

Why the 2021-22 Budget does not represent fair funding for Councils



On 16 Feb, the Finance Secretary updated the Scottish Parliament on [Scottish Budget 2021-22](#) developments. The announcement also covered funding for the *current* financial year.

COSLA is pleased that our constructive discussions have resulted in additional flexible funding (£275m), and education logistics funding (£70m) for 2020-21, recognising the existing funding gap that we have consistently highlighted.

However, our concerns around the settlement for 2021-22 remain. COSLA looks forward to continued dialogue in advance of Stage 1 in relation to core funding, to address the issues outlined below.

Revenue Funding for 2021-22

Scottish Government has said Local Government's budget has increased by £335m (3.1%) since 2020-21.

Budget Reality is that, once policy commitments are honoured – including Carers Act, free personal care and living wage - Scottish Government is only offering an increase of £94m (0.9%) to **core funding**.

Fair funding this year would mean addressing the following priorities:



PAY

with only £94m additional in the settlement, a meaningful pay award, consistent with Scottish Government's proposals for other parts of the public sector, will impact core budgets



COUNCIL TAX

the offer of £90m is equivalent to a 3% rise for the majority of councils. However, this **£90m must be baselined** to avoid the need for a large rise next year.



FURTHER COVID MONEY

COSLA welcomes the £259m non-recurring funding to address COVID pressures next year and the commitment to pass on additional loss of income consequentials. Our ask is that additional COVID money is passed to Local Government with **no strings, no reporting, and no questions** about the value of essential services provided every day by councils.

SPICe has highlighted that since 2013/14, Local Government's revenue funding has **reduced by 2.4% in real terms**, in contrast to a **3.1% increase in Scottish Government Revenue funding** over the same period. **In COSLA's view, this isn't fair funding.**

Capital Funding for 2021-22

Scottish Government has seen a 5% increase in its own capital budget limit since last year.

Local Government will see **NO INCREASE** to its **core capital budget** for the next 5 years.



This means a **reduction in real terms** that doesn't recognise what can be achieved locally – jobs, training, apprenticeships, supply chain spend, more vibrant communities, better outcomes for individuals and businesses. Nor does it recognise pressures already being felt in relation to increasing contract prices.

Scottish Government's own priorities, including investment in schools and green growth projects, will be under threat if councils do not have core capital to invest.

Further capital funding is required to allow councils to invest in facilities, housing and infrastructure to support our communities and local economies particularly in the context of recovering from the Covid 19 crisis.

RESPECT

our Communities: Protect our

FUNDING

COSLA