

News release

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More savings required by councils

Councils have managed their finances well but significant challenges lie ahead, says the Accounts Commission.

In its financial overview published today, the local government spending watchdog said councils had remained within their overall budgets, increased their reserves slightly and reduced their debt in 2015/16.

Each council has its own particular challenges but all councils face financial shortfalls requiring further savings or using reserves. They need to change the way they work if they are to make the savings needed.

The Scottish Government provides around 60 per cent of councils' total income. Over the past six years, up to and including 2016/17, Scottish Government funding (revenue and capital) for councils fell by 8.4 per cent in real terms.

The report warns that further reductions are expected while demand on key services, particularly social care, continues to rise. Councils also face increased cost pressures in areas such as pension provision.

Ronnie Hinds, deputy chair of the Accounts Commission, said: "Councils are generally doing a good job with their finances in difficult circumstances. But pressures continue to increase on a number of fronts at the same time as they face the prospect of further reductions in their funding.

"It's vital that councillors and officers set medium and long-term financial plans based on clear priorities for the services they provide to their communities".

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Notes to editors

1. Audit Scotland prepared this report for the Accounts Commission. It is based mainly on the audits of councils' 2015/16 accounts.
2. The Accounts Commission previously published a single overview report in the spring of each year. This year it has been split into two parts - today's financial overview aims to give councils detailed information to help them plan their 2017/18 budgets. The second part covering performance and challenges is due in in March 2017.
3. More information, including an interactive exhibit, is available on our [website](#) providing detail and comparisons between councils.
4. 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.

5. 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.