

South Ayrshire Council

**Report by Head of Finance, ICT and Procurement
to South Ayrshire Council
of 29 February 2024**

**Subject: Revenue Estimates 2024/25, Capital Estimates 2024/25
to 2035/36 and Carbon Budget 2024/25**

1. Purpose

1.1 The purpose of this report is to advise Members of the issues to be considered in setting revenue budgets for 2024/25, setting capital budgets for 2024/25 to 2035/36 and setting a Carbon Budget for 2024/25.

2. Recommendation

2.1 It is recommended that the Council:

2.1.1 notes the funding proposal as outlined by the Deputy First Minister's letter of 19 December 2023 (attached as Appendix 1);

2.1.2 notes the requirements in relation to protecting Teacher numbers and learning hours as outlined in the letter from the Cabinet Secretary for Education and Skills of 12 February (attached as Appendix 2);

2.1.3 notes that the funding levels included within Finance Circulars 8/2023 and as revised in the draft Finance Order remain provisional until the Finance Order is approved in March 2024;

2.1.4 notes the additional funding provided to Councils as outlined in the letter from the Deputy First Minister and Cabinet Secretary for Finance of 21 February and that it is conditional on freezing Council Tax at 2023-24 levels (attached as Appendix 3);

2.1.5 presents and approves budget proposals for revenue and capital for 2024/25 taking account of the conditions of the settlement that need to be met and incorporating:

- (i) planned net revenue expenditure on services for 2024/25;**
- (ii) the level of reserves and fund balances held and contributions to/ from these;**
- (iii) the appropriate Band D Council tax levy for 2024/25 and associated level of bad debt provision for non-collection of Council tax;**

- (iv) **the proposed capital programme for 2024/25 and beyond and associated debt charge implications; and**
 - (v) **consideration of the financial projections for 2025/26 to 2028/29;**
- 2.1.6 notes the required remuneration for Basic Councillors and the Leader of the Council, as determined by The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2024, and include appropriate budget provision for all Elected Member remuneration for 2024/25;**
- 2.1.7 presents and approves proposals for Common Good budgets for 2024/25; and**
- 2.1.8 presents a Carbon Budget for the period 2024/25 in support of the Councils policies on Climate Change.**

3. Background

- 3.1 All Scottish Councils are required to set their Council tax levels for 2024/25 by 11 March 2024.
- 3.2 The grant settlement for 2024/25 was announced by the Scottish Government on 19 December 2023 with individual Council revenue and capital allocations provided in Finance Circular 8/2023, updated in the draft Finance Order received in early February.
- 3.3 The settlement package as outlined by the Deputy First Minister and Cabinet Secretary Finance letter of 19 December 2023 (attached as Appendix 1) sets out various additional ringfenced funding allocations but also:
- 3.3.1 that additional funding allocated to Integration Authorities within the 2024/25 Local Government settlement for Free Personal and Nursing Care and adult social care pay in commissioned services should be additional and not substitutonal to each Council's 2023-24 recurring budgets for adult social care services that are delegated, therefore requiring the Council to passport the additional funding received for this purpose directly to the IJB; and
 - 3.3.2 confirms that £144 million has been set aside to fund a freeze in Council Tax across each of Scotland's 32 local authorities. On this basis the Scottish Government is seeking the agreement of councils to freeze their Council Tax in 2024-25 at 2023-24 levels. Councils require to consider whether to accept the funding offered set the Council Tax rate that is appropriate for their local authority area. South Ayrshire Councils share of this funding would be £3.296m.
- 3.4 In addition to the settlement terms referred to in 3.3 above, further conditions, as outlined in the letter from the Cabinet Secretary for Education and Skills on 12 February 2024 (attached as Appendix 2), were placed on Councils relating to:
- 3.4.1 protecting teacher numbers;

- 3.4.2 ensuring there is no material reduction in the number of pupil learning hours delivered by teachers in the school week; and
- 3.4.3 that next year's allocation of funding for teacher numbers of £145.5m will be distributed via Specific Resource Grants, and those grants will be conditional on councils agreeing at the outset to maintain teacher numbers. For South Ayrshire this could result in the withholding of funds of £2.947m.
- 3.5 Following a number of recent discussions between Cosla and the Scottish Government, the Deputy First Minister and Cabinet secretary for Finance wrote to Cosla and Council Leaders on 21 February 2024 (attached as Appendix 3) committing, subject to the overall funding position improving following the UK Government's Spring Budget on 6 March, that a further £62.7m would be passed to councils in Scotland for them to use as they see fit, conditional upon freezing the Council Tax for 2024/25 at 2023/24 levels. South Ayrshires estimated share of this funding is £1.300m.
- 3.6 South Ayrshire Council's estimated Aggregate External Finance (AEF) available funding for 2024/25, is as follows:

General Revenue Grant £m	Teacher No. funding £m	Est. GRG conditional on freezing Council Tax £m	Council Tax freeze funding £m	Specific Grants £m	Total AEF Revenue £m	Capital £m
269.939	2.947	1.300	3.296	4.360	281.842	8.278

- 3.7 In October 2020, the Council considered an update on its Climate Change Policy and approved the recommendation that the Council formally aligns with national targets by adopting a 75% reduction in emissions by 2030 (based on our 2014/15 baseline) and a target of net zero greenhouse gas emissions by 2045 and in addition support the delivering of these targets by agreeing to set a carbon budget each year.

3.8 **Members Allowances**

- 3.8.1 Following the 'Review of Remuneration Arrangements for Local Authority Councillors' by the Scottish Local Authorities' Remuneration Committee, The Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 determined the remuneration levels payable to Councillors. Various amendments have been made since that time in accordance with sections 11 and 16(2) of the Local Government Act (Scotland) Act 2004 and Guidance was issued by Scottish Government in April 2010.
- 3.8.2 The Scottish Government has again amended these regulations by virtue of The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2024. The changes come into effect from 1 April 2024 and reflect the previous Scottish Government decision to increase Councillors' pay each year in line with the percentage increase in the median annual earnings of public sector workers in Scotland, as confirmed by the Office of National Statistics in the Annual Survey of Hours and Earnings.

4. Proposals

4.1 It is proposed that Members give consideration to the information contained in this report and present and approve budget proposals for revenue and capital for 2024/25 taking into account the background information as set out in para 3 above and the considerations contained in this para 4.

4.2 Revenue Budget 2024/25

4.2.1 General Revenue Grant (GRG) funding for 2024/25 of £274.186m, inclusive of £2.947m funding to protect teacher numbers and an estimated £1.300m provided conditional on freezing Council Tax at 2023-24 levels;

4.2.2 Council Tax freeze funding of £3.296m is available;

4.2.3 Specific grant of £4.360m incorporating funding for improving educational attainment, Gaelic initiatives and Criminal Justice Social Work, is due to be received in 2024/25;

4.2.4 In presenting revised budget proposals for revenue and capital, Members should reflect that the base net revenue expenditure for 2024/25 requires to be further adjusted to recognise the following:

- that £92.058m of the base net expenditure figure relates to the Health and Social Care Partnership delegated budget under the control of the Integrated Joint Board;
- any spending implications linked to changes in Scottish Government specific grants;
- any requests from Directorates to fund additional service pressures, including pay awards, identified for 2024/25;
- any previously agreed savings or efficiency proposals that require to be implemented in 2024/25;
- any new borrowing and interest and expenses thereon linked to proposed revisions to the capital programme;
- any changes proposed in the level of contributions to or from funds;
- the agreed use of £4.000m of retrospective PPP concessionary scheme accounting mechanism adjustment benefit approved by Council in December 2022 towards supporting the 2024-25 budget; and

4.2.5 **Council Tax Bad Debt Provision** - the Council requires to take a view on the level of non-collection of Council tax in the coming financial year. The level of provision currently being targeted in 2024/25 is 3 per cent.

4.3 General Services Capital Programme Considerations

4.3.1 South Ayrshire's total Capital Grant allocation for 2024/25 is £8.278m, split between £7.787m General Capital Grant, £0.491m Specific Capital Grant for Cycling, Walking and Safer Streets.

4.3.2 The approved capital programme requires to be adjusted to recognise the following:

- re-profiling of previously approved projects based on revised project timelines;
- requests to increase/reduce spend on previously approved projects;
- requests to fund new projects identified through the approved Capital Asset planning process for the period of the programme;
- anticipated levels of capital receipts in the same period; and
- the associated revenue costs of any borrowing.

4.4 ***Members allowances***

4.4.1 The Amendment Regulation 2024 provides specific rates to be paid for basic Councillors, the Council Leader, the maximum amount that can be paid to the Civic Head and the amount to be paid to the Chair and/ or Vice Chair of the Ayrshire Valuation Joint Board.

4.4.2 Members require to include budget provision to pay the specified remuneration for Basic Councillors and the Leader of the Council and revised levels of remuneration for the Civic Head and Senior Councillors.

4.5 ***Common Good Budget Considerations***

4.5.1 Revenue and capital budgets for the Ayr, Prestwick, Troon, Maybole and Girvan Common Good funds require to be set for 2024/25.

4.5.2 Girvan Common Good Fund continues to have insufficient resources to meet ongoing expenditure. The Council previously agreed to fund this expenditure.

4.6 ***Budgets 2025/26 Onwards***

4.6.1 As financial settlement figures have only been provided for 2024/25, it is difficult to project the budget gaps for future years. The update to the Medium-Term Financial Plan (MTFP) approved by Cabinet in November 2023 provided estimates of future income and expenditure expectations depending on various assumptions.

4.6.2 Given the scale of the projected budget gaps in the November 2023 MTFP update it is essential that Members present a programme of future activity for officer to progress in early course as a means of addressing the expected funding gaps that will likely be faced in the medium term.

4.7 ***Carbon Budget 2024-25***

4.7.1 The Council agreed to implement a carbon budget from 2022/23 onwards in order to support the delivery of its approved climate change targets.

5. Legal and Procurement Implications

- 5.1 The Council is required to set the 2024/25 Council tax level by 11 March 2024.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 As outlined above.

7. Human Resources Implications

- 7.1 None directly from this report although the budget proposals brought forward by Members may include staffing changes.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

- 8.1.1 There are no risks associated with adopting the recommendations within the covering report; however, in developing budget proposals, Members should consider the recent increasing risk around pay inflation, energy cost increases and inflation rates in general.

8.2 *Risk Implications of Rejecting the Recommendations*

- 8.2.1 If the terms and conditions of the settlement, as outlined in the Deputy First Minister and Cabinet Secretary for Finance letter of 19 December 2023 are not adhered to, then there is a risk that a less favourable offer will be made.

9. Equalities

- 9.1 The specific proposals in this report have been assessed through the Equalities Impact Assessment Scoping process, and there are no significant positive or negative equality impacts of agreeing the recommendations, therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 4. Any savings proposals brought forward as part of Members' budget considerations would require a separate Equalities Impact Assessment.

10. Sustainable Development Implications

- 10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12/

12. Link to Council Plan

- 12.1 The matters referred to in this report assist in the achievement of all of the Council Plan priorities but specifically contribute to the Enabling Priority.

13. Results of Consultation

- 13.1 Budget information has been provided through social media communication routes during February 2024.
- 13.2 Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, and Councillor Ian Davis, Portfolio Holder for Resources and Performance, and the contents of this report reflect any feedback provided.
- 13.3 Discussions on the financial situation have taken place with the trade unions, and further discussions will take place through the JCC process following approval of the 2024/25 revenue budget.

14. Next Steps for Decision Tracking Purposes

- 14.1 If the recommendations above are approved by Members, the Head of Finance, ICT and Procurement will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Budget papers published on The Core	1 March 2024	Head of Finance, ICT and Procurement
Approved budgets will be incorporated in 2024/25 financial planning and management process	1 April 2024	Head of Finance, ICT and Procurement

Background Papers **Report to Cabinet of 28 November 2023 – [Medium Term Financial Plan 2024-25 to 2028-29](#)**

[Scottish Government Finance Circular 8/2023](#)

[The Local Governance \(Scotland\) Act 2004 \(Remuneration\) Amendment Regulations 2024](#)

Person to Contact **Tim Baulk, Head of Finance, ICT and Procurement
County Buildings, Wellington Square, Ayr, KA7 1DR
Phone 01292 612620
E-mail tim.baulk@south-ayrshire.gov.uk**

Date: 22 February 2024

Deputy First Minister and Cabinet Secretary for Finance
Shona Robison MSP



F/T: 0300 244 4000
E: scottish.ministers@gov.scot

Councillor Morrison
COSLA President
Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH

Copy to: Councillor Steven Heddle
The Leaders and Chief Executives of all Scottish
local authorities

19 December 2023

LOCAL GOVERNMENT SETTLEMENT 2024-25

Today I formally set out the Scottish Government's proposed Budget for 2024-25 to the Scottish Parliament. Further to the budget statement I write now to confirm the details of the local government finance settlement for 2024-25.

This draft budget prioritises supporting people through the cost-of-living crisis, investing in our frontline public services, and tackling the climate emergency head-on. It focuses on our three missions:

- Community - Delivering efficient and effective public services
- Equality - Tackling poverty and protecting people from harm
- Opportunity - Building a fair, green and growing economy

This Budget comes at a difficult fiscal period for Scotland. The economic conditions for the 2024-25 Scottish Budget are set to remain challenging as inflationary and pay pressures continue to impact on households, businesses and public bodies. The funding provided by the UK Government in the Autumn Statement fell far short of what we needed. Scotland needed more money for infrastructure, public services and fair pay deals. Instead, the Autumn Statement delivered a real terms reduction in the total block grant. The UK Government have not inflation-proofed their Capital Budget which is forecast to result in a 9.8% real terms cut in our UK capital funding over the medium term between 2023-24 and 2027-28.

It is also important to recognise the positive change in the relationship between the Scottish Government and local government. On 30 June of this year we signed the Verity House Agreement which set out our vision for a more collaborative approach to delivering our shared priorities for the people of Scotland. We agreed to change the way we work together, building a relationship on mutual trust and respect; focusing on achievement of better

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



outcomes; and consulting and collaborating as early as possible in policy areas where local government has a key interest.

We committed to regularly reviewing councils' powers and funding, with the expectation that services will be delivered at a local level unless agreed otherwise; and to develop a framework for collecting and sharing evidence to ensure progress is maintained.

We also undertook to agree a new Fiscal Framework governing how local authorities' funding is allocated, reducing ring-fencing and giving greater control over budgets to meet local needs. On Thursday 14 December we jointly published an update on the development of this fiscal framework and our officials will continue to work together to develop this further. We also wish to work with COSLA through the development of that Fiscal Framework to ensure the distribution arrangements for the settlement continue to meet the needs of our remotest communities and changing population. In this regard, I am open to considering adjusting the funding floor percentage ahead of the Local Government Order and would welcome any views on this or other elements of distribution as part of the consultation to the order due to publish on Thursday 21 December."

As part of our discussions with you on the new fiscal framework we will also seek to increase discretion for local authorities to determine and set fees and charges locally. This will include continuing our joint work to agree next steps following the recently closed consultation on building warrant and verification fees, and a consultation on planning fees to launch in early 2024. We also intend to explore with local government options in respect of other fees and charges which are currently levied locally but set nationally, with a view to further empowering councils in these areas.

The intention is that the indicative allocations to individual local authorities for 2024-25 will be published in a Local Government Finance Circular on Thursday 21 December. That circular will begin the statutory consultation period on the settlement.

The total funding which the Scottish Government will make available to local government in 2024-25 through the settlement will be over £14 billion for the first time should all 32 councils agree to freeze council tax. This includes:

- An additional £6m to support the expansion of Free School Meals;
- An additional £11.5m to support the uprating of Free Personal and Nursing Care rates;
- Additional funding of £230m to deliver a £12 per hour minimum pay settlement for adult social care workers in commissioned services via agreed contract uplifts;
- An additional £6.8m for Discretionary Housing Payments
- £145.5m to continue to maintain teachers and support staff (on which further detail will follow) as well as £242m to support teacher pay uplifts;

This excludes funding for teacher pension contributions. As you are aware there will be an increase in the employer contribution rate in the Scottish Teachers' Pension Scheme. The rate is set to increase from 23% to 26% from 1 April 2024, following the conclusion of the 2020 scheme valuation. The UK Government have publicly stated that the funding will be allocated to individual UK Government departments in Spring 2024. Scottish Ministers will make decisions on funding allocations once the UK Government funding position is clearer and the implications for consequentials are understood.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

Discussions with COSLA are also underway to finalise the costs of delivering the £12 per hour minimum pay commitment for PVI providers delivering children's social care, bringing this in line with ELC and adult social care. Following discussions with COSLA, and approval through the formal financial governance process, our aim is to provide additional funding in 2024-25 for children's social care.

The funding allocated to Integration Authorities for Free Personal and Nursing Care and adult social care pay in commissioned services should be additional and not substitutional to each Council's 2023-24 recurring budgets for adult social care services that are delegated. This means that, when taken together, Local Authority adult social care budgets for allocation to Integration Authorities must be £241.5 million greater than 2023-24 recurring budgets to ensure funding from Health and Social Care Portfolio contributes to meeting outcomes in this area. Where there is evidence funding is not passed across to be used for the policy intent, the Scottish Government reserves the right to look at reclaiming this.

Within the Verity House approach, Scottish Government and Local Government are committed to developing a joint overarching framework of outcomes, accountability and monitoring. It is envisaged that this framework will be finalised by spring 2024. In the meantime, this settlement includes almost £1 billion of funding which has been baselined into the General Revenue Grant, as part of our commitment under the Verity House Agreement to remove ring-fencing and increase funding flexibilities to local authorities, subject to agreeing the detail set out below. As I have advised the COSLA President, Vice President and Resources Spokesperson in our pre-budget engagement, the baselining exercise has required us to restate the fiscal position for prior years to meet Parliamentary expectation on budget presentation. In light of this restatement, I have asked my officials to provide the necessary data to ensure that the reconciliations are clearly understood by COSLA.

The baseline proposals will deliver flexibilities across Social Care, Education, Social Justice, Net Zero and Justice. The detail of the individual lines is set out in the Annex to this letter.

In return, our expectation is that Councils will continue to deliver all statutory and contractual commitments associated with the relevant funding. In relation to the funding for Social Care being baselined we expect the continued payment of the living wage to adult social care staff in commissioned services, with Councils benefitting from flexibility on how that is delivered locally.

Alongside this, we expect that local government will continue in good faith to engage in a range of discussions about future policy direction. Given the joint work required to progress the delivery of the National Care Service, and the positive progress made so far, we expect this to continue, with every effort being made to reach agreement on outstanding matters in relation to arrangements for the chairs of local boards, direct funding and consistency of delegation.

Our offer to baseline £564.1m of education funding is conditional upon the agreement that, by the end March 2024, the assurance framework being sought by the Cabinet Secretary for Education and Skills is in place and that the new joint Education Assurance Board has been

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

established. In light of the £521.9 million of early learning and childcare (ELC) funding which is being baselined, I am also seeking your agreement to commit publicly to exploring options for a national indicative rate or range of rates for the ELC PVI sector to secure their financial sustainability in future years.

Further discussion on flexibility on other Education funding lines will take place within the Education Assurance Board once it is operational. Our expectation is also that Councils will continue to honour the existing joint agreement on provision of free school meals on a universal basis to primary 4, 5 and special school pupils, building upon our earlier agreement with respect to universal provision to primary 1 to 3 pupils.

This baselining is an initial step in the process of embedding the Verity House Agreement and is not a one-off event. I have emphasised the need for further movement in Budget 2025-26 to my Cabinet colleagues and over the coming months we will be identifying further lines which could be considered and put forward for baselining supported by the outcomes, accountability and monitoring framework to be agreed in the coming months.

The Scottish Government is committed to working in partnership with Local Government to deliver a national freeze on Council Tax in 2024-25. We have engaged closely with you to discuss the parameters and principles for identifying funding to support this commitment and will continue discussions during the coming months to reach agreement. Consequently, we have set aside £144 million to fund a freeze in Council Tax across each of Scotland's 32 local authorities. The funding earmarked is equivalent to a 5% increase in Council Tax nationally, taking into account the average rise to Council Tax in 2023-24, whilst recognising that inflationary pressures have eased in the last 12 months.

The funding represents the Council Tax revenue that might have been raised (net revenue), and excludes the forgone revenue associated with the increased cost of the Council Tax Reduction scheme, and other deductions (gross revenue), which Council Tax rises would have caused. On this basis we will seek the agreement of councils to freezing their Council Tax in 2024-25, and as I have indicated this week, I remain open to continued dialogue as to how we might best achieve that.

In respect of the statutory accounting framework and discussions on its robustness over the past number of years, I can also confirm that I have no plans in the immediate future to commence the Capital Accounting Review which was proposed in the Resources Spending Review in May 2022.

Should all councils agree to freeze Council Tax, the 2024-25 Local Government Settlement of over £14 billion offers an increase equivalent to 6.0% in cash terms since the 2023-24 budget. It continues to provide local government with a funding settlement that is both fair and affordable, under the most challenging of circumstances. Critically, in the face of a worst-case scenario Autumn Statement and amongst all the difficult decisions in the Budget, we have increased the Local Government Settlement's share of the discretionary budget.

I acknowledge that this Budget cannot deliver the resources all our partners will want. I am under no illusions about the challenging fiscal environment we face across all of our public services, not only this year but in years to come. This Budget addresses key priorities, targets resources on low-income households and paves the way for future investment in this

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

Parliament. It treats local authorities fairly and consistently with other portfolios. Scottish Ministers have had to take difficult decisions which have allowed us to prioritise funding and invest in the areas which have the greatest impact on the quality of life for the people who call Scotland home.

I look forward to working with COSLA in the year ahead to deliver our shared priorities and to continue to fully implement the Verity House Agreement.



SHONA ROBISON

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



FUNDING BASELINED IN 2024-25

Funding Line	Proposal (£m)
Local Heat and Energy Efficient Strategies	2.4
Community Justice Partnership Funding	2.0
Living Wage	333.5
Blue Badge	0.72
Free Personal and Nursing Care	42.3
Former Housing Support Grant	1.0
Free period products in schools and public places	4.9
Early Learning and Childcare Specific Revenue Grant	521.9
Free School Meals	42.2
Total (£m)	£950.92

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
 We invest in people Silver



Cabinet Secretary for Education and Skills
Jenny Gilruth MSP



T: 0300 244 4000
E: scottish.ministers@gov.scot

Cllr Buchanan, COSLA Children and Young People
Spokesperson

cc. Cllr Morrison, COSLA President
Cllr Hagmann, COSLA Resources Spokesperson
Jane O'Donnell, COSLA CEO
LA CEOs
LA Directors of Education
LA Directors of Finance

12 February 2024

Dear Cllr Buchanan,

This government's vision for education in Scotland remains to deliver excellence and equity for all. That principle must be central to all of our thinking. As I have said before, a key element of that is to ensure there is no reduction in the fundamentals of education delivery, including the number of teachers and the amount of time children spend learning in schools.

Teacher Numbers

You will be aware of previous correspondence that set out the conditions attached to the additional £145.5m funding that is allocated to local authorities in 2023-24 to protect teacher numbers, with the key measure being maintaining teacher numbers at 2022 census levels. That correspondence was clear that, in the event of the conditions not being met, the Scottish Government reserved the right to recover or withhold relevant monies allocated to individual authorities for these purposes.

Following December's publication of the Summary Statistics for Schools in Scotland 2023, which showed a reduction in teacher numbers nationally, we have been in contact with the local authorities that saw a reduction in teacher numbers to establish the circumstances behind those reductions and to assess whether any funding should be withheld.

As indicated in Sam Anson's letter of 12 December to councils, we were clear that we intended to be fair and balanced in making these decisions and, in assessing whether our conditions have been met, we would consider any mitigating circumstances that individual councils may wish to put forward.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE
We invest in people Silver



I remain extremely disappointed by the reduction in teachers this year. It will be more difficult to reach our shared goal to close the poverty related attainment gap nor improve outcomes with fewer teachers in our schools. December's PISA results are a salient reminder to us all that we can not be complacent. I also believe we need that capacity to help us achieve aspirations regarding behaviour, attendance and a reduction in class contact time.

Notwithstanding, I do not believe that it will be in the best interests of school pupils for us to withhold funding at this stage in the financial year. As I have stated, decisions must be guided by our ambitions for excellence and equity, and I do not wish to create a risk of services having to be withdrawn at short notice due to action taken on staffing by a local authority.

I do believe that it is essential that all funding that is allocated supports the outcomes it is provided for, however, and moving forward into 2024-25 I expect teacher numbers to be protected by councils. Under the current provisions, we have witnessed two successive years of falls in relation to teacher numbers. In this context, it is clear to me that the status quo is not sustainable.

Next year's allocation of additional funding for teacher numbers of £145.5m will, therefore, be distributed via Specific Resource Grants, and those grants will be conditional on councils agreeing at the outset to maintain teacher numbers. Taking this approach reflects our longstanding commitment to protecting teacher numbers, which is in the best interests of our children and young people.

My officials will be in touch with individual councils to agree grant conditions, including the number of teachers I expect to be maintained. For those councils where numbers did fall, that may include a return towards 2022 levels where we have not fully accepted the mitigations presented.

Learning Hours

The school week is the backbone of our education provision and benefits all our children and young people. Any measures that materially reduced the number of hours children spend learning in school would be expected to reduce pupil attainment and wellbeing and undermine efforts to close the poverty related attainment gap. The Scottish Government therefore consulted on regulations to specify the minimum number of learning hours in 2023. That consultation has now closed and we expect to publish the analysis of those responses shortly.

I remain committed to protecting the levels of learning hours currently made available in Scottish schools and in the longer term to achieve equity in the number of learning hours pupils across Scotland receive. It is extremely concerning that some local authorities have proposed cuts to the level of learning hours as part of their 24-25 budget consultations. I am clear that this would not be acceptable.

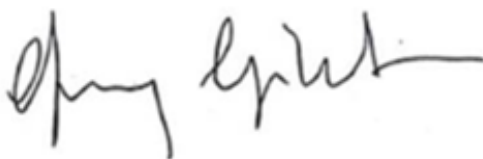
To reflect the change in context of the Verity House agreement, since the initial consideration of regulations in this space a draft voluntary agreement was proposed in January that committed to maintaining learning hours at their current level across all Local Authorities in 24-25 and recognised the Scottish Government's longer term ambition toward equity.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

It was regrettable that the draft agreement could not be accepted by COSLA Leaders at that point. I remain keen to come to an agreement with local government on the provision of learning hours in local authority schools and would ask that the previous agreement is reconsidered urgently.

However, in the continued absence of an agreement to protect time in school and children's learning and development I will need to take steps towards utilising the powers in the Education (Scotland) Act 1980 to prescribe in the regulations the number of hours made available. I am hopeful that the decision not to withhold teacher number funding helps to unblock this issue, thereby allowing us to proceed without regulation. However, I should make clear my intention to proceed with regulations, should no voluntary agreement be reached.

Finally, Education Reform should be an opportunity for Government and COSLA to engage meaningfully on driving the improvements we need to see in Scotland's schools to support our young people. I sincerely hope that sentiment is shared by COSLA and I look forward to further engagement on this issue in the weeks and months to come.



JENNY GILRUTH MSP

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



Deputy First Minister and Cabinet Secretary for
Finance

Shona Robison MSP



F/T: 0300 244 4000

E: scottish.ministers@gov.scot

Cllr Shona Morrison, COSLA President
Cllr Steven Heddle, COSLA Vice-President
Cllr Katie Hagmann, COSLA Resources
Spokesperson
By Email: sasha@cosla.gov.uk

Copy to: All Council Leaders;

jane@cosla.gov.uk ;

sarah@cosla.gov.uk ; mirren@cosla.gov.uk

21 February 2024

Dear Councillors

Further to our recent discussions, including the conversation with the First Minister on Friday 16 February, and following your correspondence received on 19 February 2024, the First Minister and I have discussed COSLA's position on the Council Tax Freeze and the Local Government Settlement more generally.

We have reflected on the view of Leaders that, in that context, the £147 million allocated to fund the Council Tax Freeze is not sufficient, in particular COSLA's position that the General Revenue Grant is £62.7 million lower than last year. We have also heard your call for a compromise to be reached, as reiterated in my meeting with the Vice President, Cllr Hagmann and Group Leaders this afternoon.

In the light of these discussions, I am prepared to commit that, subject to the overall funding position improving following the UK Government's Spring Budget on 6 March, the Scottish Government will not only pass through to local government the £45 million expected as a result of the recent announcement on ring-fenced Adult Social Care funding in England, and any consequentials received for increased teacher pension contributions, but we will also increase the local government General Revenue Grant by a further £17.7 million.

As I stated in our meeting earlier today, the £45 million which is expected as a result of Michael Gove's announcement on adult social care funding, is being passed through to local government in Scotland as general revenue funding. We are not imposing the same conditions on the use of that funding, or compelling councils to produce productivity improvement plans as part of that package.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



In making this decision we will be allocating an additional £62.7 million to councils in Scotland for them to use as they see fit. In the context of the wide range of demands on the Scottish Budget and challenges across the public sector, I consider that this is a significant offer of compromise.

It will mean that the £147 million in funding allocated will be wholly additional funding. This compromise, in the spirit of constructive discussions we have had in recent weeks, represents a significant protection and improvement in the funding position for local government, which no other portfolio is benefiting from. It is also a demonstration of our commitment to the Verity House Agreement. In return for this significant compromise, I reiterate the position that the funding is conditional upon the freezing on the Council Tax.

It is also my intention that the funding for a Council Tax Freeze will be baselined in future years into the General Revenue Grant for all councils which agree to freeze their Council Tax in 2024-25.

I would highlight the priority placed on Local Government in recent years. Since the Resource Spending Review was published, Ministers have been required to take very difficult in-year decisions including the Emergency Budget Review in 2022-23 and more recently an in year budget savings exercise in 2023-24. Councils were not only fully protected from the challenging decisions taken in those processes but with the addition of the £62.7 million confirmed today, the core Local Government resource budget in 2024-25 is now over £730 million higher than the £10,616 million position published in the Resource Spending Review.

In addition, the Minister for Local Government Empowerment and Planning has today communicated to relevant councils our intention, subject to the funding position after the Spring Budget, to increase the Islands Cost of Living fund by £4 million. We have been listening closely to the island authorities, communities and businesses, and have recognised the needs of islands throughout this budget. This further step is being taken in recognition that there is a review underway led by COSLA and the Improvement Service on the Special Islands Needs Allowance, but that review will take time to complete. This is a small step but one which we hope will aid the island authorities to support their communities in the short term.

Finally, two further matters were raised in my meeting with Group Leaders earlier today and which I committed to clarifying.

Group Leaders raised with me their views about the need for a dialogue on teacher numbers and the wider education workforce, it is my view that the proposed Education Assurance Board needs to be rapidly established and begin its work to best enable those discussions to take place. A date for the first meeting of that Board should be identified as soon as possible.

In addition, in respect of delegation of services under the National Care Service, I can confirm that there is no intention to consider the requirement for the delegation of homelessness services as part of the NCS. We are committed to ensuring a clear interface between social care reform and other initiatives designed to support those experiencing or at risk of homelessness, and the letter simply intended to restate that commitment.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



I trust that this confirmation on funding supports those councils still to make a decision on their Council Tax and budget setting in that process, and that the clarifications above help us to move the discussion on other matters forward in the spirit of the Verity House Agreement.



SHONA ROBISON

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



South Ayrshire Council Equality Impact Assessment Scoping Template

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. FSD Guidance for Public Bodies in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	Revenue Estimates 2024/25, Capital Estimates 2024/25 to 2033/34 and Carbon Budget 2024/25
Lead Officer (Name/Position/Email)	Tim Baulk, Head of, Finance ICT and Procurement – tim.baulk@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	-	-
Disability	-	-
Gender Reassignment (Trans/Transgender Identity)	-	-
Marriage or Civil Partnership	-	-
Pregnancy and Maternity	-	-
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	-
Religion or Belief (including lack of belief)	-	-

Community or Groups of People	Negative Impacts	Positive impacts
Sex – (issues specific to women & men or girls & boys)	-	-
Sexual Orientation – person’s sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-
Thematic Groups: Health, Human Rights & Children’s Rights	-	-

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	-
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	-	-
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	-	-
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	-
Socio-economic Background – social class i.e. parent’s education, employment and income	-	-

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low

