

News release

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Councils holding up but financial pressures continue

Scotland's 32 councils have managed budgets well over the last year but face a difficult time ahead, says the Accounts Commission.

In its annual financial overview published today, the local authority spending watchdog says councils face a complex range of challenges and continuing pressure on finance.

Increasing demand for the wide range of services councils deliver to local communities has to be met against tightening budgets as well as uncertainty from external factors such as EU withdrawal.

One of the most significant issues for councils continues to be resources. In 2017/18, funding from the Scottish Government reduced by 2.3 per cent in real terms. This reduction was largely offset by increases in council tax and councils' fee income, with most councils applying the maximum three per cent increase to council tax.

The forecast trend is for further reductions in funding in the medium term. Pressure therefore remains on councils to make further savings and find ways to meet service demand more efficiently and effectively.

The report found that in 2017/18:

- councils used savings and reserves to manage budgeted funding gaps of 4 per cent
- 24 increased council tax. In the current year (2018/19) all 32 have done this
- overall rises in spending on education and social work were offset by reductions in other services.

Graham Sharp, chair of the Accounts Commission, said: "Councils did a good job last year in managing resources as budgets are tightened and demands on them rise.

"The position varies from council to council but there is clearly need for continuing change in the way services are provided. It's not been easy but the pressure on them - and the key services we all rely on - shows no signs of easing."

The report also notes that while funding to Integrated Joint Boards (IJBs) increased in 2017/18 by three per cent, including additional funding from the NHS, the majority of IJBs have underlying financial sustainability issues. A report for the Accounts Commission and the Auditor General reported earlier in November 2018 that these financial pressures make it difficult for IJBs to improve services.

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Note to editors

1. 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.