

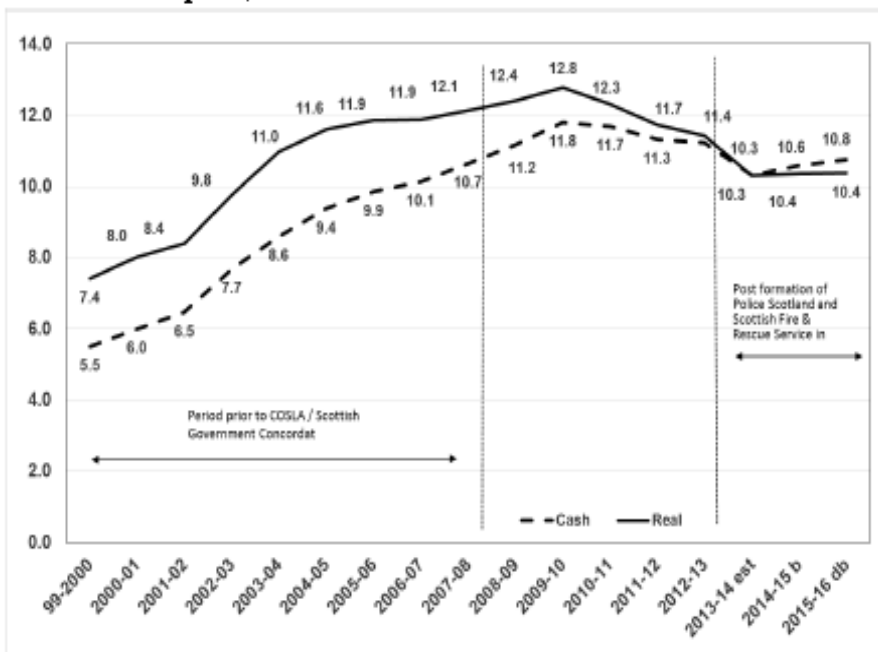
### Local Government Funding Challenges

March 2015

Fiscal Affairs Scotland has published a useful [analysis](#) of the savings councils will have to make following this and previous year’s budget allocations. They say seeking to charge service users more may be one option to help fill any funding gap. What seems more likely is that non-statutory services will be at even greater risk than now, as will service quality levels that are deemed to be over and above the minimum necessary. Other key points include:

- Councils are securing a declining share of the Scottish government’s total budget, the opposite is true for NHS health boards. This may have a detrimental impact on how well integrated care in the community can be implemented.
- The Scottish government is increasingly relying more on non-domestic rates income (NDRI) to boost its coffers and less on council taxes. They question the income projections and point to the risks of councils being asked to fund any downside.
- Borrowing can only secure longer-term investment not annual revenue expenditures. Even this is difficult for some council’s given relatively static real terms future increases in Scottish Government revenue support. Smith Commission borrowing powers will also be important here.

**Figure 1: Scottish government’s budget allocation to local government, £ million (cash & 2013-14 prices)**



Jo Armstrong, FAS Executive Director said:  
*“As budgets continue to tighten, while demand continues to rise, it is increasingly hard to see how the continued delivery of many of Scotland’s key public services can be achieved by local authorities securing additional efficiency savings alone.”*

This analysis mirrors the UNISON Scotland [briefing](#) to MSP’s only last month. We highlighted that austerity cuts are being dumped on councils and charges are being increased to plug the gap caused by the regressive Council tax freeze. Our ‘Damage’ series of reports also highlight the service impact of cuts.

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