

Local government in Scotland

Financial overview 2020/21

Background

Each year the Accounts Commission publishes two reports that set out a review of local government in Scotland:

- Local government in Scotland – Financial overview
- Local government in Scotland – Challenges and performance.
- the funding, financial planning and performance of Integration Joint Boards
- councils' financial positions at 31 March 2021, including levels of reserves, debt, financial sustainability and spending
- the financial outlook and implications for medium and longer-term financial planning.

The financial overview report is published in December/January each year and assesses the financial position and issues for local government. The second overview report is published after the financial overview. It builds on its findings and reports on the wider performance and challenges facing local government.

In the financial overview of the 2020/21 financial year, we will comment on:

- the 2020/21 funding settlement from the Scottish Government, councils' budget responses and the budget pressures and constraints, including consideration of the impact of Covid-19
- councils' financial performance in 2020/21

Why is this audit important?

Councils and Integration Joint Boards have a critical role in providing vital services which communities depend on. They have played a central role, working alongside communities and partners, to address the unprecedented challenges created by Covid-19.

Councils spend around £20 billion of public money each year and local government is one of Scotland's largest employers, with around 200,000 staff. Demand for services and pressure on budgets continue to increase. Along with the ongoing impact of Covid-19, this makes good fiscal planning, management and governance as critical as ever. The current financial pressures facing the Scottish public sector mean it is

important to report publicly on how local government in Scotland is managing these financial challenges. This is particularly important given the multiple challenges and longer-term financial uncertainty facing councils.

How will we carry out this audit?

Our report will draw on the audited annual accounts and annual audit reports of councils, Integration Joint Boards and local government pension funds, where available. We will also draw on information from the local auditors, national performance audit reports and information from other sources, including published data.

What impact will the audit have?

The report will provide an independent assessment and assurance to the public about how effectively Scottish local government is managing public money and responding to the financial challenges it faces. It is also intended to assist councillors and council officials in their preparations for budget-setting for the coming financial year.

Report timing

We will publish the Local government in Scotland – Financial overview 2020/21 report in January 2022. Alongside the report, we also intend to provide a checklist of useful questions for councillors.

The wider Local government in Scotland – Challenges and performance 2022 report will be published in spring 2022. Previous [local government overview reports](#) can be found on the Accounts Commission website.

Contact

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