes by meeting the diverse needs of care-experienced children and young people. COSLA welcomed the funding, which has previously enabled innovative approaches including ‘virtual’ head teachers, as well as mentoring and other out-of-school support.

39. [Falkirk Council received £4.5 million in funding](#) when the Scottish Government decided not to reclaim an overpayment made towards the Grangemouth Flood Protection Scheme. This funding will be invested in the council’s digital learning programme for schools, which provides iPads to all children from P6 to S6 and devices for younger children to share.

Communities

40. City of Edinburgh Council announced a [new community engagement initiative on council spending](#) in which residents will be asked which council services should be reduced or scrapped entirely in the face of a projected deficit of £150 million over the next five years. Through a series of surveys, focus groups and workshops, the authority hopes to capture the views and priorities of Edinburgh’s diverse communities, and says the process will help to shape budget decisions in the coming years.

41. The Spring Budget included [£60 million of funding for Arbroath, Kirkwall and Peterhead](#) through the UK Government's Long-Term Plan for Towns, along with £12.6 million in funding for cultural projects in Dundee, Dunfermline, and Perth. Levelling Up Secretary Michael Gove said the towns funding should be used on "projects that matter most to local people". The V&A Dundee will receive £2.6 million of cultural funding, which Mr Gove said followed a promise he made to support the city and the museum wherever possible.

Appointments and departures

42. The following changes in council leadership were recently announced:

- **Glasgow City:** Susanne Millar appointed as the council's next Chief Executive, replacing Annemarie O'Donnell in early May. Ms Millar is currently Chief Officer of Glasgow Health and Social Care Partnership.
- **Moray:** John Mundell to be interim chief executive for 6-18 months from early May, replacing Roddy Burns. Mr Mundell is currently a leadership consultant and was previously Interim Chief Executive of Orkney Islands Council from 2019 to 2023.
- **Stirling:** Carol Beattie stepping down as Chief Executive in May, after six years.

Scottish Parliamentary committees

Local Government, Housing and Planning (LGHP) Committee

43. The LGHP Committee considered the following subjects during March:

- [Housing \(Cladding Remediation\) \(Scotland\) Bill](#) – the Committee published its [Stage 1 report](#) and received a [response to the report](#) from Paul McLennan, Minister for Housing; the Bill was subsequently debated and the general principles agreed to at Stage 1
- [Local Authority \(Capital Finance and Accounting\) \(Scotland\) Amendment Regulations 2024](#) – the Committee [took evidence from Tom Arthur](#), Minister for Public Finance, and received [follow-up evidence](#) detailing councils' use of accounting flexibilities
- [Visitor Levy \(Scotland\) Bill](#) – Stage 2 consideration. The Bill is now at Stage 3
- Community Wealth Building – roundtable evidence session
- Regulations under the Cost of Living (Tenant Protection) (Scotland) Act 2022.

Public Audit Committee (PAC)

44. The PAC published its [report on adult mental health](#), based on the joint performance audit by the Auditor General and the Commission, and subsequent evidence. The report finds that while funding for adult mental health is increasing, poor quality and incomplete data has made it difficult to assess its impact. The report calls on the Scottish Government to work with partners to improve data quality to help better understand demand for services. The committee also wants assurances over funding for the commitment to ensure GP practices have access to a mental health and wellbeing service by 2026, and is clear that it is not the role of police officers to fill the gap in the mental healthcare system.

45. Meanwhile, [the PAC took evidence](#) on:

- Investing in Scotland's infrastructure
- The 2022/23 audit of the Scottish Prison Service
- National Strategy for Economic Transformation
- The 2022/23 audit of the Water Industry Commission for Scotland
- NHS in Scotland 2023
- Decarbonising heat in homes.

Finance and Public Administration (FPA) Committee

46. The FPA Committee took evidence on:

- Spring Budget Revision to the 2023/24 Scottish Budget

- Aggregates Tax and Devolved Taxes Administration (Scotland) Bill
- Police (Ethics, Conduct and Scrutiny) (Scotland) Bill Financial Memorandum
- Scottish Fiscal Commission: Fiscal Sustainability Perspectives: Climate Change

47. Meanwhile, the Committee was advised by the Deputy First Minister and Cabinet Secretary for Finance that the Scottish Government plans to publish its next Medium Term Financial Strategy on 30 May 2024.

Other committees

48. The Economy and Fair Work Committee published its report on a [Just Transition for the North East and Moray](#). The report says clarity is needed about the future sustainability and purpose of the Scottish Government's ten-year Just Transition Fund for the region, after its annual funding was cut by 75%, alongside further cuts to the employability budget. The Committee says it is now extremely difficult for public sector and community groups to access funding, and calls on the Government to set out how it will support community capacity building, engagement and representation to build trust in the just transition agenda.
49. The Net Zero, Energy and Transport Committee published its [Stage 1 report on the Circular Economy \(Scotland\) Bill](#). The Committee says it is unconvinced that the Bill on its own will create the system-wide change needed to create a circular economy in Scotland. The report highlights a heavy focus in the Bill on waste management, littering and fly-tipping, and less emphasis on tackling consumption and concrete measures to encourage repair and reuse. The Bill was subsequently debated and the general principles agreed to at Stage 1.
50. Meanwhile, the following were the subject of evidence-taking by Committees in March (links to any specific evidence sessions are available on request):
- [Abortion Services \(Safe Access Zones\) \(Scotland\) Bill](#) – Stage 1
 - Additional Support for Learning – including a [roundtable session](#) featuring Antony Clark of Audit Scotland, and [evidence from the Minister](#)
 - Alcohol minimum unit pricing – [continuation and amendment orders](#)
 - [Bankruptcy and Diligence \(Scotland\) Bill](#) – Stage 2
 - [EU-UK Trade and Cooperation Agreement](#)
 - Extra Costs of Disability research
 - HIV anti-stigma campaign / achieving zero new transmission of HIV in Scotland by 2030
 - [Procurement Reform \(Scotland\) Act 2014](#) – post-legislative scrutiny
 - [Social Security \(Amendment\) \(Scotland\) Bill](#) – Stage 1
 - Social Security Scotland – client experience of redetermination and appeals process

COSLA and Improvement Service updates

51. The Improvement Service published the latest annual Local Government Benchmarking Framework (LGBF) [National Benchmarking Overview Report](#), finding that councils are facing increasingly challenging decisions around service delivery due to deepening fiscal, workforce and demand pressures. Funding for councils, the report notes, is failing to keep pace with increasing demand for services, growing need, and cost pressures, while staff recruitment and retention are growing issues across local government.

52. The upcoming Commission publication on service performance will provide an overall analysis and commentary on the issues raised in the LGBF report, and members of the LGBF Board will be participating in a discussion during the Commission's May meeting.
53. Ahead of the Spring Budget, COSLA [announced](#) that local government associations from across the UK (COSLA, LGA, WLGA and NILGA) had united to write to the Chancellor of the Exchequer outlining the real and significant risks facing councils if additional funding was not provided. Each association typically lobbies their respective Government for additional funding, however, this move was seen as necessary given the shared financial challenges faced by all local government.

Updates on previous queries

54. A CIPFA briefing on [The Role of the Chief Financial Officer in Local Government](#) was shared with members via email on 21 March, following an action from the Financial Audit and Assurance Committee meeting in February. Meanwhile, the Local Government Information Unit (LGIU) has published a new briefing by CIPFA, [Facing financial challenges in Scotland](#), which members can access by signing in to the LGIU website.

Consultations

55. Following on from the earlier public consultation, the Scottish Government has been engaging directly with scrutiny bodies as part of the development of the new Human Rights Bill. Audit Scotland colleagues have drafted a joint response on behalf of itself, the Accounts Commission and the Auditor General. This response has been reviewed and agreed by the Chair, but at the time of writing it had not yet been submitted to the Scottish Government. It will be shared with members for information shortly.
56. At the time of writing, no new Scottish Government consultations or Scottish Parliament calls for views had been added to the Audit Scotland consultation log since the last Commission meeting. The Secretary will advise verbally during the meeting of any changes or updates in relation to consultations.