



## **COSLA Response to the Scottish Government's Resource Spending Review Framework [consultation](#)**

March 2022

### **Summary of key points**

#### **Section 1 – Priorities for Resource Spending**

- ❖ **Local Government is the crucial partner** in addressing all three of the Scottish Government's Resource Spending Review priorities - *to support progress toward meeting our child poverty targets; to address climate change and to secure a stronger; fairer, greener economy* - and is integral to the role of improving outcomes for people across Scotland.
- ❖ It is essential that there is meaningful long term, sustainable investment in Local Government to achieve better outcomes across these priorities. Without meaningful investment, achieving these three priorities will be impossible.
- ❖ It is COSLA's view that a **fourth priority** is required to reflect on the importance of improving the wellbeing of individuals and communities – **“to ensure that everyone can live well locally”**. This additional priority can underpin and link the other three priorities.
- ❖ To enable people to Live Well Locally it is critical to address the social determinants of health and invest in the 'whole system' of which local government is a fundamental part.

#### **Section 2 – Primary Drivers of Public Spend**

- ❖ It is not immediately clear how the four drivers identified within the RSR Framework (*changing demographics, demand on the health service, public sector workforce, inflation*) link with the three priorities identified (*child poverty, climate change, the economy*).
- ❖ Local Government has borne the brunt of funding pressure for more than a decade, but the gap cannot continue be met by Local Government through further efficiencies.
- ❖ There are clear signs that health inequalities are worsening, however, funding to address this must be sustainable and not at the expense of core Local Government funding.

- ❖ There is a more compelling need to drive a focus on **greater investment upstream** to reduce demand on health and social care services, not just funding the NHS and continue to be reactive - **prevention is the key**.
- ❖ Pay and inflationary pressures need to be addressed in the RSR to avoid Local Government having to make job losses or lose highly trained and well-developed staff to other sectors, with service closure impacts within communities.
- ❖ Recovery from the COVID-19 pandemic is not listed as a driver and COSLA believes that this should be included.

### **Section 3 – Maximising the Value of the Public Sector Workforce**

- ❖ The value of the public sector workforce will be maximised by ensuring staff are appropriately paid, skilled supported, and recognised for the critical roles they do.
- ❖ The Local Government workforce includes those doing the most poorly paid types of work, due in no small part to the continued downward pressure on core budgets. This is unacceptable and leads to poorer social and economic outcomes.
- ❖ To deliver on the RSR priorities there needs to be greater investment in and recognition of the workforce.

### **Section 4 – Maximising the impact of public spending**

- ❖ To maximise the positive impact of public spending there needs to be fair and sustainable funding to Local Government, and this must be a critical part of 'whole system' thinking and addressing the social determinants of health.
- ❖ The Local Government core settlement has seen a real terms reduction of 15.2% since 2013/14. Increasingly directed funding and pressure on core budgets mean that councils have limited flexibility decisions about local spend to ensure best use of resources based on local need and priorities.
- ❖ Multi-year settlements are required to maximise the positive and lasting impact of public spending. Resourcing on an annual basis is not a best value approach.
- ❖ There needs to be a greater understanding of the **opportunity cost of introducing new policies**, when they come at the expense of core funding.
- ❖ The focus must shift from input measures to truly outcomes focus. A focus on inputs and outputs drives behaviour and spending in ways that are not necessarily best value.
- ❖ There is a need to stop or change some things that are currently delivered from a national perspective, where they aren't required locally.
- ❖ Investing in prevention is critical to success.

## **Section 5 – Equality and human rights impacts of the RSR**

- ❖ Local Government is the key partner in the realisation of social, economic, and cultural rights. Local Government must receive fair and sustainable funding to support this and needs to be empowered to raise revenue to fund local services and infrastructure to support the realisation of rights.
- ❖ The ways in which resources are raised and allocated to support local delivery of services is crucial to the progressive realisation of human rights and our ability to invest in the most urgent and pressing needs within communities. This is a challenging and resource intensive objective to deliver.
- ❖ All spheres of government should be applying the principle of non-regression of rights which impacts both revenue raising and allocation – a key route to this is for Scottish Government to create the fiscal conditions to support and empower Local Government. Additional revenue raised by Local Government could be usefully used to fund the progressive realisation of rights, improving outcomes for individuals and communities.
- ❖ To address the inequalities and the gaps in the realisation of rights, there must first be analysis of where the greatest need is, and an assessment of how best this can be improved. For example, ensuring that there is gendered analysis and gendered budgeting.
- ❖ Scottish Government should align budgets to the National Performance Framework and the realisation of rights. There should be an analysis of current policy, legislation and the Scottish Budget to ensure that it is supporting the progressive realisation of rights.

## **Section 6 – Ongoing engagement around resource spending plans**

- ❖ A consultative approach to the RSR and a longer-term conversation about fiscal sustainability is welcomed, however engagement needs to be genuinely ongoing, meaningful, accessible and easy to understand.

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## **SECTION 1- Priorities for Resource Spending**

1. COSLA's Blueprint<sup>1</sup> for Local Government sets out a vision for Scotland's future which is based on the empowerment of people and communities. Local Government is the anchor in our communities for children, young people, and families; for the elderly and those needing extra support; for local businesses; for those needing help with housing; and for the services that protect and improve our physical and emotional well-being and the environment. Local Government needs to be truly empowered and resourced to produce better outcomes across a diverse nation.

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<sup>1</sup> [LG-Blueprint.pdf \(cosla.gov.uk\)](https://www.cosla.gov.uk/LG-Blueprint.pdf)

2. The three priorities set out in the Resource Spending Review (RSR) align with the priorities of Local Government, as set out in our Blueprint and the National Performance Framework. The RSR must recognise that **Local Government is the crucial partner** to addressing all three of these priorities and integral to the role of improving outcomes for people across Scotland.
3. However, COSLA's view is that, to realise our vision, a fourth priority is necessary in order to "create the conditions for our citizens, businesses and third sector to thrive<sup>2</sup>". Our proposal is that a fourth priority - "**to ensure that everyone can live well locally**"- is introduced and used when assessing resource spending plans. Without a priority that is focused on the communities in which children grow up, in which local action on climate change, and in which businesses can thrive, public spending will continue to paper over the cracks. Without a focus on creating vibrant and supportive communities, our public services will continue to plough money into addressing complex and resource intensive problems that most certainly mean poorer outcomes for individuals. Put simply, resource spending that is focused on supporting people to live well locally is cost-effective and aligns with Christie Commission principles, (quoted within the RSR)

*This section of our submission now examines each of the 3 Scottish Government priorities, as set out in the RSR Framework, and articulates the key role of Local Authorities and why, for better outcomes, it is essential that there is evidence of meaningful long-term, sustainable investment in Local Government over the rest of this parliamentary term. It then provides more detail on our proposals for the fourth priority.*

### **Priority 1- Child Poverty**

4. Local Government is committed to the national mission to tackle child poverty and has a pivotal contribution to make towards realising ambitious targets - it is clear that simply continuing to do what we are currently doing across Scotland means we are not going to achieve those targets. And increasing fuel and food costs are going to exacerbate problems further.
5. The impact of child poverty on life expectancy is unfair and avoidable. The Joseph Rowntree Foundation tells us that 'boys born in low-income communities can expect, on average, 47 years of healthy life, girls, 50. There is irrefutable evidence of the crushing impact of poverty on children; stealing two decades of quality of life because of where you are born.' This in turn will have an impact on the demand for and costs of support for groups who are unable to contribute fully as part of a long healthy life, supporting these families now will support our health and social care services in the long term.
6. Local Government's role is fundamental to tackling child poverty, covering the broadest range of services including employability, welfare and crisis support, and housing (covered in the paragraphs below) but services such as education, childcare and transport that are also key to supporting families to develop long term sustainable solutions to the problems they face.

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<sup>2</sup> [Scottish Government's RSR Framework - foreword](#)

7. Because fair and flexible work can provide a sustainable route out of poverty for parents, **employability work** led by Local Government, and planned and delivered through Local Employability Partnerships, is a critical contributor to reducing levels of child poverty. The No One Left Behind (NOLB) approach targets those who are unemployed and most disconnected from the labour market, those in low income and precarious jobs. Within NOLB, the Parental Employment Support Fund promotes a targeting of intensive support to those six family types who are the most vulnerable to in-work and out-of-work poverty. The NOLB approach recognises the need for the alignment and integration of employability services with other local authority and partner support services, particularly health, housing, community justice, childcare, advice, advocacy, and welfare rights services. This recognises that those furthest from work are likely to need a suite of support to enable them to take up work opportunities.
8. The local approach is increasingly vital to recognising and addressing the labour market challenges for women, many of whom will have dependent children at risk of growing up in poverty. It is also necessary to identify and address the particular and additional needs of migrants and refugees, something that the situation in Ukraine will bring into sharp focus in the next few weeks and months. However, it is only by getting into the detail of the local context that problems can be addressed most effectively. For example, the challenges facing a single mother in a rural area will require very different approaches to that of a mother in one of our cities – transport, housing costs, access to services, community cohesion etc.
9. Local Government critically provides **welfare and crisis support** as well as money advice, rights and advocacy (either directly or through funding providers). Those services all help to mitigate the impacts of poverty on families and support those on lowest income manage increasing cost of living. Councils also initiate referrals and routes to access other local and national services and support, including UK and Scottish Social Security. When delivered in a holistic manner, these services can have a more sustainable impact on an individual's income and provide the stability they need to navigate their way sustainability out of poverty. Whilst the Scottish Government has augmented some existing schemes throughout the pandemic response, Local Government has been required to adapt many of these services to deliver additional support (including for self-isolation, winter pressures, cost of living, etc). This in turn has impacted on council's capacity to deliver the existing schemes and it is therefore imperative that there is now sustained and increased investment in Scottish Welfare Fund, Discretionary Housing Payments, the Council Tax Reduction Scheme and other low-income benefits, and that funding for advice services is increased. In addition to this, the opportunity afforded by the Review of Scottish Welfare Fund should be used to consolidate these schemes in a way that is capable of making more strategic interventions.
10. **Social housing** is required to tackle child poverty. In June 2021 the Association of Local Authority Chief Housing Officers (ALACHO) commissioned a piece of research<sup>3</sup> on how Scottish and Local Government were progressing towards realisation of the right to adequate housing. The report cites housing-specific comments within the UN Committee on Economic, Social and Cultural Rights (CESCR) which include seven conditions that must all be present if a State is to meet its obligations in terms of 'the right to adequate housing' – one of these is

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<sup>3</sup> [The right to adequate housing: are we focusing on what matters? : CaCHE \(housingevidence.ac.uk\)](https://housingevidence.ac.uk/)

housing affordability. Currently, those living in the Private Rented Sector are more likely to be paying higher than deemed “affordable” in the report in housing costs, compared to those who own their property or live in local authority or housing association housing.

11. This is why increasing the availability of affordable, energy efficient social housing is important. Whilst the focus is on the RSR, it is important to recognise that lack of adequate housing, both social and private, leads to knock on effects for supporting children in poverty. This inevitably leads to strain on core resources for Local Government is seeking to support children and their families in poverty. This is exacerbated by the continuing issues of homelessness – additional funding in recent years has been helpful but, fundamentally, Councils’ ability to respond to homelessness needs is dependant on core resource funding being available to underpin rapid rehousing transition plans and other measures to tackle homelessness.

## **Priority 2- addressing Climate Change**

12. The Just Transition to a Net Zero Economy is the defining challenge of our times. But it will require concurrent changes to Scotland’s economy and society over the next two decades or more, with some of the most challenging interventions required between now and 2030, if Scotland is to meet the binding target of reducing greenhouse gas emissions by 75%. It is crucial that the RSR sets out how resources will be utilised to enable rapid delivery towards a Just Transition and the 2030 target.
13. The scale of this challenge is enormous. The Climate Change Committee in their December 2021 report<sup>4</sup> show how important rapidly delivery is now, if Scotland is to get close to meeting the 2030 target. Likewise, the Climate Emergency Response (CERG) Group in its September 2021<sup>5</sup> report recommend shifting to a new paradigm in how Local and Scottish Government prioritise and resource work on decarbonisation. The critical nature of the next few years is also picked up by the recent report by Audit Scotland: Addressing climate change in Scotland<sup>6</sup>. Above all of this is the recent report<sup>7</sup> by the Intergovernmental Panel on Climate Change (IPCC) which emphasises the stark reality of the global climate crisis, the short window we have for action and “widening disparities between the estimated costs of adaptation and documented finance allocated to adaptation”. The message from all these reports is that delivery is now essential and that future targets will not be met unless rapid progress is made in the next few years.
14. Local Government is at the forefront of delivering a Just Transition. The evidence presented to the Scottish Parliament’s Net Zero, Energy and Transport Committee’s inquiry into the role of Local Government in financing and delivering a net-zero Scotland, illustrates how fundamental Local Authorities are to decarbonisation but also the significant challenges faced by Councils. Local Government is critical to the delivery of multiple strands of the Just Transition, including, but not limited to:
  - Transport decarbonisation

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<sup>4</sup> [Progress reducing emissions in Scotland - 2021 Report to Parliament](#)

<sup>5</sup> [CERG Report Final Sept 2021.pdf](#)

<sup>6</sup> [Addressing climate change in Scotland](#)

<sup>7</sup> [AR6 Climate Change 2022: Impacts, Adaptation and Vulnerability](#)

- Heat Decarbonisation
- Waste and the Circular Economy
- Land use and planning
- Regeneration
- Biodiversity and nature-based solutions
- Employability, skills and education
- Business support
- Leadership, communications and behaviour change
- Digital connectivity
- Tackling inequalities and poverty

**Other than Scottish Government, Local Government is the only part of the public sector that has a footprint covering all these aspects of a Just Transition.**

15. The transport sector alone is the single largest emitter of greenhouse gas emissions in Scotland and will require multiple interventions across a range of policy areas. Deep cuts in transport emissions will require system-wide thinking and integrated delivery, which Local Government is uniquely placed to support. The recently published joint route map to achieve a 20 per cent reduction in car kilometres by 2030 illustrates some of this challenge.
16. As an example, one of the hardest areas to address is demand reduction and behaviour change in car usage. Yet, the benefits to communities in terms of health and economic outcomes could be substantial. While substantial capital funding will still be required, new revenue funding will be necessary to pay for the public engagement required to have an impact on car usage. This will have to be matched by public transport, active travel and electric vehicle infrastructure investment, all of which will need an element of revenue funding to sustain. It is also unlikely that we will see a sustained shift away from car usage without rethinking travel patterns and encouraging people to stay more locally. This again requires a whole systems approach, with planning, regeneration, housing and digital service providers working closely together, all of which will take planning, staff time and further revenue spend.
17. The plethora of challenge funds supported by the Scottish Government has a continuing revenue cost to Councils, even if they are unsuccessful in bidding for funding. A reduction in the number of capital challenge funds in favour of more allocations to Councils is one way to assist Local Authority revenue budgets. In general, we support simplifying funding streams to Local Government, merging smaller pots into larger, more flexible funds. This reduces the amount of staff time required to locally administer funds and allows larger projects to be potentially funded. Funding for active travel is one area that would benefit from this approach.
18. Local Authorities equally have the role in bringing the significant resources of the third sector and local communities together, harnessing the skills of communities and building consensus for action - Edinburgh's Climate Commission is a good example. Again, this takes staff time and revenue funding to organise effectively and sustain, particularly when ensuring processes are accessible and representative of all
19. Local Authorities have a range of financial levers at their disposal which are not open to Scottish Government, but for these to work properly requires Councils to have sufficient revenue to sustain borrowing. We can foresee the need for new ways of

funding projects, both from the public sector (e.g. Green Growth Accelerator) but also the private sector. However, for Councils to access private capital invariably requires a considerable investment of staff time, which must happen without the guarantee that it will pay off.

20. For COSLA the evidence is clear that more revenue funding will be required, even if an exact amount is harder to establish. It is hard to quantify how much revenue is required, but this also needs to be **set against the greater cost of inaction**, which will be considerably more, both in the short and longer term. One option would be for Local and Scottish Government to develop a flexible revenue fund which Local Authorities could utilise for a variety of net zero initiatives. This fund may start modestly but could grow in future years as we approach the 2030 target.
21. No matter how it is achieved, it is the central message of COSLA's evidence to the ongoing Parliamentary inquiry on net zero delivery <sup>8</sup> that flexible revenue funding for Local Authorities is urgently required and is something which the RSR must address.

### **Priority 3- Stronger, Fairer Greener Economy**

22. Local Government has a key role in creating a stronger, fairer and greener economy and is a key driver of the local and national economy. Councils have a rich experience of addressing local needs effectively. That includes our long experience of supporting those furthest from the labour market through our **employability support** and track record of successfully driving down youth unemployment through apprenticeships and job creation schemes following the last recession. As we move into recovery over the course of the Spending Review period, post pandemic, this support needs to be continued and enhanced given all the evidence that the most damaging pandemic impact will be on these groups. The findings by the Advisory Group on Economic Recovery<sup>9</sup>, chaired by Benny Higgins, set similar priorities for Scotland's economic recovery.
23. The economic footprint of Local Government is considerable and should be a key strength for delivering a Just Transition. In 2020/21, Councils spent almost £480m on economic development and tourism (this was made up of over £119m capital spend and over £360m revenue spend)<sup>10</sup>. Local Government has a strong track record in **local economic development and business support**, which can be enhanced through help and guidance on safer working practices to assist businesses to reopen, and start-up support to create employment opportunities. Local Government is in a unique position to help drive demand in the labour market through effectively aligning powers and investment to create new additional jobs, with a specific opportunity to help drive forward the green economy enabling improved outcomes.
24. There is a need for substantial funding for employability, job creation and business support, complemented by accelerated, repurposed and more flexible approaches to capital investment programmes as the key priorities to enable economic recovery and deliver our existing commitments of creating a wellbeing, carbon neutral economy. With the right resources Local Government can enhance its local leadership to support the shared ambition that economic recovery is also focused on

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<sup>8</sup> [Response 316380638 to The role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland - Scottish Parliament - Citizen Space](#)

<sup>9</sup> [Working towards economic recovery - gov.scot \(www.gov.scot\)](#)

<sup>10</sup> [SLAED Indicators Framework Report 2020-21](#)



achieving a wellbeing focused and carbon neutral economy, support our commitment to achieving net zero carbon emissions and delivering inclusive economic growth. Support for employability, job creation and business support can enable a green recovery by maximising opportunities for green infrastructure projects and creating green jobs, linking employability and climate change policies.

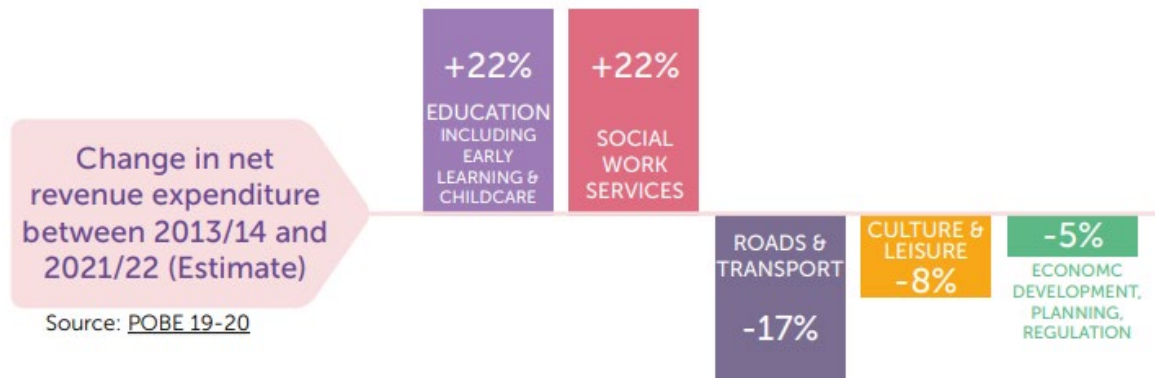
25. Local Government plays a pivotal role in promoting **the circular economy** which is a key strand of the just transition. The wider point about the circular economy is that if we are serious about making a step change in recycling and waste prevention, we will need to invest in people delivering the services and the messaging to the public. This will require revenue as well as capital to get right. Whilst investment on waste and circular economy is mainly Capital (more bins, vehicles, processing centres) there is a significant element of revenue spend which is needed to keep services running and to develop new skills etc. Councils equally need flexible funding to develop plans and programmes and to de-risk potential investment programmes. A lack of flexible funding will stifle innovation as Councils won't have either the capacity in house to pursue riskier and more cutting-edge projects and won't have the ability to buy it on the marketplace either. A poorer Local Government is ill equipped for the fast-changing world we are entering which makes successful delivery of waste and climate change targets all the less likely.
26. As the RSR recognises, around 48% of the public sector workforce is employed by Local Government. Councils are often the largest employer in their area. This means that the employees themselves are drivers of the local and national economy and therefore lack of investment in keeping them in long term secure jobs is lack of investment directly in the economy. Additionally, Local Government also directly procures a significant amount of goods and services. Driving changes in investments through procurement is a key tool to deliver a stronger, fairer, greener economy.

#### **Proposed priority 4 - Living Well Locally**

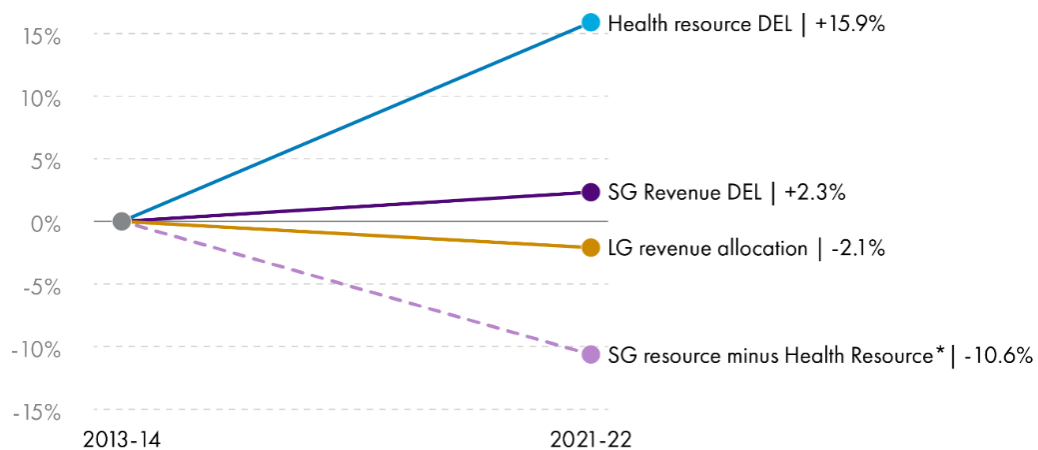
27. In addition to the three priorities set out in the RSR Framework, COSLA believe it is critical to reflect on the importance of improving the wellbeing of individuals and communities, which in turn will have significant physical, mental and economic benefits. COSLA believes this additional priority - **to ensure that everyone can live well locally**- is required to underpin and link the other three priorities.
28. Local Government services, from housing to education to leisure and culture services play a significant role in preventing poor health outcomes and reducing demand on health services, as well as helping to enhance recovery and improve the quality of life for people with long term conditions. These services encourage active engagement and help people to connect with and contribute to their communities, helping to reduce social isolation and loneliness and improve resilience. To enable people to Live Well Locally it is critical to address the social determinants of health and invest in the 'whole system' of which Local Government is a fundamental part, along with other core Council services such as roads, transport, employment, culture, leisure, housing, parks and youth work.
29. Councils' core budgets are where spending on prevention is enabled, for example on cultural and leisure services as well as local nurture programmes and English for Speakers of Other Languages (ESOL), all of which contribute to health, wellbeing and attainment. However, increasingly policy direction from Scottish Government

since around 18/19 has seen Local Government net revenue expenditure increase in some areas, at the expense of others. This erosion of councils' core funding results in a reducing ability to invest in preventative work, taking us further away from key priorities such as tackling child poverty.

30. The diagram below shows the percentage changes in Local Government net revenue expenditure between 13/14 and 21/22:



31. As well as this increase in direction within Local Government Budgets, recent Scottish Budgets have seen a significant increase in funding going to Health whilst Local Government, as key part of the wider health “system”, has not been passed its “fair share” of the real terms increase that Scottish Government has seen. The graph below, taken from a SPICe briefing<sup>11</sup> before COVID, demonstrates the trends clearly and the most recent Scottish Budget continues this trend.



\*Includes NDRI for consistency with the local government comparison

32. Simply putting more resource into health is not the answer – key indicators are not showing improvement, as evidenced in COSLA’s Live Well Locally document<sup>12</sup> and shown in the diagram below:

<sup>11</sup> [Local government finance: concepts, trends and debates | Scottish Parliament](#)

<sup>12</sup> [COSLA-Live-Well-Locally-Budget-Lobby-22-23.pdf](#)

Recent reports from National Records of Scotland (NRS) emphasise the stark reality of health inequalities in Scotland. Whilst COVID shone a spotlight on inequalities, the longer-term trends were clear – **healthy life expectancy at birth has been reducing** over the last few years, and there continues to be an **unacceptable gap** between our most and least deprived communities.

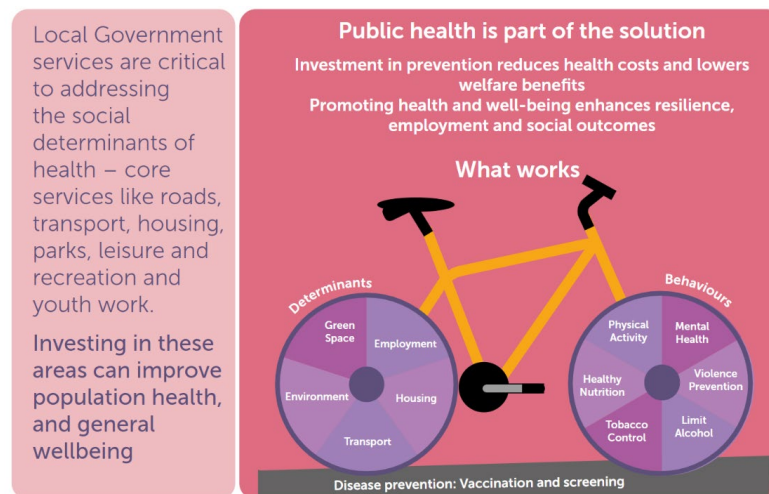


The most recent [Annual Review of Demographic Trends](#) sets out equally stark facts - those in the most deprived areas are:



And sadly, the [State of Child Health 2020](#) report shows that the adolescent mortality rate per 100,000 children age 10-19 has increased from 19.5 to **24.6**, the highest rate of the four UK nations.

33. The RSR should recognise that health and wellbeing are interrelated, and that investment is needed in the ‘whole system’ – improving these outcomes depends on the building blocks being in place - housing, education, employment to name a few. The World Health Organisation (WHO) has made this case for wider thinking about public health<sup>13</sup>.



34. As set out above, this is particularly important with regard to mental health recovery, closing the education attainment gap, the local economy, local placemaking, and individual and community resilience.

<sup>13</sup> [WHO/Europe | Public health services - The case for investing in public health](#)

## SECTION 2 – primary drivers of public spending

35. It is not immediately clear how the four drivers identified within the RSR Framework (changing demographics, demand on the health service, public sector workforce, inflation) link with the three priorities identified (child poverty, climate change, the economy). A weak economy is in itself a driver of public spending - tax revenues needed to pay for public services and to address outcomes will not be generated. However, the development of a fair, greener, stronger economy is a driver of potential *spending power*. By growing local economies and creating jobs, reliance on public services can actually be reduced, with significant health and wellbeing benefits, as people are empowered by work and enabled to live well locally.
36. Before commenting on the drivers identified, it is worth noting that the mid-scenario modelled in the RSR framework suggests a funding gap of £3.5bn in 2026/27 and if we face the low funding and high spending trajectory, this gap triples to £10.3bn – this equates to almost **82% of the total Local Government settlement for 22/23**. This creates deep concern about the sustainability of public services in Scotland. These assumptions also fail to include the policy commitments which have already been made by the Scottish Government and the funding which would be required to deliver on them, for example a commitment to universal free school meal provision.
37. As highlighted already, Local Government has already borne significant funding pressure for more than a decade, with the proportion of the Scottish Government budget going to Local Government falling from **34%** in 2013/14 to **28%** in 22/23. During the same period, health spending increased to account for around **41%** (figures taken from Scottish Budget documents and Local Government Finance circulars). This change has eroded the critical role and potential for prevention that Local Government can offer.
38. Local Government has been making efficiency savings for over a decade and the cracks are now starting to show. Any suggestion that this funding gap be met by Local Government through further efficiencies is false – services will continue to have to be cut if the erosion of core funding continues and we will see greater loss of talent and an inability to attract the next generation. The Accounts Commission's most recent Local Government Financial Overview Report<sup>14</sup> clearly sets out the stark reality that now faces Local Government:

*“The long-term funding position for councils remains uncertain, with significant challenges ahead as councils continue to manage and respond to the impact of Covid-19 on their services, finances and communities.”*

*“In the longer term, uncertainty creates challenges for councils as they seek to address cost and demand pressures that existed before the impact of Covid-19, as well as develop long-term plans with their partners to address complex issues such as child poverty and inequalities, to improve economic growth and to deliver Scotland's net zero ambitions.”*

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<sup>14</sup> [Local government in Scotland: Financial overview 2020/21 \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk/publications/2020-21-local-government-financial-overview)

## Changing demographics

39. The increase in the population aged over 65 must be viewed alongside the fact that life expectancy in Scotland has been increasing since the 1950s, but this has now stalled. This 'stall' can be seen across all socio-economic groups and almost all age groups. Furthermore, life expectancy in Scotland's poorest areas has actually decreased<sup>15</sup>.
40. This is a clear sign that health inequalities are worsening, and that socio economic status is increasingly impacting on how long we live for and also how long we live in good health. A decrease in healthy life expectancy will mean that people may need increased care and support and intervention (e.g., through social care services) at an earlier age. Recently published research<sup>16</sup>, based on English Councils, indicates that cuts in funding for Local Government might in part explain adverse trends which have emerged in life expectancy. During the last parliamentary term, it was encouraging to see joint policy development and delivery planning for expansion of early learning and childcare - investing in children and young people at the earliest opportunity has the potential to make the biggest impact on future trends. However, funding must be sustainable and not at the expense of core Local Government funding.
41. Scottish population is also differently reliant on migration compared to the rest of the UK. According to NRS Scottish Population Projections<sup>17</sup>, natural change is projected to fall to lower levels than have ever previously been recorded. Migration is projected to be the only source of population gain in Scotland. In comparison, ONS UK National Projections<sup>18</sup> show that the rest of the UK is projected to see an increase in natural population. The impact of EU Exit on migration is yet to be known but across the UK we are seeing workforce shortages. These have been driven by the pandemic which saw many foreign nationals return to their countries of origin who are not returning, now that the UK is no longer in the EU.

## Demand on the health service

42. Focusing on demand for health and social care services as a driver of public spending is a potentially distorted way of viewing the issue – there is a more compelling need to drive a focus on greater investment *upstream* to reduce demand on health and social care services, rather than simply accepting that spend must be focused on only the NHS and continue to be reactive, when prevention is the key. Increased demand for health services in particular is an indication of **failure demand**, whereas investment on preventing people getting ill and reversing the downward trend in healthy life expectancy should be the key. Sustainable investment in Local Government into social care, preventative services and critically those services which contribute to the wider determinants of health is required.

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<sup>15</sup> [Scotland's public health challenges - About Public Health Scotland - Our organisation - Public Health Scotland](#)

<sup>16</sup> [Local government funding and life expectancy in England: a longitudinal ecological study - The Lancet Public Health](#)

<sup>17</sup> [Projected Population of Scotland \(Interim\) 2020-based, Report \(nrscotland.gov.uk\)](#)

<sup>18</sup> [National population projections - Office for National Statistics](#)

## **Public Sector Workforce**

43. As around 60-70% of Local Government's budget is for workforce costs, the real terms pressure on core funding means that councils are faced with tough choices – reducing or cutting services, closures with service closure impacts within communities, job losses, or losing highly trained and well-developed staff to other sectors. Any additional 1% pay rise (over and above what councils have been able to budget for) could mean cuts of around 2100 jobs across the Local Government workforce. That not only reduces the level of essential services that can be delivered, but it increases the pressure and demand on those left behind and means potentially a significant loss of experience and knowledge from the workforce. It also means that the local economies are hit as those losing work are not able to spend and participate in the way they would were they in long term, secure employment.

## **Inflation**

44. Inflation will have a significant impact across Scotland both at an organisational and individual level. There needs to be whole system discussions across the public sector to identify ways of supporting people and families on low income, as costs of living continue to rise and we enter what is a *cost of living crisis*. Similar to the impact of the pandemic, those on lower incomes and already experiencing disadvantage are likely to be disproportionately affected and we need to ensure safeguarding measures for these people and families.

45. Local Government will also be impacted by inflation, which will have a knock-on impact on services and policy – for instance increased energy costs across the Council estate including schools and care homes; increased cost of Free School Meals due to rising food costs; increased costs in commissioned services due to *their* organisational and inflationary pressures. While this is the RSR it is also worth noting the significant increase in costs of capital projects driven by materials, energy and labour.

46. Without inflationary uplifts on the core settlement, this means that funding provided for policy delivery no longer reflects the actual cost of delivery. This is one of the key contributors to the pressure on core budgets and leads to cuts in services and inability to invest in improving outcomes. Each year, unfunded inflationary and demand pressures, for example the funding provided for Free Personal Care for over 65s, mean that the core has to be taken from- this has happened across a multitude of policy areas. COSLA's aspiration is to create a Local Government Fiscal Framework that allows space for a regular and mature conversation about the very real pressures on Local Government finance and for it not to simply be assumed that the extra required will be taken from core funding.

## **Additional drivers**

47. Poverty, climate change, and the economy are all in themselves current drivers of public spending. For example:

- Poverty means significant spend in the most deprived areas
- Dealing with the impacts of storm damage and flooding costs agencies across the public sector

- Weakening local economies result in job losses and then dependency on public service.

48. The Scottish Government is a key driver of public spend – commitments made in manifestos and Programme for Government drive resources and the link to outcomes and Best Value is frequently unclear. COSLA would assert that new policy commitments should not just come at the expense of core funding, AND that they should not erode local choice and democracy. Universal provision is also not always providing value for money as it does not target or respond to local need.
49. The National Care Service is referenced in the narrative as part of the response to challenges within the public sector. However, it is unclear why the establishment of the NCS is not listed as a driver of public spending. COSLA estimated, in our response to the NCS consultation<sup>19</sup>, that establishing the recommendations in the Independent Review of Adult Social Care would cost in excess of £1.2bn, the supplementary evidence<sup>20</sup> from Social Work Scotland estimates the cost of the NCS as nearer £2bn. This would be spend on structural reform and not service reform.
50. Recovery from the COVID-19 pandemic is not listed as a driver and COSLA believes that this should be included. There is a wealth of evidence showing the devastating impact the pandemic has had in terms of finance, debt, and employment on low-income families, including children. We recommend that the CEYRIS study<sup>21</sup>, along with other relevant research exploring the impact of the pandemic, be taken into account and that Covid recovery be included as a driver.

### **SECTION 3- maximising the value of the public sector workforce**

51. The value of the public sector workforce will be maximised by ensuring staff are appropriately paid, skilled, supported and valued in and for their roles. We need sufficient investment in the workforce to ensure there is enough staff at all levels to deliver what is needed both nationally, but most importantly locally. Acknowledging that local demographics and geography play a crucial role in service need and cost of provision is essential in addressing both effective delivery of public services as well as making the sector attractive and rewarding to work in. A 'one size fits all' or ring-fenced funding approach will continue to undermine and devalue the sector by increasing the "more with less" demand that is straining the workforce. It is also important to ensure that wellbeing supports for employees and flexible working arrangements (learning from COVID regarding opportunities and challenges of home working for example) are able to be put in place, that meet local and individual need and are accessible to all.
52. It is critical to invest more in the public sector workforce, not less. Because of the kinds of services delivered, the Local Government workforce includes those doing the most poorly paid types of work, who also face the most pressure because of austerity in spite of the fact that we are Living Wage employers. Due to continued downward pressure on core budgets, it is increasingly difficult to continue to maintain the salaries of the lowest paid. At the same time, councils are reporting recruitment

<sup>19</sup> [COSLA Response to the National Care Service](#)

<sup>20</sup> [SWS-NCS-Supplementary-Response-FINANCE.pdf \(socialworkscotland.org\)](#)

<sup>21</sup> [COVID-19 Early years resilience and impact survey - CEYRIS - Publications - Public Health Scotland](#)

difficulties for professional and caring roles as our pay rates become increasingly uncompetitive in an economy where all sectors are fighting for a workforce from a society with changing expectations and employer demands.

53. **Policies need people** - they can't be delivered without them – Local Government is expected to and is delivering significantly more policy objectives each year but there is no recognition of inflation or pay pressure in the core settlement. The implications of this are discussed in Section 2.
54. When comparing public sector employment in Scotland to England, it needs to be done in the context of how much has been kept *within* the public sector (e.g. water and sewage), where there are differences in contracting out arrangements, or where a larger proportion of the Scottish population uses public services (e.g. health). No matter what the arrangements, the public sector workforce should be valued as the key pillar and exemplar employer of choice within communities that can and is driving standards up across all sectors. This cannot be done with a continued “more for less” approach.
55. Continued downward pressure on public sector pay will result an increase in child poverty - there is already a growing proportion of the public sector workforce who face in-work poverty despite having taken on multiple roles. To deliver on the RSR priorities there must be a greater recognition of and investment in the workforce to demonstrate the value and essential role that they play and recognition of the critical roles they do. If not, and further ‘efficiencies’ are sought from an already hard worked sector, we will see increased levels of absence, of leavers and a continuing reduction in applicants to fill the void. We must empower local government to attract, develop and retain the best talent at all levels.

## **SECTION 4 – maximising the impact of public spending**

56. To maximise the positive impact of public spending, Local Government requires ongoing and sustainable investment, both revenue and capital, to support recovery and deliver on the priorities. This must be a critical part of ‘whole system’ thinking, and about addressing the social determinants of health. Local Government and the wider public sector are anticipating significant challenges over the next few years as we recover from the pandemic, which is likely to place additional pressures on budgets.
57. It is therefore critical that Local Government is sustainably funded to deliver not only Scottish Government policy priorities, but all of the everyday essential services that enhance quality of life including theatres, museums, sports facilities, homelessness prevention, parks and youth work, to name a few, which should be recognised for the value that they add to our communities and to recovery.
58. **The Local Government core revenue settlement has seen a real terms reduction of 15.2% since 2013/14.** As shown in the table below, there have been cash increases over this period - *specific revenue grants* and *funding from other portfolios* – all of this funding is directed (e.g. Early Learning and Childcare expansion, Criminal Justice, Scottish Welfare Fund, Discretionary Housing payments). Historically, the core settlement has been added to over the years for numerous policy priorities that Local Government has been asked to deliver, for example the 600 hours of ELC; period products; teacher numbers. What the yellow row below highlights however is a “flat-



lining” of the core so when costs rise for policy-specific funding, then the core is plundered to plug the gap.

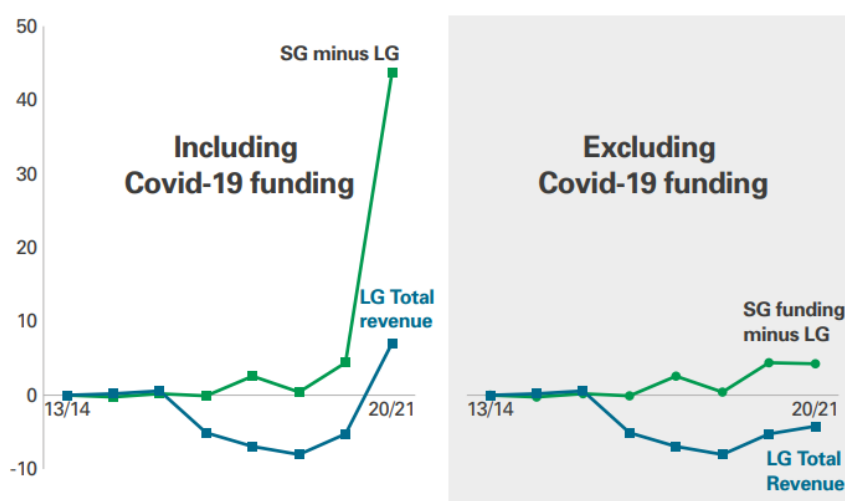
	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
<b>General Revenue Grant + Capital Grant + NDR (CORE)</b>	<b>10,120</b>	<b>10,339</b>	<b>10,382</b>	<b>10,094</b>	<b>9,947</b>	<b>9,843</b>	<b>9,916</b>	<b>9,926</b>	<b>10,217</b>	<b>10,249</b>
Specific Grant- Resource	98	90	90	93	211	263	484	686	752	752
Specific Grant- Capital	100	149	145	126	133	278	380	295	139	139
Within Other portfolios						123	291	429	512	1,334
<b>Total LG Settlement</b>	<b>10,318</b>	<b>10,578</b>	<b>10,617</b>	<b>10,313</b>	<b>10,291</b>	<b>10,507</b>	<b>11,071</b>	<b>11,335</b>	<b>11,620</b>	<b>12,474</b>

Note: figures from published Scottish Budget may differ slightly from Finance Circular, due to additions made during the Parliamentary process

59. This means that the impacts of the real terms cut fall disproportionately on service areas that are not covered by a policy direction but that do have a statutory basis- these are many of the service that have a tangible impact on people’s quality of life (clean streets, roads, parks, sports facilities, youth work etc). It also means that Councils are restricted in being able to make decisions informed by local need and priorities, and about the best use of resources to achieve outcomes. This pressure on core budgets is becoming increasingly visible and leads to Councils making difficult choices.

60. The Accounts Commission’s Local Government Finance Overview also highlights real terms cut to Local Government funding:

*“Excluding the effect of Covid-19 funding, the underlying cumulative funding position for councils has fallen by 4.2 per cent in real terms since 2013/14 [see chart below]. This demonstrates that local government funding has been reduced by proportionately more than the rest of the Scottish Government budget over this period. The Scottish Government is committed to protecting the Health Budget which has a direct impact on all other areas of the Scottish Budget, including local government.”*



Source: Finance Circular 5/2021 and Scottish Government budget documents

61. Local Government is demonstrably delivering efficiently given the amount of additional policies on top of core services now being delivered. Multiple policies, services and interventions are not necessarily the best combination to achieving improved outcomes and they erode flexibility for Local Government. The Finance Overview also states *that “ring-fenced funding helps support delivery of key Scottish Government policy initiatives **but constrains a proportion of councils’ total funding and removes any local discretion over how these funds can be used”***.
62. There are examples where Scottish Government policies and funding is proposed or announced prior to any engagement with Local Government, which do not appear to be based on clear evidence or rationale and often do not necessarily achieve best value. For example, the recent announcement of just over £600m funding for health and social care partnerships (carry forward from 21/22) is only for *delegated services*. Therefore, children’s and homelessness services that have not been delegated will not benefit from this additional funding, creating an issue of parity across Scotland. Spending in such an ad hoc way does not achieve best value or achieving better outcomes in relation to child poverty.
63. **Multi-year settlements are required to maximise the positive impact of public spending.** Multi-year investment funding is required to unlock a strategic response that meets the aims of the relevant strategies and outcomes. Resourcing on an annual basis inhibits effective service design, has negative impacts on recruiting and retaining people with the skills needed to advance the economic recovery agenda, nor does it assist in strategic procurement activity which leads to stop-start service delivery. It can mean that interventions are limited to what can be provided within that financial year rather than interventions which will deliver the best outcomes. This is therefore not a Best Value approach.
64. Single year budgets prevent effective planning for systemic challenges such as tackling inequalities which are systemic challenges and cannot be resolved in a single year. An example of this is the current approach to employability funding. Single year funding mitigates against effective employability service planning, commissioning specialist services, consistent key worker support and sustained employer engagement. Achieving better, sustainable outcomes for people who are furthest from the labour market, in low income or precarious employment, or struggling with long-term unemployment is not a quick task. The reasons for in-work poverty and unemployment can be very complex, require person-centred, intensive support and commonly take time to resolve. Employer incentives to sustain opportunities are often needed and those will necessarily cross financial years. Single year funding prevents long term planning for support services and results in the loss of expertise and the relationship between the client and the staff supporting which is often critical to success.
65. The lack of multi-year settlements has a knock on affect particularly for the third and independent sector. When Councils are only able to offer single year budgets to partners, they also suffer from the same challenges of service design and recruiting and retaining staff. This uncertainty has an impact on the organisation and on the wellbeing of the workforce.
66. While it is understood that it is challenging to provide longer term indications of budgets when Scottish Government is also only receiving single year budgets, as this RSR demonstrates by seeking to go two years beyond the current UK Spending

Review timetable, it is not impossible. Councils are expected by auditors to have longer term financial planning in place even when receiving single year budgets. Greater clarity therefore from Scottish Government on spending intentions is therefore welcomed.

67. **There needs to be greater understanding of the *opportunity cost* of introducing new policies when they come at the expense of core funding.** The disinvestment in core funding means a reduction in core services and other policies which are expected to be delivered within the settlement. Many 'new' policies are ring fencing funding for areas that had to be cut due to the reduced core budget – fund the core settlement properly and this would not be needed. This does not allow for outcomes focused service design or delivery, ultimately creating inefficiencies. While we understand that spending announcements on specific projects may seem attractive and demonstrate that action is being taken. They ultimately do not drive the most effective use of public resources and have an increasingly negative impact on the public sector workforce who are expected to do more and more with less and less and who are perceived or portrayed as failing.
68. **The approach must shift from input measures to a truly outcomes focused one.** There remains a continued focus on input measures and outputs rather than outcomes when it comes to public spending. This drives behaviour and spending in ways that are not necessarily best value. For instance, there remains significant focus on increasing teacher numbers as an end in itself. Whilst we welcome additional investment and value the huge impact that our teaching workforce make, COSLA have been consistently clear that achieving the shared priorities for children and young people - tackling the poverty related attainment gap, supporting the health and wellbeing of children and young people, and ensure we create a skilled workforce that meets the need of Scotland's economy - will require support from a range of Local Government services and professionals i.e. the 'whole system'. Investment is needed in learning support staff, social workers, youth workers, educational psychologists and employability staff, who all have a massive contribution to make, if we are to provide every child and young person with the best possible outcome.
69. **Stop or change some things that are currently delivered from a national perspective, where they aren't required locally.** Given pressure on Scottish Government budget over the medium term as set out in chapter two, there needs to be serious consideration on what needs to be deprioritised or changed going forward. It is likely that there are a number of things across the public sector that are outdated or due to legislation written decades ago that may no longer be relevant and of need in our local communities.
70. For example, there have been numerous interventions over the years attempting to address town centre vacancies. These are often accompanied by one-off short-term funding (e.g. £50m capital to spend in a single year) and yet town vacancy rates have remained relatively stable since 2014/15, at around 11.7%. However, in 2020/21 they have risen to 12.4%<sup>22</sup>. It is expected that business closures due to the impact of COVID-19 will drive town vacancy rates further upwards in the medium term. Additionally, vacancy rates remain significantly higher in council areas serving more deprived communities. If we are to maximise the impact of public spending,

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<sup>22</sup> [https://www.improvementservice.org.uk/\\_data/assets/pdf\\_file/0018/31338/Benchmarking-Overview-Report-2020-21-FINAL.pdf](https://www.improvementservice.org.uk/_data/assets/pdf_file/0018/31338/Benchmarking-Overview-Report-2020-21-FINAL.pdf)

then issues such as this require more joined up, long-term thinking across Scottish Government, that allows a longer term, locally responsive approach across communities.

### **Cross-government collaboration**

71. This should not be limited to the Scottish Government – efforts should be made to support collaboration across the public sector about the best approaches to addressing the priorities. There needs to be a whole system approach including the opportunity to identify new solutions to addressing challenges and the opportunity for whole system change. Policies should not be developed in silos but should be informed by those with lived experience and those who are experienced in delivering.
72. Critically, this must result in an end to multiple short term specific interventions, frequently relating to small amounts of resourcing but requiring substantial levels of reporting.
73. A strong example of where cross-government collaboration is needed can be seen in the governance around Scotland's National Strategy for Economic Transformation (NSET) and the Business Support Partnership should ensure that it contributes to breaking down of silos, gets everyone focussed on economic transformation and includes COSLA. As part of this, and to respond to the desire for streamlined delivery in NSET, we need to see better alignment of priorities and budgets across SG teams and agencies, a clear focus on the economic outcomes we are trying to achieve collectively and less siloed decision making.
74. In responding to the NSET call for clarity on roles and responsibilities, we need to agree definitions on company segments (such as high growth) and consistent definitions and use of references to 'local and regional. We need to reduce the number of small amounts of funding given to third sector providers by policy teams in a variety of SG directorates and invest in more impactful activity that is focussed on, and delivers, outcomes. This needs to include investment in digital delivery to digitise routine tasks, provide self-service options and allow resources to be freed up to provide the human interaction that customers value. The work of the Business Support Partnership already provides a platform for that streamlining and clarity.
75. The Target Operating Model for future public sector business support should be accelerated to bring forward the "Team Scotland" centres of expertise. Developing once for Scotland and delivering across multiple organisations.
76. We need to recognise the importance and value of data and the insights we can gain from that in shaping what we do. The Business Support Partnership has been driving projects in this regard and investment and dedicated resources to accelerate this work is required. This will be coupled with a greater emphasis on technical architecture, greater collaboration and a willingness to enhance our data sharing and analytical capabilities. We need to agree collectively what we will measure, and those measurements need to be focused on the outcomes and acknowledge that the impacts and outcomes achieved are a result of cross partner delivery.
77. In the short term, therefore, we need to invest in the ongoing work of the Business Support Partnership and the existing and future workstreams that seek to maximise our data driven approach, that promotes collaboration, reduces duplication and

ensures our teams have the skills needed to contribute to the transformation of the economy and a just transition to net zero.

78. Over time, and continuing that investment in the Business Support Partnership, this work will lead further transformation of the business support landscape and, with maturity, will identify further opportunities for streamlining, potentially including structural change, that ensures the whole system is continually improved, is resilient, agile, and able to respond to whatever challenges we face in the future.

### **Public Service Reform**

79. Public Service Reform has seen progress over the years since the Christie Commission report (2011), with many examples of innovation at local level across Scotland, but progress has been slow. The pandemic both exacerbated the need for the significant progress that is still required, whilst at the same time demonstrating the benefits of, for instance, collaborative effort across the spheres of Government (Local and National, with public and voluntary sector partners).

80. Whilst Local Government and other public partners have embraced the Christie Commission, it is clear that progress to deliver has been challenging, for reasons including inconsistent collaboration across sectors, limited evidence of the “radical shift towards preventative spending” that Christie called for, an increase in the number of policies and service delivery expectations set centrally and the exacerbation of funding challenges facing the public sector, including the significant budgetary pressures facing Local Government. We talk more about Local Government’s work on Prevention in the next section.

81. The RSR provides an opportunity to re-focus public sector reform, with far greater emphasis on a more empowered local governance structure. In our Blueprint for Local Government, we set out what is needed to achieve our Vision for local governance:

- ❖ An empowered Local Government with powers to raise and set taxes and to make decisions based on the priorities and needs of local people.
- ❖ Decisions that are taken as close to communities as possible.
- ❖ The European Charter of Local Self-Government to be adopted in Scotland.
- ❖ All communities to be able to participate in the decision-making process that affects their lives and their communities.

82. The RSR must therefore include a swift and radical shift toward increased flexibility and fiscal autonomy for Local Government, to determine how best it should use resources locally without the existing (and increasing) levels of national micro-management and related bureaucracy, as is reflected throughout this response.

83. There is a need to enact the key principles from the Commission for Local Democracy (2014), which followed on from Christie. Key principles of sovereignty, that power lies with people and communities, who entrust powers to government local and national, and subsidiarity, that decisions are taken as close to communities have not fundamentally been addressed. In many ways recent years have seen a

greater tendency towards centralisation and dis-empowerment of Local Government and Local Democracy. Whilst there have undoubtedly been welcome developments in community empowerment (resulting in part from the 2015 Act), very often the resource that is required to fully empower communities has not been there. The principle of Wellbeing is, as highlighted in our response, an overriding priority and is reflected in our proposed 4<sup>th</sup> priority of “live well locally”.

## **Prevention**

84. Ten years on from the Christie Commission, there are a number of positive examples of preventative approaches across Local Government, including interventions to support people to remain in their homes for longer and prevent admission to care homes or hospitals, services for children and young people at risk of offending, welfare rights advisors in GP surgeries and homeless prevention services. However, as considered above, progress has been challenging.
85. More clarity and details are needed on what is meant by a ‘demonstrable preventative approach’ in the Framework (page 27). There has been a will to move towards preventative practice since the Christie Commission, but this has not been easy to do within cycles of short-term funding where agreement of repeat funding is outcomes/evidence based. Depending on its intended outcome, it may take a number of years to demonstrate the effectiveness of preventative work and this needs to be accepted within planning and budgeting if progress is to be made.
86. While prevention is alluded to as a consideration within the framework, more needs to be done to facilitate a meaningful shift to prevention in order to ultimately reduce demands for treatment and care. While there will always be a need for treatment and care, by taking a preventative approach people can be supported to live well and to live healthy, well and independently for longer.
87. **Investing in prevention is critical to success.** Early intervention in socio economic determinants of mental health and early intervention may reduce spend on more intensive support at a later date. Recent research<sup>23</sup> from the London School of Economics illustrated the annual cost to the UK economy in Scotland is £8.8 billion annually. It also highlighted service provisions which can help reduce those costs including options for exercise for children and young people, community activities that reduce social isolation, programmes that sit as part of the school curriculum etc.
88. Local Government has a key and longstanding role in delivering these services (delivery of sports and leisure provision is just one example). They also play a key role supporting early intervention, for example providing access to school counselling for over 10,000 young people in the first half of 2021 alone.

## **Public Sector Workforce**

89. Within the RSR, greater clarity is required on what is meant by the reference to ‘distribution of workforce’.

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<sup>23</sup> [MHF Investing in Prevention Report.pdf \(mentalhealth.org.uk\)](#)

90. Local Government needs fair funding to recognise the critical work delivered by employees. The terminology of 'Public Sector Pay Policy' currently used by Scottish Government is misleading as it does not apply to Local Government which has its own bargaining arrangements. Yet it automatically sets or raises expectations without any prior engagement with or understanding from Local Government. Equally the NHS pay awards are negotiated through the Agenda for Change and pay awards, including those about the PSPP are funded by the Scottish Government. Local Government has no such luxury and must fund pay awards through core budget which as stated has come increasingly under pressure and is not taken account of in developing the PSPP.

### **Better Targeting**

90. From a human rights budgeting perspective there is a 'Minimum Core' obligation to allocate resources in a way that reduces inequalities whilst ensuring, at a minimum, a basic level of rights enjoyment for all.

91. It is critical that policies and investment is targeted to focus on improving outcomes for those most in need. Scottish Government policies can sometimes move away from this and instead focus on more universal provision. Recent examples include the removal of curriculum charges and fees for Instrumental Music Tuition.

92. In order to reduce the steep social gradient in health, actions must be universal, but with a scale and intensity that is proportionate to the level of disadvantage. This type of method has been termed 'proportionate universalism'. A proportionate universalism approach would identify how universal services are scaled and delivered in line with levels of disadvantage. This has the benefit of reducing Scotland's steep social health gradient while also ensuring best use of funding and resources.

93. There needs to be more consideration given to how local area partnerships access resources where they are delivering collective and cohesive pathways of support to those most in need. There is a need to look across local systems rather than short term grant funding that local partners need to take time to apply for and compete against each other for.

### **Targeted revenue raising**

91. From a human rights budgeting perspective, there is a duty to increase resources to achieve the further realisation of rights. There are a number of options for revenue raising that Local Government could be empowered to use and Scottish Government should additionally work to establish a fiscal framework which enables Local Government to invest in their communities and services, thereby improving outcomes and supporting the progressive realisation of rights. This could include utilising Local Government powers to set planning and building control fees locally, ensuring full cost recovery, or the power to introduce a "tourist tax" if deemed locally appropriate. This particular option has been used successfully in other countries, and only impacts on those who are able to pay.

92. Critically, the Scottish Government should not seek to maintain a Council Tax freeze. As set out in the Fraser of Allender blog<sup>24</sup>, the Council Tax freeze is likely to benefit higher earners, as those on the lowest income are exempt or already have access to reduced Council Tax due to interventions already in place and therefore the funding could have been targeted better elsewhere. Councils should not be restricted by a national policy when considering and setting local rates, which could be more appropriately based on local need for services and local priorities set by communities. The Council Tax freeze has additionally resulted in a significantly lower tax base estimated at £600m – this is funding that could otherwise have been used to invest in outcomes and services and relieving the pressure on core budgets.
93. Additionally, Scottish Government should urgently work with COSLA and Local Government on the reform of Council Tax. There has been significant work already in this area and it should be taken forward as a matter of urgency. It is disappointing While this may not result in increased revenue for Local Government, it can be taken as opportunity to ensure that the revenue generated is non-regressive and does not adversely impact the realisation of rights nor contribute to inequality within our society.

## **SECTION 5- equality and human rights impacts of the RSR**

94. The National Taskforce for Human Rights Leadership published its [recommendations](#) in relation to the development of a new statutory human rights framework for Scotland, that will bring internationally recognised human rights treaties into domestic law to protect and advance the realisation of human rights for everyone. These recommendations should be considered in relation to the RSR.
94. Local Government is the key partner in the realisation of social, economic and cultural rights. We deliver services and investment in every aspect of these rights including housing, education, culture, social care and more. Local Government must receive fair and sustainable funding to support this and needs to be empowered to raise revenue to fund local services and infrastructure to support the realisation of rights. The way in which resources are raised and allocated to support local delivery of services is crucial to the progressive realisation of human rights and our ability to invest in the most urgent and pressing need within our communities.
95. The COVID-19 pandemic has sharply exposed the extent of inequality and inadequate realisation of human rights within our society. Addressing these issues and upholding human rights are important principles for Local Government and guide public spending decisions locally. However, it is a challenging and resource intensive objective to deliver. To achieve a fair and equal recovery, significant long-term investment is needed in our communities, focused on addressing inequalities.
96. The diversity of our population and communities demands that the public sector invest continuously and progressively in these goals; achieving this requires sufficient revenue to maintain and improve essential public services, whilst also having the flexibility to make them accessible and inclusive of a diverse range of needs. These specific needs – and the resource requirements to meet them – vary

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<sup>24</sup> [Budgeting for Human Rights: Reflections on the Scottish Budget 2021-22 from the Scottish Human Rights Commission | FAI \(fraserofallender.org\)](#)



from community to community and change over time. The public sector needs to be able to increase funding for education, social housing, health and social care priorities over time, and also have the flexibility to target additional funding to meet the needs of the most marginalised and disadvantaged communities within a local area.

97. For example, in some parts of Scotland there is a need to invest in services that meet the unique needs and circumstances of migrant and asylum-seeking communities and culturally sensitive services for our Gypsy and Traveller communities – all of whom face acute threats to their rights. In other areas the challenges may be ensuring there is sufficient supply of good quality affordable housing to meet the rising and changing needs and demands of our young people, our ageing population as well as those on lower incomes. This is alongside the need for all local areas to develop services that can address inequalities faced by children and young people, older people and those living with long term health conditions or disabilities, keep women and girls equally safe from violence and abuse and address rising mental health inequalities.
98. Budgets continue to be under pressure, and it is anticipated that there will be increased threats to household incomes, human rights and equalities outcomes through the pandemic recovery. Scottish Government should therefore use the tools available to increase revenue appropriately and proportionately, to fund the whole public sector to support the realisation of rights over time. To achieve this, under our human rights obligations, all spheres of government should be applying the principle of non-regression of rights which impacts both revenue raising and allocation.
99. A key route to this is for Scottish Government to create the fiscal conditions to support and empower Local Government, including more stability and certainty in relation to multi-year funding as well as powers to raise revenue locally. Additional revenue raised by Local Government could be usefully used to fund the progressive realisation of rights, improving outcomes for individuals and communities.
100. To address the inequalities and the gaps in the realisation of rights, there must first analysis of where the greatest need is, and assessment of how best this can be improved. Analysis of the impact for those with protected characteristics and those on low incomes and facing financial insecurity must inform the discussion about how priorities should be set, and resources allocated to them. There should be a focus on Equality Impact Assessments, the Fairer Scotland Duty and when considering Business and Regulatory Impact Assessments the focus should be on whether any revenue raising aimed at businesses affects access for those who are furthest from the realisation of their rights.
101. Ensuring that there is a gendered analysis is critical – the way that revenue is raised and the way that services are delivered will have a different impact on women and men. Gendered analysis and gendered budgeting in the context of human rights budgeting will create more rapid shift in ameliorating the gendered impacts of the pandemic, which in turn only deepened the pre-pandemic levels of violence against women and girls (VAWG) within and across our society.
102. The priorities of child poverty, economy and climate change targets need to be understood and moved forward through a gendered lens. For example, child poverty cannot be tackled effectively if it is not tackled with a gender competent approach

taken. Also important is tackling the impacts and outcomes of gender and social inequalities as they relate to women and girls' employment opportunities, levels of income and economic worth, career traction and development of career pathways made viable by accessible benefits, childcare and caring provision and family support, along with robust VAWG policies. This will maximise the value of women's engagement in the effective delivery of public services, while alleviating some of the key pressures public services work to deliver against.

103. A significant amount of public spending is focused on dealing with the outcomes of enduring social and gender inequality, including the prevalence of VAWG, child neglect and physical and sexual abuse. The movement to prevention continues to be undermined by the requirement for emergency and crisis interventions.
104. Scottish Government should align budgets to the NPF and the realisation of rights. Additionally, there should be analysis of current policy, legislation and Scottish Budget to ensure that is supporting the progressive realisation of rights. This should be included in all future Programmes for Government as well as the budget process to ensure that new policies, legislation and budgets are best designed and utilised.
105. Consideration should be given as to how Scottish Government, Local Government and the wider public sector can measure improvements in the realisation of rights to provide evidence to inform future policy and service design. This should also support the prioritisation of budgets to continuously improve. Current reporting and data collection should be considered as to whether it is proportionate and captures information which supports the realisation of rights or if it risks driving behaviour with unintended consequences for rights. The focus must continue to be outcomes for individuals and communities.
106. COSLA submitted evidence<sup>25</sup> to the Equalities, Human Rights and Civil Justice Committee's pre-budget scrutiny which sets out further detail on the above points.

## **SECTION 6- ongoing engagement around resource spending plans**

107. A consultative approach to the RSR and a longer-term conversation about fiscal sustainability is welcomed. Following this consultation, it is important that engagement continues during the assessment process and beyond. There should be continued communication and feedback on how responses are used to inform the RSR.
108. As the 'fiscal conversation' process continues after the RSR process, it is important to ensure any engagement is meaningful, accessible and easy to understand, particularly if the aim is to engage as widely as possible. The National Standards for Community Engagement<sup>26</sup> should be considered when designing and carrying out any engagement. A variety of methods should be used to reach people and stakeholders in the most appropriate way.

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<sup>25</sup> [Response 379539472 to Equalities, Human Rights and Civil Justice Committee: Pre-Budget Scrutiny 2022/23 - Call for Views - Scottish Parliament - Citizen Space](#)

<sup>26</sup> [NSfCE+online\\_October.pdf \(squarespace.com\)](#)

109. The collaborative approach to budgeting is welcomed and this needs to be extended further and link with both the Programme for Government and the development of manifestos. These should be 'sense checked' against the priorities and outcomes and any funding assumptions should be developed with the relevant partners. There are numerous examples of announcements being made prior to any engagement with Local Government where it transpires that cost assumptions are significant underestimates – this has been the case for the expansion of Free School Meals. Local Government needs to be engaged as early as possible.

110. COSLA welcomes support from the submission made by CIPFA Directors of Finance which sets out the challenges to sustainability Local Government faces and the potential impacts of the Resource Spending Review.

