

13. SCOTTISH DRAFT BUDGET 2019 AND LOCAL GOVERNMENT FINANCE SETTLEMENT 2019/20

The Council Executive considered a report (copies of which had been circulated) by the Head of Finance and Property Services providing an update in relation to the Scottish Draft Budget presented to the Scottish Parliament on 12 December 2018, and the local government finance settlement for 2019/20.

The Head of Finance and Property Services explained that in overall terms Scotland's total proposed spending plans, as set out in the Draft Budget 2019-20, amounted to £42,539 million which was an increase of £1,984 million compared to the Scottish Budget 2018-19. Amendment Regulations 2017. The allocations per portfolio were set out in a table in the report.

In 2019-20 the total managed expenditure available within the local government portfolio was £10,779.9 million. This figure included general revenue and capital grant funding, specific revenue and capital grants, as well as an estimate of non-domestic rate income. There were also a number of other funding allocations linked to individual policy initiatives held within other spending portfolios and taking this into account, this resulted in a total local government settlement of £11,071.4 million. An allocation for Scottish Government funding to Local Government in cash terms were set out in a table in the report.

It was important to note that the overall funding in 2019-20 to local government would increase in cash terms; however the core local government settlement would decrease in real terms by 3.4% in 2019/20. This decrease was calculated after allowing for new specific grants, which were earmarked for delivery of Scottish Government priorities such as early learning and childcare, and the return of £150 million in general capital grant which was re-profiled from 2016/17 local government finance settlement.

The report continued to provide information on Pay Award, Devolved Taxation, Welfare Changes, Scottish Economic Growth and High Level Local Government Settlement.

The Head of Finance and Property Services also provided an overview of the high level implications for West Lothian Council.

The report concluded that the Scottish Government had published the draft 2019-20 Scottish Budget and the provisional Local Government Finance Settlement for 2019-20 on 12 December 2018.

For West Lothian the increase in revenue grant funding was £3.692 million. After taking account of funding provided for new spend commitments, the comparable reduction compared to 2018-19 was £4.770 million at this stage although confirmation on a number of funding streams was still required. It was however clear that the revenue funding package proposed by the Cabinet Secretary would not provide sufficient

funds to meet cost pressures and increasing demands and very significant savings would be required in 2019-20 and future years.

It was therefore proposed that the Head of Finance and Property Services continued to assess the outcome of the detailed local government finance settlement, taking account of further confirmation required and the further funding streams to be clarified.

It was recommended that Council Executive :-

1. Notes the issue of the Scottish Draft Budget 2019/20, which included departmental spending plans for 2019/20;
2. Notes the outcome of the provisional local government finance settlement in respect of revenue and capital funding for 2019/20;
3. Notes that the revenue grant funding for West Lothian contained in the settlement, including assumed recurring items yet to be distributed, of £322.862 million reflects an increase of £4.692 million compared to 2018/19 funding, however it included £9.462 million of revenue funding directly relating to new Scottish Government spending commitments, meaning that the council had a reduction in core revenue funding of £4.770 million in 2019/20;
4. Note the general capital grant of £17.615 million, £296,000 for Cycling, Walking and Safer Streets and £4.8 million in capital funding for early learning and childcare in 2019/20;
5. Notes that the revenue grant funding package set out by the Scottish Government would not provide the funding required to meet unavoidable cost pressures such as pay awards, demographics and indexation and that, as a result, very significant budget savings would be required in 2019/20;
6. Notes the significant reductions in core revenue funding to the council since 2014/15 and the very significant savings that had been required since 2007/08;
7. Agrees that the Head of Finance and Property Services should update the agreed 2019/20 revenue budget taking account of the outcome of the finance settlement and latest circumstances;
8. Agrees that the Head of Finance and Property Services should continue to assess the outcome of the detailed local government settlement, and should provide updated revenue and capital budgets to council in February 2019;
9. Advises officers of any further action that Council Executive would wish to see in relation to the settlement.

Motion

To approve the terms of the report and:

Council notes with continuing despair that yet again the Scottish Government has mercilessly cut the core Scottish local government settlement in cash terms by £264 million, which is a 3.4% real terms cut. The Fraser of Allander Institute (a leading independent economic research institute) has stated that the headline Scottish Government figures for councils are flat in real terms only because capital and specific grants are included and reinforce the assessment that core local government funding has been cut.

At a national level, local government is receiving a reducing share of overall Scottish resources, with councils set to receive only 26.03% of the overall pot in 2019/20 compared to 28.62% in 2007/08. Between 2016/17 and 2019/20 the core local government finance settlement will have decreased by 9% in real terms, with the Fraser of Allander Institute estimating that £539 million would be required to restore local government funding in real terms to 2016/17.

Scottish Government demonstrates on an ongoing basis its lack of recognition and appreciation of the valuable local services councils provide to their communities by subjecting them to cuts, at five times the rate of reductions in the Scottish Government's own budget.

This level of year on year of staggering cuts to lifeline services exposes the most vulnerable in our communities. Cosla has repeatedly echoed the warning from the independent Accounts Commission and Audit Scotland that these cumulative cuts are not sustainable and the "councils are at a cliff edge". The impact of such savage cuts on this council is a reduction in budget of £92 million from 2007/08 to 2017/18. Over and above this savings of £65 million have had to be found for the five year period 2018/19 to 2022/23 and early indications from the first draft of the Scottish Government budget for 2019/20 show that further savings will have to be made.

The admission by Derek MacKay, Finance Secretary, at the Local Government and Communities committee on 9th January that councils will have to cut frontline services, after years of denial by him, his predecessors and the Scottish Government, is welcomed. However, at this stage, he has failed to take action to stop or reverse the damage his policies cause within communities throughout Scotland although he has a range of financial measures available to him.

Council Executive therefore, given the Cabinet Secretary's admission, instructs the Chief Executive to write to the Cabinet Secretary for Finance, Economy and Fair Work and Scotland's First Minister setting out the negative impact the finance settlement would have on council services and to demand that her Government gives proper appreciation and recognition to local authorities in general and West Lothian Council in particular by providing sufficient revenue grant support in 2019/20 to allow fully funded provision of services.

- Moved by Councillor Kirsteen Sullivan and seconded by Councillor Harry Cartmill.

Amendment

West Lothian SNP Group welcomes the additional money given to Councils, this year. We welcome the additional money allocated to the Scottish Governments priority themes of NHS, Education and Integration.

West Lothian SNP Group notes the Recommendations and appreciates that changes could occur in later discussions at Holyrood.

- Moved by Councillor Frank Anderson and seconded by Councillor Peter Johnston.

A Roll Call Vote was taken which resulted as follows :-

Motion

Harry Cartmill

Tom Conn

David Dodds

Peter Heggie

Chris Horne

Charles Kennedy

Dave King

Dom McGuire

Cathy Muldoon

Kirsteen Sullivan

Damian Timson

Amendment

Frank Anderson

Peter Johnston

Decision

Following a vote the motion was successful by 11 votes to 2 and it was agreed accordingly.