

**From COSLA Resources Spokesperson, Cllr Katie Hagmann**



18 April 2023

Shona Robison MSP  
Cabinet Secretary for Finance  
Scottish Government  
St Andrews House  
EDINBURGH  
EH1 3DG

Via email: [dfmcsf@gov.scot](mailto:dfmcsf@gov.scot)

Dear Shona,

Congratulations on your appointment as Deputy First Minister and Cabinet Secretary for Finance. I look forward to continuing to work with you over the coming years as part of a partnership approach between Local Government and Scottish Government with a collective focus on improving outcomes for the people of Scotland.

As you will be aware, the COSLA President has written to the First Minister expressing our desire for work to proceed around a partnership agreement to underpin the 'New Deal for Local Government', and my fellow COSLA spokespeople are also making contact with the relevant Cabinet Secretaries and Ministers. Together we want to build a positive and productive relationship that provides the strong foundations we need to face a range of wider challenges and address our shared priorities.

To achieve our shared priorities, it is vital to ensure fair and sustainable funding for Local Government, that recognises the vital role of local authorities in service delivery and provides both the flexibility needed for resources to be targeted most effectively within our communities, and the stability and certainty in the system that will support our workforce and local economies.

Key to this will be the agreement of a new Fiscal Framework for Local Government, which is at the core of our new partnership. I look forward to working closely with you and the Minister for Community Wealth and Public Finance to bring this to fruition over the coming months.

Another significant focus of my role is in relation to pay negotiations which have obviously been particularly challenging over the past year. This is closely linked to the sustainability of Local Government funding, which is needed to support fair pay awards to staff, deliver vital services and achieve value for the public. In particular, I would like to discuss with you the commitment from your office relating to funding to ensure the parity of the 23/24 SJC pay offer with SNCT 22/23 – 24/25 pay settlement, and which includes additional recurring budgetary commitments arising in 24/25. I am keen to make sure that sufficient funding is available through the core Settlement going forward.

I would welcome the opportunity to meet with you as soon as possible, so we can build a strong working relationship for the months and years to come.

Once again, I congratulate you on your appointment and look forward to working with you.

Yours sincerely,

Councillor Katie Hagmann  
**COSLA Resources Spokesperson**

In November 2022, COSLA launched a new [Plan for Local Government in Scotland](#). This plan will allow Local Government to build around an ambitious vision for Scotland's future – one based on the empowerment of people and communities.



**From COSLA Resources Spokesperson, Cllr Katie Hagmann**



20 June 2023

Shona Robison  
Deputy First Minister and Cabinet Secretary for Finance  
Scottish Government  
St Andrews House  
EDINBURGH  
EH1 3DG

Via email: [DFMCSF@gov.scot](mailto:DFMCSF@gov.scot)

Dear Shona,

Thank you for your letter and invitation to participate in the Scottish Government's Tax Advisory Group. I am writing to confirm that I am delighted to accept the invitation.

Reform of the tax system has been of long-standing interest to COSLA Leaders. As councils continue to experience increasing financial pressures, it is crucial that we protect services and local communities through ensuring that our councils have access to sustainable funding. As well as consideration of income tax policy that could be used to increase the totality of funding available for public services, allowing councils to maximise revenue independently of the Scottish Government through greater tax-raising powers is also vitally important. As such we would also request that Directors of Finance and Local Government revenue professional colleagues also have representation on the Advisory Group.

For example, council tax reform along more progressive and fairer lines, as well as the removal of the cap in setting council tax rates, has been a key ask of COSLA Leaders. Indeed, as you may be aware, as a member of the Joint Working Group on Sources of Local Government Funding and Council Tax Reform, myself and COSLA officers recently presented a paper to the group outlining a number of proposals from Local Government. I hope that our joint working in this area can continue alongside the new Partnership Agreement and Fiscal Framework discussions.

I would also like to welcome the ongoing joint work on another tax which will benefit Scottish Local Government – the Visitor Levy. Once implemented, we hope that the Levy will provide a good example of how councils can utilise discretionary powers to raise tax revenue independently of the Scottish Government to the benefit of local communities and, in turn, increase fiscal sustainability in Local Government.

I look forward to joining you on 18<sup>th</sup> July, along with Mirren Kelly, COSLA's Chief Officer for Local Government Finance.

Yours sincerely,

Councillor Katie Hagmann  
**COSLA Resources Spokesperson**

**From COSLA Rescourses, and Children and Young People Spokespersons**



26 June 2023  
Shona Robison MSP – Deputy First Minister  
Scottish Government  
St Andrews House  
Edinburgh  
EH1 3DG

Via email: [DFMCSF@gov.scot](mailto:DFMCSF@gov.scot)

Dear Shona,

You will be aware that the previous Cabinet Secretary for Finance and Economy, Ms Forbes, had intended to carry out a Capital Accounting Review (CAR), initially intended to start in autumn of 2022. While covering maternity leave for Ms Forbes, Mr Swinney agreed to delay this by 12 months until autumn 2023. Local Government welcomed this decision

We are writing to you to set out Leaders' ongoing concern, highlighted recently when considering a report on the Learning Estate Investment Programme – CAR and any changes to Statutory Mitigations would present affordability risks for Local Government. Any recommencement of a CAR will create ongoing uncertainty for Scottish Councils in relation to current capital investment programmes and future investment, not only in the school estate but across all our building projects, some of which are critical for working towards net zero.

The established COSLA position is that there is neither a need nor benefit of a further review given the initial review, led by Directors of Finance reporting in March 2022. It concluded that any changes to statutory mitigation are unnecessary as the system works well in making the necessary adjustments to accounts required due to the nature of public sector assets and that any changes would pose affordability risks to Local Government (ultimately impacting council tax and housing rent payers). It was also made clear in the review that Councils already comply fully with the CIPFA Code of Practice for Local Authority Accounting, which adopts all appropriate International Accounting standards.

Changes to current statutory mitigation, even if introduced on a transitional and prospective basis, would require significant additional funding from Scottish Government to Local Government to avoid significant reductions in Local Government's capacity for capital investment. We are very mindful of Scottish Government's current financial situation and would not want to further jeopardise funding to key areas e.g. Free School Meals which are key to poverty reduction.

Whilst statutory mitigation has been used sparingly, it has only ever been introduced when there has been a strong financial and political argument that delivers government policy and protects taxpayers from unnecessary additional cost. Recent examples of switching resources between capital and revenue to address the funding of pay awards, whilst not directly relevant to capital accounting, illustrate the funding possibilities where Government regulation can achieve better outcomes which would not be possible under accounting standards alone.

Changes would also introduce significant year on year volatility for Council Tax and Housing Rent payers. Ultimately this would impact communities including children and young people, affecting any future proposed joint investment programmes like the Learning Estate Investment Programme and the Affordable Housing Supply Programme, both of which are key to addressing our shared priorities as stated in the Partnership Agreement.

We hope you will agree that there is no requirement for a Capital Accounting Review.

Yours sincerely

Cllr Katie Hagmann  
**COSLA Resources Spokesperson**

Cllr Tony Buchannan  
**COSLA Children and Young People Spokesperson**

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E: [scottish.ministers@gov.scot](mailto:scottish.ministers@gov.scot)

Councillor Katie Hagmann  
COSLA Resources Spokesperson

By email:  
Copy to: [jane@cosla.gov.uk](mailto:jane@cosla.gov.uk) ;  
[simonc@cosla.gov.uk](mailto:simonc@cosla.gov.uk) ; [sarah@cosla.gov.uk](mailto:sarah@cosla.gov.uk)

04 September 2023

Dear Katie,

I am writing further to COSLA's request through my officials for additional Scottish Government assurances related to funding for the 2023-24 Local Government (SJC) Pay Negotiations. We all wish to see a swift end to the pay negotiations, with a fair and affordable pay deal which supports local government workers and avoids industrial action.

Under the Verity House Agreement we are committed to respecting the established negotiating structures for local government pay negotiations. Nevertheless, and despite UK Government cuts, the Scottish Government has already committed to providing a further £155 million to support a meaningful pay rise for local government workers.

I understand that as a result of its structure, the pay offer initially made by COSLA in April has a recurring cost which is £94 million greater than the in year cost for 2023-24. I appreciate that at a time of challenging budgets across the public sector in Scotland, this additional recurring burden causes concern for Councils as to the affordability of any increase in the offer. However, I also appreciate that Councils wish to find a way to conclude the pay negotiations, and are examining closely what may be affordable.

Therefore, notwithstanding the fiscal challenge facing the Scottish Government, I can commit to you that we will work with you to find the additional £94 million to fully fund the existing offer from 2024-25. I trust that this assurance, given on the basis that a deal will be reached with the Trade Unions to bring a swift end to negotiations, will enable Councils themselves to find the additional funding required to improve the offer.

**SHONA ROBISON**

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Councillor Katie Hagmann, COSLA Resources  
Spokesperson Copy to:  
Councillor Shona Morrison, COSLA President  
Councillor Steven Heddle, COSLA Vice-President  
By email: <Redacted>  
Copy: [jane@cosla.gov.uk](mailto:jane@cosla.gov.uk); [sarah@cosla.gov.uk](mailto:sarah@cosla.gov.uk);  
[simonc@cosla.gov.uk](mailto:simonc@cosla.gov.uk)

20 September 2023

Dear Katie,

I am writing further to the discussion this afternoon between ourselves, Political Group Leaders and the COSLA Vice-President about the 2023-24 local government pay negotiations. As we all recognised on the call, I am grateful to COSLA officers for their continued engagement with my officials as we are jointly committed to resolving this negotiation, in the context of the Verity House Agreement.

Although the Scottish Government continues to face an exceptionally challenging fiscal environment due to the cumulative impact of sustained UK Government austerity, alongside the 2023-24 Scottish Budget, the Scottish Government made available an extra £155 million of resource to Councils to support an enhanced pay offer for the Local Government workforce.

Despite that additional funding, which I know was welcomed by Leaders, we recognise that councils have already been required to take difficult decisions locally in order to balance their budgets, continue to deliver statutory services, and provide the support that our communities require.

As set out in the Verity House Agreement, pay negotiations are a matter for local government and, in the context of the difficult decisions already taken and the lack of any additional resources, it is clear that any enhancement to what is already a very strong pay offer from COSLA, will require reprioritisation of existing spending priorities across both spheres of government.

However, I recognise that reprioritising existing spending priorities in-year can be extremely challenging for councils. Therefore, in the spirit of the collaborative approach set out in the Verity House Agreement, I would like to propose a partnership approach to reaching an agreed final additionality of £90 million to enable a significant enhancement to the current pay offer - this includes the £10 million that Leaders agreed earlier this month on a recurring basis.

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In doing so, we will need to be clear that this is a best and final offer and is made on the basis that the Unions are asked to call off strike action next week and put the offer to their members for consideration.

To achieve that envelope a series of challenging decisions needs to be taken.

Firstly, despite significant financial challenges, Leaders agreed to put an additional £10 million recurring funding towards the already strong offer. This is on top of the Local Government investment already made of £195 million.

Secondly, as result of difficult decisions to delay spending in our capital programme, the Scottish Government is able to make available a further £22 million of capital funding available to councils in 2023-24. This will of course require councils to take advantage of flexibilities available to them to deploy this as resource for the purposes of pay.

The Verity House Agreement sets out our joint vision for a more collaborative approach to the shared challenges we face and whilst I am determined to respect the established negotiating arrangements for pay, I am keen to work in partnership to explore the range of options which may be available to councils including using funding already provided by the Scottish Government. In doing so, we recognise the impact of the pandemic and cost-of-living crisis on our children and young people, and share the desire to protect the budgets which support our most vulnerable households.

A further step I am willing to take to enable funding to be released in 2023-24 on a one off basis, is to agree that the 2024-25 local government settlement will not be top sliced for the forecast £7 million local government contribution to the Historic Child Abuse Redress Scheme. I appreciate this is an important contribution for local government and that you remain committed to making this contribution in a reprofiled way in future years. I trust that as discussed between our officials this commitment will give councils confidence to make that £7 million available in 2023-24 for a revised pay offer, and that this will in no way impact on payments being made to individuals under the Scheme.

In addition, I am aware that the Local Government Attainment Grant, or Pupil Equity Fund, is provided on a financial year basis but used across an academic year by schools. Therefore a portion of the funding provided for academic year 2023-24 is not expected to be utilised until the first quarter of financial year 2024-25. I will allow councils to bring £30 million of this funding forward and use it to manage pay pressures in 2023-24 on a one off basis, and commit that in return the PEF allocation for 2024-25 will increase by £30 million to rebalance this, therefore ensuring that funding continues to be available at currently planned levels going forward with no detriment to schools.

Finally, I can also confirm that the Scottish Government had been planning on the basis of a £21 million underspend in employability funding outwith the local government settlement, rather than seeking to recoup this saving I agree that councils can instead use this locally to support the pay offer in 2023-24. Realising this saving is not an easy decision but is essential to ensuring that other funding can continue to be protected.

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Clearly these are very difficult decisions, however taken together these five sources of funding creates sufficient headroom to enhance the in-year offer by £90 million and would allow for a full backdating of the offer, meeting the ask set out in the letter from Unison received last Thursday 14 September.

In relation to our discussions about commitments to £15 per hour minimum rate of pay, I have agreed that my officials can work with COSLA officers to agree a form of words to enhance this commitment to working with the Trade Unions taking account of wider strategic Scottish Government-Trade Union relations and public sector pay strategy.

We all want to see a swift conclusion of these negotiations, and for local government to lead that conclusion. I trust that this offer to assist with the reconfiguration of existing funding and use of one-off sources, in the spirit of partnership, will enable councils to reach a deal with the Unions and protect our children from the damaging impact of further strike action.

**SHONA ROBISON**

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Councillor Katie Hagmann  
<Redacted>

14<sup>th</sup> June 2023

Dear Katie,

I hope this email finds you well.

The Scottish Government published its sixth [Medium Term Financial Strategy \(MTFS\)](#) on the 25<sup>th</sup> May 2023, alongside the updated Scottish Fiscal Commission forecasts. This year's MTFS is the first step towards delivering the critical fiscal commitments set out in the Scottish Government's policy prospectus: "Equality, Opportunity, Community: New Leadership – A Fresh Start".

You may be aware, as part of the Scottish Government's Medium-Term Financial Strategy, I set out my intention to establish a Tax Advisory Group. This group will build on the Scottish Government's inclusive approach to tax policymaking and will feed into the Budget 2024-25 and the development of the Scottish Government's longer-term tax strategy.

As Chair of the group, it is important to me that the membership captures a diverse range of voices, with experience from across industry, thinktanks, unions and local government. The success of the group will hinge on creating a space for knowledge sharing and discussion.

I would like to invite you to join the group for three sessions this year. Your background and expertise will help the group consider challenging questions about the state of the tax system and the role for tax in delivering fiscal sustainability now and in the future.

The first meeting will be held in Edinburgh on the 18<sup>th</sup> July, with subsequent meetings in early September and early October. The dates will be confirmed at the end of the prior session.

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I would be grateful if you could respond by Wednesday 21<sup>st</sup> June, as to you whether you wish to be part of the Scottish Government's Tax Advisory Group. My officials would be happy to discuss the group with you should you wish to before making a decision. You can contact Lorraine King, Deputy Director for Tax Strategy, Engagement and Performance, directly at [Lorraine.King@gov.scot](mailto:Lorraine.King@gov.scot) .

I look forward to hearing from you.

Kind regards,

**SHONA ROBISON**

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Cllr Katie Hagmann  
COSLA Resources Spokesperson  
By email: <Redacted>

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26 April 2023

Dear Katie,

Thank you for your correspondence of 18 April 2023 welcoming me to my new role as the Deputy First Minister and Cabinet Secretary for Finance. Having previously held portfolio responsibility for the Local Government relationship, I was delighted to accept the invitation from the First Minister to combine the role with the Finance Portfolio.

The decision to combine Cabinet level responsibility for local government finance and the local government relationship highlights the priority that the Scottish Government places on delivering a New Deal with Local Government. That commitment was re-emphasised in the First Minister's statement to Parliament on 18 April and I welcome the work our officials are progressing to develop the dual foundations of a Partnership Agreement and a Fiscal Framework. The integrated nature of the two workstreams will ensure that we are able to balance greater flexibility over local financial arrangements with clearer accountability for the delivery of national priorities. I look forward to the conclusion of those discussions and in particular the opportunity for us to commence early engagement on the budget process ahead of the summer recess.

In the meantime, I would like to accept your invitation for an early meeting to discuss our mutual interests in ensuring sustainable local services so please contact my Diary Secretary <Redacted> at [DFMCSF@gov.scot](mailto:DFMCSF@gov.scot) to make the necessary further arrangements.

Yours sincerely,

**SHONA ROBISON**

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**From:** Redacted Redacted @gov.scot **On Behalf Of** Deputy First Minister and Cabinet Secretary for Finance

**Sent:** Tuesday, August 1, 2023 1:23 PM

**To:** [katie.hagmann@dumgal.gov.uk](mailto:katie.hagmann@dumgal.gov.uk); Redacted @eastrenfrewshire.gov.uk

**Cc:** Redacted @cosla.gov.uk; Deputy First Minister and Cabinet Secretary for Finance  
[DFMCSF@gov.scot](mailto:DFMCSF@gov.scot)

**Subject:** Letter from Deputy First Minister to Councillor Hagmann and Councillor Buchanan on COSLA - Capital Accounting Review

Good afternoon,

Please find attached a letter from the Deputy First Minister and Cabinet Secretary for Finance.

Kind regards,

Redacted **Assistant Private Secretary to the Deputy First Minister and Cabinet Secretary for Finance – Shona Robison MSP**

**The Scottish Government**

St Andrew's House | Regent Road | Edinburgh | EH1 3DG

**Email:** Redacted @gov.scot

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**From:** Redacted Redacted @gov.scot **On Behalf Of** Deputy First Minister and Cabinet Secretary for Finance

**Sent:** Monday, September 4, 2023 10:22 AM

**To:** Redacted @cosla.gov.uk

**Cc:** Deputy First Minister and Cabinet Secretary for Finance <Redacted @gov.scot>;

[jane@cosla.gov.uk](mailto:jane@cosla.gov.uk); [simonc@cosla.gov.uk](mailto:simonc@cosla.gov.uk); [sarah@cosla.gov.uk](mailto:sarah@cosla.gov.uk)

**Subject:** Letter from the Deputy First Minister and Cabinet Secretary for Finance - 4 September 2023

Dear Councillor Hagmann,

Please find attached a letter from the Deputy First Minister and Cabinet Secretary for Finance.

Kind regards,

Redacted (she/her)

**Deputy Private Secretary to the Deputy First Minister and Cabinet Secretary for Finance – Shona Robison MSP**

## The Scottish Government

St Andrew's House | Regent Road | Edinburgh | EH1 3DG

T: Redacted | E: Redacted @gov.scot

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**From:** Redacted <redacted@cosla.gov.uk>

**Sent:** 20 June 2023 15:16

**To:** [DFMCSF@gov.scot](mailto:DFMCSF@gov.scot); Redacted @gov.scot

**Cc:** Sarah Watters <[sarah@cosla.gov.uk](mailto:sarah@cosla.gov.uk)>; Redacted <Redacted @cosla.gov.uk>

**Subject:** Letter from COSLA Resources Spokesperson

Good Afternoon Redacted,

Please find attached a letter from COSLA Resources Spokesperson, Cllr Katie Hagmann, for the attention of Ms Robison.

I would be grateful if you could please confirm receipt.

Many Thanks

Redacted

Redacted

PA to Chief Executive, Senior Management Team and Presidential Team

COSLA

Verity House

19 Haymarket Yards

Edinburgh

EH12 5BH

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[COSLA Plan 2022-27](#) - Our vision and priorities for Local Government and Communities across Scotland.

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**From:** Redacted Redacted@gov.scot **On Behalf Of** Deputy First Minister and Cabinet Secretary for Finance

**Sent:** Wednesday, September 20, 2023 8:11 PM

**To:** Redacted @cosla.gov.uk

**Cc:** Deputy First Minister and Cabinet Secretary for Finance <Redacted @gov.scot>; [jane@cosla.gov.uk](mailto:jane@cosla.gov.uk); [sarah@cosla.gov.uk](mailto:sarah@cosla.gov.uk); [simonc@cosla.gov.uk](mailto:simonc@cosla.gov.uk)

**Subject:** Letter from the Deputy First Minister and Cabinet Secretary for Finance - 20 September 2023

Dear Councillor Hagmann,

Please find attached a letter from the Deputy First Minister and Cabinet Secretary for Finance, which is copied to Councillor Shona Morrison, COSLA President, and Councillor Steven Heddle, COSLA Vice-President.

Kind regards,

Redacted

**Private Secretary to the Deputy First Minister and Cabinet Secretary for Finance – Shona Robison MSP**

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**T:** 0131 Redacted | **Email:** Redacted @gov.scot

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**Minutes of Pre-Budget Engagement Meeting  
Monday 21 August 2023**

**Present:**

Deputy First Minister and Cabinet Secretary for Finance  
Councillor Hagmann, COSLA  
Ellen Leaver, Deputy Director Local Government Finance & Analytical Services  
Redacted, Head of Local Government Finance

Redacted, Head of Local Authority Accounting  
Redacted, COSLA

### **Introductory Remarks**

1. DFM opened the meeting and noted the importance of beginning political engagement at an early enough stage in the budget process to enable meaningful progress on delivering the commitments of the Verity House Agreement. DFM also noted that good progress has already been made at official level between Scottish Government and COSLA and highlighted the importance of developing a simplified and consolidated funding settlement to support local authorities.
2. Councillor Hagmann welcomed the opportunity for early engagement on the budget and to be able to update Leaders on progress at the Leaders meeting scheduled for 25 August.

### **Local Government Financial Pressures**

3. SG and COSLA officials presented a jointly developed slide deck to illustrate current financial arrangements and the implications for local government service delivery.
4. Officials noted that the development of the joint analysis had facilitated a greater shared understanding of the financial position of local government.
5. Financial pressures facing both Scottish Government and Local Government.
6. The Scottish Government funding slides evidenced that whilst Health funding has increased, Local Government's share of RDEL funding has sustained far better than the public narrative would suggest, moving by only 1% on a cash basis in the last eleven years (from 33% in 2013-14 to 32% in 2024-25). Officials noted, however, that the predominance of Health has had implications for other Scottish Government portfolios and for other services delivered by Local Government.
7. The Local Government expenditure slides illustrated a significant increase in Education and Social Care spend and demonstrated the extent to which expenditure on other services has reduced to enable the delivery of Education and Health priorities, placing these services under greater pressure. Officials also noted that even with the significant increase in Education and Social Care spend, there remain challenges in these areas due to demand pressures and insufficient funding.
8. DFM highlighted how important it is to have these conversations in order to develop a shared understanding that can inform a place to start in developing the Fiscal Framework.
9. Councillor Hagmann noted that there is consensus amongst COSLA leaders that this is more complex than initially realised and Leaders are keen for early engagement to find a way through these complexities.
10. DFM said that it was helpful to see this detail emerging from the joint work between officials and to gain a sense of how greater funding flexibility and progress on the removal of ring-fencing, overlaid with a sense of joint priority, can better support Local Government. DFM noted the necessity of agreed collective national priorities and greater freedom for Local Government to define what local prioritisation will look like beyond that.

11. DFM also said that the work undertaken so far gets us into the right space to be having meaningful political discussion and engagement that can facilitate realistic progress in budget development and continued work around the Fiscal Framework.
12. Councillor Hagmann noted the importance of preventative services provided by local authorities to keep communities active and healthy and the need to focus on outcomes and prevention and that building this into the framework is moving us in the right direction.
13. DFM noted the need for continued oversight and robust data to ensure the sustainable delivery of local services and meaningful analysis to enable greater understanding of the tipping points for service delivery along with the need for a collaborative approach to evidence gathering to support these meaningful topics and conversations.
14. Councillor Hagmann noted the very challenging climate for delivering shared net zero ambitions within funding constraints.
15. DFM stated that we have a collective opportunity to consider how services are delivered and to support innovative approaches to the future of service delivery in response to economic challenges and praised the progress in innovation already taking place between local authorities.
16. Councillor Hagmann said these considerations also need to incorporate workforce challenges and the impact of budgetary pressures, national priorities and on statutory services of reduced staffing and highlighted the recruitment and retention issues across Scotland and the role of shared services in responding to these challenges.
17. DFM agreed important that this is an important consideration along with the capturing of data to capture and share this info.
18. DFM highlighted that current data shows that in overall terms the local authority workforce is increasing but that understanding specific areas of growth and decline within the overall data set will be important to understand.

#### **Fiscal Framework – Rules-based Framework Proposal**

19. DFM requested an update on progress towards defining proposals for a rules-based framework.
20. Councillor Hagmann advised that work to consider a rules-based framework is underway. There is a special interest group of COSLA members and officers which is currently looking at options, recognising the need for two-way negotiations and mutual recognition of Local Government and Scottish Government pressures.
21. It was agreed that there is a need to establish a greater evidence base to support meaningful discussions for the development of the rules-based framework. DFM noted we need to establish a common starting point, based on give and take and supported by mutually agreed data to help us to move away from sterile debates in the lead up to budgets and to operate in a more productive space.
22. Councillor Hagmann advised that a paper will go to the COSLA Leaders meeting on 25 August setting out the challenges and complexities of developing robust proposals but providing an overview of the next steps required for the working group to be in a position to define a preferred way forward. Again, the current evidence base is insufficient to provide meaningful consideration

and further work is required to address this. Councillor Hagmann did provide reassurance that official level conversations recognise that wins and losses are necessary on both sides and that proposals will need to be based on worked examples and modelling to understand what proposals would look like in practice.

23. DFM noted that any proposal will require careful navigation and consideration of longer-term economic challenges.
24. DFM provided an update on the work to review currently ring-fenced funding, advising that this work is progressing at pace. All portfolios have provided recommendations. Official level challenge meetings will be held in August, followed by bi-lateral Ministerial meetings in September. We will test subsequent proposals with a few local authorities in October.

### **Pay Negotiations**

25. DFM also requested an update on SJC pay negotiations, on the ballot due to be held on Thursday and anticipated response at the COSLA Leaders meeting on 25 August.
26. Councillor Hagmann advised that the Unison ballot closes on Friday at 10am, rather than Thursday, immediately prior to the COSLA Leaders meeting and it will therefore not be possible to provide a clear update to Leaders at that meeting but that an additional Leaders meeting will be held as soon as possible. The Unite and GMB ballots have already closed but reflect only a small proportion of the overall mandate of the unions and therefore a view from Unison is essential in order to understand the likely outcome. Unison have advised that they would like to see an additional £94m incorporated in the pay offer. GMB have indicated that they will fall in behind Unison.
27. However, there is still a gap for next year of circa £93m which has been made clear to the unions need as has the need to manage this gap before seeking a further commitment.
28. Leaders are cognisant of the additional funding already provided by Scottish Government for the pay settlement and so, despite criticism, have so far decided not to approach the Scottish Government collectively for further funding. Councillor Hagmann reiterated that productive conversations and joint work are ongoing with Scottish Government to find a solution.
29. DFM highlighted concerns about schools returning and the need to avoid a blanket approach to school closures and emphasised the need to keep in close contact to avoid this. DFM also noted the importance of the £93m budget gap in 2024-25 and the implications of any pay deal for future budget challenges and the additional constraint on finite resources.
30. Councillor Hagmann noted that COSLA's professional advisers have confirmed that contingencies will be put in place to meet Health and Safety requirements to ensure that schools can remain open, should strike action proceed.

Redacted

Local Government Finance and Analytical Services

25 August 2023

**Introductory Meeting between Deputy First Minister and Cabinet Secretary for Finance and COSLA Resources Spokesperson Cllr Hagmann**

Minutes: 01 June 2023 meeting in Scottish Parliament

**Attendees:**

- Shona Robison, Katie Hagmann, Ellen Leaver, Redacted, Simon Cameron, Redacted

**Discussion**

- The meeting began with Cllr Hagmann congratulating Ms Robison on her appointment and agreeing that the Partnership Agreement and Fiscal Framework provided a solid foundation for the relationship going forward.
- Cllr Hagmann fed back that COSLA Leaders had provided positive feedback on the Partnership Agreement paper at their May meeting.
- The paper highlighted the importance of early budget engagement and recommended further technical work be taken forward on the Fiscal Framework, particularly to explore options for a rules based framework
- COSLA Leaders also remain interested in maximum funding flexibility and revenue raising powers
- Cllr Hagmann acknowledged that COSLA were taking longer than hoped on some of the technical details of the Fiscal Framework
- DFM welcomed the update and highlighted the challenging financial context, including forthcoming block grant reconciliations and emphasised that this context makes the New Deal with Local Government even more important.
- Cllr Hagmann provided an update on the situation with the SJC workforce pay negotiations
- There was discussion over the key milestones over the summer and the importance of exploring non-financial pay elements as part of the overall strategy in light of the fiscal context.
- DFM highlighted that the Scottish Government had provided a significant financial contribution as part of the budget process which was a departure from previous years.
- There was discussion over the extent to which the Unions appreciated this change in approach which was adopted in order to secure earlier agreement in 2023-24
- The meeting concluded with Cllr Hagmann inviting DFM to “come to us” if there is anything COSLA can help with regarding the challenging fiscal environment.

**Decisions and actions:**

- There were no specific actions beyond ongoing commitments to delivering a PA/FF and a sustainable pay settlement

**Meeting between Deputy First Minister and Cabinet Secretary for Finance and COSLA Resources Spokesperson Cllr Hagmann**

Minutes: 19 September 2023 meeting on Teams

**Attendees:**

- Deputy First Minister and Cabinet Secretary for Finance, Minister for Local Government Empowerment and Planning, COSLA Resources spokesperson Cllr Hagmann, Sarah Watters, Jane O'Donnell, Simon Cameron, Redacted, Callum McCaig, Ellen Leaver, Sean Neill, Redacted

**Discussion**

- The meeting began with DFM thanking officials for their joint work considering options to support an enhanced pay offer for the LG workforce, in keeping with the principles set out in the Verity House Agreement
- DFM confirmed that Local Government held the sole lead in negotiations with Unions. But as partners under the Verity House Agreement, Scottish Government are keen to support COSLA in the negotiations in order to avert, delay or minimise the risks of strike action.
- Cllr Hagmann invited DFM to sign a joint letter the Unions requesting an extension to their negotiating deadline
- SG and COSLA agreed on the importance of working towards a best and final offer, contingent on calling off strike action and going to members.
- There was discussion on negotiating risks in absence of clearly outlined demands from Unions amid desire to ensure that any offer would be difficult for Unions to reject.
- It was noted that Unions do not have a specific public demand but have been clear that backdating the offer to 1 April 2023 is key.
- [Post-meeting note: on 14 September 2023, Unison wrote to COSLA, copying Ministers stating “The construct of this offer remains the same as the original despite UNISON making repeated and strong representations that any uplift needs to be applied **in full** from 1st April 2023”]
- Ministers and COSLA reaffirmed that there was no additional funding available to support an enhanced pay offer and therefore any enhanced offer required reprioritisation of existing funding.
- Officials were tasked with exploring options for reprioritisation including policy flexibilities within existing commitments.

**Decisions and actions:**

- Deputy First Minister to sign a joint letter with Cllr Hagmann to secure an extension to the Unions’ deadline
- Officials to continue to explore reprioritisation options to create headroom for an enhanced pay offer should Leaders wish to make such an offer

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Councillor Katie Hagmann  
COSLA Resources Spokesperson  
Via email:

Councillor Tony Buchanan  
COSLA Children and Young People Spokesperson  
Via email:

1 August 2023

Dear Katie, Tony,

Thank you for your letter of 26 June 2023 setting out COSLA's position on the Capital Accounting Review.

I am aware that this is a complex and longstanding issue, and I would therefore propose that we meet to discuss it. Respectfully acknowledging the concerns set out in your letter, the established COSLA position is not a perspective that is widely accepted by other public finance experts. The review led by Directors of Finance focussed solely on capital financing and did not consider capital accounting to any real extent.

As you note, the recent examples of switching resources between capital and revenue to address the funding of pay awards are not relevant to the concept of capital accounting but do highlight the benefits of local and national government working together in line with the principles of the Verity House Agreement.

Similarly, we share a clear desire to maximise our available funding to support public services in the currently constrained fiscal environment, but that desire cannot be to the detriment of prudent financial management nor to the extent it presents sustainability risks to future generations.

The original concerns that led to the establishment of the Capital Accounting Review in return for the additional flexibility on service concessions remain. I would welcome the opportunity to discuss how those concerns can be addressed, in particular as we continue to work together to agree a Fiscal Framework.

**SHONA ROBISON**

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