

## **EX107. Local Government in Scotland Financial Overview 2017/18**

The Executive considered a report by the Director of Corporate and Housing Services which provided a summary of the Accounts Commission's "Financial Overview 2017/18". The overview report provided a wide range of information and a broad assessment of the financial state of local government in Scotland, albeit based on the previous financial year. The report was timed to help inform Councils' Budget preparation.

The report highlighted that local government relied on Scottish Government grant for the bulk of its funding and that in 2017/18 this reduced by 2.3% in real terms. Between 2013/14 and 2017/18 funding decreased at a faster rate [6.92%], than the Scottish Government revenue budget [1.65%].

The report stated that there were wide variations in what councils charged for and the level of charge made. Some councils were introducing new fees and charges e.g. garden waste collection. The report identified a number of spend pressures faced by councils, with pay inflation a key factor. Overall increases in spending in Education and Social Work were offset by reductions in other services.

The report stated that one of the most significant challenges for councils were financial issues associated with the IJB's. The majority of IJB's had underlying financial sustainability issues with 11 out of 30 incurring deficits in 2017/18. A further 8 would have incurred deficits without covering funding from their partners. It was noted that the Falkirk IJB was relatively well positioned with reserves and had prepared a medium term financial plan.

The Scottish Government published a five year financial strategy in May 2018. This had not yet led to multi-year budgets, but the UK Spending Review in 2019 would represent an opportunity to do this. The Accounts Commission recognised that Members were required to make difficult decisions. It was essential that all councillors, not just the Administration, work effectively with officers and other stakeholders to identify and deliver necessary savings.

### **Decision**

**The Executive noted the Financial Overview 2017/18 report.**