Justice Committee

Scrutiny of the Scottish Government’s Draft Budget 2017-18

Written submission from Highland Council

Thank you for your letter dated 15 September 2016 seeking comments on what impact, if any, the delayed publication of the Scottish Government’s 2017-18 draft budget will have on our financial planning and decision making for the coming year.

Firstly, let me thank you for the opportunity to respond.

The Council needs to focus on medium and long term financial planning. Whilst it is able to model scenarios for its own income and expenditure annual grant settlements are a major problem.

Scottish Government revenue grants fund around 83% of the Council’s net budget. Lack of information, and late notification in December, makes it extremely difficult to anticipate the Council’s financial position. As a result the Council can be forced to make short term decisions in terms of its budget that do not necessarily reflect key policy decisions, but instead are influenced by the ability to make “quick” decisions.

Over the years the Council has generally been able to deal with these challenges. However in 2016/17 the Council saw its grant cut by over 4%, well beyond its forecast and had real difficulty in reaching a balanced position.

The scale and uncertainty over the actual level of grant cut makes financial planning extremely difficult. Linked to this are conditions that the Scottish Government are imposing on the Council. In 2016/17 these were, maintaining the council tax freeze, maintaining teacher numbers, and investment in adult social care. These conditions were announced at the same time as the grant notification and required significant clarification during January.

I would encourage the Committee to support my concerns surrounding late notification as representing a significant challenge to proper financial management.

Steve Barron
Chief Executive
23 September 2016