

Highland Council Special Meeting 29 February 2024

Supplementary Briefing Points from S95 Officer

(a) Further communications received from Deputy First Minister (attached).

Since the issue of the Budget Report to members, the following two letters have been issued by Scottish Government relating to the potential for additional funding. These letters are circulated for members information. The following points are made by the Council's Section 95 Officer in relation to these two letters.

- The attached letters highlight the potential for additional funding for Local Government in Scotland in 24/25.
- The Council's share of the £62.7m referred to is estimated as being potentially £2.8m.
- Plus a share (not yet advised) of a £4m national increase in the Islands Cost of Living fund.

- This funding is conditional upon the outcome of the UK Government Spring Budget on 6th March, and Scottish Government position will only be confirmed at some point thereafter.

- Funding is also conditional on Councils agreeing to freeze council tax for 2024/25.

- As a result, the potential funding is not guaranteed at this time.

- As Section 95 Officer I do not consider the enclosed letters would lead to any change to Council funding or budget assumptions for 2024/25 that would be necessary or appropriate at this time. In turn, there is no direct consequence to the recommendations as set out in the budget report to be considered by members on 29 February.

- Subject to further communication from Scottish Government, potentially during March, there may be further budget and funding implications to consider at that time.

(b) Passing of Scottish Budget 2024/25 on 27th February 2024

Scottish Parliament on 27th February considered and approved the Scottish Budget. Today, 28th February, Councils expect to receive formal confirmation of their grant funding for 2024/25. That has not been received at the time of preparing this briefing. Further update will be provided to members when available, or on the day of Council. It is not expected there should be material change from the assumptions made in the budget report.

Brian Porter, Head of Corporate Finance 27 February 2024

Deputy First Minister and Cabinet Secretary for
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Shona Robison MSP

 **Scottish Government**
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21 February 2024

Dear Councillors

Further to our recent discussions, including the conversation with the First Minister on Friday 16 February, and following your correspondence received on 19 February 2024, the First Minister and I have discussed COSLA's position on the Council Tax Freeze and the Local Government Settlement more generally.

We have reflected on the view of Leaders that, in that context, the £147 million allocated to fund the Council Tax Freeze is not sufficient, in particular COSLA's position that the General Revenue Grant is £62.7 million lower than last year. We have also heard your call for a compromise to be reached, as reiterated in my meeting with the Vice President, Cllr Hagmann and Group Leaders this afternoon.

In the light of these discussions, I am prepared to commit that, subject to the overall funding position improving following the UK Government's Spring Budget on 6 March, the Scottish Government will not only pass through to local government the £45 million expected as a result of the recent announcement on ring-fenced Adult Social Care funding in England, and any consequentials received for increased teacher pension contributions, but we will also increase the local government General Revenue Grant by a further £17.7 million.

As I stated in our meeting earlier today, the £45 million which is expected as a result of Michael Gove's announcement on adult social care funding, is being passed through to local government in Scotland as general revenue funding. We are not imposing the same conditions on the use of that funding, or compelling councils to produce productivity improvement plans as part of that package.

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In making this decision we will be allocating an additional £62.7 million to councils in Scotland for them to use as they see fit. In the context of the wide range of demands on the Scottish Budget and challenges across the public sector, I consider that this is a significant offer of compromise.

It will mean that the £147 million in funding allocated will be wholly additional funding. This compromise, in the spirit of constructive discussions we have had in recent weeks, represents a significant protection and improvement in the funding position for local government, which no other portfolio is benefiting from. It is also a demonstration of our commitment to the Verity House Agreement. In return for this significant compromise, I reiterate the position that the funding is conditional upon the freezing on the Council Tax.

It is also my intention that the funding for a Council Tax Freeze will be baselined in future years into the General Revenue Grant for all councils which agree to freeze their Council Tax in 2024-25.

I would highlight the priority placed on Local Government in recent years. Since the Resource Spending Review was published, Ministers have been required to take very difficult in-year decisions including the Emergency Budget Review in 2022-23 and more recently an in year budget savings exercise in 2023-24. Councils were not only fully protected from the challenging decisions taken in those processes but with the addition of the £62.7 million confirmed today, the core Local Government resource budget in 2024-25 is now over £730 million higher than the £10,616 million position published in the Resource Spending Review.

In addition, the Minister for Local Government Empowerment and Planning has today communicated to relevant councils our intention, subject to the funding position after the Spring Budget, to increase the Islands Cost of Living fund by £4 million. We have been listening closely to the island authorities, communities and businesses, and have recognised the needs of islands throughout this budget. This further step is being taken in recognition that there is a review underway led by COSLA and the Improvement Service on the Special Islands Needs Allowance, but that review will take time to complete. This is a small step but one which we hope will aid the island authorities to support their communities in the short term.

Finally, two further matters were raised in my meeting with Group Leaders earlier today and which I committed to clarifying.

Group Leaders raised with me their views about the need for a dialogue on teacher numbers and the wider education workforce, it is my view that the proposed Education Assurance Board needs to be rapidly established and begin its work to best enable those discussions to take place. A date for the first meeting of that Board should be identified as soon as possible.

In addition, in respect of delegation of services under the National Care Service, I can confirm that there is no intention to consider the requirement for the delegation of homelessness services as part of the NCS. We are committed to ensuring a clear interface between social care reform and other initiatives designed to support those experiencing or at risk of homelessness, and the letter simply intended to restate that commitment.

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I trust that this confirmation on funding supports those councils still to make a decision on their Council Tax and budget setting in that process, and that the clarifications above help us to move the discussion on other matters forward in the spirit of the Verity House Agreement.

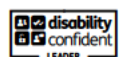


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By Email.

23 February 2024

Dear Councillors

Further to your request for clarification on the offer of additional funding, I confirm that as set out in my letter of 21 February the offer of a £62.7 million increase in in the General Revenue Grant is contingent on agreement to freeze the Council Tax.

In making the offer of this additional funding, subject to the funding position post UK Spring Budget, I have responded to your request for a compromise and the position of COSLA that the £147 million allocated for the freeze was not fully funded.

In relation to the additional funding for the Islands Cost of Living fund, it is my strong belief that raising the Council Tax is wholly incompatible with addressing the cost of living. It would undermine the benefit of that funding if any of the relevant authorities were to raise their Council Tax.

I am pleased that the majority of councils which have set their budgets to date have chosen to accept the additional funding and freeze council tax in 2024-25. I hope that all other councils yet to make their decision also freeze their council tax now that we have offered this compromise.



SHONA ROBISON