

with. To be threatened with a penalty in an environment that is fast moving, highly pressured and where complexities due to changes in the operational arrangements can evolve, for example, is not necessarily going to deliver a better result.

2.22. In Scotland despite collating the value of income loss from each Council to help support the overall quantum of loss, when the amount of funding was finally confirmed the distribution followed the 'needs' based approach that underpins our funding. The individual estimates were not paid out to each Council and I had to accept that the amount that the Council received, was not the value that had been estimated.

2.23. This, like other funding for Councils went through the needs based distribution process. Poor estimation did not directly lead to a benefit for the Council. I think that each s.95 officer is responsible for and should be trusted to have signed off estimates and for that information to be collated by COSLA.

2.24. In respect of the adequacy of funding allocated for Local Authorities and in common with the established processes, distribution of funding was based on need, which was underpinned by relevant data sources. This was discussed at the Settlement and Distribution Group (SDG) and recommendations were made prior to final calculations being made and money distributed.

2.25. Distribution is highly important for each Council, but perhaps more important is the quantum of funding that is going to be distributed. Throughout the Pandemic quantum of funding was a common topic, the information that was captured by COSLA on behalf of Local Authorities was vital to describing the pressure that Local Authorities were under and in supporting distribution of funding that was made available. That didn't always mean that the sum of money needed was always available.

2.26. I don't remember where the starting point for data collection was, but it was clear that data was needed and a small group of COSLA, Scottish Government and Director of Finance representatives discussed this from an early stage. I would say that the process was iterative, there was an initial collection of cost pressure estimates, based on mobilisation and other costs, such as lost income, as well as savings. It was early in the financial year, limited amounts of accurate cost information were only just coming through the financial systems so initial data was based on estimates. Working together the information requests became

more refined and in some cases more detailed, and it was through the tripartite working that this was done. Data collection principles were agreed for 'Loss of Income' data capture. With the passage of time, financial transaction information increases and therefore accuracy improves. Excel spreadsheets were used, with instructions provided, to capture the information from the 32 Local Authorities, with collation of information done by COSLA, the financial impact on the Local Government sector was usually shared with Scottish Government rather than individual Local Authority data. COSLA played a vital role in lobbying for the funding that Local Authorities needed.

2.27. I do accept that funding that the Scottish Government was distributing was based on what they were receiving, but it was frustrating at times when there were gaps between the value received and the our understanding of the how much had been committed to funding schemes by the Scottish Government. If I remember correctly this lack of transparency made it difficult to interpret or understand what was still being considered for distribution. The frustration arose from the void of information and left Local Authorities (and I expect other sectors) questioning if they were going to be supported to the level that was necessary or not.

2.28. Adequacy of funding also has to be considered in the context of 'recovery', while much of the attention in the early stages was about response to the Pandemic, for Local Authorities it was clear that planning for the future and that message that we needed to be as prepared as possible to support the recovery of our communities. The Scottish Budget for 2021/22 included one-off funding for Local Authorities, and as the Scottish Budget for 2022/23 was being prepared COSLA's lobbying campaign emphasised the importance of the recovery phase, seeking the funding that was necessary to enable Local Authorities to fully play their part.

2.29. Funding of course goes through the annual cycle of budget setting and while COVID related funding was seen as additional, but one-off in nature, there were still the annual decisions to be made and budgets balanced. For 2021/22 the Council's budget gap was reported as £30m, this was balanced through using reserves, receiving a grant for a freeze on Council Tax, applying fiscal flexibilities approved by Scottish Ministers and a number of smaller value changes to budgets. For 2022/23 a further £32m had to be found to balance the budget, again the fiscal flexibility options were used, Council Tax was increased by 3%