

Address:
110 George Street
Edinburgh
EH2 4LH

Telephone:
0845 146 1010
Fax:
0845 146 1009

Website:
www.audit-scotland.gov.uk



Press release

Strictly embargoed until 00:01, Thursday 5 November 2009

Delivering public services in a recession – Auditor General calls for urgent action across the public sector

Scotland's public sector is under the greatest financial pressure in the ten years since devolution. The Scottish Government, the Scottish Parliament and the wider public sector need to make difficult decisions about competing priorities and how best to spend tighter budgets.

An Audit Scotland report published today, *Scotland's public finances: preparing for the future*, looks at the country's financial situation and at how the Scottish budget is scrutinised and decided.

The Auditor General, Robert Black, said. "The first ten years of devolution was a period of significant growth for the Scottish public sector. That picture is changing fast. There are serious financial pressures ahead and the whole of the public sector must quickly find ways of making informed decisions about competing priorities."

The report describes the growing financial pressures caused by a smaller budget at the same time as an ageing population, the rising costs of free public services, the backlog of maintenance and repair of buildings, roads and other assets, and the extra pressures on public services as unemployment rises during the recession.

By 2013/14, the gap between planned Scottish Government spending and the money available could be between £1.2 and £2.9 billion. The Scottish Government's budget for 2009/10 is around £30 billion.

Mr Black questioned whether the gap could be filled by the Scottish Government's efficiency programme, which is planned to deliver two per cent annual cash savings by the end of 2010/11.

"The Scottish Government's efficiency programme is reporting significant savings, but the reductions required over the next few years will not be met just by the two per cent efficiency savings, and difficult decisions will be needed on other ways to reduce public spending," he said.

The report says that the Scottish public sector needs much better information that links its spending with actual service delivery, costs and performance.

Mr Black said: "Most of the public sector needs to get much better at measuring and improving its productivity, but all too often we find that the basic information is not there."

Mr Black said that better information would support the Scottish Parliament in scrutinising the budget.

"I welcome the progress being made by the Finance Committee to strengthen the budget scrutiny process. The Committee would be greatly helped by better information on costs, activities and service performance across most of the public sector."

The report suggests that the Parliament's Finance Committee and the Public Audit Committee should organise wide-ranging performance reviews of major service areas.

For further information please contact Simon Ebbett on 0131 625 1652 or Anne McCubbin on 0131 625 1653

Notes to editors

1. At the time of publication, Scotland's economy had been in recession since mid-2008. A recession is generally defined as two or more consecutive quarters of negative economic growth.

2. Beyond 2010/11, the full impact of the recession in Scotland is unclear. The Centre for Public Policy for Regions (CPPR) has published data suggesting three different budget growth scenarios for the period 2011/12 to 2013/14. The 'best case' scenario shows the Scottish Government's budget reducing by seven per cent, or £2.1 billion, in real terms, in comparison with 2009/10. The 'worst case' scenario forecasts a drop of 13 per cent, or £3.8 billion.
3. By projecting Scottish Government spending with the CPPR information, it is predicted that by 2013/14 there will be a funding gap of between £1.2 and £2.9 billion.
4. All Audit Scotland reports published since 2000 can be found on Audit Scotland's website www.audit-scotland.gov.uk
5. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. Audit Scotland has prepared this report for the Auditor General for Scotland.
6. The Auditor General is responsible for securing the audit of the Scottish Government and most other public bodies in Scotland, except local authorities. He investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament.