

**From the Chief Executive, Sally Loudon**



2 December 2020

Councillor Douglas Lumsden & Councillor Jenny Laing  
Co-Leaders  
Aberdeen City Council  
Town House  
Broad Street  
Aberdeen  
AB10 1FY

By email: [CouncilLeader@aberdeencity.gov.uk](mailto:CouncilLeader@aberdeencity.gov.uk)

— Dear Cllr Lumsden and Cllr Laing,

Thank you for your letter dated 25<sup>th</sup> November. It is good to hear that your Annual Report has been well received by your Committee and I am very happy to respond to the Committee's request for an update on progress on reform of Local Government Finance from a COSLA perspective.

As you recognise in your letter, there are significant challenges posed to every Council from the impact of COVID-19, both immediate and for Local Government's ability to deliver essential services over the longer term. You will be aware from discussions at Leaders, that the issue of taking forward reform of Local Government Finance, at a time when we are grappling with the unprecedented pressures caused by the pandemic, has been uppermost in their minds. At their meeting in October, Leaders considered what was practical to progress this year in terms of work on a fiscal framework, given these exceptional circumstances.

Leaders agreed that the key priority for the short term is to secure the best outcome for the 2021/22 Local Government Settlement and that once a Settlement has been agreed, work with the Scottish Government on a stable and sustainable funding framework must recommence as soon as possible.

Leaders were also clear that a timeframe was needed for the areas you referred to in your letter - specifically work on the reform of business rates and on Council Tax so that there is a clear intent for work to proceed, agreed with Scottish Government.

Once the parliamentary process is complete for the Scottish Budget, Leaders also agreed that work on areas such as discretionary taxes as a means of revenue raising and supporting local economic investment must recommence, as well as developing workable options which encourage innovative investment in economic recovery.

Officers in COSLA's Local Government Finance Team will take this work forward as their key priority and will work closely with officers from Councils and the Scottish Government to agree a timetable for this package of work.

I trust that this reassures your Committee that COSLA is very much focussed on Local Government Finance reform - responding to the impact of the pandemic does not prevent or negate this critical work but has simply delayed aspects of it.

Your Sincerely,

A handwritten signature in dark ink, appearing to read 'Sally Loudon'. The signature is written in a cursive style with a large initial 'S' and a long horizontal stroke extending to the right.

Sally Loudon  
**Chief Executive COSLA**