

WEST DUNBARTONSHIRE COUNCIL**Report by Strategic Lead - Resources****Audit Committee: 18 March 2020**

Subject: Accounts Commission Report: *Local government in Scotland Financial overview 2018/19***1. Purpose**

- 1.1** This report provides Members with information regarding a report recently published by the Accounts Commission as prepared by Audit Scotland.

2. Recommendation

- 2.1** It is recommended that Members consider:
- The attached report, along with the scrutiny tool for councillors contained at Appendix 2: and
 - Whether a future Elected Members' development session should take place in relation to this report.

3. Background

- 3.1** This report from the Accounts Commission is one of a series of such reports over the last few years and tells the strategic financial story for local government in Scotland in 2018/19. The report reflects a similar situation to last year as councils face an increasingly complex range of challenges and continuing pressure on finances. Challenges include increasing demand across many of the wide range of services councils deliver to local communities. Demand has to be met against tightening budgets in many service areas along with financial uncertainty stemming from external factors such as EU withdrawal.

4. Main Issues

- 4.1** This report provides a high-level independent analysis of the financial performance of councils during 2018/19 and their financial position at the end of that year. It also looks ahead and comments on the financial outlook for councils. It is one of two overview reports that the Accounts Commission publishes each year. The second report comments on the wider challenges and performance of councils. It will be published at the end of the financial year in March 2020.
- 4.2** The report is intended to inform the public and its representatives. It is particularly aimed at elected members and senior council officers. While the focus of the report is on councils, it also provides information about Integration Joint Boards (IJBs).

4.3 The key messages of the report are:

- Councils depend on Scottish Government funding for a significant part of their income. Scottish Government revenue funding to councils reduced in 2018/19 in real terms by 0.7 per cent.
- The 2018/19 funding gap of three per cent was less than the previous year (four per cent). Councils planned to manage this primarily through savings, though a shortfall in savings achieved meant that a higher proportion of the funding gap was met from reserves than planned.
- All councils have medium-term financial planning covering 3 years or more but more progress is needed in long-term financial planning.
- The majority of IJBs have underlying financial sustainability issues, with a number incurring deficits or dependent on additional ('deficit') funding from their partners; and
- Councils have made preparations for the impact of EU but there are many potential implications that cannot be anticipated in financial planning.

4.4 Throughout, the report identifies examples of questions that councillors may wish to consider, to help with understanding their council's financial position and to scrutinise financial performance. As noted at paragraph 4 on page 8 of the report, the Accounts Commission encourages councillors to use an appropriate level of challenge in scrutiny and ensure they receive sufficient information to answer their questions fully. The questions are also available in Supplement 1: Scrutiny tool for councillors (see Appendix 2 to this report, and on the Audit Scotland website).

5. **Personnel Implications**

5.1 There are no personnel implications.

6. **Financial and Procurement Implications**

6.1 There are no direct financial or procurement implications arising from this report.

7. **Risk Analysis**

7.1 This report from the Accounts Commission provides Elected Members and Officers useful information of a financial nature.

8. Equalities Impact Assessment (EIA)

8.1 There are no issues.

9. Consultation

9.1 This report has been subject to consultation with appropriate Strategic Leads.

10. Strategic Assessment

10.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support Elected Members and Officers to pursue the five strategic priorities of the Council's Strategic Plan. This report informs the financial governance of the Council.

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Date: 19 February 2020

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Appendices: Appendix 1: Accounts Commission Report: *Local government in Scotland Financial overview 2018/19*
Appendix 2: Scrutiny tool for councillors

Background Papers: None

Wards Affected: N/A