

South Ayrshire Council

**Report by Head of Finance and ICT
to Audit and Governance Panel
of 24 February 2021**

**Subject: Audit Scotland: Local Government in Scotland –
 Financial Overview 2019/20**

1. Purpose

1.1 The purpose of this report is to advise Members of the findings from the Audit Scotland report 'Local Government in Scotland – Financial Overview 2019/20'.

2. Recommendation

2.1 **It is recommended that the Panel considers the findings outlined in the Audit Scotland report 'Local Government in Scotland – Financial Overview 2019/20' (attached as [Appendix 1](#)).**

3. Background

3.1 In January 2021, Audit Scotland published a report entitled 'Local Government in Scotland – Financial Overview 2019/20'. The key messages as summarised in the report as follows:

Councils:

3.1.1 Councils' funding and income increased by £0.8 billion in 2019/20. There was an increase in Scottish Government funding of £0.5 billion, but reductions over the past seven years are still larger than in other areas of the Scottish Government budget

3.1.2 Nearly half of the increase in Scottish Government funding in 2019/20, and all the initial additional funding in 2020/21, was to fund the expansion in early learning and childcare

3.1.3 Councils continue to plan for, and deliver, savings as part of their annual budgets, but there are significant variations in individual councils' ability to deliver planned savings

3.1.4 More councils added to their usable revenue reserves totalling £65 million (net) in 2019/20

3.1.5 Glasgow City Council's equal pay funding strategy had a significant impact on total reserves, debt and capital expenditure this year (2019/20)

- 3.1.6 The financial cost of Covid-19 on councils in 2020/21 is estimated to be £767 million, with just over half due to lost income. We estimate that funding announced by November 2020 meets 60 to 70 per cent of the cost pressures identified by councils, although total costs and funding are still uncertain
- 3.1.7 Councils' auditors reported wider medium-term financial implications of Covid-19

Integration Joint Boards (IJB's):

- 3.1.8 A majority of IJBs (22) struggled to achieve break-even in 2019/20 and many received year-end funding from partners
- 3.1.9 Total mobilisation costs for Health and Social Care Partnerships for 2020/21 due to Covid-19 are estimated as £422 million. It is not yet clear whether the Scottish Government is to fund all of these costs
- 3.1.10 Instability of leadership continues to be a challenge for IJBs. There were changes in chief officer at 12 IJBs in 2019/20

4. Proposals

- 4.1 It is proposed that Members consider and note the terms of the Audit Scotland report. The report is a national one containing no recommendations and there are no specific actions required of the Council in relation to it.

5. Legal and Procurement Implications

- 5.1 There are no legal implications arising from this report.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 Not applicable.

7. Human Resources Implications

- 7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

- 8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

- 8.2.1 There are no risks associated with rejecting the recommendations.

9. Equalities

- 9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [Appendix 2](#).

10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

13. Results of Consultation

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Brian McGinley, Portfolio Holder for Resources and Performance, and the contents of this report reflect any feedback provided.

Background Papers **None**

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