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News release

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Councils shape up to tackle financial challenges but tough decisions ahead

The Accounts Commission says councils have carried out substantial work to address the serious challenges of delivering quality services with less money. However councils and councillors face increasingly difficult choices in allocating funds and prioritising services.

The audited accounts for 2009/10 showed a relatively stable financial position with overall reserves at a similar level to last year, despite pressures from the severe winter and increasing demands on social services. Budgets are set to reduce significantly and councils are now agreeing and implementing savings plans covering the next two to three years.

Today's report highlights councillors' community leadership role and says this will be vital as they consider service redesign and changes. Councils need to be able to show they have considered all options. They should continue to work with partners both within local government and across sectors to coordinate initiatives, remove barriers and support more efficient and effective service delivery.

Chair of the Accounts Commission, John Baillie, said: "We urge councils to build on the improvements they have made in recent years to meet the very significant challenges they face. Engaging with citizens and strong leadership and governance are crucial.

"Best Value requires a tight grip on monitoring and reporting performance so that information is available about how decisions affect service quality, service costs and value for money, and how they affect service users and local citizens. More than ever councillors need the right information at the right time to make sound decisions and scrutinise performance."

The report says councils are improving how they manage their resources and are now better at planning their finances, workforce and assets. They are also more focused on measuring and understanding the difference services make to local people.

John Baillie said: "It is encouraging to see councils continuing to make good progress in these areas. It is crucial they further develop their longer term plans for the management of their resources, taking account of future service needs."

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Notes to editors

1. This report is based on findings from annual audit reports on the 2009/10 accounts, and Best Value and performance audit work up to December 2010. Audit Scotland has prepared this report for the Accounts Commission for Scotland. The Accounts Commission for Scotland checks whether local authorities, fire and police boards spend public money properly and effectively. The Commission operates independently of local and central government.

2. The Scottish Government is due to announce the final local government settlement for 2011/12 in February 2011.

3 All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Accounts Commission for Scotland and the Auditor General for Scotland.

4. Audit Scotland also prepared an NHS Overview report for the Auditor General for Scotland which was published in December 2010.