

Councils need 'radical action' to plug financial pandemic gap?

Posted by RM64 - 23 Apr 2020 13:04

Published the Herald On Line -

23/4/2020

News

59 mins ago

Coronavirus: Edinburgh Council needs 'radical action' to plug Â£53m pandemic gap

By David Bol @mrdavidbol Political Correspondent

ONE of Scotland's largest local councils has warned "radical action" will be needed amid fears the authority could lose more than Â£53 million if the Covid-19 pandemic lasts for six months.

Edinburgh City Council, which was being forced to make almost Â£35 million of savings from its annual budget, before the coronavirus outbreak, has given the stark assessment of the lockdown on its attempt to balance the books this year.

In a report, initially to be discussed in private, officials warn that "the full financial implications will only emerge over time".

It adds: "Taken together, Covid-19 related expenditure or income losses, anticipated shortfalls in approved savings delivery and unmitigated residual pressures total Â£39.2m under the three-month scenario and Â£53.5m for the six-month equivalent.

"Given the magnitude of these pressures, radical action is likely to be required whilst continuing to impress upon the UK and Scottish Governments the gravity of the financial impact for local government

services both in the immediate and longer term.â€

The six-month scenario, set out by council finance bosses, indicates â€œa complete three-month shutdown followed by a further three-month period during which activities gradually return to normalâ€.

Edinburgh City Council could lose up to Â£8.6 million on lost on-street parking revenues, while loss in parking enforcement could total more than Â£2 million.

The authority expects it could lose Â£6 million on rent not being paid on council-owned property and another Â£3 million on unpaid council tax.

Temporary accommodation costs for the cityâ€™s homelessness services could rise by an additional Â£3 million and the councilâ€™s childrenâ€™s services could lose more than Â£2.5 million under the six-month scenario.

=====

Re: Councils need 'radical action' to plug financial pandemic gap?

Posted by RM64 - 23 Apr 2020 13:09

Published The Herald On Line -

23/04/2020

News

3 hrs ago

Holyrood facing budget 'challenges' as taxes fall

By Tom Gordon Scottish Political Editor

THE Scottish Government is facing particular â€œchallengesâ€ balancing its books after the coronavirus crisis, despite Â£3.5 billion of immediate Treasury support, the budget watchdog has said.

The Scottish Fiscal Commission, which sets the envelope for Holyrood's budget, warned devolved tax revenues would be "heavily affected" as the lockdown hits the economy.

Although there will be no immediate impact on the 2020-21 budget, any shortfall will have to be fixed through a so-called "reconciliation" to the budget of 2023-24.

However, the Scottish Government may struggle as it has only limited borrowing powers under the framework that governs its finances.

Finance Secretary Kate Forbes said the report underlined the need for Holyrood to have more fiscal levers and greater borrowing powers at its disposal.

The UK Government is planning to borrow £225bn from bond market investors in just four months to fund its extra coronavirus spending.

But the Scottish Government can only borrow £300m to help smooth out budget reconciliations, which are usually caused by wayward tax and spending estimates.

In its new update on the 2020-21 budget, the Commission said the combined effect of the Scottish Government's spring budget deal and the UK Budget on 11 March would be an increase in spending of £247m in Scotland in 2020-21.

The Scottish Government should also receive £3.5bn from the UK Government, as part of its share of extra Treasury spending to tackle the Covid-19 crisis.

SNP ministers had been expecting to raise £12bn in income tax this year, more than a quarter of the £40bn budget, but this is now expected to slump as workers lose their jobs and salaries shrink through furloughs.

The Commission said the lockdown would also reduce business rate income as firms went bust and fell into arrears, land and buildings transactions tax as house sales fell, and landfill tax as waste and recycling services ceased.

At the same time, spending on some devolved benefits would increase as take-up rates rose through the crisis, and more deaths meant more Funeral Support Payments, although more old and sick people dying could also â€œreduce spending as claims are ended earlierâ€.

However the Commission said it would not publish any detailed forecasts - a key part of its job in normal circumstances - as the impact of lockdown was so unpredictable.

It said: â€œWe do not at the moment know how long the lockdowns in Scotland, the UK and around the world will last. It is possible that the lockdown restrictions could be eased and then tightened again.

â€œThe extent to which the economy returns to normal, people are able to return to previous jobs and demand for goods and services rebounds to previous levels will determine the long-term effects of the crisis on our economy.

â€œFor these reasons we are not providing updated forecasts.â€

Fiscal Commission Chair Dame Susan Rice said: â€œIn the light of the changes since our last forecast, today we are providing an updated perspective on the current Scottish Budget position.

â€œThe Scottish Government is required to broadly balance its budget and has limited scope for borrowing and using its reserves. Given the uncertainties about the level of funding and the spending required to respond to the crisis this may present some challenges.â€

SNP Finance Secretary Kate Forbes said: â€œThe COVID-19 pandemic is having severe economic consequences for people across Scotland and the Government is doing everything we can to mitigate that impact.

â€œThe Scottish Fiscal Commissionâ€™s report highlights the particular challenges faced by the Scottish Government, due to uncertainty over the funding levels from the UK Government and required spending levels in Scotland.

â€œThe current global situation proves yet again that we need more fiscal levers, including an increase to the limits on our borrowing and reserve powers, to manage Scotlandâ€™s public finances effectively.â€

=====

Re: Councils need 'radical action' to plug financial pandemic gap?

Posted by RM64 - 05 May 2020 14:31

Published The Herald on Line -

News

2nd May

By David Bol @mrdavidbol Political Correspondent

Coronavirus in Scotland: Councils told to use reserves as Â£155m support withheld

LOCAL councils have been told to drain their reserves to cover millions of pounds set to be lost amid the Covid-19 pandemic - as the Scottish Government has refused to hand over cash from Westminster until authorities prove they need the extra funding.

Last month, the UK Government announced an additional Â£1.6 billion was being handed over to local authorities - with Â£155 million given to the Scottish Government as part of funding consequences.

But Finance Secretary Kate Forbes is refusing to hand over the money to Scottish councils until she is satisfied with how much they need.

Ms Forbes has written to COSLA, the umbrella organisation representing Scottish councils, suggesting that authorities dip into their reserves instead.

Edinburgh City Council has warned it faces increased costs and loss of cash of more than Â£53 million if the shutdown last for six months, while Highlands Council has also stressed it could see an extra Â£60

million added to its financial pressures.

The issue was raised by Conservative MSP, Graham Simpson, who told Ms Forbes that local councils were "hopping mad" about the situation.

Mr Simpson said: "On April 18, Robert Jenrick announced that councils in England were to get an extra Â£1.6 billion to help in the effort against Covid-19.

"Scotland would get Â£155 million in consequentials from that - but councils here haven't yet heard if they are going to receive a penny of that money and to put it mildly, they are hopping mad about that."

Labour local government spokesperson, Sarah Boyack, said it was "critical" that councils are given certainty from the Scottish Government.

She added: "They have already transformed their services for our communities and staff through the pandemic, their incomes have already been reduced and they already had existing budget pressures. Can we just get that trust from the Scottish Government?"

"They are working together and we need to make sure that our local authorities have that certainty going forward so they can plan now for the future we are all needing them to deliver for us."

Ms Forbes said the Scottish Government is "committed to deploying any consequentials we receive in a way that is helpful to local government and to the wider Covid response".

But she has not guaranteed if or when the Â£155m will be handed over to Scottish councils.

She said: "I don't dispute the financial challenges facing our public services just now and working closely with COSLA.

I do think it's only right that we understand what the costs are before we come to conclusions on how we use those consequentials to support local authorities.

"I do think it's remarkable that we are being pressed just now to provide funding in advance of COSLA confirming what their cost pressures are.

It seems to me perfectly reasonable that if COSLA has committed to a cost-gathering exercise, and clearly there are cost implications, that we understand what that funding need is before we come to a settled conclusion on the funding available."

But in a letter sent to Gail Macgregor, COSLA's resources spokesperson, Ms Forbes stressed that she wants to "understand how those costs are being mitigated by the funding measures we have already committed" before the cash is handed over.

She added: "I also want to consider what further reprioritisation we could undertake jointly to free up resources to meet the cost challenges now and in the future, along with the use of local government reserves and applications to the Coronavirus Job Retention Scheme to help contain the costs."

Conservatives have criticised the pressure put on councils to dip into their reserves, which are already under pressure and dwindling in a bid to meet day-to-day costs, by the Scottish Government.

Scottish Conservative leader Jackson Carlaw said: "Councils came into this crisis ill-equipped to cope after years of the SNP slashing their budgets to the bone.

Now, instead of passing on the money they need, the Finance Secretary is telling them to raid their reserves even further.

Some local authorities barely have any reserves left thanks to the SNP's botched approach to funding.

And rather than hand over all the Barnett consequential in full money that was specifically targeted for local authorities the SNP wants to short-change councils even more severely."

Labour finance spokesperson, Jackie Baillie, has accused SNP ministers of a "cash grab" on local councils.

She added: "Even the SNP's own councillors say that this money, which is supposed to fund highly pressured council services to weather this national emergency, should go to councils.

But ministers seem determined to centralise control of these funds.

"This is emergency funding which should go directly to councils to help fund social care without any further delay. It is outrageous that the Scottish Government is sitting on its hands."

COSLA is calling for the money earmarked for local council to be handed over immediately.

Ms Macgregor said: "Council leaders were clear yesterday that the reaction of councils to the Covid-19 epidemic, ensuring essential services are secured, and that our most vulnerable people are protected has been a remarkable effort and as such the Â£155 million of consequential should be passed to local government immediately.

â€œCouncils are working hard to keep a huge range of essential services running to meet the needs of communities and to be responsive locally.

But the bottom line is that protecting people and providing services costs money."

She added: â€œThat is why, when the Â£1.6billion of funding was announced by the UK Government for councils in England over two weeks ago, we immediately wrote to the Scottish Government in relation to the Â£155million of consequential for Scottish councils.

I will continue to keep discussions going with Kate Forbes on this issue.

â€œWhilst we fully appreciate the pressure facing the Cabinet at this time, councils are facing an extremely challenging situation on the ground, with significant additional costs being incurred on a daily basis, as well as massive losses of income as a result of the lock down.

The response from Scottish Government so far does nothing to alleviate the collective concerns of Scottish Local Government and we call on the consequential to be passed to Local Government

immediately.â€

=====

Re: Councils need 'radical action' to plug financial pandemic gap?

Posted by RM64 - 05 May 2020 14:32

Published The Herald On Line -

05/05/2020

News

1 hr ago

By David Bol

@mrdavidbol

Political Correspondent

Coronavirus in Scotland: Kate Forbes labels council funding row 'storm in a teacup'

FINANCE Secretary Kate Forbes has labelled a row over the Scottish Government holding back emergency funding for councils as 'a storm in a teacup' as she was accused of attempting to 'micro-manage' local authorities.

The Scottish Government is yet to pass on Â£155 million of funding it was handed from Westminster to local councils to help them mitigate the Covid-19 pandemic.

Today, Ms Forbes said she was 'happy to confirm that we will pass on those consequential to local government in full', but not before being given information from local authorities' umbrella group, COSLA, about where that money is needed.

The Finance Secretary added that she wanted to ensure the funding is used to "support the areas of greatest need".

She added: "We would need to see figures in terms of additional pressures."

Conservative MSP, Graham Simpson said that her comments suggested "the Cabinet Secretary is wanting to decide herself how that money is allocated".

He added that the costing exercise, Ms Forbes is demanding to see first, was being drawn up before the Â£155 million was announced by the UK Government - claiming it has "nothing to do with the consequential whatsoever."

Labour local government spokesperson, Sarah Boyack reminded Ms Forbes that "we are not in the middle of a normal budget run", stressing that councils need the funding now and shouldn't have to turn to their depleted reserves.

She added: "Isn't it just micro-managing?"

But Ms Forbes labelled the row a "storm in a teacup".

She added: "COSLA and local authorities should inform how that money is allocated."

Ms Boyack added: â€œCouncils across Scotland are under unprecedented strain due to the pandemic and are delivering daily for those in need.

â€œFor the Finance Secretary to term their call for the Â£155m they are entitled to a â€œstorm in a teacupâ€ smacks of arrogance and displays an almost wilful ignorance of the tremendous pressure councils are under.

â€œShe did not acknowledge that telling local authorities to use their reserves while she decides how to allocate these consequential will lead to uncertainty and will not help cash-strapped councils who have had to deal with years of SNP underfunding.

“ Scotland’s councils are no longer asking for the funding they need, they are demanding it.”

=====

Re: Councils need 'radical action' to plug financial pandemic gap?

Posted by RM64 - 14 May 2020 06:56

Published Barrhead News On Line -

14/5/2020

News

7 hrs ago

Extra funding handed to East Renfrewshire Council to help the care sector tackle Covid-19

EXTRA funding of almost Â£1million is being handed to East Renfrewshire Council to help the care sector tackle Covid-19.

The windfall was announced by First Minister Nicola Sturgeon yesterday as part of a Â£50m package for services across the country.

Ms Sturgeon said the social care sector is “under immense pressure” as a result of the coronavirus crisis, adding that the Scottish Government is “working hard” to offer support, with increased testing in care homes and supplies of personal protective equipment.

As a funding package of Â£886,000 for East Renfrewshire was announced, she added: “It will help to ensure that care services around the country can cope with the immense pressures that they are facing at this time.”

Health Secretary Jeane Freeman said the Scottish Government has been undertaking a detailed review of additional costs incurred by the care sector.

“This funding is part of the Scottish Government’s commitment to support resilience in social care provision and ensure that any increasing need for social care as a result of the pandemic is met,” she added.

“I hope this will reassure the social care sector that additional costs related to Covid-19 will be provided and we will continue to work closely with Cosla (Convention of Scottish Local Authorities) and NHS boards to ensure they have the resources needed throughout this pandemic.”

=====

Re: Councils need 'radical action' to plug financial pandemic gap?

Posted by RM64 - 27 May 2020 09:00

Published Barrhead News On Line -

27/5/2020

News

1 hr ago

By Drew Sandelands Local Democracy Reporter

Pandemic costs 'significantly' higher than funding for East Renfrewshire Council

THE cost of the coronavirus pandemic on East Renfrewshire Council's budget is expected to “significantly exceed” current funding support.

Almost £1million has been awarded to East Renfrewshire from the Scottish Government's £50m hardship fund and council chiefs expect around £3m from the £155m Barnett consequentials now being shared out to local authorities.

Around £890,000 has been received from the Scottish Government for use by East Renfrewshire's Health and Social Care Partnership (HSCP).

But a report reveals "the extra pressures faced by the council" are expected to rise beyond these funding allocations.

Additional costs, a reduction in income streams and the response to the pandemic will also prevent some of the council's planned 2020/21 savings from being implemented.

Councillors agreed a budget in February which plugged a deficit of around £17m. A report on the financial impact of the pandemic on the council is expected to be tabled at a meeting on June 24.

At budget time, the authority revealed almost £210m was to be spent on capital plans over the next 10 years, including almost £25m on six nurseries.

Construction work has been suspended during lockdown and council officers are working with construction industry partners on when work will restart.

The council remains committed to almost doubling the amount of free childcare available to families from August.

The report by the authority's chief executive, Lorraine McMillan, sets out the council's response to the pandemic and the impact on its resources.

Ms McMillan said: "Whilst these have been very challenging times for the council, our staff have been exceptional.

"Many have worked significant extended hours to make sure residents are safe and well. Others have volunteered to go wherever they are needed.

"Some staff have children to care for and are managing to juggle the various demands of home learning with carrying out their job."

She added the work of care staff "must be particularly commended";

The care home sector has been badly hit by the coronavirus outbreak.

Ms McMillan's report states the authority "put in place enhanced support to our care homes from the start of the pandemic" and has daily contact with managers to discuss the issues they are facing.

The council bought 16 beds in two care homes to "meet anticipated demand" and has used three so far. A spokesman said none of the residents were placed from hospital and all were tested, and found to be negative, for Covid-19 before being admitted.

East Renfrewshire's HSCP has been at the "front line" in the response to the outbreak and recently established a testing team to "undertake enhanced outbreak investigation in all care homes where there are cases of Covid-19".

All consenting residents and staff will be tested, whether or not they have symptoms.

A Community Assessment Centre for people concerned about Covid-19 symptoms has been set up in Eastwood Health and Care Centre for people referred by NHS 24. It has been seeing an average of 10 patients per day.

=====