Thank you for forwarding the Justice Committee Convener’s letter of 15 September 2016 seeking my views on the timing of the announcement of the Scottish Government’s draft budget for 2017-18 and the impact of this on the Council’s financial planning.

As you may know the total package of Scottish Government revenue grant accounts for approximately 81% of local authority revenue income and as such is easily the most significant and difficult to predict variable within the Council’s financial planning arrangements. Scottish Local Government has had a succession of 1 year settlements in recent years making longer term financial planning very challenging.

With so much of our income linked to the outcome of the Scottish Government Budget the timing of the announcement of that budget is vitally important to our financial planning. However the quantum of the grant allocation and any conditions attached to it are just as important as the timing of when the figures are known.

The Council will always wish to set its budget in mid-February to enable Council Tax bills to be dispatched in March for collections to start on 1 April. This means there is a limited timescale to reach final decisions about budget allocations and service levels from the point the grant announcement is known and early February when those plans need to be finalised.

In terms of the impact on the timing of grant announcements we will seek to manage the risks and uncertainties around this by planning for a range of scenarios but there is a limit to how much potentially abortive planning can be done given resource constraints. The Council would prefer to have its grant allocation from Scottish Government confirmed as early as possible to allow budget reductions and service level changes to be planned for well in advance. The shorter the timescale the Council has to make such decisions the more difficult it is to make the best budget choices and that has never been more the case than at present given the real terms reductions in funding for local government in recent years.

Richard Stiff
Chief Executive
27 September 2016