



The Scottish Parliament  
Pàrlamaid na h-Alba

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Dear Joe

**Local Government, Housing and Planning Committee: Pre-budget scrutiny  
2024-25**

1. I am writing to you with the Committee's views on the 2024-25 Scottish Government Budget.
2. In particular, this letter focuses on the funding for local government.
3. At its meeting on 20 June 2023 the Committee agreed to focus its pre-budget scrutiny on the local government budget, which has been a key feature of the Committee's ongoing work on the New Deal with Local Government.
4. Scotland's local authorities employ more than 260,000 people, and the largest element of local government expenditure is on pay and other workforce costs. With this in mind, the Committee agreed to place a particular focus on workforce planning.
5. Workforce planning in local government is complex and challenging.
6. In 2018 this Committee's predecessor Committee (the Local Government and Communities Committee) focussed its pre-budget scrutiny on workforce planning issues.

7. In a letter to the Minister for Local Government, Housing and Planning in November 2018, the Committee raised the following points:
  - There is a need for more work to be done at a national level on data-gathering, horizon scanning, and decision-making.
  - The annual budget process can be used as an opportunity to reallocate resources in response to long-term trends and to incentivise proactive responses to them by councils.
  - Single-year budget settlements from the Scottish Government make planning difficult for local authorities in personnel matters as in other areas.
  - The Committee heard of the disproportionate impact an overall reduction in local authority personnel has had on smaller council departments.
  - Planning, environmental health, and building standards departments were amongst those given as examples.
  - There were concerns over an ageing workforce but, at the same time, to a hollowing out of more senior staff within councils in recent years, with many in the 40-50 cohort accepting redundancy or otherwise moving on.
  - Witnesses referred to difficulties in recruiting younger and graduate-entry staff, who for a variety of reasons appear to find work in local government less appealing than previous cohorts did.
  - The Committee heard that council workforces tend not to reflect the diversity of the communities they serve.
8. More recently, the [Accounts Commission's Overview of Local Government](#) highlighted that increasing workforce challenges such as recruitment difficulties and high sickness absence levels are putting councils under continued pressure. In the same report the Accounts Commission also recommended that workforce planning must improve so that councils have the staff, skills and leaders needed to bring about change and create a resilient workforce for the future.
9. The Committee agreed to explore what progress has been made since its predecessor Committee considered this issue and how the Scottish Government and COSLA expect next year's Budget to address the challenges raised by the Accounts Commission earlier this year, particularly in the context of the Verity House Agreement.
10. The Committee took evidence on this issue over two sessions. On [19 September](#) the Committee took evidence from the following key stakeholders:
  - Panel 1:** Union representatives; GMB (Sean Baillie, GMB Scotland Organiser), Unison (Johanna Baxter, Head of Local Government, UNISON Scotland) and the STUC (Linda Sommerville, Deputy General Secretary)
  - Panel 2:** Local Government Directors of Finance; Martin Booth, Executive Director of Finance, Glasgow City Council, Robert Emmott, Executive Director of Corporate Service, Dundee City Council, and Paul Manning, Executive Director of Finance and Corporate Services, South Lanarkshire Council

**Panel 3:** The Society of Personnel and Development (Fiona Whittaker, Chief Officer), SOLACE (Gerry Comes, Chief Executive) and APSE (Mo Baines, Chief Executive and Councillor Lynne Short, Dundee City Council and Chair of APSE Scotland)

11. On [26 September](#) the Committee welcomed you and COSLA to give evidence to the Committee on these issues.
12. The Committee is very grateful to all those who provided evidence to it on this issue.
13. This letter highlights matters arising out of those sessions that the Committee invites you to take into account as you prepare the budget this year.

### **Workforce challenges**

14. At its meeting on 19 September, the Committee asked stakeholders about the key workforce challenges facing local government.
15. It should be noted that in many cases the challenges mirrored those our predecessor committee heard about in 2018. Indeed, exacerbated by the current challenging economic situation and the ongoing repercussions of the covid pandemic, it would appear that the workforce challenges facing local government are more severe now and the need for urgent and radical steps to respond to them even more pronounced.
16. This section of the letter explores those challenges before we look at some of the suggestions for addressing them which we ask you to take into account as you develop the draft budget and progress the New Deal with Local Government.

### *Reduction in local authority personnel*

17. In evidence from the Unions the Committee was told that there has been a reduction in the number of local authority personnel. The Unions told the Committee that this reduction, combined with increased demands on local authorities, is placing an unsustainable burden on the local authority workforce.
18. The Committee noted, however, that it appears that rather than there being a decrease in local authority workers over the last 10 years there has in fact been an increase. Between quarter 3 in 2013 and quarter 3 in 2023 there appears to the Committee to have been a 13,000 increase in the number of local authority personnel.
19. Both the Unions and the Local Government Directors of Finance, however, explained to the Committee that this increase was driven by the significant numbers of early years workers who have been added to the workforce to meet new legislative requirements and the inclusion of workers in ALEOs. It

was suggested to the Committee that other areas of the local government workforce have been significantly reduced.

20. **The Committee believes that there would be significant benefit in improving the clarity of what the local government workforce numbers include. Nonetheless it has been suggested to the Committee by a number of witnesses that there have been reductions in certain areas of the local government workforce, which we explore in more detail later in this letter.**

#### *Recruitment and retention*

21. One of the most frequently expressed concerns by stakeholders to the Committee was the inability to recruit new staff. Paul Manning, Executive Director of Finance and Corporate Services at South Lanarkshire Council noted that due to a combination of low unemployment rates and increasing economic inactivity local authorities are looking to find staff from a far smaller pool. Fiona Whittaker of the Society of Personnel and Development suggested that this was a particular problem in recruiting staff at lower grades who are invariably drawn from the local area.
22. She suggested, however, that problems around recruitment were not limited to the lower grades and it was difficult to attract senior staff too due to the compression in pay spines through bottom-ended pay awards.
23. Mo Baines, giving evidence on behalf of APSE, suggested that the real challenge in attracting people was pay. This sentiment was echoed by the panel of union representatives.
24. Martin Booth, Executive Director of Finance at Glasgow City Council, agreed that pay was a real impediment to attracting staff across all grades, but noted that the challenge is financing any improvement to that pay.
25. Some witnesses suggested to the Committee that more could be done to attract people to work in local government within existing constraints. In recognising the challenges around affording pay increases, Fiona Whittaker suggested that more could be done to stress the total package of what a job in local government offers, in particular the pension package. Both Councillor Short and Mo Baines also contended that more could be done to highlight the invaluable work done by local government and the societal changes it can make.
26. **The Committee agrees that more could be done to improve the appreciation of the work of local government and the benefits of working for it. The Committee believes that as part of New Deal with Local Government, more could be done to improve public understanding of the work of local government.**
27. **Nonetheless, there is a need for improved workforce planning to facilitate better recruitment and retention and as explored later in this**

**letter more could be done to enable local government to undertake that workforce planning.**

*Disproportionate impact on certain council departments*

28. In 2018 our predecessor Committee heard of the disproportionate impact an overall reduction in local authority personnel has had on smaller council departments.
29. Five years on it would appear that the predicament of these departments has only worsened.
30. Martin Booth noted that because social care and education have been protected by directed spend decisions, cuts need to be made in the areas that are left, which has resulted in a disproportionate impact on departments such as planning, environmental health, and building standards.
31. Johanna Baxter of Unison also highlighted the impact on areas such as central support services, culture and leisure, environmental services, and roads.
32. From its work on NPF4, the Committee is very familiar with the challenges associated with resourcing planning departments and the need for a further 700 planners over the next 5 years.
33. The Committee fully appreciates, however, that it is increasingly difficult to recruit people to these roles given that there are a diminishing number of places available in Scotland to study planning and therefore fewer people have the necessary qualifications.
34. Councillor Hagmann giving evidence to the Committee on behalf of COSLA noted that only one University in Scotland offers an undergraduate degree and there are no Masters degrees available.
35. The Committee heard from Martin Booth that similar challenges are presented in relation to the recruitment of building control officers, environmental health officers, surveyors, accountants and lawyers with increasingly fewer people having these qualifications.
36. Johanna Baxter highlighted that not only are these departments having to sustain services with fewer resources, but demand on them is increasing.
37. **It is concerning to the Committee that certain local government departments continue to be disproportionately impacted. It is not sustainable for this trajectory to continue.**
38. **In the second part of this letter the Committee explores some of the measures to mitigate this challenge. In addition, as we scrutinise the impact of NPF4 in the coming years we will continue to explore with you how Scotland can provide the 700 additional planners needed.**

### *Ageing workforce*

39. Another significant challenge highlighted to the Committee concerned the ageing nature of the local government workforce. This problem was also highlighted by our predecessor committee in 2018.
40. The Committee also heard in its sessions this year about the increasing trend in council staff taking early retirement.
41. The Committee explored with witnesses how the workforce could be both getting older and losing older staff to early retirement. Paul Manning suggested to the Committee that this is a consequence of different areas of the workforce behaving very differently. He noted that home care staff, who, on average, are in their late 50s are staying on, but that people in more senior or managerial roles are retiring early. He noted that the result of these two phenomena is an older workforce, hollowed out of managerial experience.
42. Fiona Whittaker highlighted the unfavourable attitude toward certain local government jobs amongst younger people. She suggested that to respond to the ever-increasing age profile of the local government workforce more needs to be done to attract younger people. By way of example, she suggested it might be more attractive to younger people if they were community-based workers covering a number of local roles rather specifically park workers, refuse collectors or grave-diggers.
43. **Again, it is disappointing that five years on from our predecessor Committee's scrutiny of this issue local government still struggles to attract a younger age profile of workers. Action is needed to reverse this trend.**
44. **The Committee welcomes the innovative suggestions made to it as to how to attract more younger people to work in local government. Ultimately, however, the key will be to ensure that local government is in a better position to make long-term plans to attract a younger demographic to work in the sector.**

### *Absences*

45. One of the key concerns in the Accounts Commission's Overview of Local Government was the high absence levels in the local government workforce and the consequent pressures placed on local government. In the latest data, rates of absence for staff, excluding teachers, were the highest ever recorded at 12.2 days a year. It should be noted that at the same time absence days for teaching staff reduced this year to 5.8 days. While not a direct comparison, in 2022 the Office of National Statistics reported that on average UK workers took 5.7 sick days a year.

46. The Committee explored these concerns with stakeholders.
47. Several factors were seen as driving the increased absence levels. There was a universal recognition of the impact of long covid, however, the main drivers of absences appear to the Committee to be a combination of increasing mental health issues, the impact of increased waiting times for NHS treatment, and the demands being placed on staff coping with greater workloads.
48. Linda Sommerville of the STUC emphasised the ever-increasing burden placed on local government workers, and in particular front-line workers, and the stresses that come with that burden. She highlighted concerns about the propensity to design services to respond to employees' stress rather than address the root causes of that stress.
49. Mo Baines noted that a significant proportion of absences are long-term and the insufficiency of occupational health services to respond to meet that demand and therefore enable people to potentially return to work.
50. Councillor Hagmann emphasised the importance of ensuring that the workforce has good mental health and feels supported. Simon Cameron from COSLA, giving evidence in support of Councillor Hagmann, stressed that through the Verity House Agreement as well as public service reform and the local governance review, the pressures on staff must be identified and alleviated.
51. **While the Committee recognises that absences for teaching staff have reduced this year, absences amongst local government workers have increased again this year. The impact of long-term covid is undeniable, but more generally, there is a need to alleviate the pressures on local government workers so they can thrive and deliver for their communities without the burdens they are currently encumbered with. We must take the opportunity afforded by the Verity House Agreement and Local Governance Review to change how local government works to benefit its workforce and the communities it serves.**

#### Equal pay

52. APSE's Local Government Commission Report highlights that while most local authority staff are women, there continues to be inequalities in pay and progression, a gendered segregation of occupations, and barriers to progression such as lack of flexible and part-time work.
53. The Committee explored these conclusions with stakeholders as well as seeking to understand the extent to which the pay gap has been reduced.
54. Linda Sommerville of the STUC recognised the conclusions of APSE's report, noting that more could be done to enable women to move into leadership and more senior positions by facilitating quality part-time work.

55. The Committee also explored with APSE the issues raised in their report. Mo Baines stressed the continued gendered segregation of occupations and the need to enable women to get out of low paid roles. She suggested a focus on apprenticeships and more accessible childcare to overcome ongoing societal challenges.
56. Mo Baines did, however, note that the pay gap is decreasing. Local government directors of finance echoed this view. They highlighted the efforts to increase pay to lower paid staff through pay awards and the living wage.
57. Nonetheless, a gap does still exist, and as recognised by Martin Booth, it is not just about looking back to past injustices in terms of pay, but getting pay and grading right for the future.
- 58. The Committee welcomes local government's efforts to decrease the pay gap and break down the gendered segregation of occupations. There is still a long way to go, however, and it is critical that local government is in a better position to undertake long-term planning to put in place the measures necessary to end the pay gap, break down the gendered segregation of occupations and ensure more women are in senior positions and leadership roles.**

#### *Diversity of workforce*

59. In 2018 our predecessor committee heard that council workforces often don't reflect the diversity of the communities they serve.
60. The Committee explored with stakeholders what progress has been made in the intervening 5 years.
61. Sean Baillie of GMB Scotland suggested that with a shrinking workforce it was very difficult for local authority workforces to diversify.
62. Mo Baines, however, noted that there is often more diversity at lower grades and there is an opportunity through apprenticeship programmes to increase the diversity of people in senior roles in local government.
63. Councillor Hagmann also highlighted the importance of apprenticeships. She noted too the investment that has gone into data gathering and benchmarking and that through that progress is being made, but there is a long way to go to get beyond minimum diversity targets.
- 64. As with the Committee's conclusions about the gender pay gap, the key to being able to increase the diversity of the workforce is to enable local government to undertake more effective long-term planning. Nonetheless, the Committee welcomes the efforts being made to improve the diversity of the workforce and would encourage local authorities to persist in those efforts.**



## **Responses to these workforce challenges**

65. As noted earlier, it is of considerable concern to the Committee that the workforce issues its predecessor Committee heard about in 2018 continue to challenge the local government workforce.
66. The Committee explored with witnesses what is needed to overcome these challenges.
67. The Committee took evidence prior to the Scottish Government's announcement of a council tax freeze for the next financial year. The Committee reflects on the announcement at the end of this letter.

### *Verity House Agreement*

68. For much of this parliamentary session the Committee has pressed the Scottish Government and COSLA to work together toward a New Deal with Local Government.
69. The Committee welcomes the publication of the Verity House Agreement and its demonstration of the progress made in establishing a new relationship between local and national government.
70. This new tone in the tenor of the dialogue between the two spheres of Government was obvious in the evidence you and Councillor Hagmann gave to the Committee. The Committee appreciates the considerable amount of work invested in developing these new working relationships and the greater degree of trust, which both you and Councillor Hagmann emphasised.
71. The Committee explored with stakeholders how the Verity House Agreement could contribute to overcoming the workforce challenges faced by local government.
72. There was universal support amongst those the Committee heard from for the Verity House Agreement and the positive tone of the discussions between the two spheres of Government. At the same time stakeholders were cautious about being overly optimistic about the potential for the Verity House Agreement to make a significant difference. Martin Booth highlighted a need for actions to back up the intentions expressed in the Agreement. Specifically, he asked for transparency in decision making and clear accountability, with a clear demonstration of the pressure being placed on local government finances.
73. Linda Sommerville of the STUC also welcomed the tone of the Verity House Agreement but suggested its focus on public services runs contrary to the experience of local government workers on the ground.
74. Gerry Cornes, giving evidence on behalf of SOLACE, also welcomed the Verity House Agreement and in particular welcomed its emphasis on early

engagement with local government about potential future policy initiatives and the implications of those initiatives for the workforce and for supporting workforce planning.

- 75. The Committee would echo the views of SOLACE on the importance of early engagement to ensure that local government can engage in a co-design process, which will benefit their workforce and the communities they serve.**
76. Mo Baines also welcomed the Verity House Agreement. She suggested that a key driver in making the Verity House Agreement effective could be a general power of competence for local government. She argued that the current legal powers available to local authorities are being interpreted by the courts, as opposed to being interpreted by Government and Government will. She suggested that this is holding local authorities back as they are nervous about whether they can act more collaboratively, including with partners in the private sector and other parts of the public sector.
77. COSLA also expressed support for having such a power.
78. The Committee asked you about the scope for making provision for such a power. We understand from your official's response that such a power would not be within legislative competence, but that you are exploring with local authorities the kind of processes that would need to be put in place for local authorities seeking new revenue raising powers and what can be achieved without having to pursue a constitutional route.
- 79. The Committee welcomes this commitment to looking at how local authorities might be afforded the kind of powers envisaged in a general power of competence. The Committee would find it helpful to better understand the kind of powers you're envisaging could be given to local government in this way.**
- 80. To create a sustainable workforce able to meet the shared priorities expressed in the Verity House Agreement it is essential that local government has the resources and flexibility to innovate and flourish.**

### *Funding*

81. Members of the evidence panels stressed to the Committee that the key component in the success of the New Deal with Local Government will be an effective fiscal framework. Paul Manning told the Committee that a fiscal framework is needed to stop the drift in funding away from local government.
82. Others including Paul Manning also highlighted the importance of the default position expressed in the Verity House Agreement that there will be no ringfencing or directed spend.

83. As previously highlighted, local authorities told the Committee that due to directed spend and ringfencing they are very limited in the departments they can make cuts to. Paul Manning told the Committee that removing ringfencing and directed spend will give local authorities the flexibility to ensure that the burden of cuts does not always fall on certain departments.
84. In your evidence to the Committee you emphasised the importance of giving local authorities the flexibility to respond to workforce challenges and it was reassuring to hear your commitment to not imposing ring fencing.
- 85. The Committee welcomes the emphasis you have placed on flexibility. This flexibility is essential in enabling local government to respond to the challenges illustrated in the first part of this letter through effective workforce planning.**
86. As well as seeking flexibility, witnesses told the Committee about the need for financial sustainability to allow for long-term planning. Robert Emmott told the Committee that single-year settlements have undermined the capacity of local authorities to undertake effective workforce planning. He suggested that providing two or three year settlements would help with good-quality planning. The importance of multi-year settlements was also stressed by Councillor Hagmann giving evidence on behalf of COSLA.
87. In your evidence to the Committee you noted that “multi-year funding is absolutely an aspiration”, but at the same time it is challenging to achieve when the Scottish Government continues to receive its settlement on an annual basis.
- 88. While the Committee recognises the challenges in providing multi-year funding, we encourage you to continue working with local government towards giving local government long-term financial certainty. As recognised elsewhere in this letter, the key to responding to the challenges faced by local government is enabling it to undertake effective long-term planning. Without multi-year settlements it is difficult to conceive how possible that planning will be.**
89. Johanna Baxter told the Committee that ultimately what is required is additional investment in local government. She suggested that there was a need for a grown-up conversation about what local government needs to deliver the services communities rely upon.
90. Moreover, Linda Sommerville of the STUC argued that it shouldn't be merely a case of local authorities thinking about what they need to deliver the services it already provides, but rather what it could do to enable their communities to flourish rather than merely getting by.
91. Councillor Hagmann agreed that local government does not currently have the funds needed to deliver the frontline for the communities it serves.

92. In your evidence to the Committee you noted the real-terms increases in funding allocated to local government, but at the same time you recognised the inflationary pressures which are making it very challenging for local government to deliver within these resources. You noted in this context proposals such as the visitor levy and the second properties tax, which would empower local government to raise more of its own revenue.

**93. The Committee welcomes the efforts to empower local government to raise more of its own revenue. It is clear that the challenges faced by local government are so significant that the resources it currently has are not sufficient to meet them.**

**94. More generally, the Committee understands that the prospect of agreeing a fiscal framework ahead of this year's budget appears unlikely. The Committee understands how important it is to get this right and not rush to an agreement that may not be sustained in the long-term. Nonetheless, it is essential that a fiscal framework is agreed as soon as possible and the Committee asks the Scottish Government to progress constructive conversations with local government as a matter of urgency.**

#### *Workforce planning*

95. It was suggested to the Committee that single-year settlements, ringfencing and direct spend have prevented local authorities from having the financial certainty and flexibility to undertake effective workforce planning.

96. Paul Manning gave the example of the commitment to net zero and the planning towards that. He noted that in the absence of a funding structure for moving towards those targets in the next decade and long-term certainty it is difficult to fill posts on a permanent or long-term basis.

97. There was a recognition that with greater financial year certainty from multi-year settlements and flexibility there would be more scope for workforce planning. Robert Emmott suggested this would allow local authorities to think about the direction they are going in, where they can collaborate, how things might be done differently and what local authorities might look like in five years' time.

**98. As we have already highlighted in this letter, workforce planning is essential to overcoming the challenges faced by the local government workforce. To do that planning local government needs both flexibility and financial certainty. We encourage you to continue working towards giving local government the certainty and flexibility it needs.**

99. When our predecessor committee last considered this issue in 2018 it expressed concern about the quality of data gathering to inform local authorities' workforce planning.

100. The Committee heard from Councillor Hagmann about the need to streamline data collection to ensure local government is collecting the right data and that it is not simply a burdensome task.
101. You noted too the need for improving and streamlining the data local government collects, so it is supporting the reaching of outcomes.
102. **The Committee welcomes the Scottish Government's recognition of the need to streamline the data being collected by local government, so that it can best support the delivery of outcomes.**

### *Shared services*

103. It would seem to the Committee that improved workforce planning could give local authorities more scope to explore options for shared services.
104. A number of witnesses highlighted good examples of shared services across Scotland. Martin Booth, however, cautioned the Committee from thinking that shared services are the answer to everything. He noted that some services continue to be best delivered locally.
105. Gerry Cornes echoed these concerns noting that shared services do not always deliver the best services for communities.
106. Paul Manning highlighted the value of joint working rather than shared services. He pointed to the Glasgow city region and the joint working around the City Deal. He noted the existence of several services that underpin it; for example, a joint project management office provides services to all the councils that are involved, so that that work is not duplicated within individual authorities and an economic information service, which assists all of those authorities in progressing with the aims of the City Deal.
107. **The Committee recognises that both shared services and joint working may not be the answer to all the challenges local government faces, but the Committee notes that it will be part of the answer in the context of more effective workforce planning.**

### *Skills*

108. As noted earlier in this letter, there are significant skills gaps in local authority workforces that urgently need to be filled. These are not just in existing roles like planning and building standards, but also in new jobs needed to respond to the challenges of the green economy.
109. The Committee heard from stakeholders that there is a lack of connection between workforce planning in our college sector and local authorities, and a missed opportunity to look at different pathways into different jobs.

110. In terms of the significant gaps in the number of planning officers, you told the Committee that the Government and COSLA are working with Heads of Planning Scotland and the Royal Town Planning Institute to respond to the specific challenges in planning departments.
111. You also alluded to a lot of other work being done where particular skills gaps have been identified. The Committee would welcome further information of what that work includes.
112. **The Committee considers that to date there has been an insufficient response to the growing skills gaps in Scotland's local authorities. The Committee welcomes your commitment to respond to the challenges these skills gaps are precipitating. The Committee hopes that the publication of the Withers Report provides momentum and direction to the response to the skills gap.**
113. **The Committee notes, however, that the Scottish Government is yet to formally respond to the Withers Report. Given the significant skills gaps in the local government it is very important that a response is provided as soon as possible in order to give a framework for how these issues might be addressed. We would encourage the Scottish Government to provide that response as a matter of urgency.**

### **Council Tax Freeze**

114. On 17 October the Scottish Government announced its intention to freeze council tax rates for the coming financial year.
115. The Committee has not had an opportunity to explore the implications of this decision.
116. The Committee would be grateful if you could attend the Committee on 14 November, so that we can explore this issue with you. We will also be approaching COSLA to invite it to attend on the same day.

### **Conclusion**

117. We ask that the Scottish Government give careful consideration to these concerns when preparing its draft budget, given that many of them were raised in 2018 through the work of our predecessor committee. We also ask that you reflect on these points as you continue your work with local government on the New Deal, particularly as regards the implications of the council tax freeze.
118. In conclusion, the Committee looks forward to receiving a detailed response to the points raised in this letter and to continuing our dialogue on developing the local government, housing and planning budgets for 2024-25.

Yours sincerely

Ariane Burgess MSP  
Convener, Local Government, Housing and Planning Committee