

From: Murray2, Elaine
Sent: 24 January 2018 10:46:53
To: Scottish Ministers
Subject: Letter to Cabinet Secretary for Finance and the Constitution

Attachments: Letter to Derek Mackay.pdf

Please find attached copies of letter to Derek Mackay MSP, Cabinet Secretary for Finance and the Constitution. A hard copy has also been sent by post

Yours sincerely

Elaine

Councillor Elaine Murray
Leader, Dumfries and Galloway Council

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24th January 2018

Derek Mackay MSP
Cabinet Secretary for Finance
and the Constitution
Scottish Government
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EH1 3DG

Leader

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Dear

Dumfries and Galloway Council - Local Government Finance Settlement 2018/19

I am writing on behalf of Dumfries and Galloway Council, in response to your announcement of the Local Government Finance Settlement for 2018/19, on 14 December 2017. While I recognise that the settlement is in draft form and is subject to scrutiny in Parliament, I want to voice this Council's concerns over the impact the provisional funding allocation for Dumfries and Galloway Council would have.

While local government has been offered a sanction free settlement, any Council not prepared to work in partnership with the Scottish Government and accept the settlement offer, will receive a revised, less favourable, funding package. You indicate that this approach reflects the true spirit of any constructive partnership with local government. We disagree.

Dumfries and Galloway Council consider that we have been offered a 'Hobson's Choice'. I appreciate that I only need to respond to you if Dumfries and Galloway Council intend to reject the offer, however the Council was in agreement that I should set out the concerns we have with the settlement offer, notwithstanding.

The implications of not accepting the terms set would appear to be an even less favourable funding package with an even greater impact on essential frontline services - services our communities rely on every day - services we are fighting to maintain and protect. The settlement offer doesn't appear to be sanction free – it will result in cuts to jobs and services. In our low wage rural economy this prospect is devastating.

The real impact of the draft funding offer you have made, leaves this Council with an immediate gap in our budget for 2018/19 of over £14 million, on £84m of real reductions we have already faced in recent years.

The consequences of the funding settlement, and the conditions within it, are likely to be felt across our region. The scale of this means the Council will inevitably have to take difficult decisions when we meet to set our budget and council tax.

Within the Scottish Government's offer you indicate that there is no need for council tax increases in excess of 3 per cent and have made that a condition of the settlement offer. The effect of a 3% increase in council tax is also presented in mitigation of the reduced funding in the offer. Any funding from increased council tax does come directly from local council tax payers and not from the Scottish Government. It should not feature in your funding offer. We firmly believe that local taxes should be determined within our Council. The impact of years of council tax freezes and the conditions now set on capping council tax undermines local accountability. This is especially the case in council areas like Dumfries and Galloway where we have a historic low council tax base.

The settlement on offer is not cash flat – the distributional element of funding allocations, including our Council's contribution to the funding floor, results in a like for like reduction of £5.97m (2.1%). In addition, the settlement now includes Social Care Funding for the Living Wage, sleepovers, the Carers Act and free personal care. This is in marked contrast to previous years where it was reflected in the NHS Funding Settlement. Dumfries & Galloway's share of this funding has been confirmed at £2.167 Million.

With the local NHS and through the local Integration Joint Board, we are collectively giving consideration as to how to tackle the pressures being faced in essential services for our most vulnerable people. We believe that better alignment of the timing of budget setting across the NHS, Integration Joint Board and local government would help us make those decisions more effectively. In particular bringing forward NHS annual budget setting processes would be a positive and welcome step.

Yours sincerely

Elaine Murray
Leader
Dumfries and Galloway Council