

Ref: DS

Date: 29 February 2024

**I refer to the agenda for the Special meeting of the Inverclyde Council to be held on Thursday 29 February 2024 at 4pm and now attach addendum as undernoted below.**

IAIN STRACHAN  
Head of Legal, Democratic, Digital & Customer Services

**UNDERNOTE:**

**ADDENDUM**

**2024/26 Budget Addendum – Status of the £62.7m**  
Chief Executive

Enquiries to – **Diane Sweeney** – Tel 01475 712147

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<b>Report To:</b>	<b>Inverclyde Council</b>	<b>Date:</b>	<b>29 February 2024</b>
<b>Report By:</b>	<b>Chief Executive</b>	<b>Report No:</b>	<b>FIN/13a/24/LL</b>
<b>Contact Officer:</b>	<b>Louise Long</b>	<b>Contact No:</b>	<b>712090</b>
<b>Subject:</b>	<b>2024/26 Budget Addendum- Status of the £62.7m</b>		

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## **1.0 PURPOSE AND SUMMARY**

1.1  For Decision  For Information/Noting

1.2 The purpose of this note is to clarify to Elected Members the position of the £62.7m of potential increased funding referred to in the Deputy First Minister's (DFM) letter of 21 February in Appendix 1b of the main report.

1.3 The attached letter sent by the DFM to Stuart McMillan MSP dated 27 February and contained in appendix 1 to this addendum was widely circulated yesterday and potentially indicated that the receipt of the £62.7 million referred to in Appendix 1b of the main report was more certain than indicated in the Chief Financial Officer's advice in paragraph 3.9 of the main report.

1.4 Officers sought clarity from Cosla who in turn contacted officials in the Scottish Government who have confirmed that the full £62.7 million is dependant on the UK Governments Spring Budget on 6 March. As such, there is no change to the advice from the Chief Financial Officer contained in the main report.

## **2.0 RECOMMENDATIONS**

2.1 It is recommended that the Council note the information contained in this addendum.

**Louise Long**

**Chief Executive**

Deputy First Minister and Cabinet Secretary for Finance  
Leas Phrìomh Mhinistear agus Rùnaire a' Chaibineit  
airson Ionmhas

Shona Robison MSP  
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27 February 2024

Dear Stuart,

As you will be aware, we have set out funding to local authorities that is contingent on them adopting a council tax freeze – in recognition of the cost of living pressures being faced by people across the country. We have outlined £147m of funding that is equivalent to a 5% freeze, and last week outlined a further £62.7m of support – in total almost £210m to support the delivery of a council tax freeze and protect services.

The share for Inverclyde Council of this funding, should it adopt a council tax freeze, would be around £2.9m. If the council tax freeze is passed by Inverclyde Council I have also confirmed that this funding would be baselined for future years. If the council does not freeze the council tax they would be forgoing this financial support and its future baselining.

It is our assessment that Inverclyde would raise around £2.9 million from an 8.2% increase in the council tax. This concurs with budget papers before the Council that appear to suggest an increase of 8.2% would raise £2.87m.

As such it is clear that Inverclyde Council are being offered funding for a council tax freeze that is approximate equivalent value to the 8.2% council tax increase that has been proposed by the Labour group. As a result I cannot understand the rationale for imposing such a hefty increase in council tax on the people of Inverclyde as it leaves Inverclyde Council no better off financially in 2024/25, but abandons the support being baselined in future years. I believe this would be an imprudent choice and would not be in the best interests of the people of Inverclyde.

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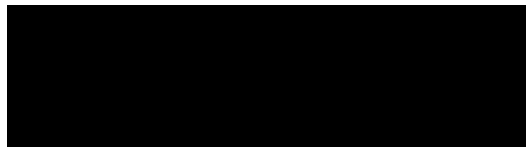


In short, on Thursday the Council has before it a choice between a fully funded freeze that baselines support for future years, or Labour's council tax hike that will provide no funding beyond that of the freeze but will forgo that support being baselined.

For completeness the Inverclyde Council share of the £147m for the freeze would be around £1.9m, and the share of the further £62.7m would be a further £1m. Inverclyde receive a proportionately higher amount of £147m than many other authorities due to the relatively higher levels of Council Tax Reduction Scheme eligibility and uptake.

I understand that the s95 Officer has adopted a cautious assumption regarding the £17.7 million commitment, as part of the £62.7m additional funding I have offered, and has discounted that funding from his advice at this point in time due to uncertainty regarding the UK Government's Spring Budget on 6 March. In this context, I would highlight the position adopted by Orkney Islands Council today where the Council amended their budget proposals to agree a freeze in the event that the UK Spring Budget delivers the consequentials anticipated, while reserving the right to impose a council tax increase in the event that the anticipated consequentials arising from the Spring Budget do not materialise. The council have set a deadline of 10 March for the Council to ratify that decision and I would observe that this is a far more prudent approach to the uncertainty inherent in the UK fiscal cycle.

I hope you find this information helpful.



**SHONA ROBISON**

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