

New Deal with Local Government

Partnership Agreement

June 2023

NEW DEAL WITH LOCAL GOVERNMENT PARTNERSHIP AGREEMENT

The Convention of Scottish Local Authorities (COSLA) and the Scottish Government have today agreed a new Partnership Agreement, setting out our vision for a more collaborative approach to delivering our shared priorities for the people of Scotland.

This agreement – to be known as the ‘Verity House Agreement’ - sets out the way we will work together, how we will approach our shared priorities, and how we will engage.

We have agreed three shared priorities – tackling poverty, just transition to net zero and sustainable public services - and recognise that each of these encompasses a breadth of existing activity and potential programmes of joint work, and that local flexibility will be required to maximise impact. This agreement is a high-level statement of intent upon which we will build.

By end September 2023:

- Improved engagement on budgetary matters will be well underway, in preparation for the Scottish Budget in December.
- We will conclude a Fiscal Framework between Scottish Government and Local Government, of which regular budget engagement will be a key part.
- We will develop and agree a shared programme of activity underneath each of the three priorities, which will focus on the period between now and the next Scottish Council Elections in 2027.

By end October 2023:

- A first joint review of Specific Grants and In-Year Transfers to Local Government will be undertaken with a view to identifying those which can be baselined into the General Revenue Grant or General Capital Grant from financial year 2024-25, creating more freedom and flexibility for Councils to address our shared priorities in locally appropriate ways.

By end August 2024:

- We will have jointly considered the first year of implementation of the Verity House Agreement and the Fiscal Framework as a whole, and agree any alterations or addendums required to ensure the ongoing effectiveness of these two key documents.

Partnership Agreement between Scottish and Local Government 2023

Scottish and Local Government will work together to:

1. **tackle poverty**, particularly child poverty, in recognition of the joint national mission to tackle child poverty
2. **transform our economy through a just transition to deliver net zero**, recognising climate change as one of the biggest threats to communities across Scotland, and
3. **deliver sustainable person-centred public services** recognising the fiscal challenges, ageing demography and opportunities to innovate.

To address these shared priorities, we have jointly accepted that changes are required to our relationship - *the way we work together, how we will approach our shared priorities, and how we engage with each other in a positive and proactive manner.*

This agreement is a statement of our intent from this point forward and provides a high-level framework for our partnership – it does not create legal obligations but it is Scottish and Local Governments' clear starting point and public commitment to the principle of regular and meaningful engagement, and respect for each other's democratic mandate, in order that we can work together more effectively to improve the lives of the people of Scotland.

A: The way we will work together

1. A positive working relationship should be based on **mutual trust and respect**, recognising the need for effective and responsible joint leadership as we work on our shared priorities.
2. We will **focus on the achievement of better outcomes** locally for individuals and communities, and jointly develop simple structures for assurance and accountability that recognise local difference but reduce burdensome reporting.
3. Scottish Government and Local Government, through COSLA and its network of professional networks including SOLACE, will work together to **consult and collaborate as early as possible in all policy areas** where Local Government has a key interest, has a significant place-based leadership locus and/or is the key delivery mechanism.
4. **Powers and funding** for Local Government will be reviewed regularly to ensure adequacy and alignment with effective delivery of outcomes. *The powers held by local authorities shall normally be full and exclusive. They may not be undermined or limited by another, central or regional, authority except as provided for by the law.*
5. From this point onwards, the default position will be **no ring-fencing or direction of funding**, unless there is a clear joint understanding for a rationale for such arrangements for example where quantum needs to be assessed over a transitional period to ensure the costs are accurately understood. Additionally, current funding lines and in-year transfers will be reviewed ahead of the draft 2024-25 Budget Bill, with a view to merging into General Revenue Grant funding (more details will be set out in the Fiscal Framework).
6. **Community Planning Partnerships** will be recognised as a critical mechanism for the alignment of resource locally, focussed on prevention and early

intervention, and delivering our shared priorities. Scottish Government will ensure that those public bodies that can contribute to community planning, play their part, including in involving local third sector and community bodies in promoting and improving wellbeing.

7. **Where we disagree**, we will seek to deal with these matters constructively in the spirit of cooperation, through the engagement mechanisms described in Section D of this agreement
8. Established negotiating arrangements for pay will be recognised and respected, **and we will work jointly to ensure better strategic alignment on workforce issues across the public sector, including fair work.**

B: How we will approach our shared priorities

9. At the heart of the decisions we take nationally and locally will be a commitment to the **realisation of human rights for all.**
10. Scottish Government will recognise and value the roles and responsibilities of Local Government and as such, will work to incorporate into Scots Law the **European Charter of Local Self-Government** as soon as possible.
11. In keeping with the Charter, both parties agree the maxim “**local by default, national by agreement**”. This recognises that public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy.
12. Where Ministers seek to explore **national delivery models** for matters which directly concern Local Authorities, Local Authorities should be fully involved in the policy development process from the outset and appropriately involved in the decision making, and the rationale for considering national delivery be clearly evidenced and outcomes focussed.
13. Where national approaches are being progressed, insofar as is possible and effective, there will be a **presumption in favour of local flexibility**, unless evidence of meeting outcomes dictates otherwise.
14. Local Government will respect and value the roles and responsibilities of the Scottish Government and Scottish Parliament, and all parties will act in **good faith in discussions where there is clear rationale for national approaches**, recognising the benefits these can bring for people and communities.
15. Scottish and Local Government will work together to **conclude the Local Governance Review** by the end of this parliamentary term, with an equal focus on the fiscal, functional and community empowerment that will enable public service reform, innovation and collective, whole system improvement.
16. Scottish and Local Government will work together strategically to advance **public service reform**, building on the joint work under the Covid Recovery Strategy. This will include working constructively and quickly **to remove barriers** which hinder flexibility focusing initially on those common challengesⁱ identified through the Covid Recovery Strategy, and to enable the design and delivery of services for and around people.
17. Scottish Government and Local Government commit to **evidence-based policy making**, using data to understand issues and to then identify the most appropriate means of tackling them.

18. Any required **reporting and data collection** will be proportionate, fit-for-purpose and will support transparency, accountability and future decision-making at both a local and national level.
19. Through the development of a robust Fiscal Framework, which will include meaningful early budget engagement, the **Local Government Settlement will be simplified and consolidated**, clear routes to explore local revenue raising and sources of funding will be established, and wherever possible multi-year certainty will be provided to support strategic planning and investment.

C: Accountability and Assurance

20. Scottish Government and Local Government will jointly agree a **monitoring and accountability framework**, drawing on proportionate reporting and data collection, to provide evidence and visibility over progress towards agreed outcomes.
21. Audit Scotland and the Accounts Commission Scotland will be invited to support and provide independent evaluation of progress.
22. Existing **strategic and service level plans and associated reporting will be streamlined and refined** to be utilised within this assurance process without creating duplication. This will include but not be limited to Local Outcome Improvement Plans, Children's Services Plans, Child Poverty Plans and Climate Change Plans.

D: Engagement

23. The **First Minister and COSLA President** will meet twice a year to discuss progress towards shared priorities, achievement of better outcomes for people and communities, and other key issues.
24. **COSLA's Leadership Sounding Board and a group of key Cabinet Members** led by the Deputy First Minister will meet quarterly - at least two of these meetings will be informal.
25. A robust and regular process for **early budget engagement** will be embedded in the Fiscal Framework, with an underlying principle of "no surprises".
26. Through a refreshed role and remit, Scottish Government's **Place Directors will act as ambassadors** for Local Government and Community Planning Partnerships across portfolios and programmes and will build a strong understanding about place-based leadership and the local plans that focus on our shared priorities.
27. The **Strategic Review Group (SRG)ⁱⁱ** will provide assurance that Scottish and Local Government are maintaining all commitments set out in this agreement.
28. **Portfolio and programme level engagement** (both official and political e.g. COSLA Spokespeople and Cabinet Secretaries/Ministers) will support this overarching governance through regular and meaningful joint oversight, reporting to the SRG.

ENDNOTES

ⁱ Challenges identified through the COVID Recovery Strategy were:

- Number of Competing Priorities
- Reporting Requirements
- Collaborative Working across Scottish Government
- Crisis Response to “Hot Topics”/World Events
- Data & Intelligence Sharing
- Funding Flexibility
- Resources (including inconsistencies of resource support from national partners across CPP areas)

ⁱⁱ Established in 2021 as part of the Local Government Engagement Plan, the **Strategic Review Group’s** (SRG) main purpose is to facilitate regular strategic level political engagement, led on behalf the Scottish Government by the Cabinet Secretary with overall responsibility for the Local Government relationship (and extended to other Cabinet Secretaries and Ministers where relevant) and COSLA senior politicians.

The SRG provides a regular forum to agree delivery priorities, outcomes to be achieved and acts as a mechanism to resolve issues and barriers. The SRG meets five times each year to set direction and priorities and aims to align decision making processes with those that are required by the internal governance arrangements within COSLA, ensuring that key decisions are planned in partnership with built in opportunity and processes to address unforeseen issues or areas of disagreement. The outputs of SRG, which should be agreed at the end of each meeting, assist the Cabinet Secretary to develop a wide overview of the interests of Local Government and represent these in Cabinet discussions.

In May 2023 the membership of the SRG is as follows:

Scottish Government : Deputy First Minister and Cabinet Secretary for Finance ; Minister for Local Government Empowerment and Planning.

Local Government : COSLA President and COSLA Vice President.



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The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-83521-070-3 (web only)

Published by The Scottish Government, June 2023

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS1320762 (06/23)

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