

Document 6

26 April 2018
13:13

[REDACTED]

From: [REDACTED]
Sent: 27 March 2018 14:48
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Local Government Overview report

[REDACTED]

Thank you for your explanation. I have to say our strong preference is that the actual overview report highlights that the comparison is outturn to budget. I have no further comment to make on the police and fire question.

[REDACTED]

Team Leader – Revenue and Capital
Local Government Finance
The Scottish Government
Area 3-G North
Victoria Quay
Leith
Edinburgh
EH6 6QQ
Tel: [REDACTED]
e-mail: [REDACTED]@gov.scot
web address: <http://www.gov.scot/Topics/Government/local-government/17999/11175>

From: [REDACTED] [mailto:[REDACTED]@audit-scotland.gov.uk]
Sent: 27 March 2018 14:27
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Local Government Overview report

[REDACTED]

I am aware of this variation in approach and I believe we have had similar discussions around this before? I agree there are different ways this can be presented and we acknowledge the different approaches in other pieces of work we do (draft to draft, budget to budget etc. in briefings to the Commission and, I believe in past, letters to the PAC/PAPLS and LGCC committees).

Within the overview, however, we follow our standard approach which is to compare the latest available figures ie outturn to budget. I am aware that the SG (and UK Govt) favour the 'like for like' approach but we have been clear on our approach previously, it is consistent with our analysis of other areas and, I believe, we have previously issued Section 22s on the issue of central government budgeting. I understand your concerns but the reference to circular 04/2018 should be sufficient within the overview? Alongside our reports however, we issue a Q&A document on our website and to press etc and I think that could be an appropriate place to identify this and explain the 0.2%/0.3% issue you identify below - it does however risk highlighting a relatively minor issue. Happy to hear your thoughts on that approach.

Re police and fire – I adjusted for this funding as per the methodology I came up with last year (the March 2017 LGO) using the historic 51:49 grant split for police, and applying GAE proportions to the quoted fire expenditure figures from SG budget docs. I checked with the 32 DoFs last year who agreed the 10/11 figures were reasonable and rolled this same methodology forward for the following years. These numbers have again gone through fact checking with the councils this year.

Although there are some small variations between my funding adjustments and requisition payments at individual council level I am content they represent a reasonable adjustment. I have attached the sheet that is being used that is the basis for the LGO numbers [redacted] quoted and is being used by both Audit Scotland and SPICe to present changes in LG funding. The intention is that this will be updated twice a year (draft settlement and order) and, while you will obviously have the information, it may make fact checking easier so I can include you as standard when we update it and issue it out? (I can provide the working behind the GAE fire calculation if required but you will see it is internally consistent.)

Unfortunately I am about to leave to go to a conference in London so I will have only intermittent access to emails the next couple of days but happy to discuss if you don't think the Q&A suggestion is appropriate.

[redacted]

[redacted]

Audit Manager

Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
and
Audit Scotland, 4th Floor, South Suite, The Athenaeum Building
8 Nelson Mandela Place, Glasgow, G2 1BT

T: [redacted] E: [redacted]@audit-scotland.gov.uk

www.audit-scotland.gov.uk

 AUDIT SCOTLAND



From: [redacted]@gov.scot [mailto:[redacted]@gov.scot]

Sent: 27 March 2018 10:44

To: [redacted]

Cc: [redacted]@gov.scot; [redacted]; [redacted]@gov.scot;

[redacted]@gov.scot; [redacted]@gov.scot; [redacted]@gov.scot; [redacted]@gov.scot

Subject: RE: Local Government Overview report

[redacted]

It looks like you have compared the 2018-19 budgeted revenue figure (£9,814.4 million) with the outturn for 2017-18 from Circular 4/2018 (£9,650.668 million inflated as against £9,639.480 million from Circular 1/2017). In making such comparisons we compare budget to budget or outturn to outturn to give a true comparison. The budget to budget real terms figure is therefore an increase of 0.3%. If you are going to use the outturn to budget comparison then you will need to make that clear otherwise it will lead to accusations that the Scottish Government has exaggerated the increase (even by such a small amount.) We compare budget to budget as additional money is added every year through undistributed sums at this time of year or new money that is added in year.

I note the comparison between 2010-11 with 2018-19 is budget to budget and I agree the -9.6% real terms figure (given my usual reservations about the treatment of the police and fire funding).

I am content with the rest of your email.

[REDACTED]
Team Leader – Revenue and Capital
Local Government Finance
The Scottish Government
Area 3-G North
Victoria Quay
Leith
Edinburgh
EH6 6QQ
Tel: [REDACTED]
e-mail: [REDACTED]@gov.scot
web address: <http://www.gov.scot/Topics/Government/local-government/17999/11175>

From: [REDACTED] [mailto:[REDACTED]@audit-scotland.gov.uk]
Sent: 27 March 2018 10:09
To: [REDACTED]
Cc: [REDACTED]
Subject: Local Government Overview report

[REDACTED]

We are in the final stages of proofing the LGO report before it goes to the printers on Thursday. We have updated the funding figures to reflect the revised budget and just wanted to run the revised text and footnote past you. We now have

Scottish Government funding is the largest source of income for councils. Revenue funding, that is funding for day to day services, from the Scottish Government increased by 0.2 per cent in real terms from £9,793 million in 2017/18 to £9,814 million in 2018/19. Between 2010/11 and 2018/19, revenue funding has fallen by 9.6 per cent in real terms.¹

¹ Revenue funding includes the general revenue grant, non-domestic rate income and specific revenue grants. Our analysis of funding in both 2017/18 and 2018/19 is based upon the annual totals set out by the Scottish Government in 'Local Government Finance Circular No. 4/2018'. These totals reflect a £34.5 million redetermination of funding in 2017/18 being classified as funding to councils for 2018/19. We will consider any implications of this funding arrangement for councils during both the 2017/18 annual audit process and our subsequent financial overview of local government.

Could you let me know if that is accurate. As we are working to a deadline now if we haven't heard from you by tomorrow evening this is the text that will go in the report. I am about until 3pm today if you would like to discuss, tomorrow I am out of the office but my colleague [REDACTED] can be reached on [REDACTED]

In terms of your other comments we have decided to remove the funding exhibit for this report. It is something we feel would sit better in next years financial overview report and we are hoping to develop it further for that report.

Thanks for all your help.

[REDACTED]
[REDACTED]
Auditor
Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: [REDACTED] E: [REDACTED]
www.audit-scotland.gov.uk

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