

News release

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Councils have coped to date, but further cuts are not enough to address the challenge they face

Budget reductions mean starker choices ahead for councils which will not be met simply by continuing to cut staff and services, says a new report.

The Accounts Commission's annual overview of local government charts a 5 per cent drop in revenue funding in the next financial year, bringing a total real terms fall of 11 per cent since 2010/11.

Councils have been effective in balancing their budgets to date but face increasingly difficult decisions to continue making ends meet. Increasing financial pressures, a rising demand for services and an ageing population mean councils need to be open to all options for delivering services.

Despite making savings to meet their budgets, indicators show that councils have improved performance in areas such as educational attainment, housing quality and waste recycling in 2014/15. But customer satisfaction in a number of services has declined.

In anticipation of future funding reductions, the majority of councils underspent their 2014/15 budgets and increased their reserves. The report says that most councils have reduced their workforces to save money and many are planning further staff reductions. But they have to ensure that they will have the people with the knowledge, skills and time to design, develop and deliver effective services in future.

To date many councils have balanced their budgets by making incremental savings to existing services, reducing staff numbers or increasing charges. These are neither sustainable nor sufficient solutions given the scale of the challenge facing councils.

Councillors also need to keep updating their skills and knowledge to fulfil their complex and demanding role. It is increasingly important that they are able to challenge and scrutinise decisions and performance. More effort is also required to better involve local people and communities in making decisions and delivering services.

Douglas Sinclair, chair of the Accounts Commission, said: "Councils have coped well so far but the scale of the future challenge requires longer-term planning and a greater openness to considering alternative forms of service delivery. What is important for the public is that whatever choice a council makes about how to provide a service, it can demonstrate that the choice represents best value both in terms of cost and quality".

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Notes to editors

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1. 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.

2. 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.

3. The 5 per cent reduction in funding is calculated from the most recent information published by the Scottish Government (Local Government Finance Circular 01/2016, February 25, 2016). 5 per cent is the difference between the revised allocation from the Scottish Government to councils in 2015/16 and the most recent financial settlement for 2016/17, adjusted for inflation