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**ARGYLL AND BUTE COUNCIL**

**POLICY & RESOURCES COMMITTEE**

**CHIEF EXECUTIVE**

**11 MAY 2023**

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**PUBLIC SECTOR REFORM UPDATE**

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**2.0 INTRODUCTION**

- 2.1 This paper provides an overview of the emerging public sector reform and associated legislation that is likely to result in fundamental changes to how public services are delivered and equally important, how decisions around public services are made.
- 2.2 The application of national policy resulting in structural change to public services gives rise to the risk that future models do



during the summer period of 2023. More detail on the next phase of the consultation is available in appendix 1.

- 4.8 The Scottish Government intend to pass a Bill before the dissolution of this Parliament (2027) to enable any agreed changes arising from the Local Governance Review which may require legislative change.
- 4.9 It remains unknown at this stage what the proposed Local Democracy Bill will contain, however it could have a long term and significant impact on how decisions are made affecting our communities in Argyll and Bute. This may include organisational or structural change or introduce the transfer of powers between or from spheres of government and communities. Examples of what we may expect to see in the bill when it comes forward could be further powers around;

Participatory budgeting  
Citizens assemblies  
Smaller more local units of democracy.

- 4.10 Argyll and Bute Council will need to consider if it wishes to a) respond to the consultation and b) undertake its own engagement with our communities on the Democracy Matters 2 consultation of which more details are available in appendix 1 of this report.

#### B. Fiscal Framework:

- 4.11 The Programme for Government 2022 – 2023 sets out a commitment to agree a 'New Deal' between the Scottish and Local Government including a fiscal framework that will support;
1. Working together to achieve better outcomes for people and communities especially on national priorities including addressing poverty, inequality, and supporting the economy.
  2. Balancing greater flexibility over financial arrangements with improved accountability.
  3. Providing certainty over inputs, outcomes and assurance, alongside scope to innovate and improve services.
  4. Recognising the critical role played by local authorities in tackling the climate emergency, for example through delivering our heat and buildings, waste, active travel and nature restoration goals.

4.12 Scottish Government Ministers invited COSLA to join a Ministerial Working Group to look at sources of Local Government Funding and Council Tax and are progressing discussion on developing a new Fiscal Framework for Scottish Local Government as part of an emerging 'new deal'. COSLA's aim is to:

- Seek a substantial shift in the balance of funding to local government.
- Ensure local government is empowered to deploy resources locally without government restriction.
- Ensure that equalisation is fair (i.e. when block grants are reduced relative to increase in local tax raising powers).

4.13 Ultimately the aim of COSLA is to provide Local Government with more certainty about funding as well as look to increase funding available. COSLA is focused on three areas:

1. Local government funding
2. Local taxation
3. Fiscal flexibilities

4.14 Specific matters of relevance which fall under these 3 headings include:

1. Structure of Local Government Settlement
2. Population
3. Council tax
4. Other options for local taxation.
5. Local discretion – fees, charges, discounts and exemptions.
6. Non Domestic Rates

4.15 COSLA has progressed a number of workstreams to develop these matters from which 3 draft principles have emerged:

1. The fiscal framework should promote stability, certainty, transparency, affordability and sustainability.
  - More certainty on its total grant settlement over the longer term (min 3 years).
  - Settlement should be a fair reflection of costs and needs on a day to day basis and proportionate to overall SG budget.
  - National commitments to be fully funded.
2. The fiscal framework should promote effective use of fiscal flexibilities and levers to address local priorities and improve outcomes.
  - Power to raise Council Tax if it so wishes.
  - Powers to raise additional (local) taxes.

Flexibility to decide on local variation to Council Tax, NDR and fees/charges to support local priorities and address issues.

3. The fiscal framework should enable discussion of fiscal empowerment of Local Government.

Reduce use of ring fenced grants.

Joint understanding of impacts of funding decisions.

- 4.16 Efforts to change how local government is funded and freedom to make decisions is maturing and the Council will be required to be prepared for

d) Children's services and justice services should remain within local government (and notes these were out-with the scope of the Independent Review of Adult Social Care).

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and islands area, there is a clear argument for a joined up public sector with decisions made at the lowest possible level. Specific challenges that need to be addressed via public sector reform include;

Provision of health and social care against increasing demand and costs.

Transportation is vulnerable and is impacting on sustainable economic growth, access to services and promoting our vision for a growing population and thriving economy.

Lack of housing in both social and private markets equally impacting on the vision.

Split between highland and central belt for national agency support e.g. enterprise agencies, NHS, transport partnerships.

- 4.26 Anecdotally Health and Social Care integration is acknowledged by ministers and civil servants to have progressed well in Argyll and Bute. We are also unique in h

A model is based on the current Community Planning Model and maintaining

4.32 The most important objective of creating a SAM is improved outcomes for our communities. We know from our engagement with communities in 2018 that there is a demand from our communities for;

More creative and inclusive opportunities for communities to participate in decision making e.g. locality based planning.

More influence over services or decision making.

Less demand for direct management and control.

Increased local autonomy of decisions and governance.

4.33 The Scottish Government has indicated a desire to reduce ring fencing and move towards agreed outcomes. An integrated, place-based approach with competent governance would provide an opportunity for a new and mutually beneficial relationship between spheres of government to deliver national and local outcomes in line with the National Performance Framework.

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consistent view or that all island communities universally agreed on a specific issue.

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