

Council cash reserves could run out within two years

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Cash reserves within some local authorities could run out “within two to three years” amid budget cuts by the SNP government, it has been warned.

An Audit Scotland report on council finance said local government money was under more pressure than ever, with debts increasing and finances dwindling.

In 2016/17 around 20 councils drew on £79 million worth of cash reserves to keep things going, double the number who resorted to that measure the previous year.

And auditors said today: “Councils tell us that they are finding the situation more serious than ever, with savings becoming increasingly difficult to identify and achieve.

“Councils are showing signs of increasing financial stress. Some risk running out of General Fund reserves within two to three years if they continue to use them at levels planned for 2017/18.”

The financial overview stated there had been a 7.6 per cent real terms reduction in funding from the Scottish Government for councils since 2010/11.

Local authorities now have debt totalling £14.5 billion, and spend around 10 per cent of their budget servicing it.

Scottish Conservative local government spokesman Alexander Stewart said:

“Under the SNP government, the financial health of Scotland’s 32 councils has deteriorated rapidly.

“Debt levels are eye-watering, and millions upon millions of pounds in taxpayers’ cash is now being used just to service it.

“We’ve even got to the stage where local authorities are dipping into the rainy day fund routinely just to stay afloat.

“And as auditors say, if that continues, there won’t be any reserves left to call on.

“The Scottish Government needs to provide far more support to councils right

across the country to ensure best practice is shared, debts are reduced, and council tax payers are receiving value for money.”