

News release

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Decisive leadership needed as council savings "increasingly critical"

Finding savings is now "increasingly critical" for councils dealing with ongoing reductions in funding, says the Accounts Commission.

Councils are balancing a real terms funding cut of 9.6 per cent over the last eight years with increasing demand, particularly from a growing older population.

And the local authority watchdog says that councils need to clearly set out the impact budget reductions are having so they can plan for the future.

The annual report looking at the challenges facing councils and how they are performing found that:

- Some councils have maintained or improved their performance in a number of areas despite budget reductions. For example, councils are spending less on secondary schools but pupils from all backgrounds are performing better;
- Other evidence suggests that budget cuts are having a negative impact, with public satisfaction falling in areas such as refuse collection, street cleaning and libraries;
- Adult social care services are not keeping up with demand, with older people facing long waits for an assessment of their needs and a further wait to receive their care package;
- Some services have borne the brunt of funding reductions. For example, planning department staff numbers have been cut by over 20 per cent in the last decade, and environmental staff by eight per cent between 2016 and 2017.

Under the current funding formula, some councils face receiving less cash from government as their total population falls but the number of old people - and associated demand for services - increases.

Without service redesign or policy changes councils could be spending nearly 80 per cent of their budgets on education and social work alone by 2025/26.

Graham Sharp, chair of the Accounts Commission, said: "Councils are facing the major challenge of reducing costs, maintaining services for an ageing population and putting significant policy and legislative change into practice - all at a time of increasing uncertainty.

"They have done a lot to manage the impact of budget reductions, but with forecast funding gaps higher than current levels of reserves for some councils the delivery of savings is now increasingly critical.

"Decisive leadership, innovative thinking around service delivery, and robust planning based on community engagement is now more important than ever to ensure council services stay sustainable."

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Notes to editors

1. The Scottish Government funding formula is largely based on the size of councils' populations. Those councils with a projected decrease in population can currently expect to see further reductions to their budgets.

2. The performance of councils was measured using evidence from 16 national performance indicators. See Exhibit 8 in the report.

3. Exhibit 4 in the report outlines the impact of population changes based on 2014 projections from National Records for Scotland (NRS). These show 11 councils projected to have reduced overall populations but a rise in the number of over-65s. Revised [NRS projections](#) published last week now show eight councils in this position.

4. The report found there was not a simple correlation between the cost of services and performance. For example, just under half of councils have reduced the cost of waste collection over the last year, while 12 of those councils also increased the percentage of waste recycled. See Exhibit 11 in the report.

5. Audit Scotland has prepared this report for the Accounts Commission for Scotland. All Audit Scotland reports published since 2000 are available at 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.