

Local Government Financial Overview 2018/19



Introduction

Audit Scotland published a [financial overview](#) of local government finance at the end of 2019. This report gives both an overview of the picture across Scotland and detail on the challenges individual councils face. The report includes an overview of the financial position of the Integration Joint Boards (IJBs). There is also a scrutiny tool for councillors to help them scrutinise the budget. This is useful for anyone analysing a council budgets and will support activists who are meeting councillors and MSPs to discuss budgets

Key Points

Councils

- 2018/19 council revenue income totalled £17.7 billion a £0.4bn increase on the previous year
- Since 2014/14 Scottish government funding for councils has reduced by 7.6% in real terms. It is still the most significant source of funding for councils
- Councils are increasingly using their reserves: the net draw was £45m in 2018/19
- Capital expenditure increased by £62m to £2.75bn. More is being spent on housing and less on education
- A growing proportion of Scottish government funding to councils is committed to national initiatives

IJBs

- The majority of IJBs either recorded a deficit or got additional funding from their partners
- About one third failed to agree a budget with partners
- Over a third of IJB senior staff changed during the year

Sources of council revenue

- General revenue funding 39%
- Non-domestic rates 15%
- Council tax 13%
- Grants 16%
- Customer and client receipts 10%
- Housing Revenue Account rents 7%

Funding from the Scottish government to local authorities decreased by 7.6% which is a bigger fall than government funding to other areas which only fell by 0.4%. Given that this makes up a substantial proportion of local authority revenue the impact on council services has been severe.

KEY POINTS:

- Local authority funding has been cut substantially
- Councils have been using reserves, increasing charges and more recently increasing council tax in response to the cuts
- Councils have identified a “funding gap” of £0.5bn for 2019/20



**Contact UNISON's
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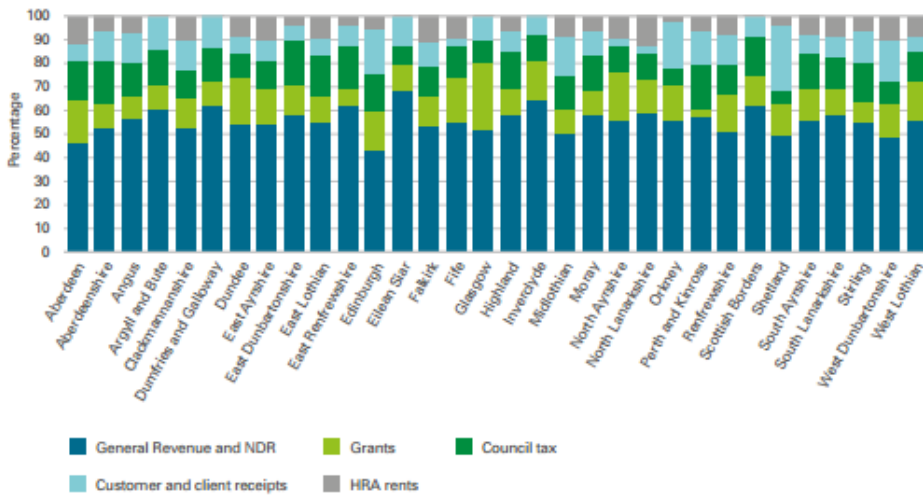
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These figures are for Scotland as a whole and the picture varies across local authorities. See below or download the report for a bigger image

Exhibit 4

The proportion of income from each source for each council
Some sources of income are more important to each council.



Source: Audited financial statement 2018/19



Council reserves

Across Scotland 77% of reserves are “revenue” including the Housing Revenue Account (HRA) and the rest are capital reserves. Of the £1.9bn revenue reserves £0.5bn are in repairs and renewals insurance and harbour funds. In the general fund of £0.9bn is committed, £0.3bn uncommitted and £0.2bn in the HRA.

Financial outlook

While revenue funding to local government increased slightly last year councils have identified a funding gap of £0.5bn so there will still be substantial pressures on local government budgets unless there are changes in the next budget. Councils will therefore continue to redesign services, reduce services, increase/introduce charges and reduce reserves.

According to Audit Scotland councils managed their “funding gaps through identifying planned savings” or as we would say cuts to jobs and services. Council tax increases have provided an extra £89m. Many councils have increased fees and introduced charges. Music tuition in schools has been the highest profile change but others include waste uplifts, licensing charges parking charges and funerals.

Scrutiny Tool for Councillors

This guide is designed for councillors to help them navigate budget plans and scrutinise the proposals put in front of them. The tool is broken into sections with questions councillors should be looking for the answers to in budget proposals and seeking clarification on or challenging. This is a useful tool for activists. It helps navigate budget documents and can form the basis of discussions with councillors to ensure that they are scrutinising budget proposals and understand the consequences of their decisions.

Action for Branches

The report gives a useful overview of local government’s financial situation and some detail on individual councils which will be useful for branches when analysing their own councils budgets. Branches are encouraged to use this report and the councillor’s toolkit to support local bargaining and campaigning.

Please contact Kay Sillars 0141 342 2819 for further information.

Further info

Audit Scotland Report

<https://www.audit-scotland.gov.uk/report/local-government-in-scotland-financial-overview-201819>

Audit Scotland councillors toolkit

https://www.audit-scotland.gov.uk/uploads/docs/report/2019/nr_191_217_local_government_finance_supp1.pdf

UNISON Scotland cuts toolkit

<https://unison-scotland.org/campaigns/public-works/toolkit/>

Cuts Impact Assessment form

<https://unison-scotland.org/assessing-the-impact-of-yet-more-austerity-cuts/>



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