Invest in Local Government for Inclusive Growth to Tackle Inequalities for Prosperous Communities
Strong Local Government is Essential

The essential services that Local Government deliver are the foundations on which Scotland is built. These essential services create opportunities for every citizen by strengthening communities and driving forward the economy. Financial threat to Local Government puts local economies and the Scottish economy at risk, but more importantly, puts communities at risk.

To build our economy and strengthen our communities we must support the foundations.

**A STRONG LOCAL GOVERNMENT IS ESSENTIAL FOR OUR ECONOMY**

- **VITAL EMPLOYER**
  - Employing 10% of Scotland’s workforce: 244,000 employees
  - Main employer in many communities in Scotland

- **BUYING GOODS & SERVICES**
  - Procurement totalling £7bn

- **SIGNIFICANT INVESTOR**
  - £2.8bn in capital investment
  - 40,000 physical assets managed

- **SUPPORTING INTERNATIONAL TRADE**
  - Grant essential export certificates for trade to foreign countries e.g. whisky, fishing, meat, etc

- **BRINGING PEOPLE BACK INTO WORK**
  - 17,000 unemployed people supported into employment

- **DRIVING ECONOMIC DEVELOPMENT**
  - £256m spent on local economic development
  - £1 of council investment draws £1.54 from external sources
  - 15,000 local businesses supported every year
  - 9,000 business start-ups supported last year

- **CONNECTING OUR COMMUNITIES**
  - Roads network - 56,250kms of road length and £550m of spend
  - Digital network: support roll out of broadband and mobile connectivity
  - Community connections through libraries and communities facilities

- **WORLD CLASS EDUCATOR**
  - £5bn spent on education and early years

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Strong Local Government is Essential

A STRONG LOCAL GOVERNMENT IS ESSENTIAL FOR OUR COMMUNITIES

PROTECTION SERVICES

- Protecting Scotland’s Children and Young People
- Protecting and caring for vulnerable adults
- Providing affordable housing and tackling homelessness
- Supporting Carers
- Providing welfare advice and support

REGULATORY SERVICES

- Combating illegal trading
- Promoting high standards of health and safety for workplaces
- Determining appropriate licensing for taxis and public entertainment
- Consumer protection helping to protect citizens from scams and fraud

HEALTHY LIVES AND SOCIAL INCLUSION

- Providing culture and leisure services resulting in positive social connections
- Delivering library and museum courses, including to vulnerable groups
- Maintaining our green spaces to provide opportunities for sports and gardening

ENVIRONMENTAL SERVICES

- Ensuring a healthy and safe living environment for residents
- Providing street lighting and safe footway networks
- Protecting the rich environmental heritage of Scotland’s landscapes

“The report highlights a range of good practice in councils across Scotland for promoting inclusive growth and making use of councils’ levers for economic development, including, but not restricted to, their roles as employer, buyer and assets manager.”

Improvement Service, Economic Outcomes Programme Overview Report: Leveraging Council Resources for Increased Economic Impact, August 2018, Page 49
Both Local and Scottish Governments have a shared ambition to support inclusive growth.

Scottish Government decisions have an effect on Local Government.

When the Scottish Government cuts our budget, that severely damages our shared ambitions, including the National Performance Framework.

The National Performance Framework is a clear recognition of the importance of Local Government. As co-signatories with the Scottish Government, Local Government delivers over 60% of the Framework.
Risk: Our Core Budget is Under Threat

In the last 5 years, the Scottish budget has reduced in real terms by 0.4%. Local Government budgets have reduced 10 times that much by 4%.

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<thead>
<tr>
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<th>SCOTTISH BUDGET</th>
<th>LOCAL GOVERNMENT BUDGET</th>
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<tbody>
<tr>
<td>2018/19</td>
<td>£9,814 million</td>
<td>-0.4%</td>
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<tr>
<td>2019/20</td>
<td>£10,363 million</td>
<td>-4%</td>
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Pressure does not only come from tight financial settlements; the local government budget is facing significant inflation and demand pressures. Demand comes from ageing population and more complex support requirements:

Just to stand still we need £549m

Already for 2019/20, Scottish Government has committed to funding new policies with a revenue cost of £325m including:

- £210m for the expansion of Early Learning and Childcare
- £30m for the extension of free personal care to under 65’s
- Around £27m for school counsellors and school nurses

For these policies to be fully funded, this must be in addition to the core.

It is the ‘core’ local budget that delivers essential services.

If new policies are not fully funded then these have to be funded by reducing core services.

The core must be protected and fully funded.

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Risk: Our Core Budget is Under Threat

STRUCTURE OF BUDGET

Savings can only be made to 42% of the budget. Scottish Government policies continue to protect 58% of the available budget which exacerbates the problem and actually means:

an 8% cut = 20% cut to the unprotected part of the budget

Services such as economic development, roads, public protection and early intervention services all fall under this 42% of the budget. There must be an end to ring-fencing.

Warning: The strain is already showing, it cannot continue:

- In 2016/17 the number of businesses supported every year fell by 13%
- In 2016/17 the number of unemployed people who participated in council funded or operated employability activities was 51,000, this was a 24% decrease on the previous year
- Since 2010/11 spending on roads has fallen by 20% in real terms

“The financial outlook for councils continues to be challenging, with the need to deliver savings being increasingly critical to their financial sustainability.”

No Room Left For Manoeuvre

“Councils are showing signs of increasing stress. They are finding it increasingly difficult to identify and deliver savings.”


Local Government has risen to the challenge and shown strong leadership but now there are limited options:

- We have already made £1.7bn efficiencies since 2012
- Reserves have significantly reduced (reduced £80m in 2016/17)
- The workforce has reduced by 15,000 in the last 5 years
- Charges have increased 7% in the last year alone
- Councils have protected services to the most vulnerable where possible

Councils don’t have the financial levers to raise money locally. Council Tax was frozen between 2008 and 2017 and capped at 3% in the last two years. This has had a significant impact on the relative tax base of local taxation.

There is no room left for manoeuvre. There must be financial support for Local Government in the 2019/20 budget. If not, essential services will be at risk resulting in a detrimental impact on our shared ambition of inclusive growth.

There is no room left for local choice and local democracy with current budget constraints.
**Our Ask: Local Government Needs a Fair Deal**

### Fair Settlement

1. Scottish Government has received 2.5% cash increase, so should Local Government
2. Local Government needs full baselining of £170m
3. The Scottish Government has committed to £325m to fund new policies. This cannot be funded from the existing core Local Government budget
4. The cost of parity for the Local Government workforce must be funded and baselined
5. Health is wider than the NHS; Local Government plays a vital role in the health, wellbeing and social care of Scotland and should therefore receive its share of health consequentials
6. A renewed focus on outcome and not inputs, including the retention of the commitment to remove ring-fencing, as well as allowing local authorities to respond to local need

### Financial Levers

1. Removal of the 3% cap on council tax
2. Power to introduce local discretionary taxes including transient visitor tax
3. Sustainable reform of local taxation and Local Government funding

### Capital

1. Our national agreement of 26% of total Scottish Government Capital funding honoured
2. Return of £150m capital loan from Local Government to Scottish Government

### Funding for Government Policies

We need full and transparent funding for new central government initiatives.

Already for 2019/20, Scottish Government has committed to funding policies with a revenue cost of £325m including:

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### Multi-Year

1. Like the NHS, Local Government must return to a multi-year budget starting in 2019/20. Integration of health and social care is at risk without parity in budgets
2. Health is not only delivered by the NHS and we must ensure a whole system approach to funding if we are to meet targets, in particular in early intervention, public health, adult health and social care

### Longer Term: A More Sustainable Funding Mechanism For Our Future

Local Government has repeatedly stated that public finances cannot continue like this. We need reform around people and places and a clear link between budget and the outcomes set out in the National Performance Framework.

This must be set in a context which truly empowers local democracy.
Our Essential Services

The essential services local authorities deliver support inclusive growth while tackling poverty and inequality. Investment in Local Government means economies and communities thrive.

ESSENTIAL SERVICES FOR INCLUSIVE GROWTH AND THE ECONOMY

Education

A key contributor to economic growth is ensuring all of our children are properly educated and reach their full potential and individual aspirations. Local Government is committed to ensuring our children and young people thrive. Councils spend £5 billion a year on educating children (aged 2 - 18), with educational services covering early years as well as school-based and community education.

In addition, Councils are committed to delivering the expansion of early learning and childcare so that every 3 and 4 year old in Scotland, as well as eligible 2 year olds, have access to 1140 funded hours per year. This requires an additional £567m revenue and £476m capital funding over the life of the programme - £210m revenue £150m capital in 2018/19.

Educational outcomes are a strong predictor of inclusive growth and Scottish Councils are committed to improving these outcomes.

Providing affordable housing

Councils are playing a vital role in the delivery of 50,000 new affordable homes by contributing half the cost of meeting their commitment to this target. Alongside building new homes, Councils are ensuring their existing stock is not only maintained but also meets the highest standards for energy efficiency.

Energy efficiency

£2.5 billion is spent every year on heating and cooling the buildings we use each day – our homes, workplaces and public spaces. This represents the largest part of Scotland’s energy use (over 50%).

However, many buildings are inefficient and hard to heat which increases energy bills, and wastes money. The result therefore is high energy costs which can be a challenge for many households. The rollout of Energy Efficient Scotland has the potential to create a substantial Scottish market and supply chain for energy efficiency services and technologies, with every £100 million spent on energy efficiency improvements in 2018 estimated to support approximately 1,200 full-time equivalent jobs across the Scottish economy.

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Our Essential Services

economy. As part of our overall commitment to the Programme we will be working to provide support and actively promote the opportunities of this market.

ROADS AND INFRASTRUCTURE

Despite financial pressures meaning spending on roads has fallen by 19.9% in real terms since 2010/11, Councils are continuing to maintain roads at a stable level, spending £554m in 2016/17. Local authorities also provide a wide range of infrastructure to support and sustain communities such as schools, libraries and community centres.

Digital Connectivity is an important area in which Councils are playing their part, particularly in rural areas. Councils recognise that ensuring good digital access throughout the country will ensure communities can prosper. This includes providing greater digital access to Councils’ own services.

TRANSPORT

Transport is a major driver for the economy and a lifeline for many people, including those who must travel to access work, education, health care or other amenities. Transport can help people live better, healthier and richer lives. Transport has an important part to play connecting different aspects of people’s lives.

For transport policy to be nimble and responsive to the needs of communities, there must be a close and direct connection to the local democratic process. Tying transport policy to the needs of communities up and down Scotland will benefit the whole country.

However, local transport services are under significant pressure and have already been reduced. A further reduction will hit communities.

HEALTHY LIVES AND SOCIAL INCLUSION

Inclusive growth means opportunities for all. Councils play an integral role in promoting healthy lives across communities and providing access for all to services which can improve their health and well-being. This includes providing sport facilities, leisure centres, libraries, museums and parks, as well as organising or promoting cultural activities.

These services form the fabric of communities and are geared to ensure that those who have least access and are least financially advantaged can use the services. The cultural and social benefits of these services also encourage people to come and participate.

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Trading standards and environmental health (includes building control)

These services are under significant threat due to cost pressures which have seen budgets reduce significantly. For Trading Standards and Environmental Health Services there has been a sharp decline in the workforce with 20% and 23% reductions in these areas respectively.

Both workforces have an ageing demographic and very few new entrants. If this trend continues across the next five years there would be only 350 Environmental Health Officers and 101 Trading Standards officers in the whole of Scotland. Given the potential of substantial regulatory change, post Brexit, and sharply increased demand from SME’s for regulatory advice and support, there is a risk that Scotland will be very poorly placed to respond.

Regulatory and Protective Services

Local Government provides a wide range of key regulatory services which protect the public. These include ensuring food safety in restaurants and eateries, as well as trading standards enforcement to protect against illicit trade, scams and doorstep crime. Planning, building standards and environmental protection are key services which only too recently have been highlighted as vital areas for protecting the public.

Protecting the environment

Councils are contributing significantly to protecting the environment through reducing waste, encouraging recycling, improving energy efficiency and tackling fuel poverty. The environment impacts on all parts of communities, but can impact more on less advantaged parts.

Initiatives to tackle issues such as fly tipping, littering and promoting greener neighbourhoods can reduce anti-social behaviour and foster greater community spirit. Due to budget...
pressures, there has been a significant reduction in spend in environmental services, with a 30% reduction in street cleansing. This has been accompanied by a reduction in public satisfaction rates for refuse collection and street cleaning.

ESSENTIAL SERVICES FOR TACKLING POVERTY AND INEQUALITIES

TACKLING POVERTY
Councils play a vital role in tackling poverty, taking a holistic approach which draws in employability, welfare support and advocacy, money advice and promoting access to affordable credit, childcare, crisis grants and hardship payments, support for those without food and in fuel poverty. Without being proactive on this agenda, and investing heavily, there is significant risk that local authorities and their partners will need to spend much more downstream on crisis support.

CHILDREN’S SERVICES
As of July 2017, 14,897 children were ‘looked after’ or on the child protection register, a decrease of 3% from the previous year. This is the fifth consecutive year the number of looked after children has decreased. At 31 July 2017, there were 2,631 children on the child protection register – a decrease of 3% from 2016. The total has now fallen for three years consecutively. This number is reducing and it is essential that early intervention investment continues to further drive this number down.

ADULT SOCIAL CARE
Adult social work services support and protect vulnerable adults, allowing them to live independent lives and ensuring they have access to the services they need. This area is under significant year on year budgetary pressure, as needs become more complex. The number of people 75+ is expected to double by 2039.

Spending on care for older people has grown 6.3% in real terms since 2010/11 but not at a pace to keep up with demographic change (another 2-3% needed).

Shifting the balance of care has led to a growth in home care hours provided of 10%.

Councils also support those with mental health issues. Healthy lives are as much about mental health as they are about physical wellbeing.

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Our Essential Services

Support for carers
Councils provide vital support to adult and young carers, helping them to manage their caring role.

Youth justice
By intervening early, Councils have seen offending by young people halved since 2008, with around a 64 per cent reduction in the number of under 18s in custody and an 83 per cent reduction in children referred to Children’s Hearings System on offence grounds. This has resulted in a significant saving out with local government to the courts system but that saving has not been reinvested in local government.

Tackling homelessness
Councils have a vital role in using their duties to tackle homelessness and reduce the number of rough sleepers. Councils help to tackle homelessness by providing debt advice; intervening in cases of domestic abuse; benefit help; and help in managing rent arrears.

Welfare advice and support
Councils have a key role in directly delivering and financially supporting welfare rights, money advice, advocacy and related services.

Money advice services can make a significant contribution to alleviating poverty and addressing inequality. For every £1 that was invested by local authorities in money advice services in 2016-17, clients achieved financial gains of £4-9.

Early, preventative advice can stop problems escalating into crisis but budget pressures meant that in 2016-17, investment by local authorities in money advice services totalled £11.72m. This represented a reduction of 5% on the previous year’s funding.

At the same time as funding is falling demand is rising and, in the same period, the number of service users increased by 5%.
Human rights

Local authorities have been integral to the development and delivery of a distinctive Scottish approach to the integration of refugees and asylum seekers in Scotland. All councils have provided excellent leadership in the resettlement of Syrian refugees to Scotland and by the end of 2018 more than 2,500 people will have arrived.

Local authorities provide a vital safety net for the most vulnerable migrants and asylum seekers experiencing destitution and homelessness in Scotland. This includes meeting housing costs and providing weekly subsistence payments to people who cannot access public funds because of their immigration status. Local government does not receive any additional funding from the UK or Scottish Government to meet these increasingly high costs.

Councils also play a key role in detecting and protecting those affected by human trafficking.