



Finance Circular No 20/1997

The Chief Executive
Scottish Local Authorities

19 December 1997

Dear Chief Executive

1998-99 AGGREGATE EXTERNAL FINANCE DISTRIBUTION PROPOSALS

1. This Circular provides details of the Secretary of State's proposals for the distribution among local authorities of Aggregate External Finance (AEF) for 1998-99. These proposals have been sent to COSLA today and will form the basis for consultation with the Convention at the Secretary of State's meeting on Friday 23 January 1998. They include the allocation of the 3 elements of AEF: specific grants, non-domestic rate income and revenue support grant. **Table 1 sets out the figures for each authority.** Details of the calculation of the distribution of AEF are given in Annex 1.

2. Annexes to this circular give further details, as follows:

Table 1/Annex 1: calculation of AEF, and notes;

Annex 2: all-Scotland figures for GSE and AEF, and their components;

Annex 3: details of the estimated payments to each authority of each specific grant for 1998-99;

Annex 4: methodology note on the calculation of loan and leasing charges;

Annex 5: Council Tax Safety Net calculations (2 tables)

Annex 6: notes to Council Tax Safety Net calculations.

3. Aggregate External Finance (AEF) for 1998-99 of £5271 million was announced by the Secretary of State on 3 December, as detailed in Finance Circular 18/97. The AEF total is inclusive of Revenue Support Grant (RSG), Non-Domestic Distributable Amount (NDRI) and the specific grants set out in Annex 1.

The Division of AEF

4. The Secretary of State has decided that the Distributable Amount of NDRI for 1998-99 will be £1395.228. The balance comprises (a) an estimated total of £435.288 million for specific grants and (b) RSG for the year of £3440.825 million.

5. Annex 2 gives details of Government supported expenditure and AEF for 1998-99 as well as detail of the estimates of specific grants for 1998-99 for each service. Annex 3 gives a breakdown of individual councils' shares of specific grants as used in the calculation of RSG. Annex 4 describes how loan and leasing charges have been estimated (special arrangements continue to apply for Orkney and Shetland).

Distribution of AEF

6. The distribution of support continues to be on the basis of the "client group" approach. COSLA has been consulted about detailed distribution issues.

7. The distribution of AEF is based on assessments of relative GAE. These assessments were sent to local authorities in Finance Circular 19/1997. As described in the circular, the GAE's for 1998-99 have been damped to take account of changes due to the review of Social Work assessments, agreed by the Distribution Committee on 9 September, and the withdrawal of a separate assessment for Local Government reorganisation costs and savings. The "Green Book" showing the detailed calculations will be issued by the end of the month.

8. The calculations outlined in Annex 1 were broadly as follows. To the assessments of GAE were added Special Islands Needs Allowance, allowances for loan and leasing charges the net costs of housing benefits, council tax rebates, the urban programme and council tax safety net. This produces a figure for adjusted GSE for each authority.

9. AEF totalling £5241.713 million (ie, the total of £5271.341 million less provision of £43.200 million which the Secretary of State has agreed for Urban Programme specific grant, but plus specific grant of £13.572 million on police loan charges) was then distributed to produce a uniform difference between adjusted GSE and AEF per Band D equivalent property across Scotland.

"Pooling" of Non-Domestic Rates

10. The non-domestic rating pool is now entering its sixth year of operation. The Secretary of State announced the national rate poundage for 1998-99 on 2 December. Finance Circular No 18/1997 refers.

11. In terms of paragraph 11(2) of Schedule 12 of the Local Government Finance Act 1992, as amended by paragraph 176 (19) of Schedule 12 to the Local Government Etc(Scotland) Act councils will be required to calculate the "provisional" amount of NDRI to be paid to the Secretary of State during 1998-99. These calculations are governed by the Non-Domestic Rating Contributions (Scotland) Regulations, which were consolidated last year. Amending Regulations were laid before Parliament on 4 December 1997 and come into force on 31 December 1997. Details of how and when the provisional contributable amounts for 1998-99 are to be calculated will be circulated to councils in due course.

Special Islands Needs Allowance (SINA)

12. The quantum of SINA for 1998-99 has been increased by the same proportion over 1997-98 as the gross increase in AEF, as announced on 3 December. This amount has been apportioned between the 3 islands councils in the percentages recommended by the Touche Ross study on SINA and applied for the first time in 1993-94.

Pre-School Education: Future Funding

13. The Government have already announced that £76 million is to be made available next year to deliver their commitment to provide a place for every child in their pre-school year whose parents want one. Funding will be by specific grant through local authorities who will be given the lead role in planning and delivering pre-school education places. In *Education in Early Childhood: The Pre-school Years* the Government are, amongst other things, consulting on the formula for distributing grant between authorities. The Government recognise that local authorities need to know as soon as possible the detailed arrangements for funding pre-school education from August 1998. Local authorities have therefore been invited to respond early and in advance of a full response to the consultation paper in the issues of funding. Swift response by authorities will allow the Government to make an early announcement on the distribution formula.

Redetermination of Earlier Years

14. The Distribution Committee have agreed a redetermination of AEF/RSG for 1997-98. The revised figures will be circulated to authorities under separate cover early in the new year. A final redetermination of 1992-93 under the AEF Guarantee has also been agreed, figures for which will be circulated at the same time.

Conclusion

15. An additional copy of this Circular is enclosed for your Director of Finance. A copy also goes to Albert Tait, COSLA.

16. Enquiries relating to this circular should be addressed to the following:

AEF Distribution Proposals (General Queries)

Ms Lucy Hunter	0131 244 7002
Mrs Rosemary Polland	0131 244 7004

Loan Charges

Mr Martin Boyle	0131 244 7030
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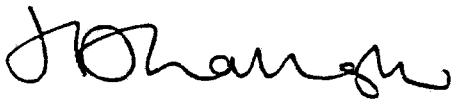
Safety Net

Ms Lucy Hunter	0131 244 7002
Ms Helen Clifford	0131 244 7006

Pre-School Funding

Ms Siobhan Nairn	0131 244 7854
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Yours sincerely



JD GALLAGHER

AEF Distribution 1998-99

Table 1

	(1) Grant Aided Expenditure 1998-99	(2) Special needs of the Islands	(3) Council Tax Safety Net	(4) Loan Charges 1998-99	(5) Non-Relevant Expenditure (housing and council tax benefit)	(6) Adjustment for Urban Programme 1998-99	(7) Adjusted GSE 1998-99 (Cols.1 to 6)	(8) Band D Properties 1998	(9) Deduction for GSE not supported by AEF ((Tot Col7-Tot Col10) * Col8/Tot Col8)	(10) Total AEF (Col 7-9)	(11) Specific Grants	(12) NDRI	(13) RSG (Col 10-11-12)	
	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	
Aberdeen City	201.379		0.984	29.368	2.376	0.334	234.441	83,017	48.554	185.886	16.893	201.260	59.112	109.882
Aberdeenshire	228.001		0.000	24.422	1.530	0.116	254.069	83,237	48.683	205.386	12.738	222.430	61.879	130.769
Angus	115.739		-0.025	9.908	1.195	0.037	126.854	38,189	22.336	104.519	7.553	112.072	30.141	66.825
Argyll & Bute	105.352		0.860	21.867	1.090	0.000	129.169	36,660	21.441	107.728	7.210	114.938	24.716	75.802
Clackmannanshire	49.604		0.431	5.509	0.591	0.078	56.213	16,337	9.555	46.658	3.039	50.100	13.280	30.339
Dumfries & Galloway	160.523		0.000	21.845	1.881	0.156	184.405	54,609	31.939	152.465	11.551	164.016	40.159	100.755
Dundee City	166.892		2.984	21.186	3.354	1.213	195.628	48,097	28.130	167.497	14.248	181.745	40.880	112.370
East Ayrshire	128.718		0.000	13.984	1.783	0.494	144.978	37,816	22.117	122.861	8.537	131.398	33.289	81.035
East Dunbartonshire	107.700		-1.376	10.487	0.554	0.017	117.383	45,639	26.693	90.690	5.432	96.122	30.133	55.125
East Lothian	86.282		0.000	11.918	1.091	0.090	99.381	34,851	20.383	78.998	5.678	84.676	23.981	49.339
East Renfrewshire	86.897		-1.221	7.014	0.514	0.263	93.467	37,543	21.958	71.509	4.143	75.652	23.965	43.401
City of Edinburgh	427.138		0.000	78.429	7.604	3.163	516.334	183,711	107.447	408.887	40.853	449.740	122.123	245.911
Falkirk	141.829		0.000	16.768	1.774	0.183	160.553	46,709	27.319	133.235	9.771	143.006	38.918	84.546
Fife	358.464		0.000	35.263	4.360	0.840	398.926	119,697	70.007	328.919	24.195	353.114	95.038	209.686
City of Glasgow	753.103		14.783	115.567	17.309	6.471	907.233	202,795	118.609	788.624	76.047	864.671	167.718	544.859
Highland	242.560		0.000	38.533	2.493	0.000	283.586	77,452	45.299	238.287	18.352	256.639	56.783	163.152
Inverclyde	96.514		0.145	13.930	1.523	0.631	112.743	27,763	16.238	96.505	7.447	103.952	23.698	65.359
Midlothian	80.873		0.840	10.837	0.979	0.031	93.560	27,649	16.171	77.389	5.903	83.292	21.777	49.708
Moray	90.091		0.000	10.722	0.905	0.000	101.718	28,503	16.670	85.047	5.663	90.710	23.538	55.846
North Ayrshire	146.640		-1.347	15.876	2.039	0.744	163.952	46,051	26.934	137.018	9.204	146.222	37.961	89.853
North Lanarkshire	336.021		0.000	34.722	4.862	1.611	377.215	98,065	57.355	319.860	22.730	342.590	88.682	208.448
Orkney	30.478	4.668	-0.517	8.607	0.188	0.000	43.425	6,698	3.918	39.508	1.358	40.866	5.387	32.763
Perth & Kinross	135.862		-0.075	14.877	1.446	0.106	152.216	52,775	30.866	121.350	9.222	130.572	36.070	76.057
Renfrewshire	182.165		0.000	19.623	2.506	1.303	205.597	63,972	37.416	168.181	12.588	180.769	48.580	107.014
Scottish Borders	114.581		0.000	16.793	1.326	0.000	132.700	39,404	23.046	109.654	8.343	118.000	28.868	72.443
Shetland	39.032	7.114	0.297	13.630	0.139	0.000	60.212	7,229	4.228	55.984	1.806	57.790	6.263	47.915
South Ayrshire	118.605		-1.255	11.416	1.431	1.206	131.403	44,119	25.804	105.599	6.903	112.502	31.189	67.507
South Lanarkshire	307.467		0.000	33.803	3.883	0.587	345.739	101,812	59.547	286.192	19.126	305.318	83.651	183.415
Stirling	89.156		0.000	12.235	0.904	0.236	102.532	32,048	18.744	83.787	6.044	89.831	22.515	55.228
West Dunbartonshire	109.574		0.853	12.099	1.646	0.680	124.852	32,899	19.242	105.610	9.727	115.337	26.054	69.829
West Lothian	156.061		0.000	19.084	1.997	0.364	177.505	48,227	28.206	149.299	10.328	159.627	41.022	97.949
Western Isles	44.191	10.448	0.418	18.536	0.229	0.000	73.822	8,960	5.241	68.581	3.028	71.609	7.858	57.695
(Comhairle nan Eilean Siar)														
Scotland	5,437.489	22.231	16.779	728.858	75.501	20.952	6,301.810	1,812,532	1,060.097	5,241.713	405.660	5,647.373	1,395.228	3,440.825

EXPLANATORY NOTES TO AEF DISTRIBUTION (Table 1)

ANNEX 1

The calculations are set out in Table 1. Column numbers are consistent throughout the separate sections for mainland and islands authorities, but columns have been omitted when they are not relevant for any particular category of authority.

1. Column 1 of the table is the GAE assessment of each authority.
2. Column 2 is an additional needs factor for the Islands Councils and takes into account the Secretary of State's decisions following the recommendation of the 1992 Touche Ross report. The split between the 3 authorities is unchanged (ie Orkney 21%, Shetland 32% and Western Isles 47%).
3. Column 3 is the assessment of Council Tax Safety Net for each authority. The figures were calculated as shown in Annex 5.
4. Column 4 contains estimates of loan charges. Capital from current revenue continues to be excluded. The figures were calculated as described in Annex 3.
5. Column 5 contains an assessment of the expenditure on housing and council tax benefits of each authority, net of DSS subsidy. The figures provide for a proportion of 5.5% of housing and council tax benefit (0.5% relates to incentive area spending) to be met by authorities
6. Column 6 is estimated expenditure on the Urban Programme net of specific grant. This has been calculated by reference to the POBE figures, in the normal way ie the difference between GAE and specific grant for 1998-99 has been distributed among authorities pro rata to the difference between the 1997-98 Budget Estimate figures for total spend and specific grant for each council.
7. Column 7 is the total of columns 1 to 6. That is, it is adjusted Government Supported Expenditure (GSE).
8. Column 8 is the estimated number of Band D equivalent properties as at October 1997 on which council tax will be levied.
9. Column 9 represents the portion of adjusted GSE which is not supported through AEF. This amount is distributed among authorities in proportion to their share of the national council tax base. This is achieved by a formula:

$$\text{(Total adjusted GSE less total AEF)} \quad \times \quad \frac{\text{band D equivalent properties in authority}}{\text{total band D equivalent properties}}$$

10. Column 10 is the difference between columns 7 and 9 being the total amount of AEF. The total of column 10 is AEF of £5241.713, (ie the total of £5271.341 million less Urban Programme specific grant, £43.200, for which special arrangements are in operation, plus the amount of specific grant on police loan charges, £13.572, which are supported by grant but are accounted for outside AEF).

11. Column 11 shows the amount of specific grants (excluding Urban Programme and Police CFCR, but including Police loan charges) for 1998-99. A number of specific grants (police and the fire and police elements of Civil Defence) are paid directly to joint boards. In these cases, for AEF distribution purposes only, the estimated amount for each force or brigade has been broken down on the same basis as is used for the relevant GAEs.

12. Column 12 shows the amount of Distributable NDRI. This has been distributed amongst authorities in proportion to 1996 mid-year population.

13. Column 13 distributes RSG, being the remainder of AEF after deductions for Specific Grants and NDRI.

ANNEX 2**GOVERNMENT SUPPORTED EXPENDITURE 1998-99**

	£m
(1) Grant Aided Expenditure 1998-99	5495.089
(2) Loan and Leasing Charges	728.858
Total Government Supported Expenditure	6223.947

AGGREGATE EXTERNAL FINANCE 1998-99

	£m
(1) Specific Grants	435.288
(2) Revenue Support Grants	3440.825
(3) Distributable Amount of NDRI	1395.228
Total Aggregate External Finance	5271.341

Breakdown of Specific Grants 1998-99

	£m
Police*	338.900
Urban Programme	43.200
Civil Defence	2.700
Supported Employment	4.493
In-Service Training of Teachers	1.580
Gaelic	2.234
Housing Benefit and Council Tax Rebate Administration	15.381
Mental Health	12.600
Social Work Training	4.200
School Security	10.000

*Excludes specific grant on Police loan charges and CFCR

SPECIFIC GRANTS

	*POLICE	CIVIL DEFENCE	SUPPORTED EMPLOYMENT	COUNCIL TAX BENEFIT ADMINISTRATION	HOUSING BENEFIT ADMINISTRATION	IN SERVICE TRAINING OF TEACHERS	GAELIC	MENTAL HEALTH	SOCIAL WORK TRAINING	SCHOOL SECURITY	TOTAL SPECIFIC GRANTS
	1998-99	1998-99	1998-99	1998-99	1998-99	1998-99	1998-99	1998-99	1998-99	1998-99	1998-99
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Aberdeen City	14,567	131	445	121	345	57	75	638	188	326	16,893
Aberdeenshire	10,864	112	164	90	222	74	5	521	151	535	12,738
Angus	8,591	68	0	69	173	31	24	289	89	219	7,653
Argyll & Bute	6,111	54	9	62	158	28	194	281	74	239	7,210
Clackmannanshire	2,543	58	37	42	86	21	22	100	35	95	3,039
Dumfries & Galloway	9,988	192	122	108	273	48	0	336	106	378	11,551
Dundee City	12,283	91	487	170	486	41	0	307	146	257	14,248
East Ayrshire	7,340	57	9	123	258	40	80	281	93	256	8,537
East Dunbartonshire	4,783	54	0	57	80	35	50	113	58	202	5,432
East Lothian	4,903	53	56	61	158	22	0	202	63	160	5,678
East Renfrewshire	3,653	51	5	47	75	28	30	56	50	148	4,143
City of Edinburgh	36,513	127	402	318	1,103	99	104	1,211	400	576	40,853
Falkirk	8,320	95	220	123	257	56	4	330	113	253	9,771
Fife	20,287	196	936	317	632	108	0	788	246	685	24,195
City of Glasgow	87,189	151	608	936	2,510	190	108	2,533	705	1,117	76,047
Highland	15,552	185	356	132	361	62	405	539	150	610	18,352
Inverclyde	6,593	54	33	106	221	29	3	169	76	163	7,447
Midlothian	5,111	52	66	56	142	22	0	238	52	164	5,903
Moray	4,916	72	75	49	131	27	0	141	62	190	5,663
North Ayrshire	8,104	60	23	141	296	46	8	169	110	247	9,204
North Lanarkshire	19,911	86	131	341	705	109	79	507	241	620	22,730
Orkney	1,003	46	29	11	27	20	0	120	33	69	1,358
Perth & Kinross	8,158	75	0	75	210	36	44	267	95	262	9,222
Renfrewshire	11,126	66	23	172	363	56	3	338	134	307	12,588
Scottish Borders	7,323	85	47	69	192	23	0	280	86	238	8,343
Shetland	1,386	48	42	10	20	15	0	148	33	94	1,806
South Ayrshire	5,879	56	28	92	207	34	4	281	116	206	6,903
South Lanarkshire	16,607	82	14	228	563	99	90	675	207	561	19,126
Stirling	5,230	73	23	61	131	31	68	187	62	178	6,044
West Dunbartonshire	8,768	56	14	108	239	32	4	225	80	201	9,727
West Lothian	9,169	64	47	111	290	42	0	183	101	321	10,328
Western Isles	1,711	50	42	28	33	19	830	147	45	123	3,028
Scotland	352,472	2,700	4,493	4,434	10,947	1,580	2,234	12,600	4,200	10,000	405,660

* Includes loan charges of £13.572 million

NB All figures are Finance Branch Estimates

METHODOLOGY NOTE : LOAN AND LEASING CHARGES CALCULATION FOR AGGREGATE EXTERNAL FINANCE (AEF) 1998/99

1. INTRODUCTION

1.1 The aim of this note is to provide a basic guide to the calculation of the loan and leasing charges amount which form part of the AEF distribution. It is our hope that this straightforward guide will be of benefit to staff in Finance Departments of Local Authorities, some of whom may be new to the calculation. If clarification of any of the more detailed points is required, please contact Martin Boyle on 0131 244 7030.

1.2 This note sets out the methodology of the loan and leasing charges calculation for AEF9899, and briefly describes the data sources used. The methodology used is very similar to previous years.

1.3 This note describes the standard methodology for any given authority (with the exception of Orkney and Shetland who have their own special calculation as they are essentially still debt free) and follows on from the changes made last year due to re-organisation.

2. THE CALCULATION METHOD

2.1 The section describes the standard methodology for any given authority (except Orkney and Shetland), with all reference to dates relating to those appropriate to this year's AEF distribution - AEF9899.

2.2 Rolling forward debt from 31 March 1997 to 31 March 1998

2.2.1 The starting point for the calculation is the outstanding capital debt for relevant services as at 31 March 1997. This information is taken as the closing balance from part 1 of the CDO97 return plus covenant debt on relevant services - from part 3 of CDO97, plus debt from Joint Boards and SPTA which is apportioned to the Local Authorities using the percentages supplied by the Joint Boards and SPTA with their CDO97 returns.

2.2.2 The CDO97 returns covers the position as at 31 March 1997. In order to roll this debt forward to 31 March 1998 we then add on the estimated level of new borrowing during 1997/98. This is taken as the latest information on capital allocations for relevant services as at 17 November 1997. The consents for the Police and Fire boards and SPTA were apportioned to the Local Authorities using the percentages supplied by the Joint Boards and SPTA with their CDO97 returns. Any covenant expenditure anticipated during 1997/98, as stated on the CDO97 return is added and covenant redemptions are deducted.

2.2.3 Redemption rates - this year will be the 1996/97 figure taken from the CDO97 return. Debt from Joint Boards and SPTA is apportioned to the appropriate Local Authority before the redemption rate is calculated. The redemption rate is defined as -

(total repayments including Joint Board and SPTA if appropriate, other than out of capital, from part 1 of the CDO return) **divided by** (opening balance from part 1 of the CDO return, again including Joint Board and SPTA if appropriate).

2.2.4. Using the calculated 1996/97 redemption rate we then apply it to the total outstanding relevant debt as at 31 March 1997 applicable to each authority, including Joint Board and SPTA if appropriate.

2.2.5. In working out the redemption of debt during 1997/98 it is also necessary to take account of the fact that some authorities may repay debt out of capital. To work through the impact of this at Scotland level (and hence keep the total loan and leasing charges for Scotland as a whole as accurate as possible) we consider the difference between the redemption rates for Scotland both including and excluding repayments out of capital . The redemption rate including capital for Scotland is calculated as (again all calculations include Joint Board and SPTA data) -

(total repayments from columns 3 and 4 of part 1 of the CDO return) **divided by**
(opening balance from part 1 of the CDO return)

2.2.6. The two Scotland redemption rates are calculated, and the rate including repayments out of capital is divided by the rate excluding repayments out of capital - to give a "capital uprating factor". This rate is applied to each individual authorities' redemption estimate for 1997/98 to allow for the possible use of capital to redeem debt.

2.2.7. The addition of new borrowing and covenant expenditure and the deduction of covenant redemption and other debt redemption gives the debt outstanding as at 31 March 1998.

2.3 **Rolling forward debt from 31 March 1998 to the Mid-Point of 1998/99**

2.3.1 From 31 March 1998 we then roll forward the debt to the mid-point of the year of the Distribution - in this case 1998/99. This will give us an indication of the average debt of the authority throughout 1998/99, and the debt at this mid-point is referred to as the "mean debt".

2.3.2. The method for rolling forward the debt from 31 March 1998 to mid 1998/99 is similar to rolling the debt one year forward from 31 March 1997. We add on half of the consent based new borrowing estimate for 1998/99 and half of the covenant expenditure for 1998/99. We then deduct half of the covenant redemptions for 1998/99.

2.3.3. We do not deduct any redemptions for 1998/99 as it is assumed that these will be made at the end of a given financial year. For authorities using the annuity method of accounting for debt redemption, this figure has been uprated to allow for an expected increase in redemption rates between 1996/97 - the year that the redemption rates relate to, and 1998/99 - the year of the distribution. The uprating factor for the 1998/99 distribution is 0.07 percentage points per year which is 0.14 percentage points in total. This means that each applicable authority has 0.14 percentage points added to their redemption rate before redemptions are calculated. Local Government Finance Statistics wrote to each authority asking whether they had moved to annuity accounting for debt redemption.

3. OTHER DATA USED IN THE CALCULATION

3.1 The three other data sources used in the calculation are the pooled interest rate, the loan fund expenses rate and the leasing charges.

3.2 The pooled interest rate is essentially just a weighted average of the interest paid on all local authority borrowing. The "weighted" average pulls together information on the various interest rates paid on long and short term borrowing for all services, giving more "weight" to interest on bigger amounts of debt, In this way the overall average rate of interest on local authority borrowing throughout Scotland is obtained.

3.3 The loans fund expenses rate is obtained from COSLA from a survey they carry out. It is used to reflect the cost of administering the loans fund. For AEF9899 the loans fund expenses rate is 0.0638%.

3.4. Leasing payments for all relevant services are also awarded. These are simply taken from Local Authorities Provisional Outturn/Budget Estimate return.

4. THE FOUR ELEMENTS OF THE LOAN AND LEASING CHARGES CALCULATION

4.1 Having arrived at the estimate of the mean debt for each authority, loan and leasing charges then comprise the sum of the following four elements : -

- 4.1.1 Principal repayments in 1998/99
- 4.1.2 Interest payments
- 4.1.3 Loan fund expenses
- 4.1.4 Leasing charges

which are calculated simply as follows:-

Principal repayments = local authority's own redemption rate times debt as at 31 March 1997 (this redemption rate does not include a capital uprating, but includes the joint board rate applicable to the authority and the uprating factor for annuity accounting if applicable)

Relevant Supported Spending 1997-98/1998-99

	1	2	3	4	5	6	7	8	9	10	11	12
	1998-99 Supported Spending					1997-98 Supported Spending						
	GAE	SINA	Shetland Loan charges	Capping Disregards ¹	Relevant Supported Spending	GAE	Roads Correction	Pre-school education ²	Other budget adjusts ³	SINA	Shetland Loan charges	Relevant Supported Spending
	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)
Aberdeen City	201,379			-4,281	197,098	196,471	-29	-512	-12			195,918
Aberdeenshire	228,001			-4,522	223,479	217,228	75	-599	-12			216,691
Angus	115,739			-2,281	113,458	110,597	-66	-293	-6			110,232
Argyll and Bute	105,352			-2,422	102,931	103,401	-85	-222	-5			103,090
Clackmannanshire	49,604			-965	48,639	48,942	-11	-131	-3			48,797
Dumfries and Galloway	160,523			-3,040	157,483	155,131	-26	-379	-8			154,718
Dundee City	166,892			-3,542	163,350	164,933	-19	-414	-8			164,491
East Ayrshire	128,718			-3,163	125,555	123,293	-18	-341	-7			122,927
East Dunbartonshire	107,700			-2,327	105,373	100,538	-18	-342	-6			100,172
East Lothian	86,282			-1,678	84,603	82,760	-34	-212	342			82,855
East Renfrewshire	86,897			-1,876	85,020	80,459	-15	-274	482			80,652
Edinburgh	427,138			-7,304	419,834	416,670	-50	-943	-5,670			410,007
Falkirk	141,829			-2,754	139,075	136,555	319	-389	-8			136,477
Fife	358,464			-7,095	351,368	346,609	-90	-883	-19			345,517
Glasgow	753,103			-23,564	729,539	738,715	-50	-1,528	-520			736,617
Highland	242,560			-4,531	238,029	234,466	308	-565	-11			234,198
Inverclyde	96,514			-1,866	94,648	94,780	-12	-254	-5			94,509
Midlothian	80,873			-1,622	79,251	79,390	-24	-237	173			79,302
Moray	90,091			-1,767	88,324	87,860	-62	-226	-5			87,587
North Ayrshire	146,640			-2,891	143,749	138,978	-39	-390	-8			138,542
North Lanarkshire	336,021			-6,875	329,146	322,006	-92	-971	-18			320,926
Orkney Islands	30,478	4,668		-488	34,658	28,878	119	-53	-1	4,637		33,580
Perthshire and Kinross	135,862			-2,526	133,336	129,107	49	-312	-7			128,837
Renfrewshire	182,165			-3,550	178,615	175,515	-29	-508	-10			174,969
Borders, Scottish	114,581			-2,163	112,419	110,951	133	-256	182			111,009
Shetland Islands	39,032	7,114	13,630	-580	59,195	37,632	-2	-64	-1	7,065	14,835	59,465
South Ayrshire	118,605			-2,372	116,233	111,581	13	-308	-6			111,280
South Lanarkshire	307,467			-6,635	300,832	296,181	-83	-856	-17			295,225
Stirling	89,156			-1,696	87,460	86,765	-301	-217	-4			86,243
West Dunbartonshire	109,574			-2,118	107,456	107,570	-13	-300	-5			107,252
West Lothian	156,061			-3,410	152,650	151,336	-71	-450	113			150,928
Western Isles	44,191	10,448		-849	53,790	43,649	223	-73	-2	10,377		54,174
TOTAL	5,437,489	22,231	13,630	-116,753	5,356,597	5,258,945	0	-13600	-5,091	22,079	14,835	5,277,168

¹ Includes deductions for Education, Social Work, Environmental Health, Consumer Protection, Miscellaneous and New Towns

² Figure of £13,600 represents the full deduction from GAE, pro-rated from the figure of £11,900 deducted for capping purposes

³ Includes adjustments for CHOGM, Calderwood School transfer, Lothian and Borders police and fire transfers, environmental health and miscellaneous changes

COUNCIL TAX SAFETY NET

	1	2	3	4	5	6	7	8	9	10
	Relevant Supported Spending	Change with potential council tax impact	Band D equivalent properties	Supported spending: council tax change	Relative council tax change in supported spending	Change due to loss of mismatch transitional grant per Band D unit.	Total council tax change within safety net	Change in excess + or - £40	Safety net adjustment	
	1998-99	1997-98								
	(£000s)	(£000s)	(£000s)	£	£	£	£	£	(£000s)	
Aberdeen City	197,098	195,918	1,180	83,017	14.21	-29.61	-22.24	-51.85	-11.85	984
Aberdeenshire	223,479	216,691	6,788	83,237	81.55	37.73	0.00	37.73	0.00	0
Angus	113,458	110,232	3,226	38,189	84.47	40.65	0.00	40.65	0.65	-25
Argyll and Bute	102,931	103,090	-159	36,660	-4.34	-48.16	-15.29	-63.45	-23.45	860
Clackmannanshire	48,639	48,797	-158	16,337	-9.66	-53.48	-12.92	-66.40	-26.40	431
Dumfries and Galloway	157,483	154,718	2,765	54,609	50.63	6.81	0.00	6.81	0.00	0
Dundee City	163,350	164,491	-1,141	48,097	-23.72	-67.54	-34.49	-102.03	-62.03	2,984
East Ayrshire	125,555	122,927	2,628	37,816	69.50	25.67	0.00	25.67	0.00	0
East Dunbartonshire	105,373	100,172	5,201	45,639	113.96	70.14	0.00	70.14	30.14	-1,376
East Lothian	84,603	82,855	1,748	34,851	50.15	6.33	0.00	6.33	0.00	0
East Renfrewshire	85,020	80,652	4,368	37,543	116.34	72.52	0.00	72.52	32.52	-1,221
Edinburgh	419,834	410,007	9,827	183,711	53.49	9.67	0.00	9.67	0.00	0
Falkirk	139,075	136,477	2,597	46,709	55.61	11.79	0.00	11.79	0.00	0
Fife	351,368	345,517	5,851	119,697	48.88	5.06	0.00	5.06	0.00	0
Glasgow	729,539	736,617	-7,078	202,795	-34.90	-78.73	-34.17	-112.90	-72.90	14,783
Highland	238,029	234,198	3,831	77,452	49.47	5.65	0.00	5.65	0.00	0
Inverclyde	94,648	94,509	139	27,763	5.00	-38.82	-6.39	-45.22	-5.22	145
Midlothian	79,251	79,302	-51	27,649	-1.84	-45.66	-24.72	-70.38	-30.38	840
Moray	88,324	87,567	757	28,503	26.56	-17.27	-3.47	-20.74	0.00	0
North Ayrshire	143,749	138,542	5,207	46,051	113.07	69.25	0.00	69.25	29.25	-1,347
North Lanarkshire	329,146	320,926	8,220	98,065	83.82	40.00	0.00	40.00	0.00	0
Orkney Islands	34,658	33,580	1,078	6,698	160.97	117.15	0.00	117.15	77.15	-517
Perthshire and Kinross	133,336	128,837	4,499	52,775	85.24	41.42	0.00	41.42	1.42	-75
Renfrewshire	178,615	174,969	3,646	63,972	56.99	13.17	0.00	13.17	0.00	0
Borders, Scottish	112,419	111,009	1,409	39,404	35.76	-8.06	0.00	-8.06	0.00	0
Shetland Islands	59,195	59,465	-270	7,229	-37.29	-81.12	0.00	-81.12	-41.12	297
South Ayrshire	116,233	111,280	4,953	44,119	112.27	68.45	0.00	68.45	28.45	-1,255
South Lanarkshire	300,832	295,225	5,607	101,812	55.07	11.25	0.00	11.25	0.00	0
Stirling	87,460	86,243	1,217	32,048	37.97	-5.85	0.00	-5.85	0.00	0
West Dunbartonshire	107,456	107,252	204	32,899	6.21	-37.61	-28.31	-65.92	-25.92	853
West Lothian	152,650	150,928	1,722	48,227	35.71	-8.11	-22.63	-30.74	0.00	0
Western Isles	53,790	54,174	-384	8,960	-42.86	-86.69	0.00	-86.69	-46.69	418
Total	5,356,597	5,277,168	79,429	1,812,532	43.82					16,779

COUNCIL TAX SAFETY NET: NOTES TO CALCULATIONS

Table 1: Relevant Supported Spending

Table 1 of Annex 5 calculates the total amount of "relevant supported spending" in 1997-98 and 1998-99, changes in which form the basis of the safety net calculation. Relevant supported spending comprises those elements of Government Supported Expenditure where year on year changes have been deemed to have a potential impact on the council tax.

Column 1: 1998-99 total GAE, inclusive of damping adjustments for (a) social work GAE and (b) phasing out the separate GAE assessment for local government reorganisation costs and savings. The full calculation of these damping adjustments is shown in the Green Book.

Column 2: Special Islands Needs Allowance 1998-99.

Column 3: Notional loan charges for Shetland Islands Council 1998-99

Column 4: Deduction for capping disregards for 1998-99, as shown in Finance Circular 18/1997, to remove from the safety net calculation items where the year-on-year change in support is matched in the capping regime by a specific allowance for increased spending (eg the additional funding for the implementation of the Pennington Report).

Column 5: Total supported spending in 1998-99 relevant to the calculation of the safety net. Sum of column 1, column 2, column 3 and column 4.

Column 6: 1997-98 GAE, before redetermination

Column 7: Effect of redetermining for error in roads data, as agreed in Distribution Committee. This adjustment ensures that the use of incorrect figures in the original calculation of 1997-98 GAEs has no impact in future years.

Column 8: Deduction to take into account the element of year-on-year change in GAE which is due solely to the transfer of £13.6 million out of GAE for pre-school education funding in 1998-99. Figures calculated in proportion to equivalent budget adjustments shown in Circular 18/1997, but scaled to reflect full GAE impact.

Column 9: Deduction for all other budget adjustments applied to 1997-98 in Circular 18/1997, to discount effect of the remaining changes in support matched by a specific allowance in the capping regime for additional or reduced spending pressure between the 2 years.

Column 10: Special Islands Needs Allowance for 1997-98

