

8. SCOTLAND'S PUBLIC FINANCES: CHALLENGES AND RISKS

The committee considered a report (copies of which had been circulated) by the Head of Finance and Property Services providing them with a summary of the Auditor General's briefing paper *Scotland's public finances: challenges and risks* prepared by Audit Scotland in November 2022.

With regards to reform, detailed on page four of the report, it was asked if this would become increasingly difficult due to constraints on council budgets and specifically in respect of user needs. It was advised that proposals intended to minimise the impact on services. However, due to the massive challenge faced by councils, there would be an inevitable impact on services.

In response to a question on how realistic and achievable, in the current economic climate, "preventative spend" was, officers informed the committee that the aim was to look at all activities and prioritise preventative action where possible. Realistically, the available resource had been declining yearly since 2007-8 making it more challenging to change the emphasis and scope of spending.

Following a question regarding the current level of ring fencing compared to several years ago, it was explained that this would be difficult to quantify due to different types of ring fencing. However, a large proportion of the budget had some degree of restriction on the spending possible and flexibility would be preferred to enable a focus on outcomes.

It was recommended that the committee note the key messages and recommendations within the Audit Scotland report.

Decision

To note the contents of the report.