

PE2074/B: Increase local government funding to help protect the vulnerable elderly population and prevent the closure of care homes

Cabinet Secretary for Finance and Local Government written submission, 29 May 2024

Thank you for your correspondence of 14 May 2024, on behalf of the Citizen Participation and Public Petitions Committee, calling on the Scottish Government to increase the funding it provides to local councils, enabling them to deliver the best possible health and social care, and help to protect the vulnerable, frail and elderly population from the closure of residential and nursing care homes.

I have been clear that the UK Government's Spring Budget and Autumn Statement failed to deliver the funding Scotland needs for public services. When more support is desperately needed for public services and infrastructure, Scotland's Block Grant from the UK Government is still less in real terms in 2024-25 than in 2022-23 by around £0.4 billion. However, the Scottish Government recognises the financial challenges that the entire public sector is currently facing and that local authorities and their employees play a crucial role in our communities.

Despite continued UK Government austerity measures, the Scottish Government have increased the Local Government Settlement to over £14 billion in 2024-25, comparing final budget to budget - as required by Parliament - this represents an increase of £574.6 million – equivalent to a 4.3% cash terms increase (2.5% real terms).

Critically, alongside providing record funding, the Local Government Settlement's share of the discretionary Scottish Budget has increased. This assessment is supported by SPICe in their report on Local Government Finance, with Table 10 of that report confirming that Local Government's share of the discretionary Scottish Budget is not only higher in 2024-25 than it was in 2023-24 but also higher than it was in 2013-14.

Similarly, the Accounts Commission Overview of Local Government in Scotland 2023 confirms that the Scottish Government provided a real-terms increase in revenue funding for local government between 2013-14 and 2023-24, the recent Local Government Budgets 2024-25 publication confirms that the Scottish Government has also provided a real terms increase in revenue funding in 2024-25.

This evidence does not ignore the challenges councils face locally or the difficult decisions taken to balance budgets but does serve to highlight that where Ministers have had discretion, they have demonstrably prioritised Local Government, highlighting the importance the Scottish Government places on our local services.

The Scottish Government also continues to work with COSLA to empower councils through a New Deal with Local Government including consideration of a fiscal framework, with a joint progress report on that Framework being published on 14 December. We have also committed to empowering Local Government through

increasing discretion to determine and set fees and charges locally, in the coming year this will include joint work on building warrant fees and planning fees.

The vast majority of funding available to Local Authorities is provided by means of a block grant. It is then the responsibility of individual local authorities to manage their own budgets and to allocate the total financial resources available to them, including on health and social care services, on the basis of local needs and priorities, having first fulfilled their statutory obligations and the jointly agreed set of national and local priorities.

In respect of the provision of Health and Social Care, Councils are independent bodies with their own powers and responsibilities and are entirely separate from the Scottish Government. Local and national government have committed to respecting each other's democratic mandates as part of the Verity House Agreement.

As long as they act lawfully, it is up to each democratically elected council how it manages its day-to-day business and decision making processes. Ultimately, it is for locally elected representatives to make local decisions on how best to deliver services to their local communities.

The 2024-25 budget provides funding of over £19.5 billion for NHS, recovery, health and social care, providing an uplift exceeding frontline Barnett consequentials; meaning resource funding for health and social care has more than doubled since 2006-07, 37.1% in real terms. This includes an additional £230 million to support delivery of the pay uplift to a minimum of £12 per hour for adult social care workers in third and private sectors from April 2024, representing a 10.1% increase for all eligible workers.

As well as this, Councils are budgeted to spend almost £4.5 billion on social work services in 2023-24. This is around one third of Net Revenue Expenditure and follows a similar trend to spending in recent years.

The Scottish Government has limited fiscal levers to increase its annual funding envelope. The budget is fully allocated at the start of the financial year and if any additional funding is required for one area there must be a corresponding reduction in budget of another area to fund this.

Finally, the Scottish Government will continue to work in partnership with local government to ensure that the people of Scotland continue to receive the high quality public services that they expect and deserve.

I hope you find this information useful.

Yours sincerely,

SHONA ROBISON