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## News release

**Embargoed until 00:01 hours, Thursday March 5 2015**

### Even tougher years ahead for councils

Councils have managed financial pressures well but face increasingly difficult challenges and tough decisions to balance their budgets.

In its annual Overview report published today, the Accounts Commission says many councils are now reporting funding gaps. Until now, they have dealt with reducing budgets largely by cutting staff numbers but this is alone is not sustainable in the longer term.

The report says councils need to have effective long-term financial plans to give them a good understanding of their finances and the future pressures - and provide options for addressing them.

In the context of overall reductions in public sector budgets, council funding has decreased. In 2013/14, the Scottish Government allocated £10.3 billion to councils - 8.5 per cent lower in real terms (allowing for inflation) than in 2010/11. At the same time, demand for council services is rising, mainly because we are all living longer.

The report also says councils need to ensure that governance and scrutiny arrangements keep pace with changes in their structures and the way they deliver services, including the integration of health and social care services.

Douglas Sinclair, chair of the Accounts Commission, said: "Councils have coped well so far. But they will face pressures beyond next year of a scale not previously experienced, as budgets become even tighter and demands on services continue to increase.

"The challenge for councillors is to make best use of the money that is available and to take difficult decisions now to avoid storing up problems for the future.

"Regular reviews of governance are essential due to continuing changes in council staff, management and political structures and delivery models, such as the use of arm's-length external organisations and the new health and social care partnerships"

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#### Notes to editors

1.. Audit Scotland has prepared this report, An Overview of Local Government in Scotland 2015, for the Accounts Commission for Scotland. All Audit Scotland reports published since 2000 are available at [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

- The Accounts Commission is the public spending watchdog for local government. It holds councils and various joint boards and committees in Scotland to account and help them improve. It operates impartially and independently of councils and of the Scottish Government, and meets and reports in public

- 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 Auditor General for Scotland and the Accounts Commission for Scotland.