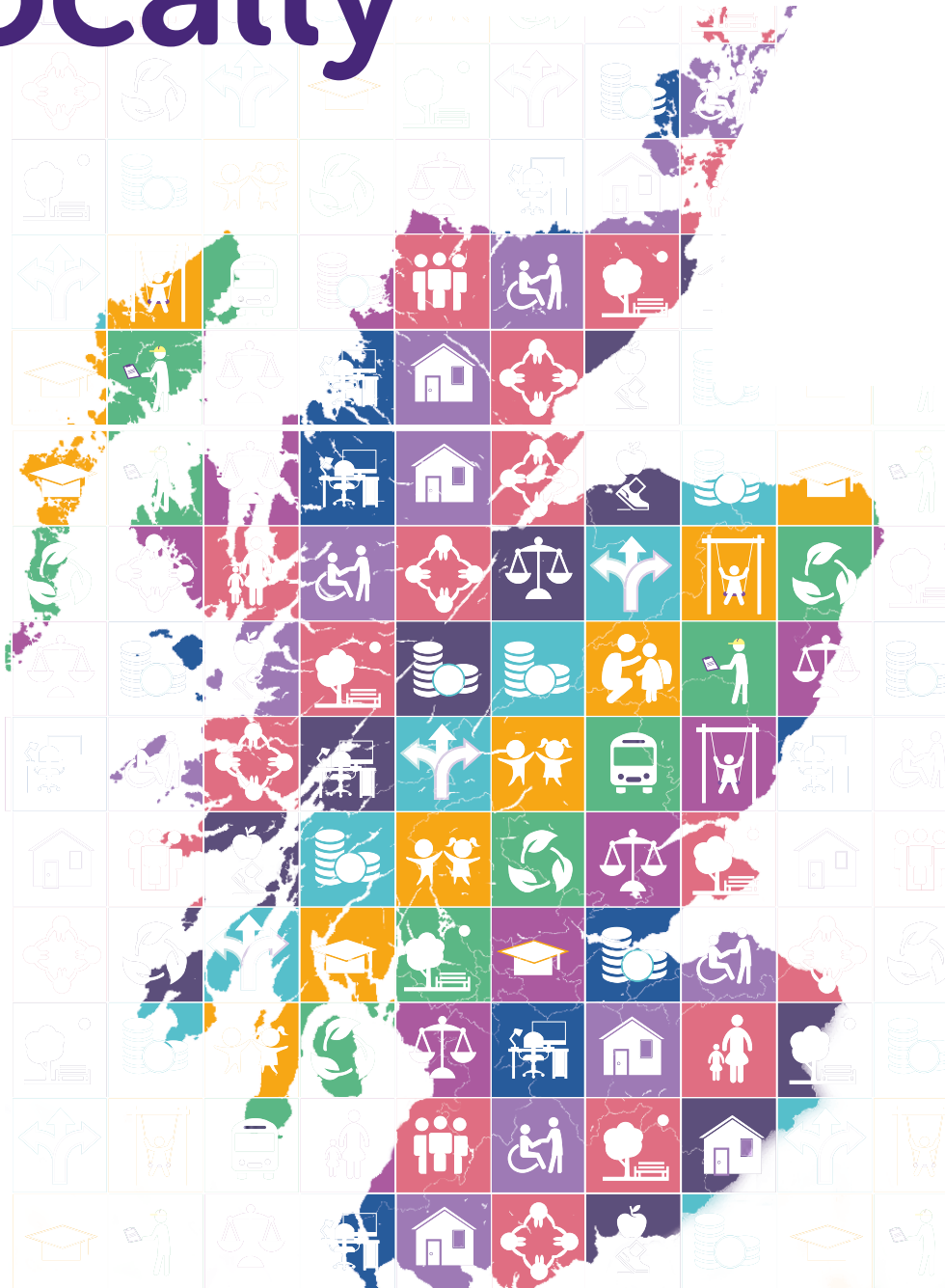
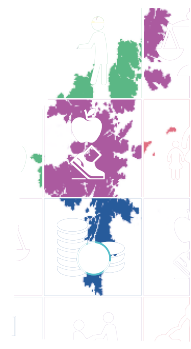


Invest Locally



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 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

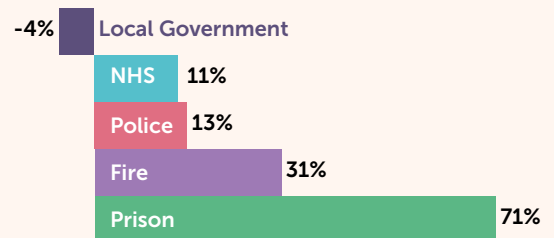
Local Government cannot afford another flat cash revenue settlement. The impact of new burdens not fully funded by the Scottish Government, combined with rising pay and operational costs, as well as ever-increasing demand for services, requires a fully funded Local Government.

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.

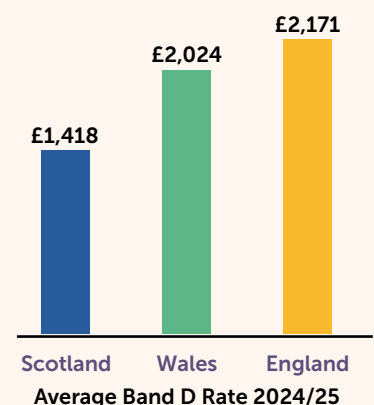


Council Tax

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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