



Falkirk Council

Ref: CM
Direct Dial: 01324 506134
Date: 20 October 2021

Kate Forbes
Cabinet Secretary for Finance and the Economy
Scottish Government

Dear Kate

As Leader and opposition group leaders at Falkirk Council, we write to convey our disappointment and frustration at how the potential of the PPP Service Concession Flexibility has finally landed with COSLA Leaders and to take the opportunity to touch on wider factors which are impeding councils in effectively managing their budgets and meeting their significant financial challenges. The PPP Concession matter is a vital element of this.

Your announcement on the PPP Concession Flexibility last October highlighted significant potential benefits. This announcement was welcome as it not only set out a strategy for dealing with Covid-19 pressures but more importantly provided Local Authorities with a means of driving forward much needed regeneration for the medium and long term benefit of our communities. The policy imperative behind your announcement was clear. However, this flexibility has been continually watered down over the subsequent year, to the point where accounting purity has taken precedence over the original policy imperative. As a result, the potential benefits have reduced considerably and with it local authorities ability to support regeneration.

In simple terms we had and indeed still have the opportunity to inject significant financial resources into what remains an extremely challenging environment. The current year reserves position masks the underlying and enduring pressures. Moreover, this opportunity comes without detriment to the Scottish Government or local taxpayers, albeit there will be some interest costs. We are of course referring particularly to the aspect of no retrospection. The retrospection offered is for only 2 years and provides minimal benefit and disproportionate complexity. But that is only one of the constraining elements in your offer. There is also the removal of grant funding and interest from the equation. This core matter will of course emerge again in the Capital Accounting Review. There is clearly a better way through this and it is extremely frustrating that the Government is failing to recognise this and the significant downside of failing to do so.

We now turn to broader financial considerations. Our Council's estimated deficit for the next financial year (22/23) is close to £25m. Should the current year pay award match the NHS (which in fairness to our staff, it should) that deficit would increase further as well as reducing our existing reserve balance to below our floor position. That brings significant risks. Moreover, should an assumed 1% in RSG for 22/23 not materialise the deficit would increase by a further c£3m. Given the constraint on income with the council tax ceiling, this will have to be found from services and after a decade of relentless budget pressures there are no easy options left. That will mean reductions in services to local communities and the loss of jobs. And all of this on the cusp of local government elections.

Councillor Cecil Meiklejohn (Mrs)
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Beyond a more positive stance on the PPP Concessions and a commitment to increased grant funding, there are a couple of adjustments that the Scottish Government could make which would really help us.

Firstly, we would ask for a relaxation of the pupil/teacher ratio. Audit Scotland have identified us as one of the most improved councils in terms of educational performance over the last five years. As a Council, we are clear that we can continue to deliver excellent educational outcomes with a teacher resource below that required by Scottish Government. Moreover, it is just not possible to plug the scale of deficit we face, if we are materially limited in the savings we can make from our biggest service. This reflects a broader issue with Scottish Government funding being ring-fenced in a manner that does not always match local priorities.

Secondly, we would ask for the restoration of the council tax inflation factor. This previously allowed the Council to lever up £24m of additional capital investment through earmarked prudential borrowing.

We would ask you to reflect on these observations and are happy to discuss them with you. The financial landscape remains very challenging. We are aware of the particular pressures you also face at the national level. There are reasonable actions which are in the gift of you and your colleagues in government and could make a real difference to the wellbeing and success of our communities, which we know we all wish to best serve.

Yours sincerely

[Redacted]

[Redacted]

[Redacted]

Councillor Cecil Meiklejohn
Leader of the Council

Councillor Robert Bissett
Labour Group Leader

Councillor James Kerr
Conservative Group Leader

Chief Executive Office

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Private and Confidential
Rt Hon Nicola Sturgeon MSP
Scottish National Party – Party Leader
Nicola.Sturgeon.msp@parliament.scot

(letter sent electronically to all Party Leaders in the Scottish Parliament)

5 October 2021

Dear Party Leader

Financial Pressures Faced by Scottish Councils

A meeting of West Lothian Council was held on 28 September 2021 at which the above matter was discussed.

I am contacting you on behalf of the council to ask that you give fullest consideration to the SPICe briefing which sets out the key financial challenges facing all Scottish councils when determining the revenue allocation for councils for 2022/23.

I attach a copy of the agreed Notice of Motion for your consideration.

Yours sincerely

[Redacted]

Graham Hope
Chief Executive

WEST LOTHIAN COUNCIL LABOUR GROUP

**Notice of Motion from Councillor Lawrence Fitzpatrick
For the Council Meeting on 28th September 2021**

Financial Pressures Faced by Scottish Councils

Council is asked to note the key financial challenges facing Scotland's 32 Councils as highlighted in the briefing prepared by the Scottish Parliament Information Centre (SPICe), provided in advance of pre-budget scrutiny.

Members are pointed to this Local Government Finance Briefing being a factual brief prepared by SPICe which draws from various sources, including Audit Scotland to present an accurate reflection of the decisions, constraints and circumstances that councils have had to endure over recent years.

It highlights that Local Government has seen a 2.1% real term reduction in funding since 2013-14, over a period when the Scottish Government has seen their overall budget increase.

Council is asked to agree that the data and findings clearly evidence the ongoing chronic underfunding of councils by the SNP Government over the last 7 years. As the great Scottish Bard penned 'facts are chieft that winna ding'.

Council is asked to agree to instruct the Chief Executive to write to all Party Leaders in the Scottish Parliament asking them to give fullest consideration to the Briefing when next determining the revenue allocation for councils for 2022/23.

[Redacted s38(1)(b)]

Received on 13 Sept 2021 at
10:44am

[Redacted]

**Councillor Lawrence Fitzpatrick
Leader
West Lothian Labour Group**