

Scottish Budget 2018/19

Fair Funding for Local Government

Introduction

In Briefing 92 we [set out](#) the implications of the UK government's budget for the Scottish Government's spending plans, which will be published on 14 December 2017. Local government has taken the brunt of austerity cuts in recent years and next year's settlement will be important for services and jobs. In this briefing, we look at the case for fair funding for councils.

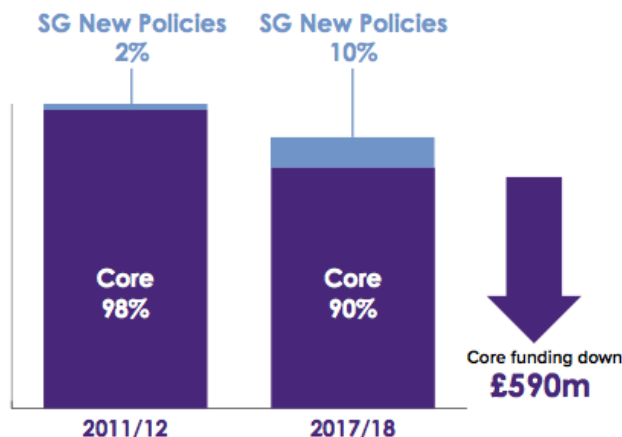
Current Year

The final budget [allocation](#) to Scottish local government this year included a £225m revenue cut, in a year when the Scottish Government had a small increase in its budget. This was mitigated by £100m additional revenue from the changes in the council tax bands. Councils also had the option (although many didn't) of mitigating further by increasing the basic rate of council tax by up to the 3% cap, generating up to £70m across Scotland. This left a total revenue shortfall of at least £55m.

In practice, it was worse than that because the Scottish budget allocation is not the whole story. Councils have 'unavoidable commitments' – additional spending that the council has no discretion over. The biggest of these this year was the Apprenticeships Levy, which cost councils around £25m. Some of the others are covered by ring-fenced grants, such as the living wage in social care. The other ring-fenced grants that the Scottish Government references are for new spending that doesn't help the base line budget.

Fair Funding?

Between 2010-11 and 2017-18 the overall funding for local government has [fallen](#) 8% in real terms. While the Scottish Government has provided funding for welcome new polices on childcare, schools and indirectly for social care, the funding for core services has reduced by £590m.



Some 30,000 jobs have been lost over this period. If local government has had as good a deal as the Scottish Government claims, why have nine out of ten austerity job losses in Scotland been in councils?

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POLICY BRIEFING

KEY POINTS:

- ScotGov will set out its spending plans for councils on 14 Dec.
- Council funding has fallen 8% in real terms since 2010. £590m from core budgets.
- 9 out of 10 austerity job cuts in councils.
- Negative impact on services, staff and inequality.
- Councils deserve fair funding in next year's budget.

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Impact

If local government continues to be underfunded then councils will balance the budget is through a combination of increasing local taxes, charges, service and workforce cuts. Charges have already increased by 13% - this is regressive and there is some [evidence](#) that income levels are reducing.

In UNISON's [submission](#) to the Parliament's local government committee this year, we summarised the views of staff in eighteen different services we have surveyed in our 'Damage' reports. The consistent theme is jobs being cut while demand increases, leaving staff stressed and demoralised as they attempt to keep basic services going. Others report that even statutory services have been cut, while preventative work has been dropped almost entirely. Even after the Grenfell Tower tragedy, building control staff spend little time inspecting properties, while they cope with vacancies and government bureaucracy.

"Too many builders take the easiest option available without following the warrant drawings, if you only see a building once it has been completed then a lot of potentially dangerous construction is hidden." (Building control staff)

We also know from funding [research](#) that cuts in council spending disproportionately impacts on lower income groups and therefore increases inequality in Scotland. Something the Scottish Government wants to avoid. The JRF 'Poverty in Scotland 2017' [published](#) this week highlights council services like housing and education as key drivers to reduce poverty.

What's Required

As the Accounts Commission has [highlighted](#), this year's budgets will only be achieved through ambitious and damaging 'savings' (cuts) of around £524m. Councils also used an unsustainable £79m from reserves and capital spending is being financed more by borrowing than government allocations.

COSLA rightly [argues](#) that local government should at least get parity with the Scottish government's cash increase. Tory austerity is bad enough without the additional burden of Scottish Government cuts. This also means full baseline funding of £130m as well as funding a fair pay increase. The gross cost of every 1% increase on the council pay bill is £70m, although the net cost to governments is almost half that.

The government must also fully fund its policy commitments that councils are required to deliver including, social care, education and child care. As well as recognising increased demand, such as the 2% extra needed by IJBs to cover demographic change. There is some [good news](#) that the government will not implement the Barclay Review recommendation on removing rates relief on ALEOs, that would have cost between £45m and £60m. The relief won't be funded for new ALEOs, which should discourage creating new ones.

In the longer term, we also need better financial planning with multi-year budgets. This should come with the removal of ring-fencing and central direction, as well as a proper reform of local taxation. Local government is not simply the administrative arm of central government.

Action for Branches

Many branches have been campaigning with councils and communities against the cuts and making the case for fair funding. It is important that these efforts are stepped up over the coming weeks as the draft budget progresses through parliament. This [includes](#) the STUC lobby of parliament on 14 December at 12 Noon.

Further information

UNISON E-Brief- Local Govt Budget Feb17
<http://www.unison-scotland.org/library/ebrief-local-government-budget-Feb-2017.pdf>

UNISON local govt budget submission
<http://www.unison-scotland.org/library/draft-budget-2018-19-local-gov-cmtt-oct-2017.pdf>

Accounts Commission overview
<http://www.audit-scotland.gov.uk/report/local-government-in-scotland-financial-overview-201617>

COSLA Spending Review Briefing
<http://www.cosla.gov.uk/news/2017/11/cosla-calls-fair-funding-scottish-local-government>



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