



Derek Mackay  
Cabinet Secretary for Finance and Constitution  
Scottish Government  
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**CO-LEADERS OF FIFE COUNCIL**

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25<sup>th</sup> January, 2018

Dear Mr Mackay

**FINANCIAL SETTLEMENT 2018-2019**

We are writing in response to your letter dated 14<sup>th</sup> December regarding the Local Government Finance Settlement requiring authorities not agreeing to the offer to write to you by 19<sup>th</sup> January, which has subsequently been revised to 26<sup>th</sup> January.

In your letter you have advised that the allocations are only provisional at this stage and local authorities should not set their final budgets on the basis of these until the final allocations are confirmed following the end of the consultation period and the publication of the late February 2018 circular. In the light of this the Council has therefore postponed its budget meeting until 22<sup>nd</sup> February.

We are also aware that individual provisional allocations will change as a consequence of errors/adjustments to the settlement, and that significant changes have been notified to us this week.

Whilst we recognise that there has been a real terms reduction in the Block Grant to Scotland, and the reduction in the Council's core grant allocation is less than we had been estimating, nevertheless under the current proposed settlement, Fife's core grant will be reduced by £11.3m (1.8%) on a like for like basis and this will inevitably put further pressure on local services.

In light of these factors we are therefore neither able to accept or reject the offer until final allocations are available.

There needs to be a greater degree of transparency and understanding of the rationale in setting the level of the floor linked to what it is trying to achieve. Officers within the Council will raise these points as part of the review of the floor which is scheduled to take place in this coming year by the Settlement and Distribution Group.

We trust that you understand our position in relation to not being able to reject or accept the offer at this stage.

Yours sincerely



Councillor David Ross  
Co-Leader of Fife Council



Councillor David Alexander  
Co-Leader of Fife Council