



Kate Forbes, Cabinet Secretary for Finance

- Sent via e-mail -

29th October 2020

Dear Kate,

Local Government Finance - #PlugTheGap

We note your recent announcement of "a package of financial flexibilities and extra funding for councils to address the financial pressures caused by the coronavirus (COVID-19) pandemic over the next two years".

Whilst we welcome the recognition that the Scottish Government need to do something to address the financial crises local government is in we remain concerned that this 'package' does not solve the problem.

The headline that this package was 'worth up to £750m' was misleading. Our understanding is that only £139m of this was 'new' money (£49m of which had already been announced). The remainder of the package would only be available if local authorities made full use of the 'fiscal flexibilities' being opened up to them.

These fiscal flexibilities will be more attractive to some councils than others but that they are no substitute for a fair funding settlement. Much like increasing the limit on your credit card the debt is still there and will still have to be addressed – all this package does is kick the can down the road.

Whilst councils across the country try to work out whether they have the scope to increase the size or length of time over which they carry their debt, or whether it makes sense to switch money from their capital to revenue budgets, they continue to face a perfect financial storm of extra demand for services and a substantial loss of income which puts essential jobs and services at risk.

This was a sector that was already struggling as a result of a decade of austerity pre-Covid - we have already seen £2bn taken out of local government over the last decade. We also know that the financial impact of COVID-19 will not be confined to the next few months and with Brexit looming the effects of both on the wider economy are going to make the crises in Local Government much worse.

So we are calling on you to Plug The Gap in Local Government finance in the 2021/22 budget to:

- **Reward Local Government Workers** - Local Government workers have been the hidden heroes of this pandemic. Their invaluable contribution to the Covid response should be recognised and rewarded.
- **Secure the long term financial stability of Local Government** – Local Government needs long term stability to protect essential jobs and services for the future and recover local economies. The salami slicing of services needs to stop.

- **Shape Local Government Fit for the Post-Pandemic Future** – It is a matter of fact that a number of roles undertaken by local government workers have changed as a result of the pandemic. These need to be recognised and their job evaluation reviewed as a result.
- **Fully Consolidate the Living Wage** – Deliver on the existing commitment to fully consolidating the living wage for all local government workers across Scotland as committed to through our last pay deal.

We would like to meet to discuss this with you in more detail and will be happy to accommodate your diary. We look forward to hearing from you as soon as possible.

Best wishes,

Johanna Baxter
UNISON Scotland Head of Local Government

Mark Ferguson
UNISON Scotland Chair of Local Government Cmtt

c.c. Aileen Campbell, Cabinet Secretary for Local Government and Communities
Gail MacGregor, Resources Spokesperson, CSOLA