



There will be a meeting of the **COSLA Convention on Friday 29th September 2023**
13:45 hrs at Crieff Hydro

Jane O'Donnell
Chief Executive

AGENDA

Public Session

1. Welcome from COSLA President
2. Draft Minute from Convention Meeting on Friday 31st March 2023
3. Presentation from DEC
4. COSLA's Audited Financial Statements for Year Ending 31 March 2023 - paper
5. Verity House Agreement Update - paper
6. Fiscal Framework for Local Government - paper and presentation
7. Human Rights Bill Consultation - paper
8. Spokespeople's Updates



Convention Item 02

MINUTE OF MEETING OF COSLA CONVENTION

Friday 31st March 2023, 11am

At Verity House, Edinburgh and via MS Teams

Present:

COSLA President	Cllr Shona Morrison
COSLA Vice-President	Cllr Steven Heddle
Aberdeen City Council	Angela Scott
Aberdeen City Council	Cllr Alex Nicoll
Aberdeen City Council	Cllr Ian Yuill
Aberdeen City Council	Cllr Miranda Radley
Aberdeen City Council	Cllr Emma Farquhar*
Aberdeen City Council	Cllr Barney Crockett
Aberdeenshire Council	Cllr Anne Stirling
Aberdeenshire Council	Cllr Gwyneth Petrie
Aberdeenshire Council	Cllr John Cox
Aberdeenshire Council	Cllr Mark Findlater
Aberdeenshire Council	Cllr Ross Cassie
Aberdeenshire Council	Jim Savege
Angus Council	Cllr Beth Whiteside
Angus Council	Cllr Brenda Durno*
Angus Council	Cllr Craig Fotheringham*
Angus Council	Cllr Kenny Braes
Angus Council	Mark Armstrong*
Argyll and Bute Council	Cllr Daniel Hampsey
Argyll and Bute Council	Cllr Jim Lynch
Argyll and Bute Council	Cllr Robin Currie
Argyll and Bute Council	Pippa Milne
City of Edinburgh Council	Cllr Adam McVey
City of Edinburgh Council	Cllr Alys Mumford
City of Edinburgh Council	Cllr Joan Griffiths*
City of Edinburgh Council	Cllr Iain Whyte
City of Edinburgh Council	Cllr Lesley MacInnes
Clackmannanshire Council	Cllr Ellen Forson
Clackmannanshire Council	Cllr Janine Rennie*
Clackmannanshire Council	Cllr Martha Benny
Clackmannanshire Council	Nikki Bridle
Comhairle nan Eilean Siar	Cllr Duncan MacInnes
Comhairle nan Eilean Siar	Cllr Kenneth Macleod
Comhairle nan Eilean Siar	Cllr Paul Steele
Comhairle nan Eilean Siar	Malcolm Burr
Dumfries and Galloway Council	Cllr Katie Hagmann
Dumfries and Galloway Council	Cllr Archie Dryburgh
Dumfries and Galloway Council	Cllr Richard Brodie
Dumfries and Galloway Council	Cllr Gail Macgregor
Dumfries and Galloway Council	Cllr Stephen Thompson
Dundee City Council	Cllr Craig Duncan

Dundee City Council	Cllr Heather Anderson
Dundee City Council	Cllr Ken Lynn
Dundee City Council	Cllr Kevin Keenan
Dundee City Council	Cllr Willie Sawers*
Dundee City Council	Gregory Colgan
East Ayrshire Council	Cllr Douglas Reid
East Ayrshire Council	Cllr Jim McMahon
East Ayrshire Council	Cllr John McFadzean
East Ayrshire Council	Cllr Maureen McKay
East Ayrshire Council	Eddie Fraser
East Dunbartonshire Council	Cllr Stewart MacDonald*
East Dunbartonshire Council	Cllr Gordan Low
East Dunbartonshire Council	Cllr Vaughan Moody
East Dunbartonshire Council	Gerry Cornes
East Lothian Council	Cllr Norman Hampshire
East Lothian Council	Monica Patterson
East Renfrewshire Council	Lorraine McMillan
East Renfrewshire Council	Cllr Gordon Wallace
East Renfrewshire Council	Cllr Andrew Anderson*
East Renfrewshire Council	Cllr Tony Buchanan
Falkirk Council	Cllr Euan Stainbank*
Falkirk Council	Cllr Cecil Meiklejohn
Falkirk Council	Cllr James Bundy
Falkirk Council	Cllr Paul Garner
Falkirk Council	Kenneth Lawrie
Fife Council	Cllr Alan Knox
Fife Council	Cllr Brian Goodall
Fife Council	Cllr David Ross
Fife Council	Cllr Kathleen Leslie
Fife Council	Cllr Lesley Backhouse
Fife Council	Cllr Rosemary Liewald
Fife Council	Steve Grimmond
Glasgow City Council	Annemarie O'Donnell
Glasgow City Council	Cllr Blair Anderson
Glasgow City Council	Cllr Fyeza Ikhlaq
Glasgow City Council	Cllr Jon Molyneux
Glasgow City Council	Cllr Kieran Turner
Glasgow City Council	Cllr Roza Salih
Glasgow City Council	Cllr Soryia Siddique
Glasgow City Council	Cllr Susan Aitken
Highland Council	Cllr Alasdair Christie
Highland Council	Cllr Bill Lobban
Highland Council	Cllr John Finlayson
Highland Council	Cllr Ken Gowans
Highland Council	Cllr Raymond Bremmer
Highland Council	Malcolm Macleod*
Inverclyde Council	Cllr Elizabeth Robertson
Inverclyde Council	Cllr Natasha McGuire
Inverclyde Council	Cllr Stephen McCabe
Inverclyde Council	Louise Long
Midlothian Council	Cllr David Virgo
Midlothian Council	Cllr Kelly Parry
Midlothian Council	Cllr Russell Imrie
Midlothian Council	Dr Grace Vickers
Moray Council	Cllr Donald Gatt
Moray Council	Cllr Graham Leadbitter
Moray Council	Cllr Kathleen Robertson
Moray Council	Roderick Burns
North Ayrshire Council	Cllr Joe Cullinane
North Ayrshire Council	Cllr Marie Burns

North Ayrshire Council	Cllr Shaun Macaulay
North Ayrshire Council	Craig Hatton
North Lanarkshire Council	Cllr Alan Masterton*
North Lanarkshire Council	Cllr Andrew Duffy-Lawson
North Lanarkshire Council	Cllr Angela Campbell
North Lanarkshire Council	Cllr Kirsten Larson
North Lanarkshire Council	Cllr Lorraine Nolan
North Lanarkshire Council	Cllr Paul Kelly
North Lanarkshire Council	Cllr Tracy Carragher
North Lanarkshire Council	Derek Brown*
Orkney Islands Council	Cllr Heather Woodbridge
Orkney Islands Council	Cllr James Stockan
Orkney Islands Council	Oliver Reid
Perth and Kinross Council	Cllr Stewart Donaldson*
Perth and Kinross Council	Cllr Grant Laing
Perth and Kinross Council	Cllr John Duff
Perth and Kinross Council	Cllr Peter Barrett
Perth and Kinross Council	Thomas Glen
Renfrewshire Council	Laura McIntyre*
Renfrewshire Council	Cllr Alison-Ann Dowling*
Renfrewshire Council	Cllr Iain Nicolson
Renfrewshire Council	Cllr Jim Paterson*
Renfrewshire Council	Cllr John Shaw
Renfrewshire Council	Cllr Neill Graham
Scottish Borders Council	Cllr Elaine Thornton-Nicol
Scottish Borders Council	Cllr Euan Jardine
Scottish Borders Council	Cllr Scott Hamilton
Scottish Borders Council	David Robertson
Shetland Islands Council	Cllr Andrea Manson
Shetland Islands Council	Cllr Moraig Lyall*
Shetland Islands Council	Cllr Emma Macdonald
Shetland Islands Council	Maggie Sandison
South Ayrshire Council	Cllr Brian Connolly
South Ayrshire Council	Cllr Brian McGinley
South Ayrshire Council	Cllr Martin Dowey
South Ayrshire Council	Cllr Peter Henderson
South Ayrshire Council	Eileen Howat
South Lanarkshire Council	Cleland Sneddon
South Lanarkshire Council	Cllr Alex Alison
South Lanarkshire Council	Cllr Maureen Devlin*
South Lanarkshire Council	Cllr Joe Fagan
South Lanarkshire Council	Cllr John Ross
South Lanarkshire Council	Cllr Katy Loudon
South Lanarkshire Council	Cllr Maureen Chalmers
Stirling Council	Carol Beattie
Stirling Council	Cllr Chris Kane
Stirling Council	Cllr Rachel Nunn*
Stirling Council	Cllr Scott Farmer
West Dunbartonshire Council	Cllr Clare Steel
West Dunbartonshire Council	Cllr Karen Conaghan
West Dunbartonshire Council	Cllr Lawrence O'Neill
West Dunbartonshire Council	Peter Hessel
West Lothian Council	Cllr Damian Doran-Timson
West Lothian Council	Cllr Robert De Bold*
West Lothian Council	Cllr Kirsteen Sullivan
West Lothian Council	Cllr Lawrence Fitzpatrick
West Lothian Council	Graham Hope

Apologies

Aberdeen City Council	Angela Scott
Aberdeen City Council	Cllr Ryan Houghton
Angus Council	Cllr Bill Duff
Angus Council	Cllr Derek Wann
Angus Council	Margo Williamson
City of Edinburgh Council	Andrew Kerr
City of Edinburgh Council	Cllr Cammy Day
City of Edinburgh Council	Cllr Kevin Lang
Clackmannanshire Council	Cllr Kenneth Earle
Dumfries and Galloway Council	Dawn Roberts
Dundee City Council	Cllr Steven Rome
East Dunbartonshire Council	Cllr Alan Moir
East Dunbartonshire Council	Cllr Andrew Polson
East Lothian Council	Cllr Lachlan Bruce
East Lothian Council	Cllr Lyn Jardine
East Renfrewshire Council	Cllr Owen O'Donnell
East Renfrewshire Council	Lorraine McMillan
Falkirk Council	Cllr Anne Hannah
Glasgow City Council	Cllr George Redmond
Highland Council	Kate Lackie
North Ayrshire Council	Cllr Tom Marshall
North Lanarkshire Council	Cllr Alan Stubbs
North Lanarkshire Council	Cllr Jim Logue
North Lanarkshire Council	Des Murray
Perth and Kinross Council	Cllr Eric Drysdale
Renfrewshire Council	Alan Russell
Renfrewshire Council	Cllr Iain McMillan
Renfrewshire Council	Cllr Jacqueline Cameron
Scottish Borders Council	Cllr David Parker
Shetland Islands Council	Cllr Davie Sandison
South Lanarkshire Council	Cllr Gerry Convery
Stirling Council	Cllr Neil Benny
West Lothian Council	Cllr Janet Campbell

**Denotes Substitute Provided*

Public Session

1. President Introduction

Cllr Morrison formally opened the meeting and thanked delegates for attending in person and virtually.

Apologies were noted.

2. Draft Minute Convention Meeting Friday 28th October 2022

A correction to the minute was noted - Cllr Low was noted as an apology on the meeting which took place on Friday 28th October 2022 when he was in fact present. Cllr Virgo was also recorded incorrectly as a delegate from Inverclyde Council when this should have been Midlothian.

The Minute was agreed as an accurate record with those changes made following the meeting.

3. COSLA Budget 2023/24

This report sought approval from Convention for the COSLA operating budget for the financial year ending 31 March 2024.

Cllr Duggart, Chair of COSLA's Audit Committee, informed Convention that in March 2021, a four-year Budget was approved covering 1 April 2021 to 31 March 2025. This paper asks Convention to approve an updated third year of that Budget, as recommended by the Audit Group, following their meeting on 9th March.

Convention was asked to note that very few budget headings have changed from the figures initially approved two years ago. Amendments have been made to incorporate items like the Pay Award agreed in December 2021 and November 2022, and the recent increases in energy costs. Strong financial performances during the first two years of the four year budget have also been reflected, meaning there is no overall net change to the bottom line. Cllr Duggart added that the Audit Group was planning a programme of work for the next 12-18 months, to ensure a focus on financial governance and risk.

Convention delegates queried how the rising energy costs were likely to affect Verity House. Officers noted that COSLA takes advantage of a contract that Scottish Government had negotiated to protect prices. .

Convention:

- i. Approved an updated third year of that Budget, as recommended by the Audit Group, following their meeting on 9th March; and
- ii. Noted the potential need for members to be approached for an additional contribution due to the increasing requirement to obtain legal opinions on behalf of member Councils in relation to areas like the National Care Service, Education reforms, and Employers' responsibilities.

4. COSLA Plan

This paper noted that Convention delegates would recall in June 2022, following the first meeting of Convention since the 2022 Local Elections, it had been agreed a new COSLA plan should be drafted to guide the work COSLA does for Local Government in Scotland. Following Leaders agreement in November 2022, Convention had asked that the plan come back to the next Convention meeting for formal endorsement.

Convention:

- i. Endorsed the final COSLA Plan 2022-2027 as approved by Leaders in November 2022.

5. European Charter on Local Self Government

This paper provided Convention with a further update on the incorporation of the European Charter on Local Self- Government into Scottish Legislation.

An amendment in the following terms was proposed by Councillor Barrett, seconded by Councillor Ross.

Replace recommendation (iii) with:

- (iii) To agree the Presidential team, take the earliest opportunity to impress upon the newly appointed First Minister and Minister for Local Government Empowerment the importance of prioritising the Incorporation of the European Charter into Scots Law in support of the First Minister's clearly stated commitment to securing a meaningful New Deal with Local Government; and*
- (iv) Further, to agree to seek from the Minister for Local Government Empowerment, a clearer timetable of when the necessary Bill will be re-submitted to the Scottish Parliament for its reconsideration.*

The Amendment was unanimously agreed by Convention Delegates.

Accordingly, Convention:

- i. Noted the lack of apparent progress through the Scottish Parliament since the last meeting of either of the Bills to incorporate the UNCRC and the European Charter of Local Self-Government into Scots law;
- ii. Agreed that COSLA continue to engage with Mark Ruskell MSP, on expediting the development and progress of the European Charter Bill; and
- iii. Agreed the Presidential team take the earliest opportunity to impress upon the newly appointed First Minister and Minister for Local Government Empowerment the importance of prioritising the Incorporation of the European Charter into Scots Law in support of the First Minister's clearly stated commitment to securing a meaningful New Deal with Local Government; and
- iv. Further, to agree to seek from the Minister for Local Government Empowerment, a clearer timetable of when the necessary Bill will be re-submitted to the Scottish Parliament for its reconsideration.

6. Ethical Standards Commissioner- Presentation

Convention Delegates welcomed a presentation from Iain Bruce who had now been appointed as Ethical Standards Commissioner approved for the next six years.

Convention Delegates welcomed the presentation and highlighted that there had been a long period in which complaints were being investigated and queried if there was anything being done to reduce the time these were taking to process. Iain Bruce confirmed that there had been a high turnover of staff and recently two new full time investigating officers had been recruited, therefore the time frame should be reduced.

Convention Delegates queried what was being done to tackle sexual harassment towards Councillors. Iain Bruce confirmed the investigating team had been trained by lawyers and were in continued engagement with rape crisis Scotland on how best to support those individuals who have been targeted by this harassment and work will remain ongoing.

Convention Delegates highlighted they would welcome an accelerated process to find resolutions with a less legal approach as individuals can often feel like they are being prosecuted as there was increasing pressure mounting on Councillors. Iain Bruce

echoed concerns and noted this is something Local Government could raise with Parliament to reassess the framework.

Convention Delegates thanked Iain Bruce for the helpful presentation and questions, it was also noted Mr Bruce's contact details had been circulated with the slides and he would be happy to receive any further questions.

7. Spokesperson's Updates

COSLA Spokespersons provided an overview and updated to Convention Delegates of some of the recent work they had been involved in.

Vice President, Cllr Steven Heddle

Cllr Heddle noted he had been continuing work on COSLA's commitment to strengthening local democracy, therefore it would be imperative to secure the incorporation of the European Charter into Scots Law. It was also highlighted Cllr Heddle would continue to be involved in strengthening the relationship between local and National Government and working on the Special Interest Group Barriers to elected office.

Resources Spokesperson, Cllr Katie Hagmann

Cllr Hagmann noted it had been a busy few months, working to secure sustainable funding for Local Government, negotiating pay and working on the digital agenda. Cllr Hagmann highlighted work would continue with building relationships with the new Scottish Government cabinet and work will remain ongoing on the Fiscal Framework for Local Government as well as co-chairing the Joint Digital Strategy Board.

Health and Social Care Spokesperson- Cllr Paul Kelly

Cllr Kelly highlighted work had been ongoing with the National Care Service Bill and in December Leaders had taken the view this should be paused, since the Scottish Government has delayed Stage 1 on the bill until June. This decision was welcomed and hoped this would come with the opportunity for meaningful and detailed discussion. Cllr Kelly also outlined the work COSLA and LAs had been involved in managing pressures across the Health and Social Care system this winter and that the learning would be used as we plan and prepared for ongoing pressures across the system.

Children and Young People Spokesperson- Cllr Tony Buchanan

Cllr Buchanan detailed that February marked the third anniversary of the publication of The Promise report and noted there had been a great deal of progress, however, remains a lot of work still to do. It was noted the Board are also engaged with the independent review of qualifications and examinations. It was noted work will remain ongoing to shape the formation of new national education bodies to replace the Scottish Qualifications Authority and Education Scotland.

Environment and Economy Spokesperson- Cllr Gail MacGregor

Cllr Gail Macgregor highlighted work would remain ongoing in various areas which are key priorities such as place, planning, the National Strategy for Economic Transformation, Levelling Up, waste and recycling and climate change. COSLA will also

be engaging with SCOTS and ACTO to prioritise work on active travel, public transport and electric vehicle charging infrastructure.

Community Wellbeing Spokesperson- Cllr Maureen Chalmers

Cllr Chalmers noted work had continued with the Scottish Government to continue to tackle violence against women and girls through our equally safe structures including Violence Against Women Partnerships. Work will also continue to promote wellbeing through sports and culture, meetings have taken place with Councillors, Ministers and Officials given the crisis facing the sector. It was also highlighted tackling the cost-of-living crisis remains a priority of the Board. Cllr Chalmers also highlighted she had enjoyed chairing the Trading Standards Scotland Governance Board learning about the important work being done to support consumers.

Convention delegates welcomed the updates and queried what plans were in place to reach out and begin building relationships with new Ministers. Cllr Morison noted COSLA had welcomed an invite for herself to meet with the New First Minister and Deputy First Minister later in the afternoon. It was also noted that Officers would be sending letters from the Spokespeople in the coming days, congratulating the new Ministers and Cabinet Secretaries and requesting meetings to progress key policy areas that were important to Local Government.

8. COSLA Excellence Awards

This paper highlighted that Leadership Sounding Board (LSB) had agreed that an in-person Annual COSLA Conference and Excellence Awards should take place for the first time since 2019. A date of Thursday 28 and Friday 29 September 2023 at the Crieff Hydro Hotel has been secured for this purpose.

Convention Delegates welcomed this update and looked forward to discussing, debating and celebrating the work of Local Government across both events.

Convention delegates noted the request to promote the event widely and that COSLA's Communications team would be happy to provide support and promotional material where required.

9. Date of next meeting of Convention

As has been the case in previous years, it is planned to hold Convention in person after Conference, on Friday 29 September. This means that Convention will be held a month earlier than previously planned, and diary invites would be amended accordingly.

Cllr Morrison closed the meeting at 1:15pm, thanked all members for attending and looked forward to seeing delegates in person at Conference in September.

COSLA's Audited Financial Statements for Year Ending 31 March 2023

Summary and Recommendations

As required by COSLA's Constitution and in line with good accounting practice, COSLA's annual Financial Statements are presented to Convention each year, along with a Letter of Representation. This report summarises the key points from the Financial Statements for the Year Ending 31 March 2023, with the details presented at Appendix A, and asks Convention to:

- i. Approve and adopt the Financial Statements for the Year Ending 31 March 2023 (Appendix A);
- ii. Approve the associated Letter of Representation (Appendix B); and
- iii. Confirm the Chief Executive is authorised to sign both documents on behalf of Convention.

References

- Item 03, Convention March 2023: 'COSLA Budget FY23-24'
- Item 08, Convention, June 2022: 'Appointments to Audit Group'
- Item 08, Convention, March 2021: 'COSLA Budget 21-22 to 24-25'

Douglas Gray
Finance Manager
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September 2023



COSLA's Audited Financial Statements for Year Ending 31 March 2023

Purpose

1. The purpose of this report is to present Convention with:
 - Audited Financial Statements for Year Ending 31 March 2023 for approval and adoption, and
 - an associated Letter of Representation for approval.
2. The report also seeks confirmation from Convention that the Chief Executive is authorised to sign both documents on behalf of COSLA.

Background

3. As required by COSLA's Constitution and good accounting practice, a set of Financial Statements is prepared for each financial year in order to present a formal picture of COSLA's finances. The Financial Statements are independently audited, providing members with assurance that COSLA's finances are in accordance with UK accounting standards.
4. COSLA's Audit Group met on 28th August to specifically review the Financial Statements and to hear directly from the independent auditors. As a result, the Audit Group supports the recommendations of this paper.
5. The Audit Group is comprised of the following Members:

Councillor	Party	Council
Phil Doggart (Chair)	Conservative	City of Edinburgh
Peter Barrett	Liberal Democrats	Perth & Kinross
Rosemary Fraser	SNP	Stirling
Dræyk van der Hørn	Green	Moray
Kevin Keenan	Labour	Dundee City
Stephen McCabe	Labour	Inverclyde
Gary Robinson	SNP	North Lanarkshire
Peter Smail	Conservative	Midlothian
Paul Steele	Independent	Comhairle nan Eilean Siar

6. The Audit Group also received at the relevant meetings quarterly reports relating to financial performance for the year ending 31 March 2023, allowing them to monitor actual performance against the budget that had been approved by Convention, and engage the Senior Management Team in discussion about their plans.
7. In March 2021, Convention approved a four-year budget covering FY2021-22 to FY2024-25. It allowed for a small 0.55% increase in membership subscriptions in each of the four years.
8. The four-year budget modelled the following net positions in order to cope with the financial pressures caused by the Covid pandemic, with the aim of returning reserves to the same level at the end of the four years:
 - Year 1 (FY2021-22) a Deficit of £133k
 - Year 2 (FY2022-23) a Deficit of £44k
 - Year 3 (FY2023-24) a Surplus of £45k
 - Year 4 (FY2024-25) a Surplus of £134k
9. The Financial Statements for Year 1 showed a Surplus of £414k, most of which was then planned to be spent in Year 2, as revisions to Year 2's budget, approved by Convention in March 2022, meant that the budgeted Deficit increased to £266k.

Detail – Draft Financial Statements for Year Ending 31 March 2023 (Appendix A)

10. The draft Financial Statements for Year Ending 31 March 2023 show a Surplus of £91k.
11. This is a strong result, given the challenges to COSLA's finances during the year to 31 March 2023, mostly arising from the impact of the Coronavirus pandemic, which led to the subsequent closure of the Conference Centre, and the overnight disappearance of related income. A gradual re-opening of the Conference Centre has been taking place since October 2021, meaning the year under review is the first full year of Conference Centre activity since Year Ending 31 March 2019.
12. The key drivers behind the successful results compared to the budget include:
 - Extra income from the myjobscotland recruitment website of £154k
 - Additional Deposit Interest on bank balances due to increased interest rates of £63k
 - Additional revenue from Conference Centre Room Bookings of £23k
13. These higher-than-expected income levels were offset to some extent by greater than expected levels of expenditure, which include:
 - Additional spend on the myjobscotland recruitment website of £100k, largely caused by contractual inflationary increases which had not been recognised in the budget, but also reflecting investment in the service provided to member Councils;

- Additional spend on catering staff for the Conference Centre of £22k, reflecting both the higher-than-expected levels of activity, and higher wage costs;
 - Additional spend on 'Other' Conference Centre costs of £52k, mostly accounted for by costs relating to the Annual Conference in September 2023 being recognised in Year Ending 31 March 2023; and
 - Additional Spend on Operational Costs of £42k, driven by the redirecting of the previous IT Officer staff costs to a comprehensive IT Support Contract with a third party provider, 'Consider IT', along with additional Professional Fees, due largely to the increase in legal opinions being sought on behalf of members.
 - Lower spend on staff costs of £90k, partly relating to the redirecting of the IT Officer costs, but mostly connected to the allocation of some Core staff costs to a specific Scottish Government grant, following its relatively late confirmation. The grant was aimed at allowing providers of Adult Social Care to advertise for free on the recruitment website, 'myjobscotland'.
14. With some costs absorbed by specific reserves set up for designated purposes, the General Reserve increased by almost £170k to £1,018,913 at 31 March 2023.
 15. The four-year budget envisaged the General Reserve being brought into line with the target of £300,000 by the end of the four years. The use of £465k has been incorporated into the Budget for Year 3 (FY2023-24), and there are a number of liabilities being considered by the Senior Management Team, and work is underway to establish a prudent approach to addressing these.
 16. Other important areas to note within the Financial Statements are:
 - The healthy position of cash and short-term investment balances. At the year end, these totalled £5.4m, up from £4.8m at the previous year end.
 - Deferred Income (Note 13) of £3.8m (a decrease of £450k on the prior year). This represents funding actually received, but to be used in future years.
 - The movement on the pension liability. At last year end, the pension scheme was in deficit by £6.4m, so this was recognised as a liability. The most recent valuation found the COSLA scheme to be in a surplus position, but accounting rules mean this is not recognised, unlike liabilities.

Detail – Letter of Representation (Appendix B)

17. This is a standard letter requested each year by the Auditors. It highlights the responsibilities of COSLA members and the Senior Management Team in connection with the Financial Statements and disclosing information – either in the Financial Statements themselves, or directly to the Auditors.

Recommendations

18. Convention is asked to:

- Approve and adopt the Financial Statements for the Year Ending 31 March 2023;
- Approve the associated Letter of Representation; and
- Confirm the Chief Executive should sign both documents on behalf of Convention.

Next Steps

19. If the recommendations are agreed by Convention:
 - two sets of the Financial Statements will be prepared for signing by COSLA's Chief Executive and the Auditors, with each retaining one copy for their records, including making them publicly available on the COSLA website; and
 - One copy of the Letter of Representation will be prepared for signing by COSLA's Chief Executive and sent to the Auditors as the final piece of Audit evidence.

COSLA

MANAGEMENT REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

COSLA

ASSOCIATION INFORMATION

Office Bearers

From 17th June 2022

President
Vice President
Resources Spokesperson
Children and Young People Spokesperson
Environment and Economy Spokesperson
Health and Social Care Spokesperson
Community Wellbeing Spokesperson

Councillor Shona Morrison
Councillor Steven Heddle
Councillor Katie Hagmann
Councillor Tony Buchanan
Councillor Gail Macgregor
Councillor Paul Kelly
Councillor Maureen Chalmers

To 17th June 2022

President
Vice President
Resources Spokesperson
Children and Young People Spokesperson
Environment and Economy Spokesperson
Community Wellbeing Spokesperson

Councillor Alison Evison
Councillor Graham Houston
Councillor Gail Macgregor
Councillor Stephen McCabe
Councillor Steven Heddle
Councillor Kelly Parry

To 5th May 2022

Health and Social Care Spokesperson

Councillor Stuart Currie

Management Team

Chief Executive
Chief Executive
Director of Place Policy
Director of People Policy
Director of Membership and Resources

Sally Loudon (resigned 30th June 2023)
Jane O'Donnell (appointed 1st July 2023)
James Fowlie
Nicola Dickie
Sarah Watters

Principal Address

Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH

Independent Auditor

Thomson Cooper
3 Castle Court
Carnegie Campus
Dunfermline
KY11 8PB

Bankers

Bank of Scotland plc
20/22 Shandwick Place
Edinburgh
EH2 4RN

Solicitors

Brodies LLP
15 Atholl Crescent
Edinburgh
EH3 8HA

COSLA

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COSLA

Management Team's Report For the Year Ended 31 March 2023

Introduction

COSLA's Senior Management Team present their management report and the financial statements for the year ended 31 March 2023.

Purpose

COSLA is a councillor-led, cross-party Association which champions councils' vital work to secure the resources and powers they need. COSLA works on behalf of councils to focus on the challenges and opportunities they face and to engage positively with governments and others on policy, funding and legislation.

Statement of Senior Management Team's Responsibilities

The Senior Management Team is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Senior Management Team has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP - United Kingdom Accounting Standards and applicable law). Following the standards of company law, the Senior Management Team will only present the financial statements to the members at Convention once they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit for the period.

In preparing these financial statements, the Senior Management Team requires to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Association will continue in business.

The Senior Management Team is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with UK GAAP. The Senior Management Team are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Senior Management Team

The Senior Management Team during the year and up to the date of signing the financial statements was made up as follows:

Sally Loudon	Chief Executive (resigned 30 th June 2023)
Jane O'Donnell	Chief Executive (appointed 1 st July 2023)
James Fowlie	Director of Place Policy
Sarah Watters	Director of Membership and Resources
Nicola Dickie	Director of People Policy

Review of Activities

Once again in this financial year, COSLA has seen even more of a return to normal operating procedures. Covid still remains with us to some degree, with COSLA representing Local Government in the UK and Scottish Inquiries but we are very much back to supporting policy development and our lobbying focus around securing the resources Local Government needs to deliver the essential services our communities rely on. This is articulated in the new COSLA Plan 2022-2027.

Our governance meetings, including meetings of Leaders and Convention, have moved from solely online to a hybrid model in the last year. However, currently, online remains the most popular option for members. Whilst the in-person model is likely preferable for building relationships and a "team COSLA" approach, the hybrid model means ongoing very high levels of attendance (albeit virtual), engagement and discussion.

Management Team's Report For the Year Ended 31 March 2023

Much of COSLA's detailed policy work is carried out under the scrutiny of our 4 Policy Boards - Community Wellbeing, Environment & Economy, Children & Young People, and Health & Social Care, and our 4 business units - myjobscotland, Business Gateway, Trading Standards Scotland and from 1st April 2022 the Local Government Digital Office (transferring from the Improvement Service). The boards of the business units act as vital steering groups to ensure best value is delivered for our members in those areas.

The myjobscotland recruitment portal provides COSLA with a strong income stream which is evident in these end of year accounts.

The pandemic highlighted the need to work even more closely in partnerships with organisations with similar goals, and our interactions with the Scottish Government, Public Health Scotland, the Improvement Service and a range of Local Government professional associations, including SOLACE, continue and are indicative of our ability to work with the right people and organisations to deliver the right results for both our Member Councils and the communities that they are elected to serve.

Conference Centre bookings are sitting at around 85-90% of pre pandemic levels, with a positive upward trajectory in terms of both new and returning businesses and partners using our facilities. Returning business remains the largest in terms of volume of business and therefore the greatest source of income. COSLA's Senior Management Team, having consulted senior COSLA politicians, have agreed substantial audio investment in the facilities, which will appear in next year's accounts.

Fortunately, prior to the pandemic, we had already started a journey towards smarter working and improved use of technology. The pandemic forced us to accelerate that journey, and the breadth and depth of our activities during the year is evidence that the shift to remote working has been managed successfully and a managed return to the office is underway. During 2022/23, Senior Management Team took the decision to outsource COSLA's IT provision to Consider IT, improving business resilience and enhancing cyber-security.

Results for the Year

The Senior Management Team are pleased to report an overall surplus for the year of £91,498, which will be added to Reserves to provide additional comfort during this period of rising prices and staff costs.

The year ending 31st March 2023 represented the second year of a four year budget. The continued re-opening of both our Conference Centre and office space in a cautious and managed way meant that costs were kept under control, and income generated in line with the planned return to pre-Covid levels of activity. The recruitment website, myjobscotland, performed strongly during the year, significantly exceeding its revenue target, and we saw the two sides of the impact of high inflation. Firstly, on costs, where the Pay Award was higher than expected when the four year budget was prepared, and certain contracts had price rises linked to inflation. Secondly, and more favourably, rising interest rates meant our bank deposits provided a significant return.

Future Plans

Our work for the foreseeable future will continue to build on our strengths of policy delivery and the work of our business units as we emerge from the pandemic whilst responding to the current context. We are now one year into this term of office for our Presidential Team and Spokespeople and launched the new COSLA plan earlier in 2023 to guide us through the Local Government term. This means that we will continue to support local Councils to develop and enable our communities to 'Live Well Locally'. Significantly, on 30 June 2023, COSLA's President, Vice President, Political Group Leaders and Scottish Government signed the Verity House Agreement, signalling a more constructive and collaborative way of working going forward, based on trust and mutual respect.

Going Concern

The Senior Management Team have considered the risks of the environment in which COSLA operates, including the impact of Covid-19 on the Association, and have taken appropriate measures to mitigate the risks to the Association and are satisfied that the Association can continue as a going concern.

Management Team's Report For the Year Ended 31 March 2023

The support of the members in agreeing a four year budget at Convention in March 2021, with a revised Year 3 budget ratified at Convention in March 2023, provided both financial stability, and the ability to make plans with a significant degree of confidence.

Reserves Policy

The Senior Management Team reviews the reserves on a regular basis, with the dual aims of identifying significant or one-off areas of spend that should be specifically covered, and retaining sufficient reserves to facilitate an orderly winding down of activities, should that be needed. Details of the reserves and their purposes are set out in Notes 15 and 16.

The General Reserve has a target of £300,000, and is currently £1,018,913. The four year budget agreed at Convention in March 2021 aims to return reserves to around £300,000.

Statement of Disclosure to Auditor

The Senior Management Team confirm that so far as they are aware, there is no relevant audit information of which the Association's auditors are unaware. The individual members of the Senior Management Team have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

This report was presented to Convention on 29th September 2023, along with the Financial Statements. Both were approved, and the Chief Executive was authorised to sign on behalf of Convention.

Jane O'Donnell
Chief Executive

Date: 1st October 2023

Independent Auditor's Report to the Members of COSLA

For the Year Ended 31 March 2023

Opinion

We have audited the financial statements of COSLA (the 'association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the associations affairs as at 31 March 2023 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of COSLA

For the Year Ended 31 March 2023

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members of management

The members of management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members of management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of management are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of management either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We considered the opportunities and incentives that may exist within the association for fraud and identified the greatest potential for fraud in the following areas: existence and timing of recognition of income and posting of unusual journals along with complex transactions. We discussed these risks with management, designed audit procedures to test the timing and existence of revenue, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the officers and other management (as required by the auditing standards).

We reviewed the laws and regulations in areas that directly affect the financial statements including financial legislation and considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

With the exception of any known or possible non-compliance with relevant and significant laws and regulations, and as required by the auditing standards, our work in respect of these was limited to enquiry of the officers and management of the association.

Independent Auditor's Report to the Members of COSLA

For the Year Ended 31 March 2023

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the association's members, as a body. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Sharon Collins (Senior Statutory Auditor)
For and on behalf of Thomson Cooper, Statutory Auditors
Dunfermline

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COSLA

Statement of Comprehensive Income For the Year Ended 31 March 2023

	Note	2023 £	2022 £
Income			
Member Subscriptions		3,761,781	3,739,521
Government Grants	2	8,995,493	8,229,281
Other Income	3	1,985,798	959,841
Total Incoming Resources		<u>14,743,072</u>	<u>12,928,643</u>
Expenditure			
Employee Costs	4	7,865,385	5,680,639
Property Costs	5	867,875	849,061
Operational Expenses & Other Expenditure	6	4,790,962	4,858,823
Contributions to Partner Organisations	7	46,352	24,915
Total Outgoing Resources		<u>13,570,574</u>	<u>11,413,438</u>
Surplus for the year before Transfer to the Pension Reserve		<u>1,172,498</u>	<u>1,515,205</u>
Transfer to the Pension Reserve	17	(1,081,000)	(1,101,000)
Overall Surplus for the year		<u>91,498</u>	<u>414,205</u>
Other Comprehensive Income			
Actuarial Gain on Defined Benefit Pension Scheme		6,441,000	6,741,000
Total Comprehensive Income for the year		<u><u>6,532,498</u></u>	<u><u>7,155,205</u></u>

The above results represent COSLA's continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

COSLA

Statement of Financial Position As at 31 March 2023

	Note	2023 £	2022 £
Fixed Assets			
Tangible Assets	8	397,376	429,121
Current Assets			
Short term investments	9	4,961,275	2,208,517
Debtors	10	1,537,701	1,869,765
Cash at bank and in hand	11	428,623	2,577,111
		<u>6,927,599</u>	<u>6,655,393</u>
Creditors: amounts falling due within one year	12	5,395,044	5,246,081
		<u>1,532,555</u>	<u>1,409,312</u>
Net Current Assets			
		<u>1,929,931</u>	<u>1,838,433</u>
Total Assets Less Current Liabilities			
Pension Liabilities		-	(6,441,000)
			<u>(6,441,000)</u>
Net Assets/(Liabilities)		<u>1,929,931</u>	<u>(4,602,567)</u>
Represented by:			
General Reserve	16	1,018,913	851,402
ICT Reserve	15	88,707	128,039
Property Reserve	15	704,185	761,332
Capital Reserve	15	68,126	47,660
Transformation and Development Reserve	15	50,000	50,000
		<u>1,929,931</u>	<u>1,838,433</u>
			<u>(6,441,000)</u>
Pension Reserve	17	-	(6,441,000)
		<u>1,929,931</u>	<u>(4,602,567)</u>

Jane O'Donnell
Chief Executive

Date: 1st October 2023

COSLA

Statement of Cash Flows For the Year Ended 31 March 2023

	Note	2023 £	2022 £
Net Cash (Outflow)/Inflow from Operating Activities	19	567,897	2,252,566
Returns On Investment			
Interest Received		66,371	2,194
Net Cash Inflow from Returns on Investment		<u>66,371</u>	<u>2,194</u>
Capital Expenditure			
Purchase Of Fixed Assets		(29,998)	(53,950)
Net (Placement)/Receipt from Short Term Investments		(2,752,758)	(801,382)
Net Cash (Outflow)/Inflow from Capital Expenditure		<u>(2,782,756)</u>	<u>(855,332)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents		<u>(2,148,488)</u>	<u>1,399,428</u>
Cash and Cash Equivalents at the beginning of the year		<u>2,577,111</u>	<u>1,177,683</u>
Cash and Cash Equivalents at the end of the year		<u><u>428,623</u></u>	<u><u>2,577,111</u></u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

1. ACCOUNTING POLICIES

The accounting policies are set out below. The policies have remained unchanged from the previous year.

Association Information

COSLA is an Association domiciled in Scotland. The principal place of activity is Verity House, 19 Haymarket Yards, Edinburgh, EH12 5BH.

Basis upon which accounts are prepared

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'). The accounts are prepared on the Historical Cost basis.

The financial statements are prepared in Sterling, which is the currency of the Association. Monetary amounts in these financial statements are rounded to the nearest £.

Going Concern

At the time of approving the financial statements, the members have a reasonable expectation that the Association has adequate resources to continue in operational existence for a period of not less than twelve months from the date of approval of the financial statements. The Senior Management Team consider that both short term liquidity and longer term financial viability is appropriate and, as such, continue to adopt the going concern basis of accounting in preparing the financial statements.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation and uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year includes the actuarial valuation of the defined benefit pension scheme liability. The key assumptions are disclosed at Note 17.

Income

Income is derived from subscriptions, government grants and charges for goods and services and is stated net of VAT.

Grants

Grants are of a revenue nature and are credited to the income and expenditure account in the same period as the related expenditure.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against incoming resources on a straight line basis over the period of the lease.

Stock

COSLA holds no stock.

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

1. ACCOUNTING POLICIES *(continued)*

Fixed Assets

Fixed assets are initially measured at cost and subsequently measured at cost less depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on a straight-line basis, as follows:-

- | | |
|--------------------------|--------------|
| • Computers | 2 to 4 years |
| • Audio Visual Equipment | 4 years |
| • Office Equipment | 5 years |
| • Motor Vehicles | 7 years |
| • Verity House fit-out | 20 years |
| • Glasgow Bath St | 4 years |

Pensions and Other Post-Retirement Benefits

The Association operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the Association.

The Association recognises a defined net benefit pension asset or liability in the balance sheet as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset or liability arising from employee service are recognised in the statement of comprehensive income as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in the statement of comprehensive income in the period in which they occur.

Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in the statement of comprehensive income.

Short Term Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Designated Reserves

Designated reserves represent funds which have been set aside to meet future planned expenditure as detailed in Note 15.

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

2. GOVERNMENT GRANTS

	2023	2022
	£	£
Business Gateway (including Digital Boost)	3,538,678	3,990,370
Trading Standards Scotland (including Call Blocking)	2,021,798	1,966,644
Local Government Digital Office – Digital Telecare	791,623	-
Migration, Population & Diversity	651,352	506,436
Ending Destitution Together (including Destitute Migrants & Gypsy Travellers)	331,121	243,778
Reform of Adult Social Care	190,064	113,550
Participatory Budgeting	171,788	149,648
National Suicide Prevention	169,329	158,117
myjobscotland – Adult Social Care	156,000	132,525
Appropriate Adult	114,013	79,748
Warm Scottish Welcome for Ukrainian refugees	100,000	-
Equally Safe Coordination	85,647	100,429
Joint Investigative Interviewing	85,396	80,336
Improving Mental Health Outcomes	84,800	81,671
Devolved Scottish Social Security Benefits	83,627	50,601
The Promise	68,050	63,394
Digital Health/Technology Enabled Care	67,059	81,212
Barriers to Elected Office	63,503	59,239
Covid Recovery	54,790	-
Health Improvement	50,000	50,000
Accessing the EU Settlement Scheme	39,981	67,887
Local Government Digital Office – Cyber Security	38,902	-
Asylum, Migration, Immigration Fund (New Scots)	35,646	91,422
MATILDE	2,326	4,429
Preparing Local Government for EU Exit	-	63,845
Framework for Employability	-	94,000
	<u>8,995,493</u>	<u>8,229,281</u>

Some of these grants are the primary source of incoming resources to deliver nation-wide programmes, such as Business Gateway, Trading Standards Scotland, and Migration, Population & Diversity. Other grants cover specific areas of work, increasing the breadth and depth of insight that can be brought to bear in the relevant areas of interest to members. We are grateful to the Scottish Government, the European Union and the UK Government for their financial support.

Expenditure on these grants is included within the various expenditure headings in Notes 4 to 7.

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

3. OTHER INCOME

	2023 £	2022 £
Local Government Digital Office – Local Authority Contributions	656,336	-
myjobscotland Commercial Income	501,540	483,884
Outward secondments	413,433	198,151
Corporate Events	320,353	81,384
Deposit Interest	66,371	2,194
Local Government Pension Scheme Advisory Board	14,000	151,500
Bòrd Na Gàidhlig Grant	2,400	-
Memex Database	-	15,128
Other	11,365	27,600
	<u>1,985,798</u>	<u>959,841</u>

The Gaelic Language Grant was received from Bòrd Na Gàidhlig to support our work on CONSUL Digital Participatory Budgeting. We are grateful to the Bòrd for their support.

4. STAFF COSTS AND NUMBERS

	2023 £	2022 £
Wages and Salaries	6,104,705	4,680,675
Social Security Costs	731,614	526,699
Other Pension Costs	1,851,977	1,439,113
FRS17 Pension Cost adjustment	(1,081,000)	(1,101,000)
Inward Secondments	166,840	102,681
Travelling Expenses	49,741	7,024
Staff Training/Development	29,551	10,143
Other Staff Costs/Health and Safety	11,957	15,304
	<u>7,865,385</u>	<u>5,680,639</u>

The average monthly number of employees in the year was 129 (2022: 100), of which 120 were full time and 9 were part time. This represents approximately 127 full time equivalent staff. It also represents an approximately 30% increase in staff, which is reflected in the numbers above.

5. PROPERTY COSTS

	2023 £	2022 £
Rent, Rates and Insurance	705,313	707,159
Heating, Lighting and Cleaning Services	74,495	61,335
Repairs, Alterations and Equipment	46,786	40,662
Service Charges	41,281	39,905
	<u>867,875</u>	<u>849,061</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

6. OPERATIONAL EXPENSES & OTHER EXPENDITURE

	2023 £	2022 £
Business Gateway (including Digital Boost)	2,499,106	3,120,315
myjobscotland Operational Costs	581,219	520,627
Trading Standards Scotland	494,082	471,919
Legal and Professional Fees	331,924	182,732
ICT Charges	226,385	178,722
Office Bearers' Allowances & Expenses	119,189	111,081
Migration, Population, Diversity	166,354	104,284
Depreciation	61,742	62,663
Catering and Hospitality (including Convention meetings)	165,646	46,362
General Insurance	27,541	24,793
Miscellaneous	(764)	12,895
Audit Fee	9,066	9,041
Stationery and Printing	4,614	4,797
Bank Charges	8,213	4,366
Corporate Events	72,219	1,818
Annual Subscriptions	22,944	1,009
Communications	1,457	847
Postages	25	552
	<u>4,790,962</u>	<u>4,858,823</u>

7. CONTRIBUTION TO PARTNER ORGANISATIONS

	2023 £	2022 £
COR/CEMR/International Memberships	<u>46,452</u>	<u>24,915</u>

8. TANGIBLE FIXED ASSETS

	Computer Equipment £	Audio Visual Equipment £	Office Equipment £	Motor Vehicles £	Verity House Fit Out £	Glasgow Bath St £	Total £
Cost							
At 1 April 2022	234,460	243,398	187,027	47,660	799,726	26,778	1,539,049
Additions	-	-	-	29,998	-	-	29,998
At 31 March 2023	<u>234,460</u>	<u>243,398</u>	<u>187,027</u>	<u>77,658</u>	<u>799,726</u>	<u>26,778</u>	<u>1,569,047</u>
Depreciation							
At 1 April 2022	222,163	243,398	187,027	-	430,562	26,778	1,109,928
Charge for the year	8,614	-	-	9,532	43,597	-	61,743
At 31 March 2023	<u>230,777</u>	<u>243,398</u>	<u>187,027</u>	<u>9,532</u>	<u>474,159</u>	<u>26,778</u>	<u>1,171,671</u>
Net book value							
At 31 March 2023	<u>3,683</u>	<u>-</u>	<u>-</u>	<u>68,126</u>	<u>325,567</u>	<u>-</u>	<u>397,376</u>
At 31 March 2022	<u>12,297</u>	<u>-</u>	<u>-</u>	<u>47,660</u>	<u>369,164</u>	<u>-</u>	<u>429,121</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

9. INVESTMENTS

	2023 £	2022 £
Notice Deposit Account	4,961,275	2,208,517

10. DEBTORS

	2023 £	2022 £
Prepayments and Accrued Income	1,449,202	1,766,997
Trade Debtors	88,313	102,582
Other Debtors	186	186
	<u>1,537,701</u>	<u>1,869,765</u>

11. CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Cash at bank and in hand	428,623	2,577,111

12. CREDITORS AND ACCRUALS DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade Creditors	624,760	406,790
PAYE and National Insurance	197,434	147,283
Deferred Income (Note 13)	3,793,649	4,251,018
Accruals	567,675	264,920
VAT	17,652	19,375
Other Creditors	193,874	156,695
	<u>5,395,044</u>	<u>5,246,081</u>

Deferred Income represents funds received for which the conditions for their recognition remained outstanding at 31 March 2023. These conditions are expected to be fulfilled during the next 12 months. Further analysis is provided at Note 13.

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

13. DEFERRED INCOME

	2023	2022
	£	£
Scottish Government Grants:		
LGDO – Technology Enabled Care & Cyber Security	1,225,474	2,017,098
Business Gateway	484,063	502,046
Migration, Population, Diversity	615,785	332,538
Participatory Budgeting	126,934	268,722
Appropriate Adult	154,229	268,242
Digital Health/Technology Enabled Care	51,216	118,275
Reform of Adult Social Care	30,264	55,328
National Care Home Contract	45,000	45,000
Framework for Employability	23,090	23,090
Equally Safe Coordination	14,835	-
Job Evaluation Consortium	13,416	13,416
Other	71,274	69,867
UK Government Grant:		
Trading Standards Scotland	3,555	-
LGDO – unused Local Authority Contributions	831,346	457,902
Local Government Pension Scheme Advisory Board	69,539	43,539
Other	33,629	35,955
	<u>3,793,649</u>	<u>4,251,018</u>

14. CONTINGENT LIABILITY

During the year ending 31 March 2021, it was identified that the historic treatment of Social Security contributions in connection with staff who are employed abroad may not have met relevant legislation. HMRC have confirmed the treatment that should have applied. However, at the date of approval of the accounts, it has not been possible to reliably estimate the potential liability. Consequently, no provision has been made in the financial statements in this regard.

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

15. DESIGNATED RESERVES

	Transformation & Development £	Property £	Capital £	ICT £	Total £
Balance at 1 April 2022	50,000	761,332	47,660	128,039	987,031
Incoming Resources	-	-	29,998	-	29,998
Outgoing Resources	-	(57,147)	(9,532)	(39,332)	(106,011)
Balance at 31 March 2023	<u>50,000</u>	<u>704,185</u>	<u>68,126</u>	<u>88,707</u>	<u>911,018</u>

The Transformation & Development Reserve was established to cover costs arising from a joint COSLA and Improvement Service review, and general Constitutional updates. It is expected that a large portion will be utilised during the year ending 31 March 2024.

The Property Reserve was established to cover the additional rent due on Verity House from November 2020 through to the end of the current lease.

The Capital Reserve was established to absorb the depreciation on those assets funded by a specific grant.

The ICT Reserve was established to facilitate necessary Information and Communication Technology investment. It is planned that up to half could be utilised during the year ending 31 March 2024.

The designation of reserves is subject to periodic review by the Senior Management Team and approval by the Members.

16. GENERAL RESERVE

	2023 £	2022 £
Balance at 1 April	851,402	405,497
Surplus for the year	167,511	445,905
Balance at 31 March	<u>1,018,913</u>	<u>851,402</u>

17. EMPLOYEE BENEFITS

Defined Benefit Plans

Occupational pension arrangements are covered by staff membership of the Local Government Superannuation Scheme of City of Edinburgh Council. Under para B6 (8)(b) of The Local Government Superannuation (Scotland) Regulations 1987. COSLA qualifies as an admitted body to the scheme administered by City of Edinburgh Council, this being a CARE-based Scheme.

For year ending 31 March 2023 the contributions of COSLA and its employees to the Scheme amount to 29.1% and an average 7.1% of earnings respectively. Employers' contributions payable including pension increases were £1,851,977 (2022: £1,439,114). Of this total, £79,764 (2022: £89,449) related to added years benefits awarded to former employees who were granted early retirement.

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

17. EMPLOYEE BENEFITS *(continued)*

The principal actuarial assumptions as at the statement of financial position date were:

	2023	2022
	%	%
Discount Rate	4.75	2.70
Salary Increase Rate	3.45	3.70
Pension Increase Rate (CPI)	2.95	3.20

Post retirement mortality at 31 March 2023 is based on the Fund's Vita Curves with improvements in line with the CMI 2021 model assuming current rates of improvement have peaked and will converge to a long-term rate of 1.5% per annum.

The total costs for the year in relation to defined benefit plans are as follows:

	2023	2022
	£	£
Recognised in the income statement:		
Current service cost	(2,700,000)	(2,251,000)
Net interest expense	(196,000)	(272,000)
	<u>(2,896,000)</u>	<u>(2,523,000)</u>
Recognised in other comprehensive income:		
Remeasurement of the liability:		
Actuarial gains and losses	19,630,000	4,075,000
Return on plan assets, excluding amounts included in net interest	75,000	3,767,000
	<u>19,705,000</u>	<u>7,842,000</u>

The statement of financial position net defined benefit liability is determined as follows:

Present value of defined benefit obligations	36,632,000	51,988,000
Fair value of plan assets	(48,424,000)	(45,547,000)
(Surplus)/Deficit	<u>(11,792,000)</u>	<u>6,441,000</u>

Changes in the present value of the defined benefit obligations are as follows:

	£
At 1 April 2022	51,988,000
Interest expense	4,153,000
Benefits paid	(1,256,000)
Contributions by plan participants	431,000
Effect of business combinations	946,000
Remeasurements:	
Actuarial gains and losses	(19,630,000)
At 31 March 2023	<u>36,632,000</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

17. EMPLOYEE BENEFITS *(continued)*

Changes in the fair value of plan assets are as follows:

	£
At 1 April 2022	45,547,000
Interest income	1,257,000
Benefits paid	(1,256,000)
Contributions by employer	1,815,000
Contributions by plan participants	431,000
Effect of business combinations	555,000
Remeasurements:	
Return on plan assets, excluding amount included in interest income	75,000
Other	(11,792,000)
	<hr/>
At 31 March 2023	36,632,000
	<hr/> <hr/>

The actual return on plan assets was £75,000 (2022: £3,767,000).

The fair values of the major categories of plan assets are as follows:

	2023	2022
	£	£
Equity instruments	35,350,000	32,338,000
Debt instruments	6,779,000	5,921,000
Property	3,390,000	2,733,000
Cash and cash equivalents	2,905,000	4,555,000
Surplus not recognised	(11,792,000)	-
	<hr/>	<hr/>
	36,632,000	45,547,000
	<hr/> <hr/>	<hr/> <hr/>

In accordance with FRS 102, the overall plan surplus of £11,792,000 has not been recognised as the Association has no agreement with the scheme to recover the surplus.

18. FINANCIAL COMMITMENTS

At 31 March 2022 the Association had future minimum lease payments under non-cancellable operating leases as follows:

	Land and Buildings	
	2023	2022
	£	£
Within one year	458,030	458,030
Within two to five years	1,829,605	1,832,120
After five years	1,114,808	1,538,301
	<hr/>	<hr/>
	3,402,443	3,828,451
	<hr/> <hr/>	<hr/> <hr/>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2023

19. NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2023	2022
	£	£
Operating Surplus	1,172,498	1,515,205
Bank Interest	(66,371)	(2,194)
Depreciation	61,742	62,663
FRS 17 Pension cost adjustment	(1,081,000)	(1,101,000)
Decrease/(Increase) in Debtors	332,064	(350,538)
Increase in Creditors	148,964	2,128,430
	<u>567,897</u>	<u>2,252,566</u>

20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2022	Cash Flows	At 31 March 2023
	£	£	£
Cash at Bank and in Hand	<u>2,577,111</u>	<u>(2,148,488)</u>	<u>428,623</u>

21. TAX STATUS

COSLA is a Local Authority Association and, as such, is exempt from income tax under Section 838 of the Income and Corporation Taxes Act 2007.

22. RELATED PARTY TRANSACTIONS

The Improvement Service and COSLA are related parties due to the fact that COSLA's President is on the Board of Directors for the Improvement Service.

During the year, COSLA raised two (2022: one) sales invoices to the Improvement Service for £11,068 (2022: £8,000). One was for use of COSLA's Conference Centre, and the other related to the Improvement Service's use of the myjobscotland recruitment website. Both were on standard commercial terms. No amounts were outstanding at the year end (2022: nil).

COSLA received one invoice (2022: two) from the Improvement Service for a total of £9,558 (2022: £21,960), relating to COSLA's website infrastructure, on standard commercial terms. At the year end no amount was outstanding (2022: £15,600).

Date.....

Thomson Cooper
Chartered Accountants
3 Castle Court
Carnegie Campus
Dunfermline
Fife
KY11 8PB

Dear Sirs

Financial Statements for the Year Ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of COSLA for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of COSLA as of 31 March 2023 and of the results of its operations and its cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice.

We acknowledge our responsibility for the fair presentation of the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice.

We confirm to the best of our knowledge and belief, the following representations:

1. **General**

We acknowledge as executives of the Association our responsibility for the financial statements, which you have presented for the association. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the association have been properly reflected and recorded in the accounting records. All other records and related information, including Minutes of all meetings have been made available to you.

2. **Loans and Arrangements**

The association has not had, or entered into, at any time during the period any arrangement, transaction or agreement to provide credit facilities (including loans, quasi loans or credit transactions) for members of the Management Team or to guarantee or provide security for such matters.

3. **Transactions with Related Parties**

All transactions with related parties have been disclosed in the financial statements. We have made available to you all relevant information concerning such transactions and are not aware of any other matters, which require disclosure in order to comply with the requirement of Financial Reporting Standard 102 (FRS 102); section 33.

4. **Law and Regulations**

We are not aware of any irregularities involving management or employees of the association: nor are we aware of any breaches or possible breaches of statute, regulations, contracts or agreements which might prejudice the going concern status or that might result in the association suffering significant penalties or other loss. No allegations of such irregularities or such breaches have come to our notice.

5. **Fraud**

We acknowledge our responsibility for the design and implementation of internal controls and procedures to prevent and detect fraud. We have disclosed to you any actual or suspected fraud involving management, employees with significant roles in internal controls, and all instances where the fraud could have a material effect on the financial statements.

6. **Post-balance sheet events**

There have been no events since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto other than as disclosed.

7. **Going Concern**

We believe that the association's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding will be more than adequate for the association's needs for a period of no less than twelve months from the date of signing of the accounts. We believe that sufficient disclosure relating to the association's ability to continue as a going concern has been made in the financial statements. In particular, the Management Team have considered going concern in light of the coronavirus pandemic.

Approved by Convention and
Signed on Behalf of Convention

Jane O'Donnell
Chief Executive Officer

Dated: _____

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

Sarah Watters
Directors- Membership and Resources
Sarah@cosla.gov.uk
Tel: 0131 474 9329

September 2023

Verity House Agreement - update

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

Private and Confidential

Fiscal Framework for Local Government

Summary and Recommendations

In May 2023, Leaders mandated COSLA officers to explore the feasibility of a rules-basis as part of ongoing Fiscal Framework discussions. Since then, COSLA officers have been working with Elected Members, as part of the Fiscal Framework Member/Officer Group, and Directors of Finance, to outline the benefits, challenges, and implications of a rules-basis.

Working with Scottish Government colleagues, the Member/Officer Group, and Directors of Finance, two options have been established as the most feasible for both Scottish and Local Government. Further work on the implications of these two options will be conducted over the coming weeks.

This report, accompanied by a short presentation on the day of Convention, seeks the views of Convention on the principles of a rules-basis which would see the alignment of Local Government and Scottish Government funding.

The paper invites Convention to:

- i. Reaffirm its commitment to a Fiscal Framework for Local Government;
- ii. Offer views as to whether a rules-basis meets the requirements of Local Government for the future sustainability of Local Government funding as part of the Fiscal Framework; and
- iii. Provide views on the overall strategic direction in order that this work can be progressed at pace.

References

No previous reports to Convention

Mirren Kelly
Chief Officer – Local Government Finance
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September 2023

Private and Confidential

Fiscal Framework for Local Government

Background and Purpose

1. This report is intended to inform and consult with Convention on the progress of a Fiscal Framework between Scottish and Local Government.

Previous COSLA Position

2. COSLA and Scottish Government are developing a Fiscal Framework which is a key feature of the Verity House Agreement (there is a separate item on this on today's agenda). Work has been progressing on this for over a year and key elements of the Framework have been agreed, these being a set of Principles and a Budget Engagement Process, as highlighted below.
3. This work has been progressed with significant input from a Fiscal Framework Member/Officer Group (MOG), established to offer advice to Leaders on developing a Fiscal Framework, which has made a number of recommendations to Leaders. The membership of this Group can be found in **Appendix One**.

Principles

4. In September 2022, Leaders and Ministers agreed three principles which would underpin the Fiscal Framework. These are set out in full in **Appendix Two** but are summarised below:
 - Principle A – The fiscal framework should promote stability, certainty, transparency, affordability, and sustainability.
 - Principle B – The fiscal framework should promote effective use of fiscal flexibilities and levers to address local priorities and improve outcomes.
 - Principle C – The fiscal framework should enable discussion of fiscal empowerment of Local Government.

Budget Engagement Process

5. In May 2023, Leaders and Ministers agreed a much improved and extensive budget engagement process. This is a key change which will support a better, mutual understanding of the budget pressures that both Scottish and Local Government face and impacts of budget decisions. Critically this would see engagement commencing as early as May of each financial year ahead of the Scottish Budget (usually around November each year) and the Local Government Settlement in December.
6. This process should also enable increased influence in the Programme for Government which drives significant policy and funding direction from Scottish Government each year. The full process is set out in **Appendix Three**.

What is Changing?

7. In May 2023, Leaders mandated officers to explore the options for a rules-basis within the Fiscal Framework that would align Local Government and Scottish Government funding. The rules-basis would sit alongside the budget engagement process and would be underpinned by the agreed Principles. Work on rules-basis options has been progressed over the summer.

8. As part of this work, discussions have taken place at the MOG and with Directors of Finance regarding what should constitute the key elements of a rules-based aligned base budget. Within both groups there was agreement that COSLA officers should start to explore the possibility of aligning Local Government and Scottish Government funding.

Key Aims and Advantages of a Rules Basis

9. Through discussion with the MOG and Directors of Finance, it was noted that aligning Local Government funding to the Scottish Government Budget may have several benefits for Local Government.
10. The principal aim of a rules basis for Local Government is that it would provide greater certainty, accuracy, and stability. Being pegged to the overall size of the Scottish Government Budget, the establishment of a rules-basis would reduce the potential for large, unexpected fluctuations in the size of the Local Government Settlement.
11. What's more, with changes to the Budget Engagement process outlined above, including greater influence over the development of the Scottish Government's Programme for Government, we could also expect a reduction in the number of policy 'surprises'. As such, alongside greater stability, it could also be expected that a rules-basis may foster better mutual understanding and appreciation between both parties regarding the financial constraints that Local Government is currently facing and has experienced historically.
12. In turn, this combination of greater stability, earlier involvement in policy development, and better mutual understanding may allow for more accurate medium and long-term planning for Local Government.

Challenges of a Rules Basis

13. At the same time, concerns have been raised by both the MOG and Directors of Finance regarding a number of issues which may pose a financial risk to Local Government if budgets are aligned.
14. There is concern regarding what share of the Scottish Government Budget Local Government could expect to receive. In particular, it has been noted that a rules basis could lead to a worsening of Local Government's financial position due to a reduced Local Government share of the Scottish Government Budget. Currently, the Local Government share of the Scottish Government Budget is around 32%. However, there is no guarantee that the Scottish Government would agree to maintain this level, with any reduction in this share resulting to cuts in Local Government funding. What's more, if both parties do agree to maintain the Local Government share at 32%, there may also be a risk that this becomes a new ceiling – not a floor.
15. There is also a risk that budget alignment diminishes the lobbying ability of Local Government. Agreement on the size of the Local Government Settlement may come with a number of stipulations. For example, that Local Government meets all financial pressures, including unexpected in-year costs, within the agreed Local Government share of the Budget. This could severely curtail the ability of Local Government in areas such as pay.
16. Any agreed share of funding could also come with increased requirements for Local Government to support new Scottish Government policy commitments without additional resources.

Options for a Rules-Based Framework

17. Various options for a rules-based framework have been explored. Through discussion with Scottish Government colleagues, the MOG, and Directors of Finance, two options have been decided upon as the most feasible for both parties.

18. The first option proposes that a 'triple lock' baseline, consisting of three indicators, is established. The highest figure produced by one of these three indicators would determine the share of Local Government funding within the overall Scottish Government Budget. However, what these percentages would represent would be open to negotiation.
19. The second option proposes that Local Government is allocated a fixed share of the discretionary Scottish Government Budget. The percentage share allocated would be open to negotiation.
20. Further work on these two options, particularly on the pros, cons, and financial implications for Local Government, will be conducted by COSLA officers over the coming weeks. These findings will be presented to the MOG and Directors of Finance.
21. A short presentation will also be delivered to Convention further expanding on the points above and offering greater detail on the rules-based options, the current financial context within which the rules-basis has been proposed, and the implications of a rules-basis for Local Government.

Proposed Position

22. This paper does not therefore seek the views of Convention on the specific options but rather on the principle of a rules-basis overall, and whether this meets the requirements of Local Government for the future sustainability of Local Government funding.
23. Convention is also asked to reaffirm its commitment to the Fiscal Framework and provide views on the overall strategic direction.

Next Steps

24. Taking into account the comments provided by Convention, officers will continue to work with Scottish Government to develop a Fiscal Framework. This will include the continued input of the Member/Officer Group and further recommendations to Leaders.

Appendix One

Fiscal Framework Member/Officer Working Group

Current Membership

Cllr Katie Hagmann	COSLA Resources Spokesperson
Cllr Alasdair Christie	Highland Council
Cllr Ian Dickson	West Dunbartonshire Council
Cllr Russell Imrie	Midlothian Council
Cllr Jon Molyneux	Glasgow City Council
Cllr Peter Smaill	Midlothian Council
Cllr James Stockan	Orkney Islands Council
Robert Emmott	Directors of Finance
Eileen Rowand	Directors of Finance
David Roberston	SOLACE
Sarah Watters	COSLA
Mirren Kelly	COSLA
Derek Yule	COSLA
Jonathan Sharma	COSLA
Ed Gordon	COSLA

Appendix Two

Scottish Government and COSLA **Fiscal Framework Principles**

Principle A – The fiscal framework should promote stability, certainty, transparency, affordability and sustainability.

- a) An effective fiscal framework should provide the foundations of a stable, transparent and certain fiscal relationship.
- b) It is accepted that there are circumstances where this might not always be practically possible, for example as a result of the lack of stability and certainty in the funding relationship between the Scottish and UK governments.
- c) The effective operation of the framework should not require ongoing revisions or negotiations. Any periodical review of the framework as a whole or any specific arrangement, as may be provided for, should be agreed by all relevant parties from the outset.
- d) The provisions of the framework should be transparent and unambiguously clear to all parties to the agreement and other stakeholders.
- e) The fiscal framework will enable mutual consideration of the affordability and sustainability of any arrangement, particularly within the context of new and existing commitments, demands and pressures.

Principle B – The fiscal framework should promote effective use of fiscal flexibilities and levers to address local priorities and improve outcomes

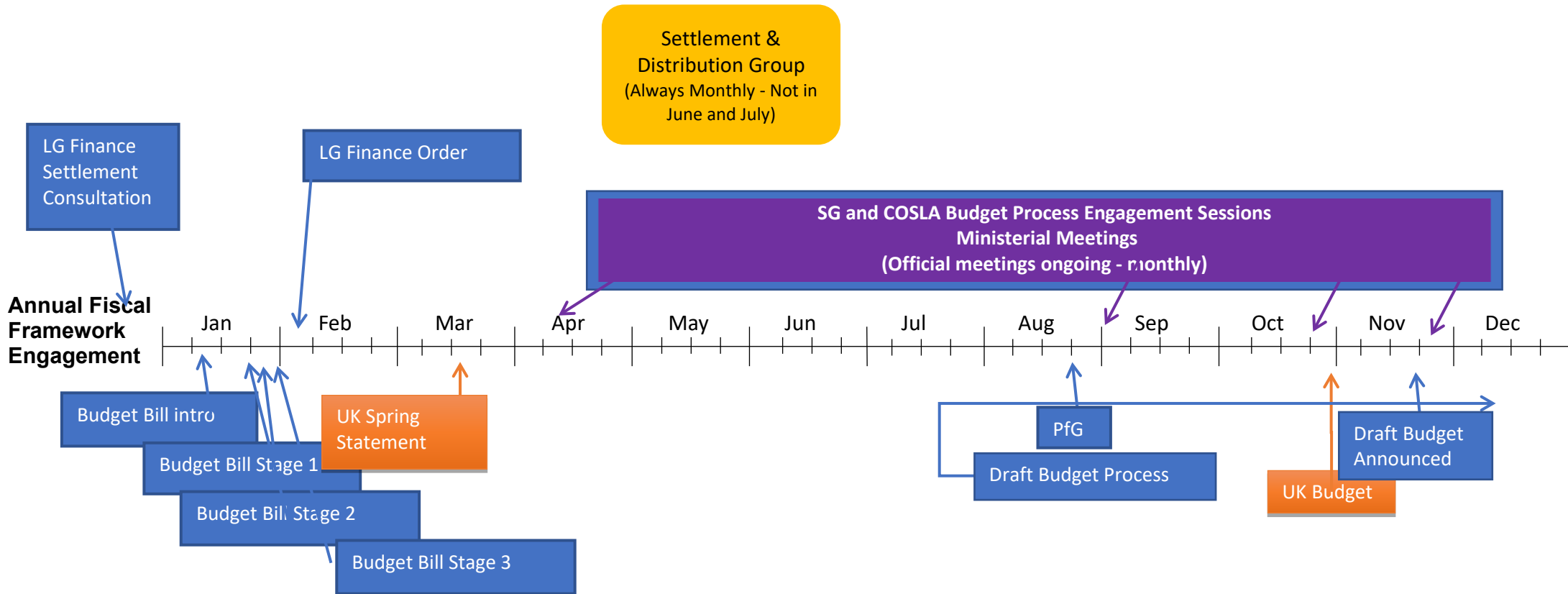
- a) The fiscal framework should set out mutual expectations related to the exercising of greater fiscal powers, and the use of new fiscal levers in a local setting. This should include the consideration of how decisions may affect the tax receipts or expenditure of individual councils, Local Government, Scottish Government or UK Government.
- b) The fiscal framework should set out clear processes for the discussion of the introduction of new fiscal flexibilities for local government, ensuring they support the effective overall use of public funds in Scotland.
- c) Any proposals to introduce new fiscal flexibilities or levers must consider the impact on Local Government Finance distribution.
- d) As far as is reasonably possible the fiscal framework should seek a balance between local flexibilities and administrative and economic efficiency in the context of the tax system as a whole.
- e) Where necessary consideration should be given to a neutral application of fiscal flexibilities across local authorities to ensure certainty for tax-payers, for example utilising whichever forums are available to local authorities.

Principle C – The fiscal framework should enable discussion of fiscal empowerment of Local Government.

- a) Both parties agree to establish and maintain a clear route for the exploration of opportunities for further fiscal empowerment.
- b) Discussions should include consideration of existing devolved fiscal powers, and those that flow from any future devolution of powers to Scotland.

Appendix Three

Fiscal Framework (FF) SG and LG Budget Engagement Process



Human Rights Bill consultation

Summary and Recommendations

This paper provides Convention with an overview of the current Scottish Government consultation on the Human Rights Bill and the final draft of COSLA's proposed response (Appendix I). The Human Rights Bill seeks to incorporate a number of international conventions on human rights into Scots law within the limits of devolved competence and will have significant strategic and operational implications for Local Government through the creation of new duties for public bodies.

This paper invites Convention:

- i. to provide comment on the draft COSLA response to the Human Rights Bill consultation and;
- ii. subject to comments, approve the response for submission to the Scottish Government.

References

No previous reports

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Human Rights Bill consultation

Purpose

1. The purpose of this report is to provide Convention with an overview of the current Scottish Government consultation on the Human Rights Bill and the final draft of COSLA's proposed response (Appendix I). This Bill will have significant strategic and operational implications for Local Government through the creation of new duties for public bodies.

Background

2. In March 2021, the final report from the National Taskforce for Human Rights Leadership, of which COSLA was a member, included a recommendation for the creation of a new statutory framework for human rights for Scotland. COSLA Leaders had agreed the draft recommendations from the report in February 2021.
3. In response to the Taskforce recommendations, the Scottish Government committed to introduce a new Human Rights Bill during the 2021-26 Parliamentary session.
4. To support the Bill development process, Scottish Government established Governance and Engagement Executive and Advisory Boards, both of which COSLA is represented on.
5. An Implementation Working Group has also been recently established, with COSLA as a member, and the group's first meeting was held on 2nd August 2023.
6. The Human Rights Bill seeks to incorporate a number of international conventions on human rights into Scots law within the limits of devolved competence. These conventions are:
 - International Covenant on Economic, Social and Cultural Rights (ICESCR)
 - Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)
 - Convention on the Rights of Persons with Disabilities (CRPD)
 - International Convention on the Elimination of all Forms of Racial Discrimination (ICERD)
7. The Bill also seeks to recognise and include the right to a healthy environment and will introduce new duties for public authorities in relation to the rights within the Bill.

8. The Scottish Government published the [Human Rights Bill consultation](#) on 15th June 2023, with a closing date of 5th October. Both the full consultation document and list of questions can be found [here](#).
9. COSLA Leadership Sounding Board (LSB) considered the initial draft response at their August meeting, with comments provided for further development. It was agreed that a revised draft would be taken back to the September LSB meeting, with the final draft response then to be taken to COSLA Convention for final sign off.
10. Whilst we recognise that the Scottish Government has met its self-imposed deadline of within the first half of 2023 to publish the Bill consultation, the consultation document itself does not provide the level of detail that COSLA officers had hoped to see in terms of the practical implications for public authorities.
11. It has therefore been somewhat challenging to provide fully detailed answers to many of the relevant consultation questions. Of particular concern is the lack of detail on Scottish Government proposals to support capacity building within public authorities.
12. Local authorities, via the Scottish Councils Equality Network (SCEN), have raised concerns with COSLA about the lack of capacity within councils to deliver on new duties which arise from the Bill and the implications for staff workload if no additional funding to build capacity is forthcoming from Scottish Government.
13. SOLAR and SOLACE echoed concerns about the lack of practical detail in the consultation document, as well as the need for additional capacity and resources (and associated funding) within councils to understand and implement the new duties, and the lack of a financial impact assessment to accompany the Bill consultation.
14. SPSO provided useful context on the proposed changes to complaints handling mechanisms, as well as raising concerns that Scottish Government has underestimated, or not fully considered, the challenges of implementation of the Bill provisions, as opposed to the technical challenges of legal incorporation.
15. Through engagement across COSLA's policy teams and the Business Gateway National Unit, a number of concerns with the consultation document and the Scottish Government's approach to Bill development have been raised. These include:
 - a. the lack of consideration of the funding and resource implications for local authorities in implementing the provisions of the Bill;
 - b. Local Government workforce implications arising from implementation, such as staffing for frontline complaints handling mechanisms;
 - c. the lack of detail on Scottish Government responsibility for supporting, and funding, capacity building within public authorities such as councils; and
 - d. and the impact of additional monitoring and reporting requirements on councils.

16. Many of the above concerns have previously been raised by COSLA officers and members through the Bill Executive and Advisory Boards, and the Implementation Working Group, as well as during the discussion of the Taskforce recommendations at the February 2021 COSLA Leaders meeting.

Current Position

17. The draft has been informed through engagement with a range of professional bodies including SOLACE, SOLAR, SPSO, ALACHO, and the National Complaint Handlers Network. This has led to the inclusion of stronger language in relation to the need for more information to be provided in order for respondents to be confident in providing fully informed responses.

18. Convention is now asked to approve the final draft COSLA response (Appendix I) to the Scottish Government consultation on the Human Rights Bill; subject to any further comment members may feel is required to be added at this time, in particular, on questions 19, 28, 39, 42, 43, or 44.

Next Steps

19. Subject to comments, the final approved version of COSLA's consultation response will be submitted to the Human Rights Bill Team by the deadline of 5th October.

September 2023

DRAFT COSLA response: Human Rights Bill consultation

Incorporating the Treaty Rights

Question 2: What are your views on our proposal to allow for dignity to be a key threshold for defining the content of MCOs?

More detail on how 'dignity' will be defined in law is needed for COSLA to be able to take a more fully formed position on this. One key question is how dignity can be defined sufficiently to be used as a threshold for minimum core obligations? Furthermore, examples of approaches that other countries have taken with MCOs and dignity would be helpful context to enable us to reach a position and to better understand how this approach may work in practice in Scotland.

Question 4: What are your views on the proposed model of incorporation?

COSLA is of the view that there is much learning to be taken from the experience to date in incorporating the UNCRC, including carefully considering the implications of the Supreme Court judgement on the UNCRC Bill, as well as the outcome of the Reconsideration process, the eventual amendments and the final form the legislation will take.

Within the complex legislative framework that Scottish local authorities operate within (involving an often complex mix of UK and Scottish legislation in the same service/practice area) this could add significant complexity for councils to interpret and apply their duties in practice, and for people and communities to understand their rights. As is the case with UNCRC incorporation, there is a significant risk that the exclusion of reserved areas coupled with the exclusion of functions/powers conferred by UK legislation in devolved areas would mean that rights coverage under the Human Rights Bill would be significantly limited.

Recognising the Right to a Healthy Environment

Question 6: Do you agree or disagree with our proposed basis for defining the environment?

More detail is needed on the proposed basis of definition in order for COSLA to take a firm position and we would welcome, and indeed encourage, further engagement on this. Examples of approaches that other countries have taken on the right to a healthy environment in legislation would be a helpful aid for reaching a position. Furthermore, the lack of detail on the potential practical implications for local authorities within the consultation paper is concerning and highlights the need for direct engagement with local authorities

Question 8: What are your views on the proposed formulation of the substantive and procedural aspects of the right to a healthy environment?

COSLA strongly supports striving towards a healthier environment for all. However, we do not, as yet, have a position on incorporating the right to a healthy environment within Scots law. Nonetheless, given our positions on climate change and biodiversity we welcome the exploration of this issue by the consultation. It is difficult to answer these questions at this time as our answers will depend on how the right may operate in practice. It is, for example, hard to argue that as a result of worsening climate change and biodiversity loss we live in a healthy environment so, it seems likely that, if introduced, the rights of individuals could be breached from day one of the legislation becoming law. If rights are breached at this high level, what would this mean for other elements of a healthy environment which are being discussed above?

The inclusion of sufficient water as a substantive aspect of the right to a healthy environment seems reasonable given the importance of clean drinking water to everyone, but how might this right operate in practice in a warmer Scotland where water scarcity is likely to become a growing issue? How could this right interact with the need to carefully manage water supplies for all, while still trying to maintain a healthy ecosystem? COSLA could support the right to a healthy environment if it positively contributes to the existing framework of environmental law and assists with the delivery of environmental policy. It is for this reason we welcome the debate, but we will need to see more information on how the right may operate in practice at a high and policy specific level before we can offer a more considered position.

Incorporating Further Rights and Embedding Equality

Question 13: How can we best embed participation in the framework of the Bill?

Participation needs to be considered in its widest sense, taking into account not only the public sector but also private bodies. Following the announcement of the First Minister's Policy Prospectus in April this year, the New Deal for Business Group was set up to explore how the Government can work more closely with Scottish businesses, to better design policy and its implementation. Given that, it would be helpful to understand where and how the business community will be engaged in the consideration, development and implementation of this legislation. If they are not already involved in the work then it is imperative that this is addressed as quickly as possible in light of the publication of the New Deal for Business Group's report and the endorsement of that report and its recommendations by the First Minister. We need clarity on how this Bill will impact on businesses and what the implications of the duties will be for business as well as identifying unintended consequences.

COSLA welcomes the proposal for alignment with other participation duties, such as that proposed as part of the Public Sector Equality Duty (PSED) review, however more detail would be beneficial to support COSLA to take a more fully

formed position on how this could work in practice and the potential implications for local authorities. For example, the consultation document makes reference to participation requirements within other pieces of legislation but provides no further detail. Examples would be useful to support understanding of what a participation requirement could look like within the context of the Human Rights Bill.

Question 14: What are your views on the proposed approach to including an equality provision to ensure everyone is able to access rights in the Bill?

COSLA is unable to take a more fully formed position on this proposed duty without this further detail, as well as the likely practical and strategic impacts on local authorities. Examples of approaches that other countries have taken to implementing a similar duty to comply would be helpful context to enable us to reach a position. Furthermore, further detail is needed from Scottish Government to provide reassurance that lessons have been learned from the difficulties with UNCRC incorporation and conflict between devolved and reserved legislative areas.

The Duties

Question 19: What is your view on who the duties in the Bill should apply to?

COSLA would like to see further detail on what is meant by a private body, as there is little information on how *“private bodies acting under a contract or other arrangements with a public body”* will be defined. Some case law examples, for example from the Human Rights Act 1998, would be beneficial in supporting COSLA to take a more definite position on this. Local Government contracts both the private and third sector in the delivery of services, which underlines the need for clarity. For example, the Business Gateway services in Aberdeen City, Aberdeenshire, Tayside and Lanarkshire are delivered by Elevator, which is a registered social enterprise.

The timescale for implementation is another key factor for consideration, as existing contracts may preclude amendment that would add additional duties to the contractor and these might only be able to be applied when contracts are being renewed. Again, using Business Gateway as an example, the contracts tend to be for a minimum of three years with options for plus one or plus two years. Many of these have recently been retendered and are now live contracts. The above issues highlight the need for further engagement across all sectors to ensure that the wide range of bodies and organisations who will be covered by the Bill duties are aware of the implications and have had opportunities to contribute their views.

Question 20: What is your view on the proposed initial procedural duty intended to embed rights in decision making?

Consistency, coherence and alignment in our approach will be crucial for enabling public authorities to understand and implement their duties in relation to compliance with human rights obligations. For this to be done, capacity building support and guidance for public bodies must be developed and embedded well in advance of the proposed procedural duty coming into effect. It is imperative that COSLA would greatly welcome more detail on the practicalities and proposed timescales for the proposed initial procedural duty. We are unable to take a more fully formed position on this proposed duty without this further detail, as well as the likely practical and strategic impacts on local authorities.

Question 21: What is your view on the proposed duty to comply?

More detail is needed to allow COSLA to take a fully informed position on the proposed duty to comply, in particular the likely practical implications for local authorities from this approach. Examples of approaches that other countries have taken to implementing a similar duty to comply would be helpful context to enable us to reach a position.

Question 22: Do you think certain public authorities should be required to report on what actions they are planning to take, and what actions they have taken, to meet the duties set out in the Bill?

The Bill consultation document states that Scottish Government is considering following the approach taken in section 15 of the UNCRC Bill, however more detail from Scottish Government on how this would work in practice is needed in order for COSLA to take a fully informed position.

Question 23: How could the proposed duty to report best align with existing reporting obligations on public authorities?

We welcome the Scottish Government's commitment in the consultation document to continuing to explore how reporting and implementation of the new duties would interact, although we urge this to be included in the discussions with the newly established Implementation Working Group as a matter of priority.

Question 24: What are your views on the need to demonstrate compliance with economic, social and cultural rights, as well as the right to a healthy environment, via MCOs and progressive realisation?

We are uncertain what minimum core obligations would be for the right to a healthy environment. As discussed previously, it is hard to argue we currently live in a healthy environment. We need to understand how the right to a health environment and its realisation via MCOs would work in practice when set

against the urgent need to, as fairly as possible, decarbonise the economy and society. Would there, for example, be MCOs for tackling climate change? If so, would a MCO need to be in-line with scientific evidence and the advice of the climate change committee? If it were not it would risk setting a lower bar for progress than is required to meet the worsening climate crisis.

Likewise, it is hard to answer the question on whether the right to a healthy environment should fall under the same duties as economic, social and cultural rights. It seems likely that rights under each of these duties will intersect, potentially leading to tensions that will need to be navigated. How this will be achieved by the legislation is an important consideration and one which we will need more detail about in order to provide a fuller response.

Ensuring Access to Justice for Rights Holders

Question 28: What are your views on our proposals in relation to front-line complaints handling mechanisms of public bodies?

COSLA supports the intention to avoid creating separate, additional processes for human rights complaints by building on existing structures. However, we are concerned that no reference has been made to the workforce and spending implications for councils as a result of any need for increased capacity for frontline complaints handling. As part of the development of this consultation response, COSLA engaged with the National Complaints Handlers' Network who expressed shared concerns about the funding and workforce implications for councils, as well as concerns about the lack of detail on the proposals for front-line complaints handling mechanisms and how these would work in practice within local authorities.

In conversations with SPSO as part of the development of this consultation response, we understand that a child-friendly complaints handling procedure has been developed to cover the provisions of the UNCRC Bill, which is currently being piloted. We welcome the offer that SPSO has made to develop something similar for the Human Rights Bill to cover general human rights-based complaints handling. The development of this must, however, be accompanied by an assessment of the resource and workforce implications for local authorities.

Implementing the New Scottish Human Rights Act

Question 38: What are your views on our proposals for bringing the legislation into force?

COSLA welcomes proposals to develop guidance for public authorities, however serious concerns remain about how public authorities, such as councils, will be supported by Scottish Government to build staff capacity and address workforce implications, including with the additional financial burden of such capacity and

workforce development activity. Whilst the consultation document outlines a commitment to support public bodies to “*ensure they have the right infrastructure in place to support implementation and compliance*”, there is no consideration of the funding implications for local authorities and other public bodies to establish and maintain this infrastructure.

Question 39: What are your views on our proposals to establish MCOs through a participatory process?

The approach to establishing Minimum Core Obligations (MCOs) being proposed here does not mirror the anticipated approach under UNCRC incorporation. Whilst the UNCRC (Incorporation) (Scotland) Bill is still subject to reconsideration by the Scottish Parliament, it is understood the current intention is that the UNCRC legislation will not specify MCOs for economic, social and cultural rights, but rather this will be a matter for the courts to decide upon in interpreting the compliance duty.

It is essential that the approach taken in Scotland to incorporating different international human rights materials is consistent, coherent, integrated and aligned. Children and young people will have the rights set out in the UNCRC legislation as well as those within the Human Rights Bill, and economic, social and cultural rights are covered in both (with significant crossover between these). Given this, there is a risk that taking an inconsistent approach to MCOs in these two pieces of legislation could significantly complicate the landscape, making it challenging for public authorities (including frontline practitioners) to interpret and implement their statutory duties in practice, as well as making it difficult for children, young people, and their families and advocates to understand their rights and their practical meaning.

It is crucial that full consideration is given to the possible implications of taking a different approach (both in relation to MCOs, as well as other aspects) to the incorporation of children’s rights and other human rights. This must be approached holistically and efforts made to ensure coherence, integration and alignment in our approach to avoid the risk of significant complexity and challenges with practical implementation.

Question 40: What are your views on our proposals for a Human Rights Scheme?

It is important that our approach to the incorporation of international human rights materials in Scotland is strategic, holistic and coherent. Whilst the UNCRC legislation is subject to Reconsideration by Parliament, section 11 of the Bill as passed sets out duties for Scottish Ministers in relation to a Children’s Rights Scheme.

Children's rights as contained in the UNCRC are a sub-set of human rights, and there is a need to approach all human rights in a holistic and strategic way. Given this, the approach taken to a Human Rights Scheme should be as consistent and aligned as possible with the Children's Rights Scheme; there may be merit in considering whether there is a need for two separate Schemes, or whether these could be combined into one document to maximise coherence and alignment.

Question 42: How can the Scottish Government and partners effectively build capacity across the public sector to ensure the rights in the Bill are delivered?

COSLA is committed to the delivery of sustainable person-centred public services, as set out in the Verity House Agreement, and the principle that the delivery of such public services should contribute to the advancement of human rights. COSLA has been clear throughout our involvement with the National Taskforce, the Bill Executive Board, and the Bill Advisory Board that properly planned and resourced support for local authorities to build the capacity they need for effective implementation is crucial.

Whilst we welcome the establishment of an Implementation Working Group, it is disappointing that the first meeting of this group took place in August 2023, almost 8 months after its establishment was agreed by the Bill Executive Board and after the Bill consultation opened.

There is considerable concern within local authorities about the capacity building needed to ensure effective Bill implementation, namely the lack of staff capacity and specialist knowledge to train, and provide ongoing support to, wider council staff teams on the new duties. Embedding effective Bill implementation and tackling any barriers to implementation that may arise cannot be expected to be undertaken within local authorities without additional funding to cover staffing and training needs.

The consultation itself makes no mention of additional resources or funding to cover the capacity building and workforce needs of public bodies, such as councils, which raises concerns that Scottish Government has underestimated or overlooked the financial and practical challenges of implementation for public bodies. It is greatly concerning that no initial assessment of the potential financial implications for councils and other public bodies has been undertaken. COSLA urges Scottish Government to ensure that financial and resourcing needs arising from the Bill are discussed at the newly established Implementation Working Group as a matter of priority.

Question 43: How can the Scottish Government and partners provide effective information and raise awareness of the rights for rights-holders?

Local authorities will certainly have a role to play in providing information on, and raising awareness of, the rights for rights-holders under the Human Rights Bill. Councils across Scotland routinely undertake awareness raising and information sharing activity within their local communities and are best placed to engage with rights-holders, in partnership with other organisations from the third, private and wider public sectors.

As a member of the Implementation Working Group, COSLA welcomes the inclusion of information and awareness raising on the group's workplan, however this needs to be part of a wider conversation across the Local Government sector and we look forward to further detail from Scottish Government on how this will be taken forward.

Question 44: What are your views on monitoring and reporting?

Monitoring and reporting requirements under the Human Rights Bill should, to the fullest possible extent, be integrated into existing requirements on local authorities to avoid unnecessary duplication of work and to mitigate the impact on council officers' workload in this area. It is imperative that any approach seeks to be strategic and rationalise reporting. It is worth considering rather than adding additional human rights reporting duties if this could be combined with existing reporting on children's rights.

Further detail is also needed on the Scottish Government's intention for interaction and alignment between reporting duties under the Human Rights Bill and the National Performance Framework. Another key question is whether sufficient data is currently being collected at a national level to provide an understanding of the state of current compliance with human rights in Scotland, as a baseline of compliance will be essential for effective ongoing monitoring. This additional detail is needed for COSLA to take a more fully formed position on the implications of monitoring and reporting requirements from the Bill for local authorities.