



This concordat sets out the terms of a new relationship between the Scottish Government and local government, based on mutual respect and partnership. It underpins the funding to be provided to local government over the period 2008-09 to 2010-11.

The new relationship is represented by a package of measures. It is endorsed by both the Scottish Ministers and by the COSLA Presidential Team.

The package has been agreed within a tight financial context. Both sides believe that the proposals on offer, arrived at following detailed negotiation, represent the best outcome that can be achieved. They further believe that taken as a whole the package will lead, over time, to significant benefits for users of local government services.

Context

Overall, the Scottish Government's Departmental Expenditure Limit is growing in real terms by 0.5% in 2008-09, 1.6% in 2009-10 and 2.3% in 2010-11. In assessing what share of this funding should go to local government, the Scottish Government has taken account of the unique position held by local government in the governance of Scotland and the major contribution local government will make to all of the Government's Strategic Objectives and the successful delivery of national outcomes. It has also taken note of the fact that local government's share of the Scottish budget has fallen in recent years.

In this Spending Review, the Government has halted the decline in local government's share of total expenditure. There is now a marginal annual increase in local government's share over the Spending Review period. But the Government has sought to go further by substantially enhancing the role that local government plays. While the Scottish Government must set the direction of policy and the overarching outcomes, under the terms of the new relationship proposed in this package, it will stand back from micro-managing service delivery, thus reducing bureaucracy and freeing up local authorities and their partners to meet the varying local needs and circumstances across Scotland.

This Spending Review has required the Scottish Ministers to take some tough decisions and will require tough decisions to be made by those responsible for providing services. No part of the public sector has escaped without the need to prioritise or to secure significant efficiencies. But while the outcome is tough for local government, as indeed it is for all other parts of the public sector, the new partnership offers local authorities some significant benefits and, overall, is both reasonable and achievable.

The package

The various components of the package are:

- A commitment that the Scottish Government will not undertake structural reform of local government during the term of this Parliament.
- The total amount of funding to be made available during the period 2008-09 to 2010-11.
- That there will be a move to a Single Outcome Agreement (SOA) for every council, based on the agreed set of national outcomes (underpinned by agreed national indicators), supported by streamlined external scrutiny and effective performance management.
- In particular, the Scottish Government will work with local government on a new performance reporting system which over time will replace the myriad of existing systems and will provide regular, timely and transparent reporting to the Scottish Government on progress against national outcomes, and to local communities on progress against related local outcomes (and indicators). Each council will be required to submit a single report around the turn of the financial year on the year just finished and plans for the year to come, starting in 2008-09, setting out progress and achievements towards the national outcomes. Over and above these, with the exception of the requirements associated with statutory requirements, any agreed transitional arrangements in moving to an outcomes based approach, ongoing statistical returns and formal inspections, local authorities will not be asked to submit any other monitoring returns or plans to the Scottish Government without prior agreement.
- That the Scottish Government will work with local government to develop an agreed response to the Crerar review that will lead to improvements in performance management and self-assessment across the public sector thereby enabling a more focused and proportionate inspection regime to apply to local government.
- That the Scottish Government will reduce substantially the number of separate funding streams to local government, well below the number that exist currently.
- That local authorities agree to deliver on a specified set of commitments from within the funding envelope provided.
- That local authorities will be able to retain – for the first time - all their efficiency savings to re-deploy against ongoing pressures.
- That COSLA and the Scottish Government will put in place arrangements jointly to oversee and monitor the new partnership and, as part of this, to assess how the new arrangements are working, how each side is fulfilling the commitments made, and how any significant new pressures

associated with the ongoing development of government policy might best be accommodated.

The level of funding

The funding which the Scottish Government will provide to local government over the period 2008-09 to 2010-11 totals £34.7 billion, split £11.1bn/£11.6bn/£12.0bn. This total includes the Government's estimate of non domestic rate income over the period. Subject to local government agreeing to this package, the distribution of this funding by authority will be set out in a circular which will be issued by the Scottish Government in mid-December.

Within these totals, there is significant growth in the capital resources being made available to local authorities. In 2008-09, local government capital increases by 13 per cent and that increase is then held up to 2010-11. In total, £2.9 billion is being provided over the period 2008-09 to 2010-11 to secure investment in local government infrastructure such as schools, flood prevention measures, roads, waste management, and the Police estate and that of the Fire and Rescue Services.

There is some further funding that will also go to local government but which is additional to these totals. This includes, for example, the funding for the Edinburgh trams project; residual funding still to be allocated for Police Grant; funding that is provided through European grants which are channelled through the Scottish Government; and some transfers from the enterprise budget in respect of their business gateway and local regeneration functions.

Single Outcome Agreement

The national outcomes and indicators are listed in Annex A to this concordat. As part of this package each local authority would aim to reach a Single Outcome Agreement (SOA) with the Scottish Government at the earliest opportunity, based on the national outcomes and, under a common framework, local outcomes to take account of local priorities. The SOA will cover all local government services in each local authority area as well as a significant range of the responsibilities of Community Planning Partnerships where local authorities have a significant part to play. The initial agreements would be with each of the 32 councils with the possibility of agreements with Community Planning Partnerships at some future date. SOAs will be expected to be in place across all councils during 2008-09.

Reductions in ring-fencing

In 2007-08, funding to local government was provided in the local government finance settlement and in a series of ring fenced specific grants. In 2007-08, these specific grants (which include Police Grant) totalled £2.7 billion. As part of the package proposed, a considerable number of these specific grants will be rolled up and transferred into the local government settlement. The level of ring-fencing in 2008-09 (excluding Police Grant which both sides agree will remain ring-fenced) will reduce to around £0.5 billion, with the intention that the level will reduce further to £0.3 billion by 2010-11.

A small number of ring-fenced funding streams will remain under the partnership package on offer. Annex B lists those that will remain ring-fenced in 2008-09 as well as a list of those that are being rolled up within the settlement. Among those which will be rolled up by 2010-11 are the current Community Regeneration Fund Grant and Private Sector Housing Grant.

Other reductions in bureaucracy

In addition to reductions in ring-fencing, bureaucracy will be reduced in other ways including the extent of monitoring and reporting currently required of local government by the Scottish Government, including a reduction in monitoring and reporting not directly linked to ring fenced funding.

Under the new arrangements proposed, each local authority will be required to submit a single report around the turn of the financial year on the year just finished and plans for the year to come, starting in 2008-09, setting out progress and achievements towards the national outcomes and the commitments as set out. With the exception of the requirements associated with statutory requirements, any agreed transitional arrangements in moving to an outcomes based approach, ongoing statistical returns and formal inspections, local authorities will not be asked to submit any other monitoring returns or plans to the Scottish Government without prior agreement.

Specified set of commitments

For the entire package to remain intact, and as part of their contribution to the new relationship, the Scottish Government and local government will each do what is required to ensure delivery of key government policies and programmes including:

- Freezing council tax rates in each local authority at 2007-08 levels.
- Making an additional 1,000 police officers available in communities. This will be achieved through an investment of £54 million to support additional recruitment of new officers and building capacity at a national level as well as providing support for key retention and redeployment initiatives. This additional funding will be transferred from the local government settlement to the Justice portfolio shortly.
- Introducing the Small Business Bonus Scheme in a phased way from April 2008 pending full implementation in 2010-11. This will be funded by a reduction in the non domestic rate income which authorities will receive and the expected reduction has already been factored into the overall settlement.
- Improving the learning experience for children and young people by improving the fabric of schools and nurseries; developing and delivering *A Curriculum for Excellence*; and, as quickly as is possible, reducing class sizes in P1 to P3 to a maximum of 18 and improving early years provision with access to a teacher for every pre-school child. The provision of additional capital allocation and specific arrangements for local authorities

to maintain teacher numbers in the face of falling school rolls will allow significant progress on this policy over the Spending Review period. Taking into account retirements, the capacity of the universities to train new teachers, changing demographic trends, and the different circumstances across authorities including accommodation pressures, it is recognised that the pace of implementation of class size reduction will vary across authorities depending on local circumstances and needs. Local government will be expected to show year on year progress toward delivery of the class size reduction policy.

- Expanding pre-school provision and making substantial progress towards a 50% increase in pre-school entitlement for 3 and 4 year olds. The entitlement to pre-school provision will be maintained at the new level of 475 hours per annum (equivalent to 38 weeks at 12½ hours) in 2008-09 and 2009-10. This will increase to 570 hours per annum (equivalent to 38 weeks at 15 hours) in August 2010.
- Free school meals – Providing nutritious free school meals for all P1 to P3 pupils in the pilot areas until the end of the current academic year (ie up to June 2008). The remainder of 2008-09 will be taken up with evaluation of the trials. In 2009-10, provided the evaluation of the trials is positive, legislation will be introduced to allow extension of the nutritious free school meals to all pupils in P1 to P3. Assuming the legislation is passed, local authorities will provide free school meals to all P1 to P3 pupils from August 2010.
- Subject to necessary legislation being passed, extending entitlement to free school meals to all primary and secondary pupils of families in receipt of maximum child tax credit and maximum working tax credit from August 2009.
- Vocational education/skills – working in partnership with colleges, local employers and others as appropriate to give more school pupils opportunities to experience vocational learning.
- Kinship care – providing allowances for kinship carers of “looked after children” to treat them on an equivalent basis to foster carers.
- Improving care home quality through care home fees and the quality framework.
- Free personal care – increasing current standard payment levels in line with inflation from April 2008 and allowance for subsequent years (this is not intended to cover any significant adjustments arising from the Sutherland review).
- Carers’ support – progress towards delivering 10,000 extra respite weeks per annum at home and in care homes.

Retention of efficiency savings

Local government has an excellent record to date in its delivery of efficiency savings and recognises the need to continue to do so. For the period 2008-09 to 2010-11, the level of efficiency savings which all parts of the public sector will be expected to meet has been set at 2 per cent per annum. Under the partnership offer, local authorities will be allowed to retain all of these, to re-deploy against ongoing pressures and address local priorities. This represents special treatment for local government. All other parts of the public sector will have an element of their efficiency savings deducted at source.

When combined with the impact of removing ring-fenced funding streams, retaining efficiency savings will give authorities significant scope to re-deploy their resources to meet many of the funding pressures they will face over the next three years.

Policy development

The Scottish Government and local government, through COSLA, will work together to develop policy in areas where local government has a key interest. Both sides will also work together to discuss and agree implementation and resource issues relating to these policy areas. For example, it has already been agreed to develop policy on early years/ early intervention, on provision of support for kinship carers and on ensuring that access to a teacher for every pre-school child extends to those children in placement with partner providers. Other areas where such joint work will be necessary are the implementation of key measures arising from the Adult Support and Protection (Scotland) Act and providing respite and other support for an additional 1,000 young carers, along with additional resources for local care centres.

It is recognised that, in some instances, whether through the development of new policy initiatives or for other reasons, there may be exceptional funding pressures which local authorities are unable to meet. It is clearly impossible to anticipate all the pressures at the start of the process. In such cases, both sides agree that any difficulties will be addressed jointly between the Scottish Government and local government, as part of a developing mature relationship. That process will include a review of both finance available and of pressures. It will take into account, where appropriate, reviewing the pressures and/or released efficiencies in light of other ongoing initiatives such as in the work being taken forward to simplify the landscape.

Oversight arrangements

The partnership package on offer is an ambitious one. It will need to be carefully managed and monitored. Two groups will be established to carry out that function.

The first one, which will start work at once, will oversee the process towards implementation of the Single Outcome Agreements. It will meet regularly between now and at least the end of March 2008.

The second group will have a more over-arching role to oversee the process of managing the new arrangements. This will cover, for example, how the funding of new policy developments is prioritised.

Over and above that, the Cabinet Secretaries for Finance and Sustainable Growth and for Education and Lifelong Learning will meet the COSLA Presidential Team every two months to review progress and any issues that may have arisen.

In addition, the First Minister and the members of the Cabinet will meet annually the President of COSLA and COSLA Office Bearers to discuss issues of common interest including, for example, ways to cement the new constitutional arrangements contained in this concordat.

Other matters

The Improvement Service exists to support local authorities in their drive towards continuous improvement in service delivery. Since its establishment, the Improvement Service has been funded directly by the Scottish Government. It is agreed that position should change. From 2008-09, funding for the Improvement Service will be transferred to local government and is included within the total funding package. There will be appropriate changes in governance arrangements to reflect the new status of the Improvement Service.

Conclusion

In conclusion this package, which to be considered as a whole, is both ambitious and ground-breaking. It represents a fundamental shift in the relationship between the Scottish Government and local government, based on mutual respect. Under the terms of this new partnership, the Scottish Government will set the direction of policy and the over-arching outcomes that the public sector in Scotland will be expected to achieve. The Scottish Government's intention is to stand back from micro-managing that delivery, thus reducing bureaucracy and freeing up local authorities and their partners to get on with the job.

Under the terms of what has been negotiated, the Scottish Government will provide the cash sums specified in this concordat, together with a number of other components – the Single Outcome Agreement, a significant reduction in ring fencing, streamlining bureaucracy and reporting requirements, retention of efficiency savings and a commitment that there will be no structural reform of local government. In return, local government will contribute directly to the delivery of the key commitments listed, including the freeze on council tax, as well as meeting ongoing pressures within the total amounts provided.

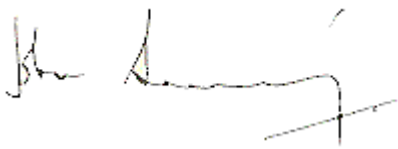
This jointly agreed package will give local authorities substantially greater flexibility and also greater responsibility. In future, the onus will be increasingly on authorities to reach decisions on where money should be spent to achieve agreed outcomes. While the Scottish Government will stand back from micro managing what authorities do, authorities will be expected to take responsibility for their own decisions and to be answerable for these.

Recognising that councils will not be in a position to confirm a freeze in their council tax rates until these are set in February 2008, the Scottish Government will hold

back an element of funding in respect of the council tax freeze until authorities have formally set their council tax levels for 2008-09.

Based on this concordat, the COSLA Presidential Team will now put the full package to local authority Leaders with the view that this is the best package that can be delivered.

For the Scottish Government

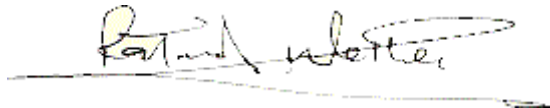


John Swinney MSP
Cabinet Secretary for Finance and Sustainable Growth



Fiona Hyslop MSP
Cabinet Secretary for Education and Lifelong Learning

For local government



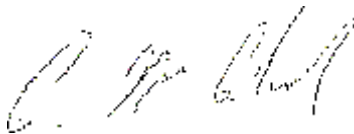
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Councillor Alex MacDonald
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Councillor Corrie McChord
Vice President, COSLA



Councillor Rob Murray
Vice President, COSLA

14 November 2007

Annex A

NATIONAL PERFORMANCE FRAMEWORK

Scottish Government's Purpose: to focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth

High Level Targets

Indicator	Target
Economic Growth (GDP)	To raise the GDP growth rate to the UK level by 2011 To match the growth rate of small independent EU countries by 2017
Productivity	To rank in the top quartile for productivity amongst our key trading partners in the OECD by 2017
Participation	To maintain our position on labour market participation as the top performing country in the UK and to close the gap with the top five OECD economies by 2017
Population	To match average European (EU15) population growth over the period from 2007 to 2017, supported by increased healthy life expectancy in Scotland over this period
Solidarity	To increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017
Cohesion	To narrow the gap in participation between Scotland's best and worst performing regions by 2017
Sustainability	To reduce emissions over the period to 2011 To reduce emissions by 80 per cent by 2050

National Outcomes

We live in a Scotland that is the most attractive place for doing business in Europe.

We realise our full economic potential with more and better employment opportunities for our people.

We are better educated, more skilled and more successful, renowned for our research and innovation.

Our young people are successful learners, confident individuals, effective contributors and responsible citizens.

Our children have the best start in life and are ready to succeed.
We live longer, healthier lives.

We have tackled the significant inequalities in Scottish society.

We have improved the life chances for children, young people and families at risk.

We live our lives safe from crime, disorder and danger.

We live in well-designed, sustainable places where we are able to access the amenities and services we need.

We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.

We value and enjoy our built and natural environment and protect it and enhance it for future generations.

We take pride in a strong, fair and inclusive national identity.

We reduce the local and global environmental impact of our consumption and production.

Our public services are high quality, continually improving, efficient and responsive to local people's needs.

National Indicators and Targets

At least halve the gap in total research and development spending compared with EU average by 2011
Increase the business start-up rate
Grow exports at a faster average rate than GDP
Improve public sector efficiency through the generation of 2% cash releasing efficiency savings per annum
Improve people's perceptions of the quality of public services delivered
Reduce the number of Scottish public bodies by 25% by 2011
Reduce the proportion of driver journeys delayed due to traffic congestion
Increase the percentage of Scottish domiciled graduates from Scottish Higher Education Institutions in positive destinations
Improve knowledge transfer from research activity in universities
Increase the proportion of school leavers (from Scottish publicly funded schools) in positive and sustained destinations (FE, HE, employment or training)
Increase the proportion of schools receiving positive inspection reports
Reduce number of working age people with severe literacy and numeracy problems
Increase the overall proportion of local authority areas receiving positive child protection inspection reports

Decrease the proportion of individuals living in poverty
60% of school children in primary 1 will have no signs of dental disease by 2010
Improve the quality of healthcare experience
Increase the proportion of pre-school centres receiving positive inspection reports
Increase the social economy turnover
Reduce the rate of increase in the proportion of children with their Body Mass Index outwith a healthy range by 2018
Increase the average score of adults on the Warwick-Edinburgh Mental Wellbeing Scale by 2011
Increase healthy life expectancy at birth in the most deprived areas
Reduce the percentage of the adult population who smoke to 22% by 2010
Reduce alcohol related hospital admissions by 2011
Achieve annual milestones for reducing inpatient or day case waiting times culminating in the delivery of an 18 week referral to treatment time from December 2011
Reduce proportion of people aged 65 and over admitted as emergency inpatients 2 or more times in a single year
Reduce mortality from coronary heart disease among the under 75s in deprived areas
Increase the percentage of people aged 65 and over with high levels of care needs who are cared for at home
All unintentionally homeless households will be entitled to settled accommodation by 2012
Reduce overall reconviction rates by 2 percentage points by 2011
Reduce overall crime victimisation rates by 2 percentage points by 2011
Increase the percentage of criminal cases dealt with within 26 weeks by 3 percentage points by 2011
Increase the rate of new house building
Increase the percentage of adults who rate their neighbourhood as a good place to live
Decrease the estimated number of problem drug users in Scotland by 2011
Increase positive public perception of the general crime rate in local area

Reduce overall ecological footprint
Increase to 95% the proportion of protected nature sites in favourable condition
Improve the state of Scotland's Historic Buildings , monuments and environment
Biodiversity: increase the index of abundance of terrestrial breeding birds
Increase the proportion of journeys to work made by public or active transport
Increase the proportion of adults making one or more visits to the outdoors per week
50% of electricity generated in Scotland to come from renewable sources by 2020 (interim target of 31% by 2011)
Reduce to 1.32 million tonnes waste sent to landfill by 2010
Increase to 70% key commercial fish stocks at full reproductive capacity and harvested sustainably by 2015
Improve people's perceptions, attitudes and awareness of Scotland's reputation

Specific Grant and Funding Incorporated Into the Settlement 2008-09

RING- FENCED IN 2008-09

Justice

Police
Criminal Justice Social Work
Fire Capital Grant

Health and Wellbeing

Community Regeneration Fund (1)
Community Voices Programme (on behalf of Community Planning Partnerships) (1)
Working for Families (1)
Housing Support Grant
Hostels Grant
Vacant and Derelict Land Fund
Private Sector Housing Grant
Transfer of the Management of Development Funding
Assistance to Owners affected by Glasgow Stock Transfer

Education and Lifelong Learning

Determined to Succeed

Finance and Sustainable Growth

Regional Transport Partnership Capital Grant
Cycling, Walking and Safer Routes

Rural Affairs and the Environment

None

First Minister

Gaelic

ROLLED UP INTO SETTLEMENT IN 2008-09

Justice

Antisocial Behaviour Funding
Community Safety Partnership
Police Capital Grant

Health and wellbeing

Mental Health
Children's Services - Women's Aid Fund
Homelessness Task Force
Furniture Grant Resource
Glasgow Hostels Decommissioning
Private Landlord Registration
Supporting People Grant
Violence Against Women Fund
Delayed Discharge
National Accommodation for Sex Offenders

Education and lifelong learning

National Priorities Action Fund
Social Work Training

European Languages Grant
Educational Attainment for Looked After Children
Changing Children's Services Fund
Teacher Induction Scheme
Specialist Provision Programme - Centres of Excellence
Children's Legal Representation Grant Scheme
School Estate / PPP
Early Years and Childcare Workforce Development Fund
Improving Fostering Services
Adoption
Youthwork for Local Delivery
Schools Fund

Finance and sustainable growth

Demand Responsive Transport Grant
Rural Public Passenger Grant
Bus Route Development Grant
School Travel Coordinators
Efficiency and Reform Fund
Cities Growth Fund
Supported Borrowing
Efficiency Reform Fund
Piers and Harbours Grant
Public Transport Fund & Integrated Transport Fund

Rural affairs and the environment

Strategic Waste Fund
Anti-social Behaviour Noise Grant Scheme
Air Quality Monitoring
Flood Prevention & Coast Protection Grant
Contaminated Land Grant
Strategic Waste Fund

Note Those marked (1) are to be rolled up in a new Fund to be deployed to Community Planning Partnerships