

# Report

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| Report to:       | <b>South Lanarkshire Council</b>                            |
| Date of Meeting: | <b>27 March 2024</b>  |
| Report by:       | <b>Executive Director (Finance and Corporate Resources)</b> |

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| Subject: | <b>Revenue Budget and Level of Local Taxation 2024/2025<br/>– Local Government Finance (Scotland) Order 2024</b> |
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## 1. Purpose of Report

1.1. The purpose of the report is to:

- ♦ confirm receipt of the Local Government Finance (Scotland) Order 2024

## 2. Recommendation(s)

2.1. The Council is asked to approve the following recommendation(s):

- (1) that the update to the Council's Budget as a result of the Local Government (Finance) Order 2024, detailed in sections 4.1 to 4.7, be noted;
- (2) that the information contained in the Local Government Finance (Scotland) Order 2024 has no impact on the Budget decisions taken by Council on 21 February 2024, be noted; and
- (3) that Scottish Government's commitment to £62.7 million of funding, following the UK Spring Budget (section 4.10), be noted; and
- (4) that the position on the funding for the increased Teachers' Pension contributions (section 4.12), be noted.

## 3. Background

- 3.1. At its meeting on 21 February 2024, the Council approved the Revenue Budget and Level of Local Taxation for 2024/2025.
- 3.2. The Budget paper noted that the Local Government Finance (Scotland) Order 2024 had not been received and that members would be notified of the final settlement value as appropriate. This report to Council confirms receipt of the Order and section 4 updates the Budget for 2024/2025.

## 4. Local Government Finance (Scotland) Order 2024

- 4.1. The Council's Budget was set on 21 February 2024 and was based on the Draft Local Government Settlement issued to councils on 20 December 2023. The December Settlement allocation (£742.664 million) was augmented by the Council's allocation of the national Council Tax Freeze monies (£7.869 million) meaning the overall assumption of Scottish Government Grant was £750.533 million.
- 4.2. Subsequently, the Local Government Finance (Scotland) Order 2024 (the Order) was laid in Parliament on 27 February 2024, and was issued to councils on 29 February 2024. The Order showed a Government Grant allocation for the Council of £752.291 million. This did not include an allocation for the Council Tax Freeze. By adding the assumed Council Tax Freeze monies to this (£7.869 million), the

Council's new Settlement totals £760.160 million. This is an increase of £9.6 million compared to the Council's Settlement which had been used to form the budget approved by the Council at its meeting on 21 February 2024.

- 4.3. The £9.6 million is predominantly due to annual allocations which are now being distributed but which were not in the December Settlement namely Discretionary Housing Payments (£4.1 million) and Scottish Disability Assistance (£0.2 million). In addition, new money has been allocated to take the hourly pay rate for external providers of Health & Social Care and Early Learning & Child Care to £12 per hour (being £13.737 million and £0.990 million respectively).
- 4.4. It is noted that Order does not change the Council's bottom line budget gap as the monies now allocated are fully committed. The Base Budget allocations across Resources will be updated as part of the first Revenue monitoring cycle reported to Committee (June 2024).
- 4.5. The additional monies allocated since the Draft December Settlement are offset by a reduction of £9.4 million due to the Government holding back funds in relation to Teacher Numbers.
- 4.6. Members are advised that the treatment of Teacher Numbers hold back is a change to the original Settlement approach where the funds were allocated to councils in the Draft Local Government Settlement in December 2023. There is no reference in the Order letter on how or when councils will be advised of the conditions around funding for Teacher Numbers.
- 4.7. For clarity, in relation to the council tax freeze monies (£7.869 million), which are not yet allocated, and the teachers holdback funding (£9.4 million) which has now been removed from the Order, these are both still assumed as funding in the Council's approved budget.
- 4.8. Taking into account the information contained in sections 4.1 to 4.7, it is confirmed that the Order does not require any change to the Budget decisions taken by Council on 21 February 2024.
- 4.9. The Scottish Government had previously written to councils to state that any further funding coming to Local Government are subject to the outcome of the UK Government Spring Budget delivering net additional funding. This relates to earlier correspondence where Councils had been advised of additional funding for Local Government totalling £63 million nationally. The Order does not include any allocation of these monies and states that any additional funding will be discussed and agreed through the formal financial governance process and will be included for approval in the Local Government Finance (Scotland) Order 2025.
- 4.10. Further correspondence from the Scottish Government, following the UK Spring Budget in early March, advised that the UK Government have identified £48 million of funding for Scottish Local Government and that they will pass that funding through to councils. It also states that the Scottish Government will make the decisions in year which are necessary to top that up to the £62.7 million, for those who have agreed to freeze their Council Tax.
- 4.11. The Council has yet to be formally advised of its share of these monies. As advised through previous Budget reports to Council (21 February 2024), recent pay claims presented have identified a risk that any pay deal for 2024/2025 will exceed the pay funding that has been included in the Council's Budget Strategy. It is suggested that

it would be prudent, when an allocation is made, that members consider holding this as a contingency against higher than budgeted costs of pay.

- 4.12. In addition, the letter also advised that the Scottish Government has had no confirmation yet of any funding in relation to increased Teacher Employer Pension Contributions, however, officials at the Scottish Government understand that this will be confirmed later in the year by the UK Government. The letter states that the Minister is committed to passing these through once confirmation is received. The Council's budget has been set on the basis that this will be forthcoming as the increased contributions will commence on 1 April 2024.

## **5. Employee Implications**

- 5.1. There are no employee implications.

## **6. Financial Implications**

- 6.1. The placing of the Local Government Finance Order provides an update to the 2024/2025 Local Government Settlement, included in the Budget presented to Council on 21 February 2024.

## **7. Climate Change, Sustainability and Environmental Implications**

- 7.1. There are no implications in terms of sustainability arising from the recommendations in this report.

## **8. Other Implications**

- 8.1. There are no other implications arising from the recommendations in this report.

## **9. Equality Impact and Assessment and Consultation Arrangements**

- 9.1. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.

- 9.2. No consultation was required in terms of the recommendations in this report.

**Jackie Taylor**

**Executive Director (Finance and Corporate Resources)**

4 March 2024

### **Link(s) to Council Values/Priorities/Outcomes**

- ◆ Accountable, Effective, Efficient and Transparent

### **Previous References**

- ◆ South Lanarkshire Council, 21 February 2024

### **List of Background Papers**

- ◆ Local Government Finance (Scotland) Order 2024

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:

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