

Verity House Agreement - update

Summary and Recommendations

In June 2023, COSLA's President, Vice President and Political Group Leaders signed the historic 'Verity House Agreement' with the First Minister, Deputy First Minister and Minister for Local Government Empowerment and Planning following a significant period of development and discussion. The agreement, part of the "New Deal for Local Government", is not a legally binding document but a public statement on the way in which Local and Scottish Government will work together, to improve outcomes for the benefit of communities.

This report provides Convention with the background to the agreement, and overview of its content and purpose, and the progress that has been made so far.

This paper invites Convention:

- i. Note the background to the Verity House Agreement and the considerable work that has been done to date; and
- ii. Note the progress being made with implementing the agreement.

References

- Convention March 2023 - Item 4: COSLA Plan 2022 – 2027
- Convention October 2022 - Item 5: COSLA Plan 2022 - 2027

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Background

1. In May 2022, Scottish Government published its Resources Spending Review (RSR) in which it proposed a 'new deal' for Local Government that would see a strengthening of the partnership between Scottish and Local Government as well as a Fiscal Framework and a range of other measures including a review of local democracy. (Convention should note that a separate report on the Fiscal Framework is provided on today's agenda.) Significantly, the new deal recognised that a reset of the relationship between the two spheres of government was required to better enable us improve outcomes for individuals and communities.
2. It was jointly agreed that we should have a public statement (or 'partnership agreement') around the way in which we would work together. Considerable work was undertaken during the latter part of 2022 and early 2023 to draft an agreement that would be a key part of supporting the new deal, centred around mutual trust and respect with a focus on achieving shared outcomes, and early consultation on policy areas which affect communities in Local Government. The scope of an agreement and working drafts were shared with Leadership Sounding Board and Leaders at various stages during its development, with the final agreement gaining political consensus and being signed at Verity House on 30th June 2023 by the President, Vice President and Political Group Leaders, and the First Minister (FM), Deputy First Minister (DFM) and Minister for Local Government Empowerment and Planning. The Verity House Agreement and background information can be found on [COSLA's website](#).
3. The new COSLA Plan 2022-2027, the final version of which was signed off by Convention in March 2023, recognises the importance of re-establishing and reviving our relationship with Scottish Government for the benefit of communities. Within the plan, a firm commitment is made to "*re-establish an open, honest and functioning, trusted local and central government relationship*". The signing of this agreement is therefore an important first step in achieving one of the ambitions in our strategic plan and laying strong foundations for future joint working.

What is the Verity House Agreement (VHA)?

4. The VHA is high-level framework for our partnership. It does not create legal obligations but is a public commitment to the principles 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.
5. Importantly, it makes a clear commitment to working towards 3 shared priorities:
 - a. tackling poverty (especially child poverty)
 - b. transforming our economy through a just transition to deliver net zero;
 - c. delivering sustainable, person-centred public services.

6. It is the articulation of our commitments around 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.
7. The VHA recognises that despite significant funding, policy interventions and national and local action, levels of poverty are still too high in Scotland; net zero targets will not be achieved unless we rethink our approach collectively; and public services, as they are currently configured, are not affordable and in many cases are not addressing the needs of our communities, especially the most vulnerable. The VHA provides the opportunity for a reset and a rethink of our approaches and shared priorities, and work has already started at an officer level to scope out a work programme to support the VHA.

The development of the VHA

8. During the development of the VHA, there were some key meetings with Scottish Ministers, where concerns and issues that could impact the work of Local Government were aired and debated. At one such key meeting, COSLA politicians took the opportunity to raise a number of key issues including:
 - a. *European Charter for Local Self Government* – Scottish Government reiterated its commitment to this, with ambitions shared across both spheres of government. The FM stated that the wording of the Charter pervades the partnership agreement (and can be seen throughout the agreement). Group Leaders were clear around the need for it to be legislated for (and this remains the COSLA position in all discussions).
 - b. *Approach to ring-fencing and direction of funding* - Group Leaders re-emphasised that constraints have grown significantly over the last 10 years, and that we need to loosen existing ring-fencing and direction and allow flexibility across funding lines to allow more effective work to address shared outcomes. A visible change of direction for the 2024/25 settlement is required - work is already underway on this as part of the Fiscal Framework.
 - c. *Accountability and reporting* – Group Leaders emphasised the time that a reduction in bureaucracy would save, across both spheres of Government. All agreed that we need to minimise risk collectively, and change language around Local Government simply being a “delivery agent”. Ministers said that currently, there is a “Bute House Agreement test” applied to Scottish Government decisions and similarly, this would be applied to the VHA.
 - d. *Fiscal Framework and Local Government Funding* – DFM stated that there is a real willingness to do things differently and to create the conditions where it is possible to work across public service boundaries.

Progress to date

9. As Convention will note, progress is being made on the Fiscal Framework albeit at a pace that allows for significant engagement with both elected members and key professional advisors, given its significance to Local Government. The VHA sets out an aspiration to conclude this work by the end of September but given the potential impact of this on the finances of Local Government, consideration and due diligence is underway (of which taking the views of Convention is a key part). Elements of the Framework are already evident such as earlier budget engagement. A joint review of Specific Grants and In Year Transfers to Local Government is being 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.

10. During late August and early September, workshops were held between Scottish Government, COSLA and Improvement Service directors and senior managers, alongside SOLACE and Directors of Finance, to scope out key work under each of the 3 priorities and explore early thoughts on accountability and assurance. In the last few weeks, a session was held at COSLA with around 40 professional advisors from all service areas across Local Government to explore what's working well on the ground, what's not and where they believe the VHA can help. A session is also now being planned with key stakeholders including the third sector and trade unions. The outputs of all sessions will of course be brought to Leaders in due course for consideration.
11. The President and Vice-President also met with members of the Accounts Commission to discuss their role in the new monitoring and accountability framework. It was a constructive meeting, and we will continue to meet with them regularly to ensure this important aspect of the VHA is delivered.
12. Engagement is a key part of the VHA including:
 - a. Bilateral meeting between the FM and COSLA President twice a year - the next is being planned for November, with a view to getting these planned for the next few years in March/April & Oct/Nov.
 - b. Leadership Sound Board and a group of key Cabinet members led by the DFM to meet quarterly (two of which will be informal) - officers are currently planning a formal meeting for October and an informal 'breakfast' meeting in January/early Feb 2024.
 - c. A Strategic Review Group (DFM, Minister for Local Government Empowerment and Planning and COSLA's Presidential team) continues to meet five times a year, with the next planned for 26th September.
 - d. Monthly Relationship Meetings between COSLA's Presidential Team and the Minister for Local Government Empowerment and Planning are held, where key issues impacting Local Government are raised, and the VHA will now become a key part of monthly agendas.
 - e. Our Spokespeople do of course continue to meet with Ministers and Cabinet Secretaries as part of their ongoing work, and challenging issues can be escalated to both the Monthly Relationship Meetings and Strategic Review Group as required.
13. Importantly, a review of the first year of implementation of the VHA and the Fiscal Framework as a whole has been built into this process in August 2024, where collectively, we can agree any alterations or addendums required to ensure the ongoing effectiveness of these two keys documents.

Next steps

14. Taking on board the views of Convention, officers will continue to work with colleagues across COSLA, Scottish and Local Government on developing the shared work programme and accountability and assurance framework that will support the VHA. Engagement with both COSLA policy boards and Leaders will of course be necessary once this work is more fully developed.

September 2023