

# INVEST IN ESSENTIAL SERVICES

LOCAL GOVERNMENT IS THE HEART OF  
SUSTAINABLE COMMUNITIES



*Our vision: Scotland's communities  
are sustainable, vibrant places to  
live, work and visit.*



**COSLA**

#essentialservices

# Every day of every year, Local Government creates sustainable communities – this needs fair funding



## EDUCATING

Over **£5bn** invested each year educating almost **700k** pupils



## PROTECTING

vulnerable adults and children, as well as ensuring the wellbeing of **c17k** looked after children & young people



## CARING

for a growing elderly population, set to increase by **10.5% by 2023**



## SUPPORTING

adults to direct their own care through Self Directed Support, improving wellbeing



## DEVELOPING

premises and sites for business start-ups and growth, for example ensuring **3,185ha** of land was immediately available in 18/19



## MAINTAINING

paths, parks and open spaces across local areas, allowing people to be more active



## BUYING

**£7bn** worth of goods and services annually to improve lives and communities, and support local economies



## REGULATING

so work and public places are safe, trade is fair and legal, and environments promote good health



## EMPLOYING

**250k** people (202k FTE), all spending money with local businesses - the **anchor employer** in many communities



## BUILDING

new schools and energy efficient homes that improve quality of life



## CONNECTING

**£400m** spent maintaining **56,250km** of roads, and investment in digital infrastructure



## LEADING

game-changing regeneration projects and climate change initiatives locally

**Investment in Local Government + decisions made locally = SUSTAINABLE COMMUNITIES**

# Fair funding for Local Government must be a Scottish Government priority




Fig: Scotland's National Performance Framework, 2018

 The outcomes in the **NATIONAL PERFORMANCE FRAMEWORK** will not be achieved without **sustainable** investment in Local Government.

Local Government works across all of the national outcomes in the NPF and directly delivers over 60% – this unique role should be recognised and invested in.

To achieve the outcomes in the NPF, there are **4 priorities** for Local Government:

 **INCLUSIVE ECONOMIC GROWTH**  
We must ensure that the economy provides accessible, fair work opportunities for everyone.

 **TACKLING CHILD POVERTY**  
To support families and address persistent, intergenerational issues, Councils have a unique role at all life stages.

 **WELLBEING**  
This is not just about the NHS and being healthy; it's about being happy, comfortable, included and supported.

 **ADDRESSING CLIMATE CHANGE**  
Strong local leadership is required if ambitious targets are to be met by 2045.

**Fair funding for these shared priorities will create sustainable communities**

# What Councils deliver with communities is key to creating sustainable communities

## INCLUSIVE ECONOMIC GROWTH

Regenerating places, supporting businesses, and leading economic development

Spending significant money in every local area in Scotland

Planning, regulating, enforcing, building, connecting, educating, training and employing

## WELLBEING

Protecting the most vulnerable and supporting those in crisis

Leading projects focused on early intervention and prevention

Building strong community networks and spaces

Helping people when leaving prison

Maintaining paths, parks and open spaces for all to enjoy

Enabling healthy environs through licensing decisions

## TACKLING CHILD POVERTY

Making life enhancing links between education, social work and employability services

Funding holiday lunch clubs to address poverty and provide family support

Supporting and engaging with families who need help

## ADDRESSING CLIMATE CHANGE

Investing in renewable technologies and supporting low carbon sectors

Recycling and collecting waste

Educating children and communities on waste reduction

Building energy efficient homes



## BUT WITHOUT INVESTMENT, CRACKS ARE STARTING TO SHOW...



- Vacant shops and empty high streets
- Communities losing their sense of pride
- Cuts to public transport
- More roads requiring maintenance



- 240k children still live in low income households.
- Of these, 60% live in a household where someone is in work
- 18% of people earn less than the living wage



- Increasing drug deaths
- Highest prison population in Europe
- Social isolation as community projects and initiatives are cut
- Closures of public buildings, toilets and other local services



- Climate change targets are at risk
- Continued landfill tax diverting money from essential services
- Ongoing payment of landfill tax
- Under-developed renewable sectors and supply chains

Without fair funding, these cracks will get worse

# RISK: Our core REVENUE budget is under threat

Local Government has been passed a disproportionate share of cuts.



**Local Government's** revenue funding from Scottish Government has reduced. Its share of the Scottish Government's revenue budget has declined from 34.7% in 2013/14 to just 33% in 2019/20.

*“Between 2013-14 and 2018-19, the Local Government revenue settlement decreased at a much faster rate than the Scottish Government revenue budget.”*

*(SPICe : Facts and Figures, July 2019)*



**At the same time,** Scottish Government priorities which Councils must deliver continue to grow year on year at the expense of the core budget.

Already for 2020-21, we know there are **£497m** of new Scottish Government commitments which Councils will have to deliver in addition to 2019-20 responsibilities' including:

- Expansion of Early Learning and Childcare (£201m)
- Scottish Government commitment to Teachers' Policy Intervention (£156m)
- Teachers' Pensions (£104m)
- Additional Support for Learning (£15m)
- Carers Act 2016 (£13m)
- Counselling in Schools (£4m)
- Other (£4m)



**Local Government supports these policies but they must be fully funded in addition to the core.**

**Local Government has made over £2.1b in cash efficiencies since 2012, but it's getting more challenging every year – the cracks are starting to show, and communities are feeling the impact**

# Councils can only make savings from unprotected areas of the budget

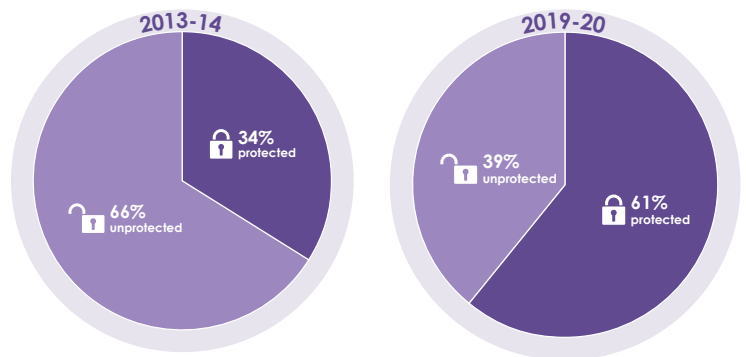
*“Scottish Government revenue funding to Councils has reduced in real terms between 2013/14 and 2019/20, while national policy initiatives continue to make up an increasing proportion of Council budgets. This reduces the flexibility Councils have for deciding how they plan to use funding.”*

*(Audit Scotland)*

Ring-fencing, national policy initiatives and protections in education, health and social care continue to grow creating increasing protection.

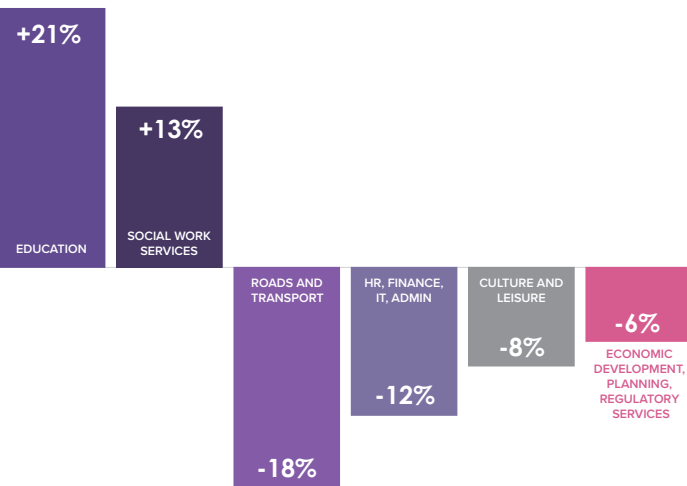
As a result, more and more has to be delivered from an ever decreasing portion of the budget.

This has a real impact meaning a 4% cut = at least a 10% saving that has to be made from non-protected areas. Continuing to invest in core education and social care is vital but the **whole, inter-related system** is important if we are to create truly sustainable communities.



The reality is that service such as roads, buses, paths, planning, community learning, events, sports facilities, libraries, tourism, business support, environmental health, and trading standards all sit within the unprotected portion of the budget and have taken the largest hit since 2013/14.

We cannot achieve the ambitions we all have for Scotland if these building blocks are being eroded.



Source: POBE 19-20



**WARNING: This cannot continue.**  
Local Government needs a sustainable funding solution.

*“Salami-slicing of services avoids headlines but the long years of austerity are having a severe impact on our services and the staff trying to deliver them with limited resources”*

*(UNISON Pre-budget Scrutiny submission)*

# RISK: Our core CAPITAL budget is under threat

Every year, Councils invest their capital funding in a huge range of projects that are a key driver for economic growth and make communities sustainable.

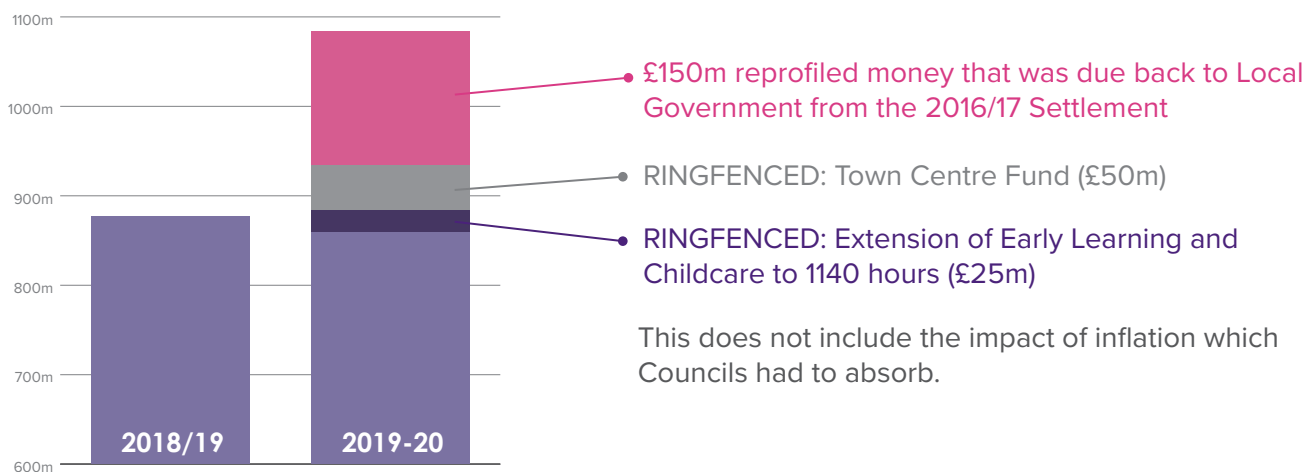


These projects:

- **inject money** directly into local economies, providing **fair work and apprenticeships**
- **create attractive, safe environments** in which to learn, work and live
- **enhance the vibrancy** of communities, which, in turn, enhances wellbeing
- **connect people and places** socially and physically, reducing isolation and opening up employment and training opportunities
- **attract tourists**, who spend money locally in restaurants, shops, and accommodation

Between 2018-19 and 2019-20, Local Government's Core Capital Grant reduced by £17 million.

Presented as a £207m cash increase by the Scottish Government but this included:

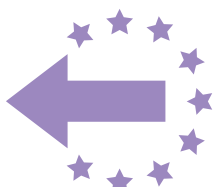


**Core capital budgets contribute to sustainable communities so must also be protected**

# Local Government is facing other unprecedented threats and challenges

## IMPACTS OF BREXIT

- Reduced inward migration, impacting on population growth, service delivery and cultural diversity
- Increased workload on Environmental Health and Trading Standards Services to keep goods moving and services and consumers safe
- Future of EU funded projects supporting the vulnerable e.g. around employability
- Staffing issues in relation to EU citizens e.g. in care
- Maintenance of food, medicine and other critical supplies
- Increased reliance on social work, homelessness and welfare benefits services, and the Scottish Welfare Fund



This also impacts on population and, as a result, on recruitment. All population growth in Scotland is due to migration, and especially in the working age group. Since 2016 we have already seen a drop in net migration and population growth.

## INFLATION, PAY AND PENSIONS

- When inflation is not built into the Local Government Settlement, there is an impact on front line services. **In 2018/19, Councils absorbed inflation of £198.9m.** This cannot continue
- Employing around 250,000 people (202,000 FTE) comes with a significant pay bill and associated pensions bill
- During 19/20, employer contributions to teachers' pensions have risen by 5.2% - an impact of £110m across Scotland. A third of this will have to be found by Councils
- Key areas such as Social Care, Teaching and Regulatory Services are facing recruitment pressure and need longer term investment



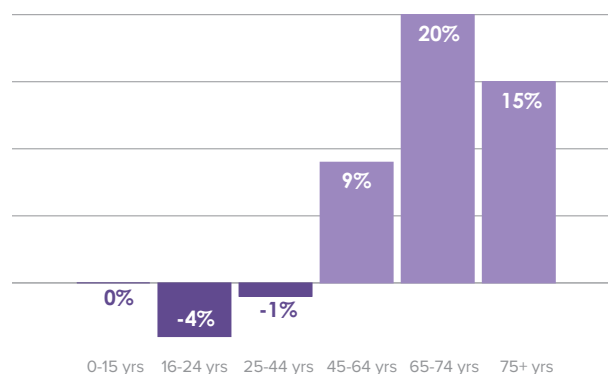
## DIGITAL

- Online services need to develop at pace, in line with citizen expectations
- Capacity for digital transformation will require ongoing investment, if we are to attract and retain leaders and innovators



## POPULATION AND DEMOGRAPHIC CHANGE

- Changing demographics—since 2007, significant upwards shift in the age profile of Scottish citizens is placing pressure on health and social care



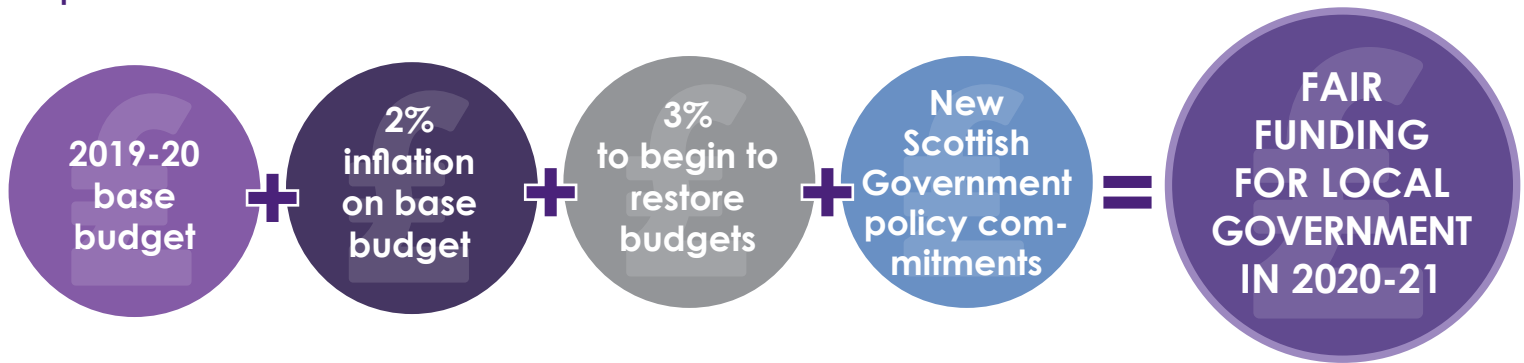
- The Institute for Fiscal Studies estimates that over the next 15 years, social care funding will need to increase by 3.9 per cent in real terms each year to meet the needs of an ageing population and more younger adults living with disabilities unless we can shift our efforts to prevention
- Spend between 2018/19 and 2019/20 alone on social care increased by over £80million, and the rate of change for these older populations is only going to get faster



# What Local Government and communities need

We need fair funding for Local Government that looks across the whole system.

All signs are that the Scottish Government will see a cash increase and this must be passed on.



For **Revenue**, this means an additional £1,007m.

For **Capital**, this means an additional £157m.

	19-20 base budget	Inflation @ 2% (on base budget)	3% to restore budgets (on base + inflation)	Scottish Government commitments	FAIR FUNDING FOR 2020-21
<b>Revenue</b>	£10,078m	£202m	£308m	£497m	£11,085m
<b>Capital</b>	£709m*	£14m	£22m	£121m	£866m

\* excludes 19-20 Early Learning and Childcare (£175m), reprofiled money from 16/17 (£150m) and town centre fund

In addition, our asks for *fiscal empowerment* include:

1. Removal of any cap on Council Tax – this must be a truly local tax.
2. More powers for discretionary taxation.
3. Longer-term certainty in relation to budgets, allowing a focus on early intervention, prevention and transformation.
4. An end to small pots of money outside the main settlement.
5. Increased pace in relation to Local Government empowerment – fiscal, community and functional.



# INVEST IN LOCAL GOVERNMENT

## THE HEART OF SUSTAINABLE COMMUNITIES

*“The role of Local Government cannot be underestimated. Communities rely on Councils - as an anchor employer, as a leader for community empowerment, and to provide everyday **essential services**. Budgets must be protected.”*

*(Scottish Trades Union Congress (STUC))*

For further information, please see COSLA's submission to the Local Government and Communities Committee Pre-Budget Scrutiny 2019 available at: [www.cosla.gov.uk/sites/default/files/private/coslaresponsetolocalgovernmentandcommunitiescommitteepre-budgetscrutiny2019.pdf](http://www.cosla.gov.uk/sites/default/files/private/coslaresponsetolocalgovernmentandcommunitiescommitteepre-budgetscrutiny2019.pdf)

COSLA  
Verity House  
19 Haymarket Yards  
Edinburgh  
EH12 5BH



[#essentialservices](https://twitter.com/essentialservices)

T: 0131 474 9200  
Email: [info@cosla.gov.uk](mailto:info@cosla.gov.uk)  
Web: [www.cosla.gov.uk](http://www.cosla.gov.uk)  
Twitter: @COSLA

Facebook: [www.facebook.com/CofSLA/](http://www.facebook.com/CofSLA/)