

EX107. Local Government in Scotland Financial Overview 2018/19

The Executive considered a report by the Director of Corporate and Housing Services which provided a summary of the Accounts Commission's Financial Overview 2018/19.

Scottish Government revenue funding remained the most significant source of income for local government. This funding, between 2013/14 and 2018/19, had decreased by 7.6% in real terms. In 2019/20 the grant increased by 2.9% in cash terms, a real terms increase of 0.9%, with 80% of the increase attributable to growth in specific revenue grant funding.

Capital expenditure increased by £62m (2.3%) in 2018/19 with a larger proportion spent on housing and economic development than in the previous year. Falkirk earned a specific mention in the report as one of the councils which had increased its housing stock by more than 100 homes.

In 2019/20 12 councils increased council tax by the full amount of 4.8%. Councils' 2019/20 financial plans identified a total funding gap of £0.5 billion (3% of income). The Scottish Government had committed to set multi-year budgets. The election impact on Westminster Budget timing and in turn of the Holyrood Budget had delayed this.

The pace of health and social care integration had been too slow and there was limited evidence to suggest any significant shift in spending from health to social care. A majority of IJBs struggled to achieve break-even and 19 would have recorded a deficit without additional funding from partners at the year end. Around a third of the IJBs failed to agree a budget with their partners for the start of the 2019/20 financial year. For several other IJBs, although the budget was set on time, there were elements of unidentified savings which produced an unbalanced budget at the start of the year.

Decision

The Executive noted the Financial Overview 2018/19.

Councillor Bissett left the meeting during consideration of the previous item.