



Respect our communities

Protect our **Funding**

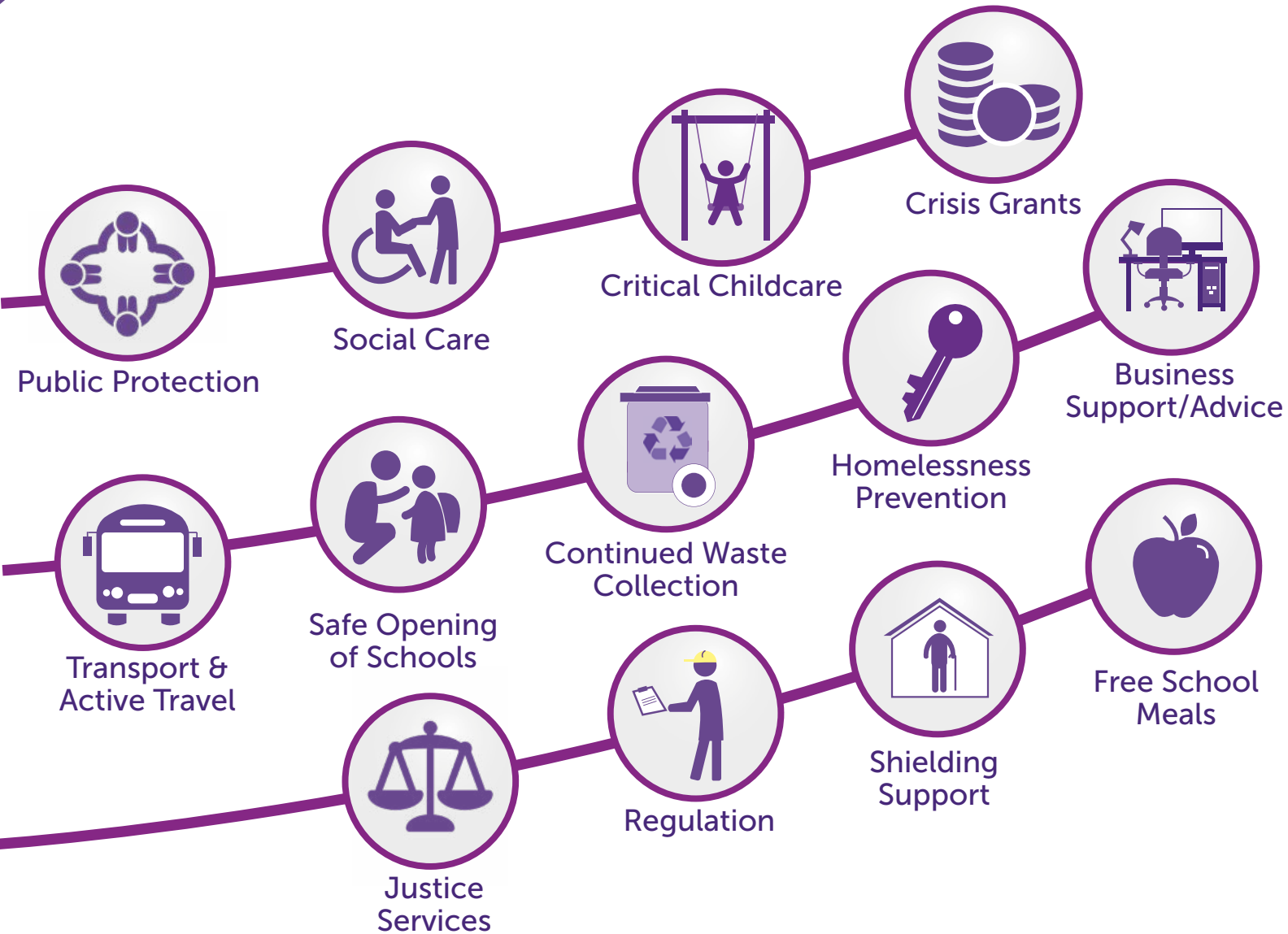
essential
services



essential
everyday

**This
Year**

across every community in Scotland, **COVID has magnified** Local Government's role



**"I want
to pay
tribute**

Nicola Sturgeon
Scotland's First Minister
Daily COVID update
24 July 2020

today to staff in Local Authorities across the country. During this pandemic, council workers have continued to deliver **essential services** in very difficult conditions.

"They have also worked closely with Scottish Government on **vital issues** such as housing homeless people, paying business grants, providing education hubs, and much, much more.

"In doing so, they have protected vulnerable people, and provided help for those who need it. **That effort has been – and continues to be – hugely appreciated.**"

Financial Impacts

of COVID on Local Government

On top of already strained budgets, COVID has created costs pressures for Local Government for 2020-21 including:



immediate spending requirements (social work, community justice, housing etc)



reductions in Council Tax income



unachievable savings due to the pandemic



lost income including fees, charges & commercial income due to closures



capital project costs



recovery costs (excluding Education and ELC)

Once all COVID-related funding is taken into account a gap of around **£360m** still remains - this is on top of already strained budgets. **Loss of income this and next year remains a key concern.**

Ongoing restrictions mean that income - parking, libraries, museums, art galleries and theatres, sports facilities, planning, school food etc - **is unlikely to recover until much later in 2021/22.**

Income accounts for an increasing proportion of Council budgets, so this will cause an immediate pressure.

In its *Local Government in Scotland Overview 2020* report, Audit Scotland recognised real challenges even before the pandemic:

to deliver services to their communities. But the context they are working in is increasingly uncertain and complex.

Demographic and social change is creating demand for services, while the strain on budgets continues to intensify.

National policy commitments are increasing and the stresses on other public and third sector partners add to the difficulties in delivering services.

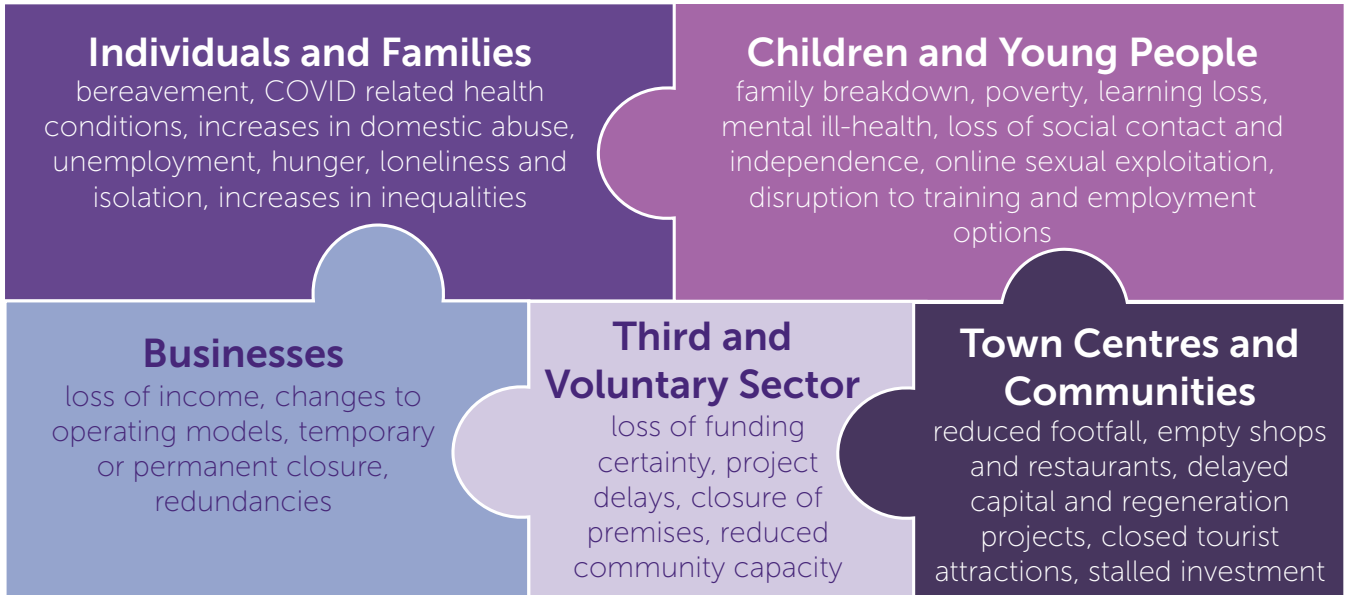
The cumulative effect of these pressures on councils is beginning to show across service performance and use of financial reserves."

"Councils are working hard

The Social Impacts of COVID

are serious, long-term and need support

Every part of our community has been impacted over the last year



Only councils can provide the wide network and safety net of support that is now needed. COSLA's [Blueprint for Local Government](#) makes this clear

But Local Government is facing significant pressures...



Funding

In real terms (using 20/21 prices) there has actually been a reduction in core grant funding from Scottish Government since 2013/14, but increased policy demands. This is not sustainable to meet growing demand, and inflationary pressures (including pay)



Demographics

With an ongoing shift in the age profile of Scottish citizens, there are real challenges for social care, including dealing with multiple, complex conditions. COVID will only increase this demand



EU Transition

As well as longer term impacts on Scotland's population structure, there will be impacts on workforce and staff, food and supply costs and on regulatory capacity to keep consumers safe and business trading

A reduction in Scottish Government funding will mean

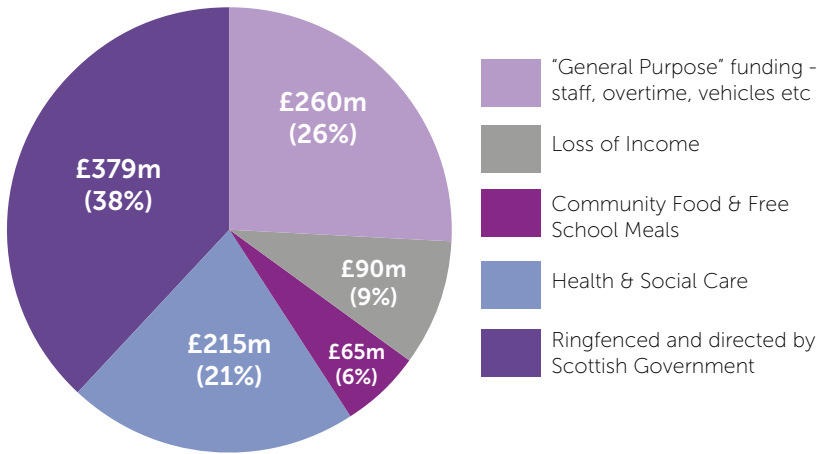
cuts to core services

The impact on communities of COVID will be deeper, longer lasting, with widening inequalities



funding for Local Government

To support the pandemic response, Scotland has had guaranteed additional funding from the UK Government of **£8.6b**. Scottish Government has routed **£1b** through Local Government.

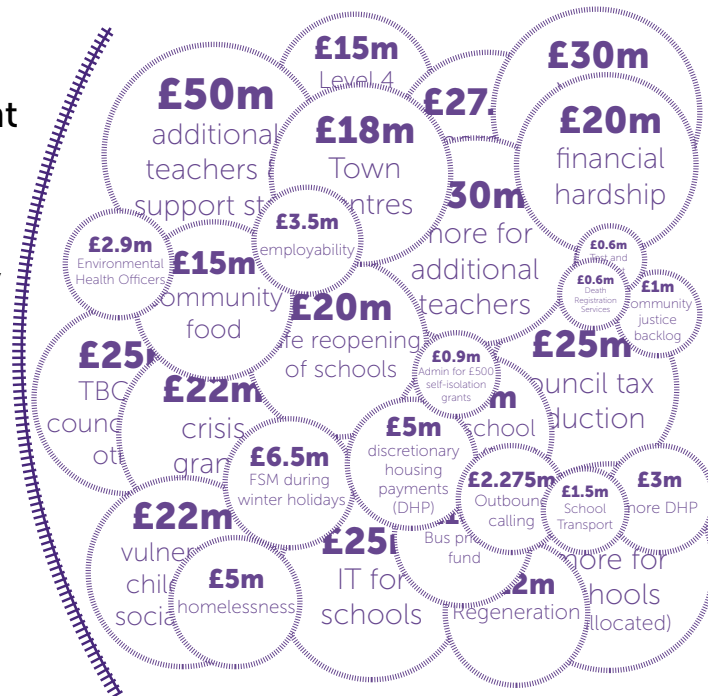


This **£1b** does not include significant business grants administered through Councils:

- 20+ schemes
- over £1.3b reaching businesses
- Announcements on 9th Dec will see Local Government's role continuing in 2021

The way in which COVID funding is being provided by Scottish Government presents challenges and restrictions

- As of end December, there were **30** different ring-fenced/directed pots of funding
- All come with an additional administrative burden– grant offer, acceptance, reporting, monitoring, claiming
- This approach reduces Councils' ability to respond to local needs and demands
- Funding has been "drip fed" between April and December, creating uncertainty & instability



COVID has shone a light

on a growing trend of highly fragmented and directed funding, outwith the main Local Government Settlement. This makes a local focus on improving outcomes challenging

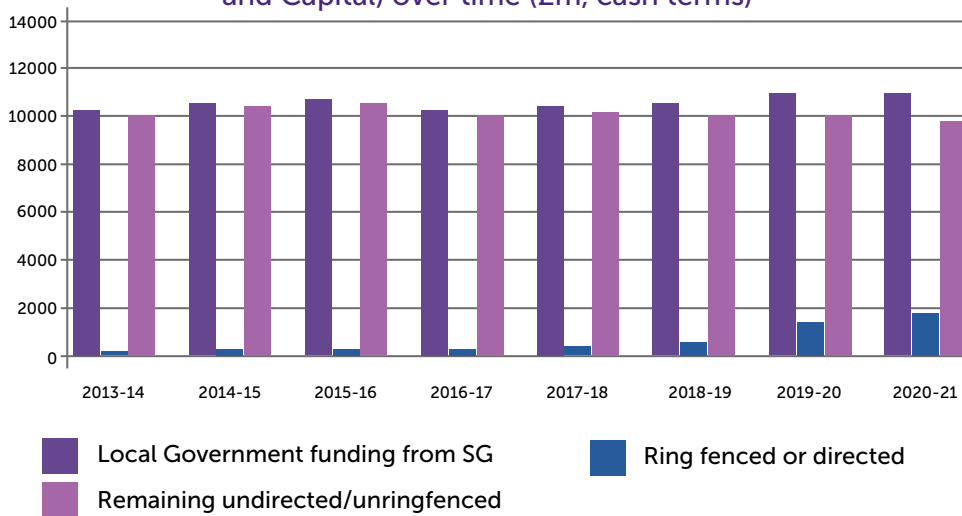
Local Government Funding

Key Trends

“ Councils have less flexibility in how they use funding. (Revenue) Funding dedicated to national policy initiatives, increased from £1 billion in 2019/20 to £1.5 billion in 2020/21, equating to **14.1** per cent of council funding from the Scottish Government. ”

Audit Scotland Local Government in Scotland Overview 2020

Change to Local Government Funding (Revenue and Capital) over time (£m, cash terms)

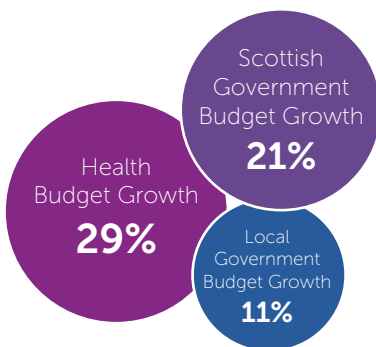


In 2020-21 there was **£482m less general, undirected grant funding** when compared to 2013/14.

What appears as a cash increase is for new policies - Early Learning and Childcare, free personal care, health and social care integration - and commitments like teachers' pay and pensions, pupil/teacher ratio.

This approach erodes the very core of communities and the essential services they rely on.

Between 2013/14 and 2020/21, the differences in rates of increases in available funding were significant



Despite increased investment by Scottish Government, health outcomes for people are not improving as fast as they should

Many of the services that impact health positively are funded from **Local Government's core budgets** - reductions in the core mean that the very services needed to **bring communities out of the COVID-19 emergency**, particularly around the wider public health agenda, are inhibited. Our aspirations are laid out in the [Blueprint for Local Government](#).



Local Government Funding Must be Protected



The financial impacts of COVID-19 are severe

Individuals, families, and businesses have all felt the effects and **look to councils for support** every day

But sustaining this **lifeline support** is placing **extreme pressure** on **already strained budgets** and on our **workforce**. COVID has also impacted the health and wellbeing of our staff.



We need fair funding for 21/22 that respects our communities

Fair Funding means:

- Resources to address the inequalities exposed by the pandemic
- Sustainable services that can fully support communities
- Local spending that supports economic recovery
- Job security for our workforce and opportunities for training and apprenticeships
- Councils can remain an exemplar employer, and a key part of local economies & communities

Local Government's asks of Scottish Government

- **Any additional COVID-related funding** for 2020-21 from UK Government must be passed on to Local Government – there remains a gap of at least £360m that must be addressed
- Any **cash increase** for 2021-22 from UK Government must be passed on
- **Additional social care costs** (for delegated services) should continue to be met from Health consequential during 2021-22 (c£300m additional for 20-21)
- All **known Scottish Government policy commitments** must be fully funded
- **No cap on council tax** - this must be a truly local tax
- The settlement should respect the efforts across **"one workforce"** and allow councils to make a pay award that aligns with all other parts of the public sector
- An **end to small pots** of ring-fenced, highly directed funding out with the Settlement
- **Local Government's wider role** must be respected and funded - this includes adequate capital for affordable housing

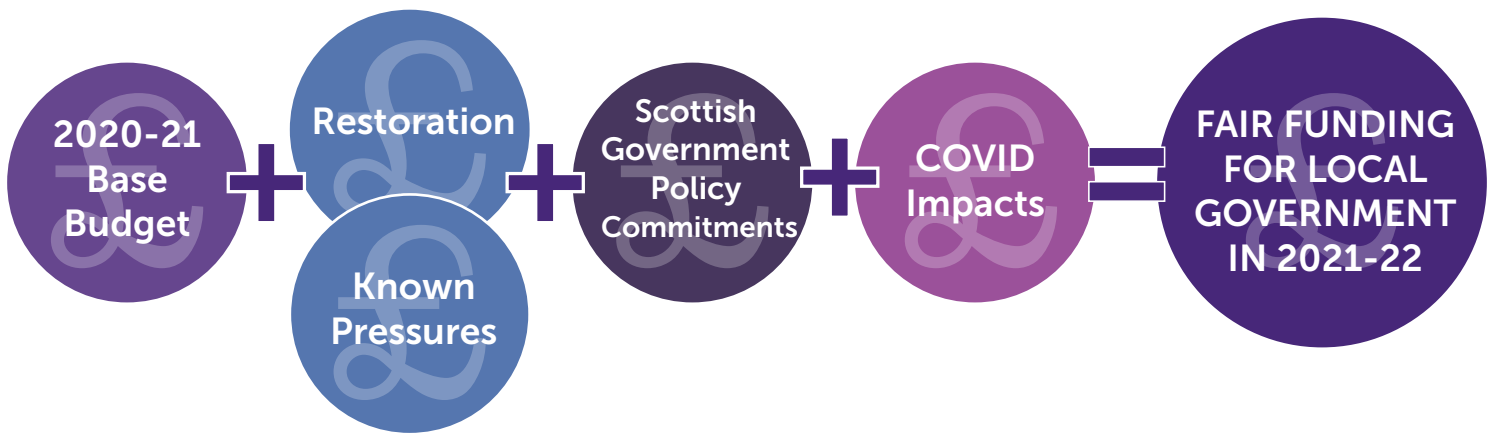


Fair Funding for Local Government in 2021-22

We need fair funding for Local Government that:

- looks across the whole system, that fully respects communities and allows councils to provide the support that will be required
- allows Local Government to address very real pressures – pay (including living wage), increased service demand (including as a result of COVID), inflation, EU transition, and ongoing loss of income next year.

At the very least, our funding ask is as follows:



	20-21 Base Budget	Restoration (3%) Known Pressures (2%)	Scottish Government known policy commitments	COVID impact	FAIR FUNDING for 2021-22
Revenue	£10,668m	£320m £213m	£164m	£770m*	£12,135m
Capital	£607m**	£18m £12m			£637m

*This figure is based on COSLA's full year cost collection exercise for 20/21 and does not include Education recovery costs, nor Social Care (funded via HSCPs) and is indicative of the scale of additional costs incurred by councils during a pandemic of this nature.

**Scottish Government presented £778m capital in Circular but this included £121m ELC and £50m Heat Network early adopters

Council services **keep people out of hospital**

During winter, this will be key to ensuring that the NHS can cope

Council support **protects lives and livelihoods**

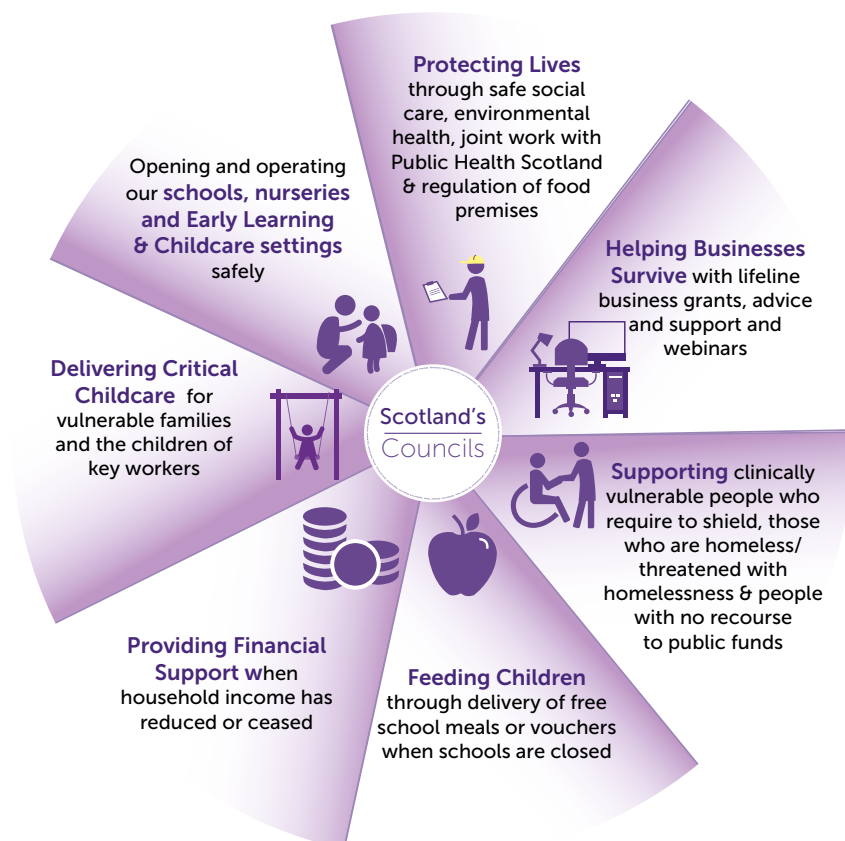
It prevents unemployment, increases in poverty and poor mental health

RESPECT our communities

Protect our **FUNDING**

From
**Day
One**

of the pandemic, Local Government
has supported every community



has magnified Local Government's wider role across communities

Councils are playing a key role in **public protection**

Homecare staff are in and out of older people's homes every day of every week, keeping them cared for and supported



Community hub staff are supporting people to shield, co-ordinating deliveries of food, pharmacy and other essentials

Homelessness prevention services have been essential to the emergency response, working in new ways to support vulnerable people and those who have no access to public funds



Environmental Health Officers have been regulating restaurants and takeaways, supporting businesses through COVID restrictions

Trading Standards Scotland have been warning and protecting our communities and businesses against scams



Fleet and transport services keep communities moving - alternatives to public transport for key workers and care services, and work with partners to support the current vaccination programme

Continued waste collection throughout lockdown, so our streets stayed clean, clear and safe



Practical support for the Gypsy / Traveller community during lockdown including toilets and sanitation

Councils are delivering **lifeline financial support** to individuals and businesses

Councils are continuing to deliver ongoing business support on behalf of Scottish Government – closure grants, hardship grants, sector specific support, help for the newly-self employed and now a discretionary business grant scheme to support those who have fallen through the cracks



Since March, we've delivered almost **£1.32b of business grants**

Business Gateway has changed and adapted to provide critical business support and advice during these unprecedented times – helping business move online and explore new business models



By opening schools and Early Learning & Childcare settings, we enabled people to get back to work when it was safe to do so, allowing them to earn a living

Families are being supported through provision of **free school meals** during the holidays and through the delivery of the **£100 Winter Hardship Payment** in time for Christmas



We continue to deliver crisis grants, additional Discretionary Housing Benefits and additional Council Tax reductions for individuals and families

Administration of £500 payments for those on low incomes who have to self-isolate



Outbound calling to ensure support packages are put in place for those who have no support networks

With Fair Funding

Local Government can drive improvements in health and wellbeing

Despite Scottish Government investing 29% more in Health services since 2013/14 (cash terms), outcomes for people are not improving as fast as they should:

- ➔ unacceptable gap in healthy life expectancy between our most and least deprived areas drug deaths
- ➔ increased drug deaths and alcohol addiction issues
- ➔ increases in childhood obesity



Investment in health cannot simply continue to be about more money for the NHS. Local Government's role is well recognised:



“Community health and wellbeing is complex. Its foundations include:

- an inclusive economy with good work
- quality housing and education
- accessible and effective health & social care services
- clean open spaces
- water and sanitation

”

Public Health Scotland's Strategic Plan

“The strongest influences on people's health are social determinants such as their level of education, income, quality of housing and employment.”

The Health Foundation – Reframing the conversation on social determinants

Many of the services that impact health positively are funded from Local Government's core budgets - reductions in the core mean that the very services needed to bring communities out of the COVID-19 emergency, particularly around the wider public health agenda, are inhibited.

Local Government's role must be viewed as part of a wider system. This is made clear in [in our submission](#) to the Independent Review of Adult Social Care

“the whole system”

stretches beyond traditional health and social care support services and into a wide range of other elements that impact wellbeing such as public transport, availability of arts and leisure services and a healthy local economy.”

With Fair Funding

Local Government can drive faster recovery



Social Care Services

are getting people out of hospital and providing increased community-based care and support for those whose health is impacted by COVID



Mental Health Support services

are supporting those whose wellbeing has been impacted (including support for children and young people in schools)



Financial Inclusion & Welfare Teams

are there for those who have been hardest hit



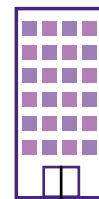
Schools and Children's Social Work Services

are working with vulnerable children and young people whose learning and home lives have been turned upside down by COVID



Council Building Projects

are helping local supply chains recover and creating much needed apprenticeship and training opportunities



Employability Services

are working with those furthest from the labour market or people now threatened with redundancy



Business Gateway and Local Economic Development Teams

are working hard to rebuild a strong business base



Planning & Development Management

will now stimulate local economies and support a move to Net Zero Carbon



Procurement & Service Commissioning

is ensuring that third and community sector organisations can once again thrive and survive



Transport and Active Travel

initiatives are adapting to new normal and working towards lowering emissions

“ We need to ensure that councils are at the forefront of economic recovery. They are one of the anchor employers in many areas and so it absolutely makes sense that they are empowered and at the forefront of that recovery. ”

Unison (Holyrood Magazine)



COSLA's Blueprint for Local Government

shows what is possible if Local Government is properly funded

Key Sources

- Accounts Commission "[Local Government in Scotland Overview 2020](#)", June 2020
- Scottish Parliament Information Centre (SPICe) "[LOCAL GOVERNMENT FINANCE: FACTS AND FIGURES 2013-14 TO 2020-21](#)", July 2020
- Scottish Government, [Local Government Finance circulars](#) 2013 - 2020
- Public Health Scotland "[A Scotland where everybody thrives](#)", Strategic Plan 2020-2023
- Scottish Government Budget Spreadsheets, various years
- COSLA "[Blueprint for Local Government](#)", Aug 2020



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