



The Scottish Parliament
Pàrlamaid na h-Alba

Councillor Katie Hagmann
COSLA Resources Spokesperson

Local Government, Housing and Planning
Committee
The Scottish Parliament
Edinburgh
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By email only

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Dear Katie

Local Government, Housing and Planning Committee: Budget scrutiny 2024-25

Thank you for appearing before the Committee at its meeting on 16 January. It was helpful to explore issues around this year's local government budget with you and the ongoing efforts to strengthen the relationship between local and central government and in particular the efforts to establish a fiscal framework.

In reviewing the evidence we took from you and the Minister for Local Government Empowerment and Planning there are a few issues we would like to explore further and we are consequently writing to you and the Minister for your reflections on those issues.

Central to all of the issues raised in this letter is the importance of agreeing a fiscal framework. The Committee recognises that this is immensely complex and that efforts to agree a fiscal framework have been ongoing for many years. Nonetheless it is critical that a fiscal framework is agreed as soon as possible. We urge both COSLA and the Scottish Government to make every effort to have a fiscal framework in place in time to inform next year's budget and enable the Scottish Government and COSLA to work more effectively together.

There are number of related themes we would wish to invite your reflections on. One of the key themes of the session was the ongoing challenges around the different interpretations of the budget figures. As stressed in the session we are keen that future budget considerations are focussed on outcomes for communities and not just debates around interpretations of whether the local government budget has gone up or down. To that end, we would welcome further efforts by the Scottish Government and COSLA to agree a common understanding of the figures and how best to present them.

We note that there continues to be a difference in understanding between local and central government on what continues to be ringfenced and what has now been unringfenced. Clarity and common understanding of this must be achieved. There also appears to a difference of opinion on what constitutes directed spend and it would again be helpful if a common understanding of this too could be reached, so we can better understand what level of flexibility is available to local authorities in how they use their resources.

With greater flexibility there would appear to be greater scope for local authorities to adopt preventative approaches. In his evidence, the Minister highlighted examples of preventative approaches that have already been adopted by some local authorities. The Committee would welcome your reflections on the Minister's perspective that preventative approaches are already being adopted and what more can be done to enable councils to embed more preventative approaches in future budgets and benchmark those approaches.

We also explored the potential benefits of multi-year budgets. We appreciate the challenges in providing local authorities with that certainty, however, the Committee would welcome any further reflections on how, as part of a fiscal framework, there could be a move to multi-year funding.

The Committee would also welcome your reflections on the long-term impact of the council tax freeze. Specifically, what do you see as the likely impact on the long-term sustainability of local government finances of having a lower council tax base.

Finally, the Committee would welcome any information you could share on the overall amount of local authority reserves and the extent to which non earmarked reserves have been used by local authorities to plug gaps in budgets.

We look forward to continuing to work with you on the development of a fiscal framework as well on the broader New Deal with Local Government. In the meantime, we would be grateful for your reflections on the issues raised in this letter by **20 February**.

Yours sincerely

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