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News release

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Councils face tighter squeeze in 2013

Councils face tougher challenges in the year ahead, particularly in dealing with budget pressures, says the Accounts Commission in its annual overview report published today.

Pressures on resources and demands on services mean that councils may now have to consider decisions, which they had previously ruled out, to balance their budgets. Councils spent a total of £21 billion providing a range of essential local services and most councils are predicting substantial funding gaps over the next three years.

John Baillie, chair of the Accounts Commission, said: "It is clear that councils will need to do more with fewer resources. They have coped well with the financial pressures of recent years but these pressures are not abating.

"They need to continue to review existing services as well as identifying fresh ways of providing them – working with their partners, sharing skills and resources and keeping close tabs on budgets to ensure every pound is spent wisely.

"This is a tall order but there is a fresh appetite now from government and councils for new ways of working such as more effective community planning. Councillors are the centre of this and they have a crucial role in making sure their councils are delivering the best services for local people."

The report notes that reserves held by local authorities have increased but these can only be used once. The Commission says councillors and the public need clear information on why reserves are built up and what the council intends doing with them.

The report says there are other challenges facing councils this coming year. It says it is difficult to overstate the potential implications of welfare reform on Scotland's 32 councils. Councils are taking this very seriously and are responding well but there are major challenges for councils in putting the new benefits arrangements in place.

Councils also have a central role in public service reform. Changes in police and fire services and plans to integrate health and social care are among other changes which present both challenges and opportunities for councils.

The report highlights changes in leadership. More than one third of councillors elected last May were new to local government and around one third of councils had changed their chief executive in the last two years. These changes provide an opportunity for fresh ideas and renewed impetus for improvement.

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Notes to editors

1. The 2013 local government overview report *Responding to Challenges and Change* is based on findings from annual audit reports on the 2011/12 accounts, and Best Value and performance audit work up to March 2013.
2. Audit Scotland has prepared this report for the Accounts Commission for Scotland. The Accounts Commission for Scotland checks whether local authorities spend public money properly and effectively. The Commission operates independently of local and central government.