

Local Government Settlement 2023/24



#BUDGETREALITY

Issued on 16 Dec 2022

As announced by the Deputy First Minister, 15 December 2022

£ Local Government Settlement

Revenue: £12,405m (4.2% cash increase*)

Capital: £706m (13% cash increase*)
+ £120.6m capital to be used for pay

*when compared to Finance Circular 1/2022, less one off funding (details below)

REVENUE FUNDING for 2023/24

Revenue funding announced: £12,405m

Cash increase presented as: £498m (compared to 2022/23 base of £11,907m*)

*£12,000m in circular 1/2022 less one-off commitments of £88m (Child Bridging Payments and Interim Care funding) and £5m for LG contribution to Historic Child Abuse Redress Scheme

Commitments

<u>Scottish Government Policy</u>	
Recurring funding for pay (as agreed as part of 22/23 pay claim)	£140.0m
Local Heat and Energy Efficiency Strategies	£2.4m
Whole Family Wellbeing Support	£32.0m
Real Living Wage in Adult Social Care (raising rate to £10.90 per hour)	£100.0m
Free Personal and Nursing Care	£15.0m
Free School Meals – P6/7 expansion	£17.5m
Additional Discretionary Housing Payment (DHP) funding + admin	£5.7m
School Clothing Grants increase (in line with inflation)	£1.2m
Local Government's contribution to Historical Child Abuse Redress Scheme	£6.0m
To be transferred to SSSC for Local Government Adults Social Care fees	£2.2m
SUB TOTAL	£322.0m
<u>Other</u>	
Devolution of Empty Property Relief to Local Government	£105.0m
SUB TOTAL	£105.0m
TOTAL COMMITMENTS	£427.0m

BUDGET REALITY = £71m cash increase, once policy commitments for 23/24 are taken into account.

This cash increase does not address pressures of **£1bn**, identified by COSLA.

CAPITAL FUNDING for 2023/24

Capital funding announced: £706m (plus £120.6m for pay)

Cash increase presented as: £80m (compared to 22/23 base of £626m*)

* £685m in circular 1/2022 less one off funding of £59m. £626m was also published in the [Capital Spending Review](#)

Commitments

Expansion of Free School meals for P6 and P7 pupils	£80.0m
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Scottish Government will provide **£120.6m capital** in 22/23 and 23/24 for Local Government's Scottish Joint Council (SJC) Pay deal, which councils will use as revenue. From 24/25, this funding will be baselined into revenue funding

BUDGET REALITY = 'FLAT CASH' CAPITAL FUNDING FOR COUNCILS

BUDGET FLEXIBILITIES

- No cap on Council Tax – full flexibility for all councils
- Commitment to **work together flexibly** and look at ring-fenced and directed funding as part of a partnership agreement between Local and Scottish Government

External commentary on Local Government Settlement

- [Fraser of Allander Institute](#)
“Funding for local government has been increased by £550m, representing a 3.7% increase and a real-terms **decrease relative to a GDP deflator of 4.9%**”
- [Scottish Parliament Information Centre \(SPICe\)](#)
“The Deputy First Minister announced that local government will receive an additional £550 million next year in its settlement from the Scottish Government. Although this sounds like a substantial increase – and it is – **it still falls short of the £1 billion** that COSLA and CIPFA Directors of Finance argued is needed to address the multiple challenges councils are facing”