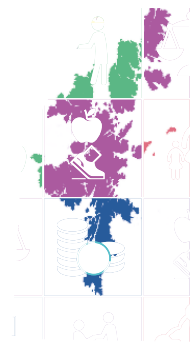


Invest Locally



In Scotland's Future

#FundLocallyBenefitNationally



Local Government Asks

Fair and Flexible Funding

as a minimum, all councils should have adequate funding to balance budgets and ensure the continuation of essential services. Flat cash settlements, with no additional funding to account for rising costs and rising service demand, are unsustainable

No Council Tax Freeze

there should be no council tax freeze or national cap. Council tax is a decision for local authorities and reflects the investment needed to maintain and improve key community services

Capital

additional capital investment is vital. A lack of additional capital will produce poorer outcomes across communities, negatively impacting councils' ability to build new schools and key facilities, reduce delayed discharge numbers, and invest in a just transition to net zero

UK Government Funding

it is crucial that the Scottish Government passes on a fair share of the additional funding for both revenue and capital made available through Barnett Consequentials to allow vital local investment in key areas such as health and social care, housing and education

Verity House Agreement

spending decisions must align with the Verity House Agreement. The Budget must provide Local Government with funding which is sustainable, and multi-year, with no ring-fencing

Workforce Capacity and Recruitment

our shared national challenges require a skilled local workforce. The 2025/26 Budget must provide funding for local authorities to recruit and retain appropriate numbers of skilled staff

Prevention and Upstream Investment

we must rethink how spending decisions are made, adopting a renewed focus on prevention and upstream investment to address challenges related to existing and future demand for vital services such as homelessness and social care

Tackle the Housing Emergency

there must be a full reinstatement of the 22% real terms reduction made to the Affordable Housing Supply Programme since 2023/24. Provision of good quality affordable housing is a key determinant of health and wellbeing and has significant positive impacts for individuals and communities

Support Social Care

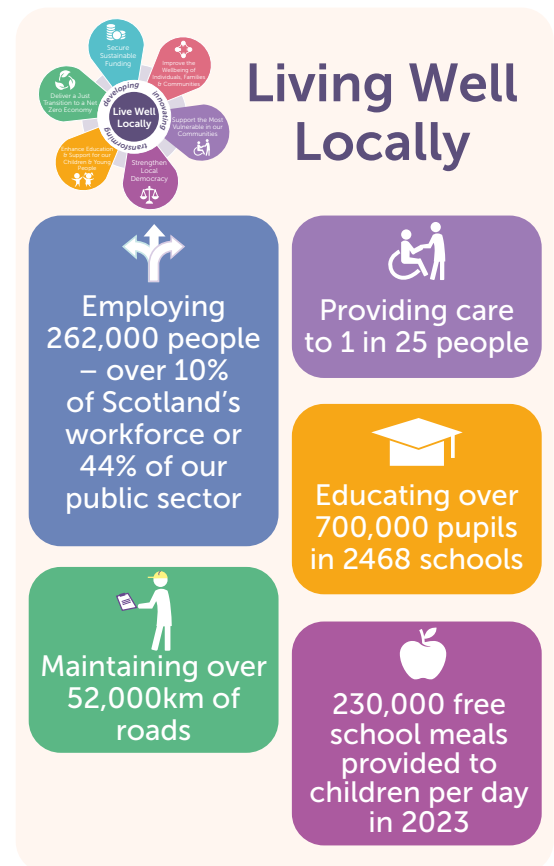
Local Government must receive fair funding to support social care services in the face of increasing pressures, help achieve our shared ambition of reducing delayed discharges, and assist our public sector partners

The Heart of our Communities

Councils sit at the very heart of Scotland's communities, providing the services, jobs, and facilities crucial to living well locally. The everyday impact of the hard work carried out by our councils can be seen throughout our villages, towns and cities. From the local primary school teacher to the neighbourhood library, the funding provided to councils performs a vital role in producing healthy and happy communities.

Our Councils:

-  Build good quality affordable **housing** and work to prevent homelessness
-  Provide key community resources such as **libraries, leisure centres and day centres**
-  Ensure that our young people receive the best possible **education**
-  Are paving the way to a **Just Transition for Net Zero** through greater options for Active Travel
-  Protecting and enhancing our **natural environment** and **restoring biodiversity**
-  **Grow the local economy** through business support, job creation, and local investment
-  Provide **vital health and social care services** across communities



However, this **vital work is under threat**. Councils need investment now. Our communities can't afford more damaging cuts. Scotland is facing a series of challenges which can only be met through increased local funding.

COSLA wants to **work with** the Scottish Government, through the Verity House Agreement, to meet shared national outcomes and ensure that our councils receive funding which is **fair and flexible**.

Verity House Agreement

COSLA welcomes the Verity House Agreement, signed in June 2023, which is a commitment to a new, improved and more effective partnership with Scottish Government. This can open up numerous opportunities to help fund essential services:

Local by default, National by agreement

Default position of no ring-fenced or directed funding

Early budget engagement with "no surprises"

New Fiscal Framework

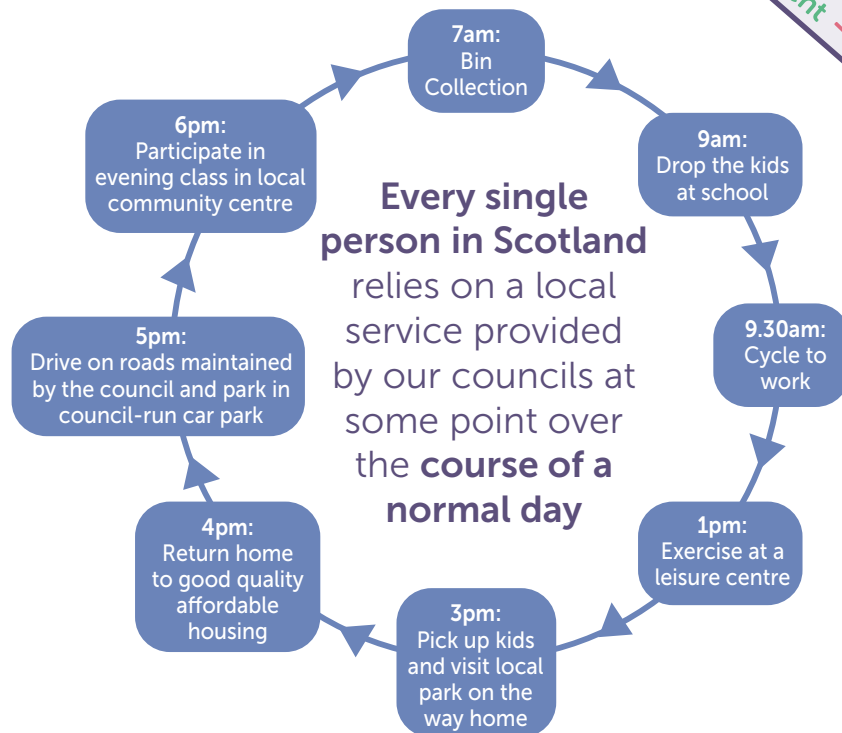
Incorporation of the European Charter of Local Self Government

Everyday Services



Services you will know...

And some you may not...



Did You Know...



Oban Airport is owned and run by Argyll & Bute Council, welcoming around 3000 passengers per year



Aberdeen City Council's Hydrogen Programme aims to accelerate the growth of the hydrogen sector, providing commercial hydrogen production and distribution via a green hydrogen hub in the city



Annual spend of £150m committed via participatory budgeting with more than 150,000 citizens taking part in budgeting processes, including 60-70% who have not previously engaged with council consultations

Our National Challenges

Scotland is facing a series of national challenges. These challenges require a national joint approach, close engagement with the whole range of our public sector partner organisations, and a clear recognition that **we cannot meet shared national challenges without funding that is fair and flexible and which meets the real terms increases in costs required to run key services.**

Growing Health Inequalities

Scotland has a 25-year gap in healthy life expectancy between the most and least deprived areas, with overall life expectancy decreasing to 76.5 years for males and 80.7 years for females between 2020-2022

Ageing Population

Our elderly population is expected to grow by 30% by 2045, with the potential for accelerated growth across rural and island communities. Key services from health and social care to education and transport need to be well-resourced to adapt with growing and changing demand

Housing Emergency

250,000 people are currently on social housing waiting lists, with over half of councils struggling to meet statutory duties to address homelessness and increasingly announcing housing emergencies

Poverty

1 million people live in relative poverty and 230,000 children grow up in poverty, with significant knock-on effects for educational attainment and health and wellbeing

Climate Change and Biodiversity Loss

The need to adapt and prepare communities to meet the impacts of the climate emergency, as well as halt and reverse biodiversity loss, remains a significant and increasingly urgent challenge

We need to **work together at the national and local level**. A national one-size-fits-all approach which fails to recognise Scotland's great diversity and ignores local needs and circumstances will not work.

It is only through working in partnership and taking a **whole-system approach** that we can hope to overcome these interlocking challenges.

It is crucial that **through the Verity House Agreement**, the Scottish Government works with Local Government, providing investment at a local level to meet shared national challenges.

Invest Locally, Invest Upstream

The key message of the Christie Commission is more relevant now than ever. Early preventative spending, channelled through re-energised local services, has the power to reduce poverty, increase health and wellbeing, and provide employment opportunities – all while saving money for our public sector partners.



Our Local Challenges

The Facts

Budget Gap

Accounts Commission project a Local Government budget gap of **£392 million in 2025/26, rising to a cumulative gap of £780 million by 2026/27**, or 5% annual revenue

Integration Joint Boards

£357 million funding gap in 2023/24 - a 187% increase from the 2022/23 projected funding gap

Affordable Housing Supply Programme

cut by £163 million in the 2024/25 Local Government Capital Settlement at a time of record homelessness (16,300 households as of March 2024)

Workforce Costs

£308 million pay offer made to SJC in 2024/25, alongside annual teachers' pay bill of approximately £3.8 billion, for a workforce of 262,000 by headcount

Impact on Our Councils

SCOTTISH COUNCILS FACE TOUGHER BUDGET DECISIONS

SCOTTISH COUNCILS WARN OF BANKRUPTCY RISK WITHOUT MORE FUNDING

SCOTTISH COUNCILS FACE UNPRECEDENTED FINANCIAL PRESSURES

SCOTTISH COUNCILS' DEBT IS ONE AND A HALF TIMES FUNDING

WATCHDOG WARNS SCOTTISH COUNCILS FACE WORST EVER CHALLENGES



100% of Councils are cutting spending on services



97% of Councils are increasing fees and charges

(LGIU Survey 2024)

Impact on Our Communities

Years of budget reductions and flat cash settlements have significantly reduced the ability of our councils to meet rising costs and ever-increasing demand. With a legal obligation to balance budgets and provide key services, cuts have been concentrated in key services at the heart of our ambition to live well locally.

-9%

ROADS

-20%

CULTURE & LEISURE

-24%

CORPORATE SERVICES

-27%

PLANNING

-35%

STREET CLEANING

Changes in Spending Since 2010/11

Reserves

Reserves are a vital lifeline, allowing councils to manage unexpected financial shocks and projects across years. 90% of council reserves are earmarked or committed for a specific purpose – from transforming crucial services to providing equal pay. Reserves are a one-off, they are not a sustainable source of funding for services and not the answer to local financial challenges or a replacement for national budget cuts



What Does This Mean For Your Community?

Cuts to Local Government funding have a **real negative impact** on the jobs and services that communities across Scotland are so reliant upon.

The Cut

£163m cut to the Affordable Housing Supply Programme

No new ongoing funding to support local authority tests of change to deliver neurodevelopmental service

£54.9 million cut to Local Government core capital budget in 2025/26

Lack of investment in social care and social work due to real terms cuts to core council budgets

20.5% reduction in council spending on culture and leisure between 2010/11 and 2022/23

Education funding streams such as the Scottish Attainment Challenge and Instrumental Music Tuition have not kept pace with inflation.

Cuts to core budgets exacerbating pressures such as an ageing workforce and recruitment difficulties

The Community Impact

Fewer homes available to individuals and families on growing local authority social housing waiting lists

Reduced support available at a time of growing demand - the number of pupils with additional support needs rose from 34.2% to 37% from 2022 to 2023

Reduced investment in areas of Local Government estate key to health and wellbeing such as housing and education, as well as meeting challenges posed by RAAC

97% of councils have staff shortages in social care, 90% have shortages in social work, and 6,120 people are waiting for a social care assessment

75 libraries closed in Scotland within this period and fewer people able to access key resources

Councils unable to maintain number of teachers, and deeper cuts to services that support children and young people's health, wellbeing and attainment

75% of councils have a critical workforce gap in planning, 72% in environmental health, and 56% in building standards.

Further reductions to the Local Government Settlement will inevitably lead to workforce reductions with a **devastating impact on both individuals and communities:**

Cuts to Local Government Settlement

Councils cut workforce numbers to balance budget

Individuals lose jobs

Negative impact on community and individual health and wellbeing

Increased demand for local services

Councils have reduced capacity to deal with higher demand

"76% of councils will be making cuts to frontline services in 2024/25 which will be evident to the public"

(LGIU 2024)

Local Investment is Smart Investment

We are all aware of the joint financial pressures being experienced by both Scottish and Local Government. It is therefore crucial that where investment is available it is used for **maximum benefit**, taking a whole system approach.

Upstream Investment

Preventative

local investment, in areas such as education, housing, and children's services, allows us to prevent problems at the source, rather than spend vast amounts of resources responding to them 'downstream'

Health and Wellbeing

with 50% of health inequalities linked to social and environmental factors, greater investment in preventative services are central to improving the health and wellbeing of our communities

Benefits to Public Sector Partners

improved health and wellbeing outcomes subsequently have a range of positive benefits, saving money for our public sector partners from the NHS to the Police

Future Benefits

preventative upstream investment is sustainable, offers significant value for money, and has benefits for individuals, communities and the whole of Scottish society

Local Initiatives

Through the **Near Me In Prisons Initiative**, councils have been working with the Prison Service and Social Work Scotland to explore the benefits of using video calling services to alleviate pressures on justice and social work. Further funding will allow this service to be rolled out beyond the initial test site, alleviating pressures in the workforce and increasingly costly and overpopulated Scottish prison system

Councils across Scotland continue to work with Police Scotland to introduce the **Scottish Child Interview Model**, a trauma-informed approach to interviewing child victims and witnesses. Recovery from trauma can now begin from point of disclosure, contributing to a reduction in long term harmful impacts. Investment in the Model is critical in improving life chances for vulnerable children

Councils are at the forefront of efforts to tackle child poverty, from place-based person-centred employability services to improving access to transport. COSLA's '[From Targets to Action - Empowering Local Government to Tackle Child Poverty](#)' report provides a range of examples of local initiatives, such as Dumfries and Galloway's **Poverty and Inequalities Partnership** and Glasgow's **Private Rented Sector Housing and Welfare Hub**.

Re-Think Future Funding

It is imperative that funding decisions taken by Scottish Government move away from short-term outcome-focused downstream spending and recognise the benefits of long-term preventative upstream investment. Through closer partnership working across the public sector, backed by a sustainable and fair settlement, we can improve outcomes across Scotland.



Investment and Empowerment

It's time to **break the cycle of reduced spending**. Instead, with a fair and flexible funding settlement from the Scottish Government, as well as new powers to generate revenue independently of national direction, we can build on the hard work conducted day-in-day-out by councils across Scotland and **reverse the damaging effect of years of cuts to vital services**.

Unlock Local Potential



Local Empowerment



Empower our councils by making new powers available for councils to generate revenue independently.



Build upon the Visitor Levy and introduce Cruise Ship Levy powers



It's time to reform Council Tax along more progressive and fairer principles.

The Future for Our Communities

“ I've been able to find work in the local area thanks to my council increasing investment in the local economy through a programme of capital projects ”

“ I can now commute to work safely on my bike, instead of taking the car, thanks to the new cycle lane provided as part of my council's Active Travel programme ”

“ My parents now receive more regular social care assistance thanks to increased funding which has reduced staff shortages and increased workforce capacity ”

“ Me and my family have successfully applied for new social housing in the local area, close to my children's primary school and my place of work ”

“ My child with additional supports needs is now able to access the help they need thanks to an increase in education funding ”

“ After a number of years out of work, the keyworker support from my local employability service has helped me develop the confidence and skills needed to secure a new job in the area ”

With increased investment we can make this positive vision a reality. However, after years of cuts and flat cash this vision is becoming increasingly difficult to achieve.



The Key Figures

With fair and flexible funding from the Scottish Government, we can make our positive vision of Scotland's communities in the future a reality.

Revenue

2024/25: Local Government Core Revenue Budget was a flat cash settlement

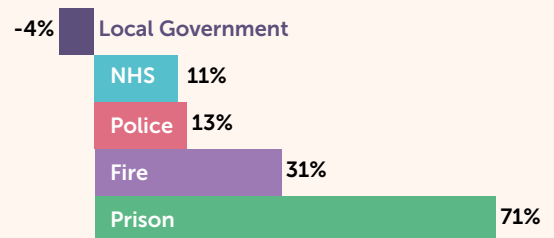
Local Government cannot afford another flat cash revenue settlement. The impact of new burdens not fully funded by the Scottish Government, combined with rising pay and operational costs, as well as ever-increasing demand for services, requires a fully funded Local Government.

Capital

2024/25: Local Government Core Capital Budget cut by £54.9 million

Local Government's capital budget, when adjusted to account for pay deals, fell by 4% on the previous year. This was despite other public sector partners seeing increases to their capital budgets.

Without adequate capital funding, councils are unable to maintain and provide new vital infrastructure, tackle the Housing Emergency, modernise key services in the face of increased demand and the transition to net zero, or meet the rising costs of goods and services.

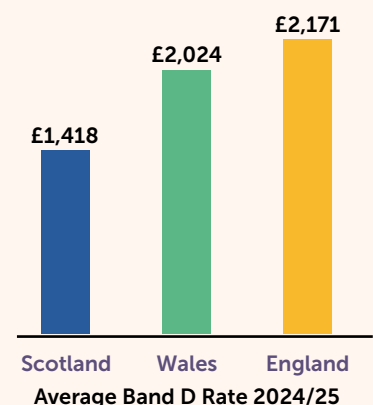


Council Tax

There can be no repeat of last year's council tax freeze.

The Scottish Government's failure to provide a fully funded council tax freeze in 2024/25 did not represent true partnership working and exacerbated already challenging financial pressures.

Councils must be allowed to decide how to raise council tax on a local basis with no council tax freeze or national cap.



What Local Government Needs in 2025/26

Revenue

2024/25 Revenue Settlement
+ Policy Commitments

£13,879m*

+

+ 5%
Increase

£694m

=

£14,573m

Additional eNIC
compensation
£265m

The changes to employers' national insurance contributions is estimated to introduce a direct cost of *at least* £265m for Local Government, before additional costs for commissioned services in the third and independent sector are taken into account – Scottish Government **must** commit to passing on the promised consequentials

Accounts Commission analysis shows a budget gap of £392m in 2025/26 even **before** the additional pressure of the national insurance contribution changes.

Capital

2024/25 Capital Settlement + Restoration
of Cut and policy commitments

£709m**

+

+ 23% Inflation
since 2020

£163m

=

£872m

Capital funding is needed to maintain a whole range of current community assets including roads, schools, community centres, libraries, leisure centres, and day centres.

Capital funding is also crucial to meeting the challenges posed by the Housing Emergency. The Scottish Government must prioritise housing and restore the £163m cut to the Affordable Housing Supply Programme.

*2/24 Local Government Finance Circular £13259m + £570m policy commitments (including compensation for Council Tax Freeze in 24/25)

**2/24 Local Government Finance Circular £656m + restoration of cut £56m - £2m policy commitments

Local Government is close to **tipping point** – if we want our councils to continue to provide the vital community services and facilities that we all benefit from over the course of a normal day, there can be more no flat cash settlements or budget cuts.

Local Government must receive a fair and flexible funding settlement.



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