

T: 0300 244 4000

E: scottish.ministers@gov.scot

Ariane Burgess MSP

Convener

Local Government, Housing and Planning

Committee

By email to: localgov.committee@parliament.scot

7 November 2022

Dear Ariane,

I am writing to you to outline the various strands of the New Deal for Local Government and to update you on how they are developing.

As you will be aware, the Resource Spending Review confirmed the intention to embark on a New Deal for local government which would build on the local governance review and develop a deeper dialogue and debate, enabling both spheres of government to work together to achieve better outcomes for people and communities. The New Deal is about a new way of working together based on:

- a. A Partnership Agreement which provides the framework for policy specific agreements, based on a shared value-based overarching agreement on outcomes and accountability.
- b. A Fiscal Framework for local government, which is intended to establish agreed ways of working in the fiscal relationship, supporting greater transparency and accountability.
- c. It also encompasses the Local Governance Review and a commitment to establish a working group to explore effective deliberative engagement on sources of Local Government funding, including Council Tax.

As part of the Strategic Engagement between the Scottish Government and COSLA, Ministers met with COSLA's new Presidential Team after the elections in May and again after summer recess to discuss the New Deal.

Partnership Agreement

The Partnership Agreement describes a new approach for policy specific agreements with Local Government, based on a shared value-based overarching agreement on relationship, outcomes and accountability. A developing Partnership agreement will require to dovetail with the work of the Fiscal Framework; it is necessary that fiscal responsibilities for local government go hand-in-hand with assurances on outcomes and accountability.

An initial meeting to discuss a new partnership agreement took place after the Local Government elections between Scottish Government officials and COSLA. These conversations were intended to continue over the summer, however owing to the development of other demands and commitments the work on the partnership agreement has been slower than anticipated. Nevertheless, discussions have taken place as part of the Strategic Engagement between Scottish Ministers and the COSLA Presidential Team and work will be progressing on this over the next few months.

Fiscal Framework

The Fiscal framework is intended to establish a new fiscal relationship, with the aim of reaching an agreement which delivers greater flexibility over financial arrangements, improves accountability for the delivery of national priorities, whilst ensuring maximum value for money.

Discussions on the various elements of the Fiscal Framework have been developing at pace, and since July officials have undertaken intensive collaborative work on a fiscal framework. We will continue to work jointly with COSLA over the coming months to make further progress, however there are some aspects, including greater fiscal flexibility, which are intimately connected with progress being made in the development of a Partnership Agreement.

Local Governance Review

The Programme for Government 2021-22 confirmed that the Scottish Government would conclude the Local Governance Review with COSLA and introduce a Local Democracy Bill within this parliament. During the last parliament, over 4,000 people from diverse backgrounds got involved in Democracy Matters conversations about the future of local decision-making. Overwhelmingly, people wanted to see a meaningful transfer of power into our communities – along with the associated resources and suitable support – to transform local democracy and improve lives.

Progress on the review slowed due to COVID. However, the response to the pandemic demonstrated what can be achieved when the two spheres of government, and our public service partners, work collaboratively with each other and local people. The Investing in Scotland's Future: Resource Spending Review highlights the vital role Local Authorities play in the success of Scotland's public services. It also confirms that the Scottish Government will work closely with COSLA over the coming months to agree a new deal for Local Government in advance of the next financial year.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

A New Deal will build on the Local Governance Review, and can also help to bring a sharpened focus on ensuring the review arrives at a set of findings which can transform local democracy in Scotland. Fiscal empowerment for Local Government is a key element in delivering this transformation, and discussions on a fiscal framework are ongoing as outlined above. All of this activity is interlinked and will be taken forward as a coherent reform package, in full partnership with COSLA.

Joint Working Group of Ministers and COSLA leaders on Deliberative Engagement and Sources of Local Government Funding, including Council Tax

The Programme for Government 2021-22 committed to establishing a working group to oversee deliberative engagement sources on local government funding, including Council Tax.

Scottish Ministers have established a Joint Working Group, with representation from the Scottish Green Party, and wrote to COSLA in September to invite them to join this group. The working Group will support the delivery and oversee the commitment to develop effective deliberative engagement on sources of local government funding, including Council Tax. The purpose of the 'Joint Working Group is two-fold:

- i. Consider meaningful short-term changes to Council Tax, reflecting the current circumstances created by the cost crisis.
- ii. Consider approaches to longer-term reform, which includes the development of effective deliberative engagement on sources of local government funding and Council Tax.

All of the activity on the New Deal presented above is interlinked and must be considered as part of a coherent package, to be progressed in partnership with local government. I hope that the information contained within this letter demonstrates this Government's vision and ambition for a new relationship with Local Government, one which enables and facilitates better partnership and collaboration to meet the challenges we face, and ensures the best possible outcomes for our communities.

I look forward to further, more detailed, discussions with you and the committee as the various strands of the New Deal progress.

I am copying this letter to the Minister for Public Finance, Planning & Community Wealth and Minister for Zero Carbon Buildings, Active Travel and Tenants' Rights.

Best regards,

BEN MACPHERSON

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

a b c d ~~efg~~ a