

# Local Government, Housing and Planning Committee

## 32<sup>nd</sup> Meeting, 2022 (Session 6)

Tuesday 13 December 2022

### Local Governance Review: A New Deal for Local Government

1. The purpose of this paper is to provide information to inform evidence taking as part of the Committee's scrutiny of the Scottish Government's ongoing review of local governance. This session will focus specifically on the "New Deal for Local Government" which is expected to be published by the end of March 2023.
2. The primary purpose of this session is to allow the Committee to explore the challenges currently being faced by councils across Scotland and to hear about what council leaders and other relevant bodies hope to see in the New Deal when published.
3. At this meeting, the Committee will take evidence from two panels of witnesses as follows—

#### **Panel One: Council Leaders**

- Cllr Euan Jardine, Leader, Scottish Borders Council;
- Cllr Shaun Macaulay, Depute Leader, North Ayrshire Council;
- Cllr Alex Nicol, Co-Leader, Aberdeen City Council;
- Cllr David Ross, Leader, Fife Council;
- Cllr James Stockan, Leader, Orkney Islands Council.

#### **Panel Two: COSLA and SOLACE**

- Cllr Shona Morrison, President, COSLA
- Sarah Watters, Director of Membership and Resources, COSLA; and
- Cleland Sneddon, Chair, SOLACE (Society of Local Authority Chief Executives)

#### **Background**

4. In December 2017, the Scottish Government and COSLA jointly launched the [Local Governance Review](#) with the aim of strengthening local decision-making and considering how powers and resources should be shared between national and local government, and with Scotland's communities.
5. Following a consultation in 2018, the [Scottish Government and COSLA identified](#) "three interconnected empowerments" as follows—

- community empowerment - through a new relationship with public services where communities have greater control over decisions
- functional empowerment of public sector partners to better share resources and work together
- fiscal empowerment of democratic decision-makers to deliver locally identified priorities.

6. The Scottish Government and COSLA [updated council leaders](#) on progress in November 2019. However, work on the Review was suspended in early 2020 as a result of the Covid-19 pandemic.

7. The Scottish Government published its [Resource Spending Review](#) in May 2022 which stated that “the Scottish Government will work closely with COSLA and SOLACE over the coming months to agree a new deal for Local Government in Scotland in advance of the next financial year which will—

- Build on the Review of Local Democracy and develop a deeper dialogue and debate on how Scottish and Local Government will work together to achieve better outcomes for people and communities.
- Seek to balance greater flexibility over financial arrangements for local government with increased accountability for the delivery of national priorities so that both partners can have certainty over inputs and outcomes alongside scope to innovate and improve the delivery of services to local communities.
- Explore greater scope for discretionary revenue-raising, such as the Visitor Levy and the newly created Workplace Parking Levy.
- Explore further with COSLA, Digital Office and Revenue Scotland how best to transform the digital administration of the Non-Domestic Rates system.
- Confirm that further flexibilities requested by COSLA will be made available to councils for existing service concession arrangements such as PFI or NPD funded projects; and
- Ensure these decisions are supported by a phased approach towards alignment with the CIPFA Code of Practice for Local Authority Accounting through a comprehensive Capital Accounting Review in partnership with COSLA, Audit Scotland and CIPFA.”

8. After the 2022 local elections had taken place, the Committee received a [letter from the Cabinet Secretary for Social Justice, Housing and Local Government](#) dated 13 July. The letter confirmed that the Review would continue to be taken forward in partnership with COSLA and would inform the New Deal for Local Government. It further confirmed that the Scottish Government was “progressing plans to establish a working group to oversee the development of effective deliberative engagement on this issue [a Citizens’ Assembly on sources of Local Government funding], including Council Tax.”

9. In its [Programme for Government 2022-23](#) (published in September 2022), the Scottish Government again committed to agreeing a “New Deal” between the Scottish Government and local government, including a fiscal framework, which would support—

- Working together to achieve better outcomes for people and communities especially on national priorities including addressing poverty, inequality, and supporting the economy.
- Balancing greater flexibility over financial arrangements with improved accountability.
- Providing certainty over inputs, outcomes and assurance, alongside scope to innovate and improve services.
- Recognising the critical role played by local authorities in tackling the climate emergency, for example through delivering our heat and buildings, waste, active travel and nature restoration goals.

10. The Committee then received a [letter from the Minister for Social Security and Local Government](#) in November providing an update on progress on the various strands of work on the New Deal. The letter confirms that “the Scottish Government will work closely with COSLA over the coming months to agree a new deal for Local Government in advance of the next financial year.” The letter further confirms that the New Deal will include—

- A Partnership Agreement which provides the framework for policy specific agreements, based on a shared value-based overarching agreement on outcomes and accountability.
- A Fiscal Framework for local government, which is intended to establish agreed ways of working in the fiscal relationship, supporting greater transparency and accountability.
- It also encompasses the Local Governance Review and a commitment to establish a working group to explore effective deliberative engagement on sources of Local Government funding, including Council Tax.

11. The Committee previously took evidence on the Local Governance Review from COSLA, the Deputy First Minister and a number of community organisations in November 2021. The official report of that session can be accessed via the following link: [Official Report \(parliament.scot\)](#)

### **Recent COSLA Publications**

12. On 30 November, COSLA published “a bold [strategic plan for Scottish Local Government](#)” which “aims to ensure that Councils return to their rightful place at the heart of the governance of Scotland.”

13. The plan was approved by all 32 council leaders and presents the “high-level ambitions, priority themes and policy areas which will be the focus of COSLA’s work for the period of the new Local Government administration up to 2027.” Some of the priorities covered include—

- Strengthening Local Democracy,
- Supporting the Most Vulnerable in our Communities, and
- Delivering on a Just Transition to Net Zero.

14. COSLA stated that plan will “provide a strategic framework to help further re-establish the importance of Local Government and guide the work Councils do every day to improve the lives of people in our local communities.”

15. On 5 December, COSLA launched its [“campaign in advance of the Scottish Budget on 15 December”](#) – an ‘SOS call’ to Save our Services.”

16. The news release states that the campaign is intended to tell communities “everything they need to know about the impact of the Scottish Government’s forthcoming budget on our council services, and our communities in the coming year.” It further states that the campaign “reflects the extremely precarious financial situation in which councils in Scotland find themselves, during a particularly challenging period. This is as a consequence of real-term cuts to the core budgets of Scotland’s 32 councils over recent years.”

17. The news release also states that “Directors of Finance across Scotland’s councils are sufficiently concerned about the financial sustainability of councils that they have written to the Deputy First Minister outlining their concerns.”

18. Members will be aware that questions relating to the letter from council Directors of Finance were put to the Deputy First Minister during Topical Question Time on Tuesday 6 December. The [official report](#) is available on the Parliament’s website.

### **Future Work**

19. The Committee expects to take evidence from the Cabinet Secretary for Social Justice, Housing and Local Government in early 2023 as part of its scrutiny of the Scottish Government budget for 2023-24 and may wish to explore progress on the New Deal with her then.

20. The Committee will then be invited to consider what further work it wishes to undertake in respect of its scrutiny of the New Deal in due course.

### **Conclusion**

21. The Committee is invited to consider the above information in its evidence with council leaders, COSLA and SOLACE.

**Committee Clerks,  
December 2022**