

Report

Report to:	Executive Committee
Date of Meeting:	28 April 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget and Level of Local Taxation 2021/2022 - Local Government Finance (Scotland) Order 2021
----------	--

1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ confirm receipt of the Local Government Finance (Scotland) Order 2021, and
- ♦ provide an update on the 2021/2022 budget based on the Order.

2. Recommendation(s)

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

- (1) that the receipt of the Local Government Finance (Scotland) Order, be noted;
- (2) that the revised 2021/2022 Revenue Budget of £738.059 million (section 4.9), be noted; and
- (3) that the additional funding allocations and associated commitments (sections 4.3 to 4.6), be noted.

3. Background

3.1. At the meeting on 24 February 2021, the Council approved the recommendations in relation to the Revenue Budget and Level of Local Taxation 2021/2022.

3.2. At that meeting, it was noted that the Council had not yet received final confirmation of its Budget as a result of the Local Government Finance (Scotland) Order 2021, and that there was the possibility that there could be a change to the level of grant allocation as the Budget Bill process continued. The Council was advised that if any further funds were received as part of the Budget Bill process, this would be brought to Council for consideration.

3.3. Subsequently, the Local Government Finance (Scotland) Order 2021 was approved by Parliament on 18 March 2021 and councils were issued with their approved grant figures in Finance Circular 5/2021 – Local Government Finance (Scotland) Order 2021. The details are included in section 4.

4. Local Government Finance (Scotland) Order 2021

4.1. The Local Government Finance (Scotland) Order 2021 was made and came into force on 18 March 2021. The Order confirmed the grant settlement which had been used to form the budget conditionally approved by the Council at its meeting on 24 February 2021.

4.2. The Order provided an updated settlement position for 2021/2022. The Council's 2021/2022 grant figure in the Order is £641.140 million. This is an increase of £15.329

million on the figure of £625.811 million included in the budget approved by Council on 24 February 2021. This does not include the further allocation of funding as discussed at section 4.4.

- 4.3. The increase of £15.329 million reflects the Council's allocation of the £259 million COVID flexible funding that was not distributed in the earlier settlement. This is ring-fenced for COVID related expenditure and, therefore, there is no benefit to the Council's core budget. This is non-recurring funding for 2021/2022 only and will not be a permanent addition to the Council's budget in future years.
- 4.4. As part of the Finance Order parliamentary debate, the Cabinet Secretary announced a further £40 million to be added to Local Government's settlement allocation to assist with budget pressures. This was not included in the Order, and we have been informed that this will be paid in March 2022. Notification has been received and the Council's share of this funding is £2.367 million. Again, this is non-recurring funding, with no indication that it will be added to the Council's budget permanently.
- 4.5. **Pay Award:** The 2021/2022 Budget report to Council on 24 February 2021 approved an additional Pay Award allocation of £3 million required to meet the additional costs anticipated if the Council were to employ a similar pay policy to that of the Scottish Government.
- 4.6. COSLA Leaders have agreed a negotiating mandate to commence discussions with a base offer of the Scottish Government Public Sector Pay Policy. This would focus on an uplift to the lowest paid employees. The mandate also looks to maintain the commitment to increase our Scottish Local Government Living Wage rate to either match or maintain the differential with the Living Wage Foundation rate.
- 4.7. Since the report to Council, there has been a change to the Scottish Government pay policy announced as part of the Budget speech (28 January). On 8 March, as part of the Stage 2 Scottish Government Budget process, the Cabinet Secretary announced a revised offer. The original offer and the revised offer are detailed in Table 1.

Salary Bandings	Original Offer	Revised Offer
Up to £25,000	£750	£800
£25,000 - £40,000	1%	2%
£40,000 - £80,000	1%	1%
£80,000+	£800	£800

- 4.8. At the time of writing, negotiations are still ongoing and the request from the Trade Unions is in excess of the public sector pay policy. There is, therefore, still significant uncertainty over what the potential additional costs will be. It is, therefore, proposed that the full amount of the additional funding be set aside to manage the potential additional costs of pay award which cannot yet be confirmed. As noted in section 4.4, there is no confirmation that this funding is permanent. As such, additional funding may be required in future years to pay for the 2021 pay award.
- 4.9. The original budget approved on 24 February 2021, including the amendments, was £720.363 million. The additional allocations in sections 4.3 and 4.4 (£15.329 million and £2.367 million) takes the revised budget to £738.059 million.

5. Employee Implications

- 5.1. There are no employee implications.

6. Financial Implications

- 6.1. The financial implications are as detailed in the report.

7. Climate Change, Sustainability and Environmental Implications

- 7.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

8. Other Implications

- 8.1. There are no significant issues in terms of sustainability or risk arising from the recommendations in this report.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 9.2. There is also no requirement to undertake any consultation in terms of the information contained in this report

Paul Manning

Executive Director (Finance and Corporate Resources)

25 March 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ South Lanarkshire Council, 24 February 2021

List of Background Papers

- ◆ None

Contact for Further Information

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

Paul Manning, Executive Director, Finance and Corporate Resources

Ext: 4530 (Tel: 01698 454530)

E-mail: paul.manning@southlanarkshire.gov.uk