

# Budget

# SOS

save our services

*Everything you need to know about the impact of the Scottish Government's December budget on **your council services and your community** in 2023... unless Scottish Government spending plans change to **Save Our Services***

## The Facts

### Current Spending Plans

The Scottish Government's spending plans for the next 3 years (published in May 2022) show that **at best, Councils are set to see a "flat cash" financial settlement**

Rising energy costs, soaring inflation, and pay increases mean the money won't go as far

Capacity to deal with increased demand due to Covid-19 and the current cost-of-living crisis will be reduced

Councils will struggle to maintain even statutory services – schools, nursery provision, planning, care, roads, libraries, sports facilities, waste collection, street cleaning and basic maintenance

With little room left to manoeuvre, the Scottish Government's spending plans as they stand, will result in councils having less money available to pay their staff

### Impact

Councils will get the same amount of cash next year as they got this year, to deliver services which cost more

This will result in services either being reduced or stopped

This means less support for the most vulnerable in our communities

Everyone will start to feel and see the difference - reduced services and support as well as poorer living environments

70% of Councils' budgets are spent on staff (around £9bn for 250,000 people), so it's inevitable that this will lead to job losses

# Funding for day-to-day services

- Local Government's revenue settlement - provided to help fund local services across Scotland – was **£12bn** in 2022/23 (£90m of which was one-off funding). On top of that:
  - + **£140m** was added by Scottish Government towards the Local Government pay award this year
  - + **£32m** was added for Whole Family Wellbeing support
  - + **£115m** will be needed to meet a joint commitment to pay the Real Living Wage in Adult Social Care commissioned services for next year
- The reality is that “flat-cash” needs to be at least **£12.2bn** for 2023/24 – *but that does not take account of pressures, including pay and inflation.*

Years of real terms cuts to Local Government's funding (whilst Scottish Government's whole Budget has increased) means it's a constant struggle to keep pace with rising costs and increasing demand.

## Under Pressure

- A recent COSLA survey of all 32 councils showed over **£600m of pressures for 2023/24** due to inflation, rising energy costs, pay, and increased demand
- Staff will, quite rightly, have expectations around a pay increase in 2023 - each additional 1% adds around **£100m** on a recurring basis
- Councils across Scotland are continuing to welcome and resettle Ukrainians, and provide vital services including early learning, education, housing, and financial inclusion - all of which need funding
- There is also a pressing need to address climate change and move to Net Zero but it requires investment
- **These pressures result in an estimated funding gap of at least £1bn going into 2023/24 unless more cash is provided for councils**

Directors of Finance across Scotland are sufficiently concerned about the financial sustainability of councils that they have written directly to the Deputy First Minister.

# Bridging the Gap

Unless current spending plans change, Councils will be facing significant pressures next year. To put the scale of the **£1bn gap** into perspective, it is equivalent to:



The entire budget required to deliver  
**Early Learning and Childcare**



Councils' total net revenue expenditure on  
**roads, transport, sport and culture**



**17,500** teachers (around 30% of current total)  
(based on avg salary of £43,878 + on costs = £57,041)



**Significant cuts across most non-statutory services** –  
including youth work, economic development, prevention services like domestic  
abuse and family support, sports facilities

Councils across Scotland are currently considering options for addressing these gaps – many of these have been reported in the press recently:

## **Stark warnings of possible service cuts to fill financial black hole**

**CASH-STRAPPED COUNCIL FACES 'WORST CUTS EVER' DUE TO FUNDING SHORTFALL**

## **New schools, roads and housing plans 'no longer affordable'**

**RESIDENTS URGED TO HAVE THEIR SAY AS COUNCIL FACES DIFFICULT DECISIONS**

## **'Significant risks' to education as council agrees cost-cutting measures**

**JOBS ON THE LINE AS LOCAL SERVICES FACE 20% SPENDING CUTS**

Without a change in Scottish Government spending plans, the reality will be a mix of cuts to statutory services, cessation of other services, and job losses.

# Funding for building and infrastructure

Similarly, the Scottish Government is planning a “flat cash” budget for the funding that is currently provided to build and maintain schools, homes, roads, bridges and more. Not only has the cost of materials and labour gone up, but any borrowing required for building has been impacted by the hike in interest rates.

The transition to Net Zero requires capital investment across council and partner facilities. And the current rent freeze will impact the resource available to adapt housing to ensure everyone has a warm, affordable home – this means more families will continue to live in poverty.

**Investment in Local Government can be the key to our move to Net Zero** – it creates a positive ripple effect across communities, business and supply chains.

Within 12 months, Scottish Government intends to undertake a review of capital accounting – this could see further reductions in the ability of Councils to fund building and infrastructure projects.



*The Scottish Government's current spending plans are bad news for you, your family, your community and your local economy. **They must be reconsidered as part of the Scottish Budget - Local Government should be fairly funded and empowered to deliver for you***



Your local MSP has a key role to play to support Local Government during the budget process – please feel free to contact them to highlight the essential services your council delivers and the need for the Scottish Government to provide Councils with a fair settlement.

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