

Local Government 2024-25 Finance Settlement – council funding allocations



Introduction

The Scottish Government has published details of the £13.9 billion funding settlement for local government for 2024-2025. Local government finance circular No. 2/2024 provides an overview and detailed tables of key information. (Our Briefing 138 covered the provisional funding allocations to Scottish councils for 2024/25.)

Council funding

Local authorities receive a total of £13.26bn in revenue funding and £0.66bn in capital funds. (See table on p2, including all council allocations.) The Scottish Government says the total of more than £13.9bn is an increase of 4.3%, or in real terms, of 2.5%. However, ministers and councils have disputed the various figures each side has claimed in the build-up to the final funding settlement and Scottish Budget. Relations between the Scottish Government and COSLA have been at an all-time low, when the Verity House Agreement was supposed to lead to a much more collaborative relationship.

Councils receive a total of £147m for the council tax freeze, to cover a 5% increase. Nearly all councils have agreed to the freeze, although the claim it is “fully funded” is widely disparaged. (At time of writing Argyll & Bute and Inverclyde councils were going ahead with 10% and 8.2% increases respectively.) The Scottish Government has promised £62.7m from spring budget Barnett consequentials to local government - the amount COSLA said had been cut from revenue funding.

UNISON says the freeze is unfair and adds to the crisis in local government finances. We believe the public understand that paying through fair taxation delivers quality public services. People can see that services are in dire straits due to long term underfunding by both UK and Scottish governments. Local government bodies in Scotland, England, Wales and Northern Ireland [wrote to Chancellor Jeremy Hunt](#) before the spring budget in an unprecedented joint plea for more cash. Council officials say finances are [completely unsustainable](#) with major cuts to key services underway. Council tax reform is long overdue.

The Scottish Parliament Information Centre SPICE said in its early February briefing on the provisional allocations that proper like for like comparisons to show how local government funds are going up or down over time are “very difficult”. It details a range of comparisons and competing claims. The IFS report on the 2024-25 Scottish Budget said last month that the Scottish Government claim of a 6.2% real terms increase in the revenue budget for local government gave a “seriously misleading impression of the change in funding”. Due to a number of factors explained in its report, it says the increase was 1.8% in real terms.

KEY POINTS:

- Local government settlement totals more than £13.9 billion
- Scottish Government says this is real terms increase of 2.5%
- Previous analysis by the Institute of Fiscal Studies said Scottish Government figures had been “seriously misleading”
- Council funding is in crisis and urgent council tax reform is long overdue
- Benchmarking report shows impact on key services and predicts worse to come



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This table is extracted from Table L in Circular 2/24.

Local Government finance settlement 2024-25			
Local Authority	Total 2024-25 Revenue	Total 2024-25 Capital	2024-25 Local Government Finance Settlement
	£m	£m	£m
Aberdeen City	460.674	18.504	479.178
Aberdeenshire	577.763	21.683	599.446
A Angus	270.823	10.045	280.868
Argyll & Bute	245.330	9.635	254.965
Clackmannanshire	126.279	4.397	130.676
Dumfries & Galloway	376.340	4.893	381.233
Dundee City	383.170	13.341	396.511
East Ayrshire	308.200	8.117	316.317
East Dunbartonshire	254.199	7.513	261.712
East Lothian	240.272	26.282	266.554
East Renfrewshire	240.850	5.825	246.675
Edinburgh, City of	1,005.089	65.818	1,070.907
Eilean Siar	112.469	6.176	118.645
Falkirk	371.459	10.488	381.947
Fife	875.251	28.485	903.736
Glasgow City	1,615.141	116.139	1,731.280
Highland	589.352	24.383	613.735
Inverclyde	212.046	6.367	218.413
Midlothian	221.393	7.411	228.804
Moray	217.018	8.370	225.388
North Ayrshire	359.136	11.157	370.293
North Lanarkshire	824.172	25.002	849.174
Orkney	96.360	5.012	101.372
Perth & Kinross	342.724	26.231	368.955
Renfrewshire	422.373	12.339	434.712
Scottish Borders	277.015	10.927	287.942
Shetland	112.348	5.093	117.441
South Ayrshire	274.298	8.735	283.033
South Lanarkshire	752.291	22.021	774.312
Stirling	220.989	20.756	241.745
West Dunbartonshire	242.661	4.178	246.839
West Lothian	428.748	11.686	440.434
Undistributed	201.132	89.000	290.132
Scotland	13,257.364	656.009	13,913.373

The funding package includes £6m for expanding free school meals, £230m to deliver the payment of £12 per hour minimum pay settlement for adult social care workers in commissioned services via agreed contract uplifts, £145.5m to support additional teachers and support staff; £242m to support teacher pay uplifts and more than £266m for local government pay deals.

The new 2022-23 local government benchmarking overview report said there is evidence of impact on services in key areas, including the declaration of local housing emergencies, high levels of unmet need within health and social care provision, and cuts to libraries, community, and leisure centres. Further substantial disruption is likely, impacting on the VHA priorities of tackling poverty, delivering a just transition to net zero and sustainable person-centred public services.

Action for branches: Councils cuts are devastating local communities, with branches campaigning hard to protect services, community facilities and jobs. Keep us informed of this work and the key cuts in your area, to link in with and support local government campaigning across Scotland.

Additional reading

- Local Government Finance Circular 2/24, on 2024-25 funding settlement, with links to supporting documents <https://www.gov.scot/publications/local-government-finance-circular-no-2-2024-settlement-and-redeterminations-for-non-domestic-rates-2023-to-2025/>
- Benchmarking Overview Report https://www.improvementservice.org.uk/data/assets/pdf_file/0029/47828/Benchmarking-Overview-Report-2024.pdf <https://www.improvementservice.org.uk/news/march-2024/financial-workforce-and-demand-pressures-mean-tough-decisions-for-councils>
- SPICE Feb 24 Briefing on local gov finance and provisional 2024-25 allocations <https://bprcdn.parliament.scot/published/2024/2/6/d5c75036-71a9-4d66-a3b8-2146ddd6eb95/SB%2024-07.pdf>
- Recent UNISON Local Government finance briefings <https://unison-scotland.org/briefing-138-local-government-24-25-finance-council-funding-allocations/> <https://unison-scotland.org/wp-content/uploads/LG-Overview-Report-Policy-Briefing-126-2023.pdf>



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