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News release

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Councils have coped well but still face substantial financial challenges

The Accounts Commission says Scottish local authorities have coped well with financial pressures but continue to face tough challenges from reducing budgets and growing demands for services.

Chair of the Accounts Commission, John Baillie, said: "I recognise the scale of the task facing local authorities and welcome the progress they have made in recent years. Challenge and change is not new for local government, but the current pressures on finances from reducing budgets and growing demands for services are substantial.

"The year ahead offers opportunities for fresh thinking on how best to improve outcomes for people and communities across Scotland. Those elected in May will need to get up to speed quickly. They will have to deal with difficult choices and will need good support and advice from the outset. I am sure this report will help them."

In its *Local Government Overview* report published today, the Commission says Scotland's 32 councils spent around £21 billion in 2010/11 providing vital public services. They made savings mainly through pay restraint and reducing staff numbers. Pressures will continue from demand-led services like social work and housing.

Most councils operated within their budgets for the financial year 2010/11 and accounts show a relatively stable financial position. The report stresses the need for sound governance, accountability and robust performance information. More work is needed to address a substantial backlog in maintaining buildings and roads and to achieve improvements in procurement.

It says the 2007 elections resulted in political coalitions or minority administrations in most councils and these have generally worked well. The report aims to be a practical guide for new and returning councillors after the forthcoming May elections.

The report says there are significant, long-standing and complex health, social care and equality-related matters in Scotland which cannot be tackled by one agency alone. Councils need to get the best out of working with their partners to offer integrated services that achieve better value for money and outcomes for the people they serve. Those councils that place Best Value at the centre of all they do are well placed to deal with the challenges and change in 2012 and beyond.

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Notes editors

1. The *Local Government Overview* report is based on findings from annual audit reports on the 2010/11 accounts, and Best Value and performance audit work up to December 2011. 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. 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.

3. Audit Scotland also prepared an NHS Overview report for the Auditor General for Scotland which was published in December 2011.