



THE SCOTTISH OFFICE

Local Government Group

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Finance Circular No 19/1998

The Chief Executive
Scottish Local Authorities

17 December 1998

Dear Chief Executive

1999-00 LOCAL GOVERNMENT FINANCE SETTLEMENT:

- A. REVISED AGGREGATES
- B. NON-DOMESTIC RATE POUNDAGE
- C. GRANT AIDED EXPENDITURE (GAE) FIGURES
- D. AGGREGATE EXTERNAL FINANCE DISTRIBUTION PROPOSALS
- E. EXPENDITURE GUIDELINES
- F. COUNCIL TAX BENEFIT SUBSIDY LIMITATION

1. This Circular provides full details of the 1999-00 Local Government Settlement and the Secretary of State's proposals for the distribution among local authorities of Aggregate External Finance (AEF). 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 22 January 1999. It also provides each council's expenditure guideline figure for 1999-00, along with other related information.

2. Annexes to this circular:

Annex 1: all-Scotland figures for GSE and AEF, and their components;

Annex 2: revised GAE service split and note of influencing factors;

Annex 3: summary of GAE assessments by service and local authority;

Annex 4: calculation of distribution of AEF, and notes;

Annex 5: estimated payments to each local authority for each specific grant;

Annex 6: methodology note on the calculation of loan and leasing charges;

Grant Aided Expenditure

5. The GAE figure for 1999-2000 was announced as £5778 million, after an amount of £765.343 million had been set aside for the estimated amount which local authorities would incur on loan and leasing charges in 1999-2000. **The revised GAE total is £5781.676 million and includes all the amendments listed above.**

Aggregate External Finance

6. AEF for 1999-2000 was announced as £5512 million. This has since been increased to reflect the additions listed above except for the Administration of Housing Benefits and Council Tax Benefits where only £0.934 million provided by the DSS through the specific grant has been added to AEF. The associated RSG match funding has been left unchanged. **The revised AEF figure for 1999-2000 is therefore £5513.125 million.** The AEF total is inclusive of Revenue Support Grant (RSG), Non-Domestic Distributable Income (NDRI) and the Specific Grants set out in Annex 1.

7. The distributable amount of AEF totals £5,464.846 million (i.e., the total of £5,513.125 million less provision of £43.2 million which the Secretary of State has agreed for Urban Programme specific grant, and less £18.5 million for Excellence Fund Special Programme and SEN specific grant, but plus specific grant of £13.421 million on police loan charges).

8. In addition, the Government will be providing £107million for pre-school education next year, an increase of £32million over 1998-99. The £30million of support for education capital spend to save in the current year is also available for spending on revenue services next year, and serves to increase the year on year change in support.

PART B - Non-Domestic Rates

9. The Secretary of State has decided that the Distributable Amount of NDRI for 1999-00 will be £1,440.522 million. The balance of Distributable AEF comprises (a) an estimated total of £495.106 million for specific grants and (b) RSG for the year of £3,529.218 million.

10. The Secretary of State announced the national rate poundage for 1999-00 in a Written Parliamentary Answer on 2 December. **It will be 48.9p, the same as in England.**

11. The non-domestic rating pool is now entering its seventh year of operation. In terms of paragraph 11(2) of Schedule 12 of the Local Government Finance Act 1992, as amended by paragraph 176 (19c) of Schedule 12 to the Local Government Etc (Scotland) Act 1994, councils will be required to calculate the "provisional" amount of NDRI to be paid to the Secretary of State during 1999-00. These calculations are governed by the Non-Domestic Rating Contributions (Scotland) Regulations, which were consolidated in 1996 and amended in 1997. Further amending Regulations were laid before Parliament on 2 December 1998 and

18. Annex 4 also shows the allocation of the 3 elements of AEF for each authority. Annex 5 gives a breakdown of individual councils' shares of specific grants as used in the calculation of RSG. Annex 6 describes how loan and leasing charges have been estimated (special arrangements continue to apply for Orkney and Shetland). Annex 7 sets out the detail of the council tax safety net.

Special Islands Needs Allowance (SINA)

19. The quantum of SINA for 1999-00 has been increased by the same proportion over 1998-99 as the increase in Distributable AEF plus Excellence Fund Special Programme. 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.

Redetermination of Earlier Years

20. The Distribution Committee have agreed a redetermination of AEF/RSG for 1998-99. The revised figures will be circulated to authorities under separate cover early in the new year. However, those redeterminations which the Distribution Committee agreed would affect the 1998-99 safety net have been included in the calculations in Annex 7.

PART E - Expenditure Guidelines

21. Finance Circular No.15/1998 confirmed the Secretary of State's intention to replace the previous crude and universal capping with a system of expenditure guidelines. The detail of how the Expenditure Guideline system is intended to work was provided in Mr Pryce's letter to COSLA dated 12 November 1998. The Department's assessment of each council's expenditure guideline figure for 1999-2000 is provided at Annex 8, along with an explanation of how these figures were arrived at. The Secretary of State has decided to impose a 3% floor so that every council is permitted at least a 3% increase in guideline (as adjusted).

PART F - Council Tax Benefit Subsidy Limitation

22. The Secretary of State confirmed at the meeting with COSLA on 20 November the intention to introduce arrangements to make Scottish local authorities bear some of the benefit costs associated with excessive council tax rises. The fundamentals of the scheme were set out in Mr Pryce's letter to the Convention of 12 November. Following subsequent discussions with the Convention at official level two modifications to the scheme have now been approved by the Secretary of State. These serve to reduce the overall impact of the scheme on councils spending above guideline. The scheme will have no effect on individual claimants.

23. For 1999-2000, council tax benefit subsidy limitation will not apply to any council which sets budget (inclusive of transfers to and from balances and special funds) at or below its expenditure guideline or sets a council tax increase at or below 5% (the average settlement assumption). Where a council both exceeds the spending guideline and increases its council

tax by more than 5% it will have to contribute half of the benefit costs associated with that element of spending above the relevant threshold (the guideline or the 5% increase in council tax).

24. To moderate the effect on local authorities with a high proportion of residents receiving council tax benefit, they will be treated as if they had an average proportion of income from people in receipt of council tax benefit.

25. Details of how the scheme will operate are set out in Annex 9. This also provides guidance for any local authority which decides to increase its council tax above the threshold on how to calculate the council tax consequences of its additional contribution to the costs of council tax benefit.

Conclusion

26. An additional copy of this Circular is enclosed for your Director of Finance. A copy goes to Albert Tait and Norie Williamson, COSLA.

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

General Queries (Settlement aggregates, GAE service allocations, Expenditure Guidelines)

Mr Ainslie McLaughlin 0131 244 7002

General Queries (GAE and AEF Distribution, Safety Net, Expenditure Guidelines, Council Tax Benefit Subsidy, NDRI)

Mr Jonathan Pryce 0131 244 7012

GAE and AEF Distribution Proposals, NDRI

Mrs Rosemary Polland 0131 244 7004

Loan Charges

Mrs Ann Oxley 0131 244 7033

Safety Net

Ms Helen Clifford 0131 244 7006

Expenditure Guidelines

Mr Bill Stitt 0131 244 7013

Council Tax Benefit Subsidy

Mr Jonathan Pryce

0131 244 7012

Yours sincerely

John W H Irvine

J W H IRVINE

ANNEX 1

GOVERNMENT SUPPORTED EXPENDITURE 1999-00

	£m
(1) Grant Aided Expenditure 1999-00	5,781.676
(2) Loan and Leasing Charges (scaled and including PFI LPFS)	765.343
Total Government Supported Expenditure	6,547.019

AGGREGATE EXTERNAL FINANCE

	£m
(1) Specific Grants	543.385
(2) Revenue Support Grants	3,529.218
(3) Distributable Amount of NDRI	1,440.522
Total Aggregate External Finance	5,513.125
(4) <i>plus</i> Police Loan Charge Specific Grant	13.421
(5) <i>less</i> Urban Programme	43.200
(6) <i>less</i> Excellence Fund Special Programme	18.500
Distributable Aggregate External Finance	5,464.846

Breakdown of Specific Grants 1999-00

	£m
Police*	351.900
Urban Programme	43.200
Civil Defence	2.700
Supported Employment	4.417
In-Service Training of Teachers (SEN)	1.580
Gaelic	2.434
Housing Benefit and Council Tax Rebate Administration	16.654
Mental Health	12.600
Social Work Training	3.700
School Security	10.000
Excellence Fund (Core and special programmes)	74.700
Excellence Fund Special Programme and SEN special grant	18.500
Alternative Exclusion	1.000
Total Specific Grants	543.385

*Excludes specific grant on Police Loan Charges and CFCR

1999-2000 GAE SERVICE SPLIT (REVISED)

SERVICE	1999-2000	GAE
	GAE	INCREASE
	£m	£m
Priority Services		
Education*	2591.4	154.7
Social Work*	1101.0	51.3
Police	714.7	23.7
Fire	178.5	8.5
sub total	4585.7	238.2
Protected Services		
Admin of Housing Benefits	33.3	3.5
Urban Programme	57.6	0.0
Civil defence	3.6	0.0
Flood Prev/Land Drainage	3.2	0.0
Former New Towns	4.6	0.0
Port Health	0.1	0.0
Environmental Health	54.9 ⁽¹⁾	1.7
Pennington	2.6	0.0
Homelessness	5.2	0.0
Local Tax Collection	25.8	0.0
Roads & Road Lighting	250.1	0.0
Leisure and Recreation	230.6	0.0
sub total	671.5	5.2
Budget Influenced Services		
Libraries	66.7	0.4
Museums & Art Galleries	21.2	1.0
School Crossing Patrols	9.1	0.3
District Courts	3.1	0.2
Concessionary Fares	34.2	0.1
Transport Subsidies	38.7	0.3
Coast Protection	0.5	0.0
Cleansing	169.4	3.4
Burial Grounds & Crematoria	12.2	-0.8
Planning	58.0	4.2
Supported Employment	7.5	0.1
Imp.Grants/Loans	3.8	-0.3
Registration of Electors	3.3	0.1
Lands Valuation	14.0 ⁽²⁾	1.1
Reg.of Births, Deaths etc.	4.3	0.0
Collection of NDR1	3.8	-0.1
Council Tax Valuation	8.1	-0.1
Building Control	5.4	-0.4
Consumer Protection	12.2	0.6
Non-Road Lighting	5.5	0.1
Other Trading	0.9	0.0
Misc. (Incl. public analyst)	42.3 ^(3,4,5,6 and7)	10.9
sub total	524.4	20.9
GRAND TOTAL	5781.7	264.3

Acknowledged New Burdens

- (1) New contaminated land regime (£1.7 million)
- (2) Increased assessors costs (£1million)
- (3) Year 2000 computer problems (£10 million)
- (4) Unidentified new burdens (£2 million)
- (5) Working time regulations (£0.032 million)
- (6) Hallmarking regulations (£0.009 million)
- (7) Housing Stock Transfer (£0.089 million)

CHANGES IN THE TOTALS OF INDIVIDUAL 1999-2000 GAE ASSESSMENTS

The factors which influenced the Secretary of State's decisions are reflected throughout the GAEs for individual services as follows:

Education

The overall provision for the Education service has increased (after taking account of the £19 million increase provided in the 1998 Budget and the downward adjustment of £4 million in respect of the Pre-School deduction) by £162.470 million. Once the transfers into AEF in relation to Early Intervention and Alternatives to Exclusion are excluded the net increase amounts to £154.670 million or 6.4%. (Further details of how this sum has been broken down into individual education GAE assessments was contained in Mr Irvine's letter of 11 December addressed to the Directors of Finance).

Included over and above the increase of £154.670 million was the additional £108 million announced as part of the July 1997 and March 1998 Budgets. These sums were originally for 1998-99 only but have been retained for future years. You will recall that £59 million of this additional provision was allocated to the following GAE assessments; Primary Teaching Staff, Secondary Teaching Staff, Special Teaching Staff and School Non-Teaching Staff etc in 1998-99. I can now confirm that the balance of £49 million has been allocated to the same assessments for 1999-2000.

Social Work

The overall provision for the Social Work service has increased (after taking account of the downward adjustment of £0.5 million in respect of the social work training transfer) by £51.3 million or 4.9%.

Before any additions were made the community care assessments were restructured as agreed by the Distribution Committee. As a result the assessments for DSS transfers, Implementation, Assessment and Care Management and Other Developments were apportioned across the assessments for Residential Accommodation for the Elderly, Services for the Home Based Elderly and Services for the Handicapped. These three assessments also received apportioned shares of a new sum amounting to £27.5 million.

The remaining additions resulting from the CSR were allocated as follows:

£9.2 million to the Children's Services Development Fund

£5.0 million to the Community Care Action Plan

£9.1 million (which takes into account the £0.5million transfer mentioned above) was apportioned over all remaining existing assessments except the Community Care: Mental Illness assessment.

(Further details of the social work GAE assessments was contained in Mrs Stewart's letter of 17 December addressed to the Directors of Social Work).

Police

The total Police GAE figure includes increased provision of £23.7 million or 3.4 per cent.

Fire

Additional provision of £8.5 million or 5.0% has been added to the Fire GAE.

Administration of Housing Benefits and Council Tax Benefits

This assessment has been increased by £3.5 million or 11.9% reflecting the DSS decisions to both increase provision in 1999-2000 and also to change the percentage at which the grant is paid to 50%.

Environmental Health

This assessment has been increased by £1.7 million in recognition of the new burden for the new contaminated land regime. In addition the £60,000 for Port Health services at Airports has been incorporated into the main Environmental Health GAE assessment

Lands Valuation

The revised Lands Valuation total of £14.044 million includes a new burden of £1 million in respect of increased assessor's costs.

Miscellaneous

Increased revisions totalling of £12.130 million have been recognised. This sum is made-up of increases of £10 million for the Year 2000 computer problems new burden, £2 million for as yet unidentified new burdens, £89,000 for this year's DSS Housing Stock transfer, £32,000 for the Working Time Regulations new burden and £9,000 for the Hallmarking Regulations new burden. These increases have been partly offset by £1.265 million as a result of the averaging exercise described below reflecting local authorities' expenditure on Miscellaneous services.

Other Services

The GAEs for the Urban Programme, Civil Defence, Flood Prevention, Former New Towns, Homelessness, Leisure and Recreation, Roads and Road Lighting and Local Tax Collection have been held at their 1998-99 levels with all other service GAEs having been calculated by an arithmetic means resulting from COSLA's preference for service GAEs to be influenced by the amount which local authorities are spending on each of the services. These remaining assessments were calculated using 20 per cent of the 1998-99 budgeted expenditure and 80 per cent of the 1998-99 GAE provision. This has resulted in a range of increases and decreases between services but overall these remaining services in total have increased by £20.9 million or 4.15 per cent.

SUMMARY OF GAE ASSESSMENTS (1999-2000) BY SERVICE

ANNEX 3

	(i) Education (ex. i - iv) (£000s)	(ii) Childcare Strategy (£000s)	(iii) The Very Young (£000s) (Core Programme)	(iv) Excellence Fund (£000s)	(iv) Alternatives to Exclusion (£000s)	(v) Social Work (damped) (ex. v - vi) (£000s)	(v) Community Care Action Plan (£000s)	(vi) Childrens Services Development Fund (£000s)	Police (£000s)	Fire (£000s)	Roads & Transport (£000s)	Leisure & Rec'n (Parks etc, Sports Tourism & Remdr) (£000s)	Libraries (£000s)	
Aberdeen City	87867	198	315	2652	0	44411	207	301	29323	7616	9684	10060	2845	Aberdeen City
Aberdeenshire	118965	228	257	3198	70	37466	189	182	21870	4962	20923	8950	2914	Aberdeenshire
Angus	53697	116	151	1499	42	23429	117	135	13424	3141	7980	4657	1422	Angus
Argyll & Bute	41922	95	117	1232	58	20450	103	106	12485	2992	10368	4093	1177	Argyll & Bute
Clackmannanshire	21175	69	91	674	0	9837	48	92	5200	1688	2472	2457	630	Clackmannanshire
Dumfries & Galloway	71905	146	207	2250	66	29343	150	190	20812	5434	15136	6042	1891	Dumfries & Galloway
Dundee City	69094	157	341	2247	0	36926	165	391	24977	8598	7062	6695	1938	Dundee City
East Ayrshire	62279	134	229	1859	46	26236	122	241	14995	3477	6985	5333	1580	East Ayrshire
East Dunbartonshire	60541	113	123	2054	0	16009	83	95	9771	3396	5611	4792	1443	East Dunbartonshire
East Lothian	41411	100	130	1217	0	18080	89	116	10307	1906	5256	3983	1147	East Lothian
East Renfrewshire	49161	100	109	1808	52	14222	73	86	7464	2345	4476	3788	1152	East Renfrewshire
Edinburgh, City of	167507	429	735	5627	0	99315	444	747	74116	15734	19444	21623	5891	Edinburgh, City of
Eilean Siar	18267	50	32	549	0	7484	35	27	3280	814	5312	1081	362	Eilean Siar
Falkirk	67443	147	239	2375	0	29472	134	237	17016	4961	6862	6174	1862	Falkirk
Fife	172859	368	581	4732	46	71154	348	584	38958	13738	18634	15207	4466	Fife
Glasgow City	274270	926	1699	7574	105	176359	676	2039	137265	26525	24251	30088	8178	Glasgow City
Highland	113456	213	309	3033	0	39685	194	285	29277	7317	25916	9656	2679	Highland
Inverclyde	43754	102	176	1350	0	20195	91	191	13469	4205	3638	3741	1121	Inverclyde
Midlothian	40914	94	126	1260	62	14105	67	120	10462	1373	4419	3651	1047	Midlothian
Moray	44097	100	117	1327	50	15099	79	95	9896	2817	6853	3604	1102	Moray
North Ayrshire	70822	154	287	2165	0	30848	140	314	16556	5014	7461	6412	1812	North Ayrshire
North Lanarkshire	169500	368	637	5110	53	66898	303	667	40677	9057	14941	14253	4250	North Lanarkshire
Orkney Islands	12714	45	22	387	27	3656	19	16	1947	619	7144	928	254	Orkney Islands
Perth & Kinross	61225	132	169	1832	70	26304	137	150	16615	4795	11912	5881	1715	Perth & Kinross
Renfrewshire	88104	188	337	2972	0	36491	161	353	22730	5661	8158	7818	2347	Renfrewshire
Scottish Borders	51029	109	129	1438	74	21947	118	107	15279	4218	10957	4304	1363	Scottish Borders
Shetland Islands	15413	49	28	509	0	4303	20	20	2686	673	7581	937	295	Shetland Islands
South Ayrshire	56435	116	161	1829	63	23828	122	156	12010	3963	7144	5542	1498	South Ayrshire
South Lanarkshire	153900	325	518	4488	22	57813	273	515	33926	8815	16409	13423	4004	South Lanarkshire
Stirling	41615	93	123	1178	48	16663	80	117	10697	2836	7827	4190	1092	Stirling
West Dunbartonshire	52074	116	232	1529	0	21654	92	265	17913	5418	4097	4285	1252	West Dunbartonshire
West Lothian	80081	169	270	2747	48	27159	121	258	19319	4392	7970	6921	1980	West Lothian
Scotland	2482494	5750	9000	74700	1000	1086840	5000	9200	714720	178500	322883	230572	66709	Scotland

SUMMARY OF GAE ASSESSMENTS (1999-2000) BY SERVICE

ANNEX 3

	Museums & Galleries	Cleansing (Refuse Col/Disp'l & St Cleaning (£000s)	Env'l Health (inc shellfish, & Pennington) (£000s)	Local Tax Collection (£000s)	Lands Valuation (£000s)	Council Tax Valuation (£000s)	Registration of Births Etc (£000s)	Non Dom' Rates Collection (£000s)	Electoral Registration (£000s)	Planning (£000s)	Building Control (£000s)	Miscellaneous Services (£000s)	Admin of H'sing Benefits (£000s)	Burial Grounds & Cematoria (£000s)	
Aberdeen City	954	7149	2326	1165	591	367	182	162	149	-2758	239	1729	946	309	Aberdeen City
Aberdeenshire	830	6992	2801	1064	678	336	191	186	137	1356	307	1803	642	670	Aberdeenshire
Angus	300	3498	1262	558	311	176	93	85	72	1342	143	878	565	351	Angus
Argyll & Bute	24	3492	1389	498	468	157	77	128	64	1115	142	721	470	409	Argyll & Bute
Clackmannanshire	36	1553	507	236	95	74	41	26	30	614	57	389	314	117	Clackmannanshire
Dumfries & Galloway	729	4775	1832	753	562	238	124	154	97	1213	208	1173	818	624	Dumfries & Galloway
Dundee City	1433	5074	1556	809	390	255	126	107	104	1392	126	1279	1491	393	Dundee City
East Ayrshire	378	3935	1297	589	281	186	103	77	76	1774	116	983	859	309	East Ayrshire
East Dunbartonshire	201	3320	1136	482	144	152	94	40	62	1211	105	883	324	169	East Dunbartonshire
East Lothian	153	2788	984	437	213	138	75	58	56	403	99	709	470	195	East Lothian
East Renfrewshire	101	2671	900	397	116	125	75	32	51	676	80	706	276	152	East Renfrewshire
Edinburgh, City of	1654	15206	4934	2384	1292	752	380	354	306	1959	565	3584	2664	463	Edinburgh, City of
Eilean Siar	193	1068	433	151	144	48	24	40	19	1044	50	575	150	82	Eilean Siar
Falkirk	723	4572	1503	712	336	225	121	92	91	577	122	1141	907	378	Falkirk
Fife	517	11189	3736	1752	843	553	294	231	225	5377	395	2775	2167	695	Fife
Glasgow City	7112	22018	6639	3269	1711	1032	517	469	419	17782	338	4984	7240	1080	Glasgow City
Highland	1084	7718	3057	1101	1053	347	176	288	141	1816	324	1661	1043	934	Highland
Inverclyde	118	2874	891	442	165	140	73	45	57	477	53	689	698	280	Inverclyde
Midlothian	205	2439	845	368	167	116	68	46	47	1083	81	643	424	153	Midlothian
Moray	110	2725	1014	430	336	136	73	92	55	1275	135	685	373	322	Moray
North Ayrshire	160	4600	1536	695	331	219	118	91	89	952	133	1127	932	387	North Ayrshire
North Lanarkshire	938	10516	3370	1513	592	477	276	162	194	2235	225	2601	2362	785	North Lanarkshire
Orkney Islands	195	639	262	107	115	34	17	32	14	450	34	404	74	124	Orkney Islands
Perth & Kinross	523	4408	1651	687	454	217	113	124	88	953	218	1061	601	321	Perth & Kinross
Renfrewshire	561	5864	1865	894	371	282	151	102	115	1505	115	1420	1292	284	Renfrewshire
Scottish Borders	379	3441	1268	566	429	179	90	117	73	671	177	846	556	490	Scottish Borders
Shetland Islands	275	744	341	112	133	35	19	36	14	2162	40	469	65	108	Shetland Islands
South Ayrshire	188	3772	1329	562	316	177	97	87	72	972	138	915	637	279	South Ayrshire
South Lanarkshire	832	9680	3245	1431	607	451	260	166	183	7080	282	2452	1824	510	South Lanarkshire
Stirling	167	2741	1027	401	297	127	71	81	51	761	126	666	400	228	Stirling
West Dunbartonshire	44	3235	1007	489	177	154	81	49	63	-1801	57	816	803	276	West Dunbartonshire
West Lothian	121	4716	1611	714	329	225	129	90	92	2322	193	1542	918	304	West Lothian
Scotland	21238	169415	57555	25769	14044	8131	4328	3848	3305	57994	5423	42309	33307	12180	Scotland

SUMMARY OF GAE ASSESSMENTS (1999-2000) BY SERVICE

ANNEX 3

	Consumer Protection	Sch Cros'g Patrols	Non-Rd Lighting	District Courts	Supported Employment	Homeless -ness	Admin of H. I. G./Loans	Civil Defence	New Towns Transfer	Trading Services	Coast Prot'n	Flood Prevntn	Remoteness & Island All'w'ces	Damping for Local Gov't Rorgan'n	GRANT AIDED EXPENDITURE (Before SW and LGR Damping)	GRANT AIDED EXPENDITURE (After SW and before LGR Damping)	GRANT AIDED EXPENDITURE (Fully Damped)	
	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)	
Aberdeen City	422	431	0	58	779	228	297	177	0	-46	22	105	-250	-145	210744	211214	211069	Aberdeen City
Aberdeenshire	753	179	0	189	358	160	97	151	0	-616	37	105	-262	-260	238472	239318	239058	Aberdeenshire
Angus	292	167	0	48	147	83	68	92	0	0	56	92	-124	325	120088	120365	120690	Angus
Argyll & Bute	277	92	0	162	0	66	149	73	0	0	74	90	69	472	108287	108406	108878	Argyll & Bute
Clackmannanshire	131	75	0	27	30	45	12	78	0	0	0	98	-57	593	52475	51965	52558	Clackmannanshire
Dumfries & Galloway	446	160	69	22	63	103	2	259	0	0	0	164	-170	-506	172071	170989	170482	Dumfries & Galloway
Dundee City	291	335	0	32	689	100	333	123	0	61	3	94	-173	-29	175506	175013	174983	Dundee City
East Ayrshire	329	189	0	68	16	74	211	77	0	0	0	155	-141	345	135971	135458	135803	East Ayrshire
East Dunbartonshire	237	270	0	82	86	51	0	73	0	0	0	146	-128	445	113636	113172	113616	East Dunbartonshire
East Lothian	282	80	0	56	207	88	157	71	0	0	11	90	-103	526	91345	91462	91989	East Lothian
East Renfrewshire	191	218	18	68	7	19	121	69	0	0	0	90	-103	608	92103	91890	92497	East Renfrewshire
Edinburgh, City of	895	793	1139	-43	680	525	72	171	0	0	-22	90	-521	-984	448998	451886	450903	Edinburgh, City of
Eilean Siar	101	12	23	19	38	27	338	67	0	1014	133	0	1731	79	44018	44817	44896	Eilean Siar
Falkirk	288	320	0	60	140	102	117	128	0	0	0	90	-166	54	149094	149501	149555	Falkirk
Fife	844	634	95	140	1593	262	70	264	2343	170	13	101	-404	-1219	380622	378548	377328	Fife
Glasgow City	1176	1283	2938	162	1472	1739	205	204	0	-175	0	107	-709	-1990	765696	772966	770976	Glasgow City
Highland	645	225	0	237	339	114	282	249	0	312	52	153	-149	-952	255764	255224	254272	Highland
Inverclyde	180	197	0	29	42	39	145	73	0	0	5	99	-100	523	100033	99742	100265	Inverclyde
Midlothian	174	181	44	50	90	70	234	70	0	0	0	102	-93	519	86116	85304	85822	Midlothian
Moray	275	80	7	25	37	32	-57	97	0	228	96	109	-100	457	94086	93828	94285	Moray
North Ayrshire	342	253	281	113	24	82	130	81	294	0	15	94	-162	382	155588	154904	155286	North Ayrshire
North Lanarkshire	681	772	333	406	223	185	-305	116	481	0	0	90	-378	-488	357104	355567	355079	North Lanarkshire
Orkney Islands	71	9	16	0	45	12	84	62	0	0	33	6	1411	56	32037	32025	32081	Orkney Islands
Perth & Kinross	404	132	0	93	20	78	461	102	0	0	0	161	-152	220	144108	143655	143875	Perth & Kinross
Renfrewshire	355	419	244	96	19	80	202	89	0	0	0	166	-207	218	191570	191607	191824	Renfrewshire
Scottish Borders	330	102	0	125	28	77	178	115	0	0	3	101	-115	-356	121761	121294	120938	Scottish Borders
Shetland Islands	82	11	11	0	0	20	35	65	0	0	0	0	2429	71	39486	39722	39793	Shetland Islands
South Ayrshire	281	200	0	20	36	101	41	76	0	0	14	90	-133	476	123777	123134	123609	South Ayrshire
South Lanarkshire	699	620	86	380	115	258	0	111	1508	0	0	90	-356	-370	327646	326946	326576	South Lanarkshire
Stirling	227	122	0	40	26	110	70	98	0	0	0	152	-97	352	94477	94454	94806	Stirling
West Dunbartonshire	186	250	0	42	38	89	-2	76	0	0	0	90	-111	390	115901	115034	115424	West Dunbartonshire
West Lothian	359	315	115	298	117	180	15	86	0	0	0	90	-176	191	166996	166169	166360	West Lothian
Scotland	12246	9127	5450	3106	7505	5199	3762	3642	4626	948	544	3207	0.00	0	5705576	5705576	5705576	Scotland
															Urban Programme		57600	
															Excellence Fund: Special Programme		18500	
															TOTAL		5781676	

AEF Distribution 1999-00

(Loan and Leasing Charges Revised at 23 December 1998)

	(1) Grant Aided Expenditure 1999-00	(2) Special needs of the Islands	(3) Council Tax Safety Net 1999-00	(4) Loan Charges 1999-00 (scaled) including PFI LPFS	(5) Non-Relevant Expenditure (housing and council tax benefit)	(6) Adjustment for Urban Programme 1999-00	(7) Adjusted GSE 1999-00 (Cols.1 to 6)	(8) Band D Properties as at October 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	
Aberdeen City	211.069		0.850	29.856	2.089	0.267	244.130	83,837	51.651	192.480	19.967	60.723	111.790
Aberdeenshire	239.058		0.000	24.712	1.417	0.130	265.317	84,737	52.205	213.112	16.397	63.678	133.036
Angus	120.690		0.000	10.462	1.248	0.050	132.450	38,449	23.688	108.762	9.317	30.998	68.447
Argyll & Bute	108.878		1.198	22.493	1.038	0.004	133.610	36,888	22.726	110.884	8.788	25.464	76.632
Clackmannanshire	52.558		0.000	5.149	0.693	0.050	58.450	16,264	10.020	48.430	3.801	13.726	30.903
Dumfries & Galloway	170.482		-0.450	21.402	1.807	0.151	193.392	54,649	33.668	159.723	14.663	41.423	103.637
Dundee City	174.983		0.000	23.583	3.291	1.223	203.080	47,172	29.062	174.018	16.963	41.879	115.176
East Ayrshire	135.803		-1.315	12.837	1.895	0.522	149.742	38,278	23.583	126.160	10.779	34.266	81.115
East Dunbartonshire	113.616		0.000	10.892	0.715	0.005	125.227	45,619	28.105	97.122	7.723	31.178	58.221
East Lothian	91.989		0.000	11.975	1.037	0.025	105.026	35,230	21.705	83.321	7.217	25.028	51.076
East Renfrewshire	92.497		-0.257	7.670	0.610	0.252	100.772	37,657	23.200	77.572	6.151	24.916	46.506
City of Edinburgh	450.903		0.000	79.839	5.880	3.772	540.394	185,424	114.237	426.157	47.406	126.547	252.205
Eilean Siar	44.896	10.930	0.598	19.184	0.331	0.000	75.940	8,953	5.516	70.424	3.747	7.942	58.735
Falkirk	149.555		0.000	14.206	2.002	0.108	165.871	47,979	29.559	136.312	12.525	40.273	83.514
Fife	377.328		0.000	36.864	4.783	0.439	419.414	121,551	74.886	344.529	29.121	97.975	217.432
City of Glasgow	770.976		8.435	135.028	15.981	6.271	936.692	200,299	123.401	813.291	86.343	172.008	554.940
Highland	254.272		0.000	41.721	2.303	0.005	298.301	78,591	48.419	249.883	21.650	58.661	169.571
Inverclyde	100.265		0.000	13.139	1.540	0.621	115.565	27,875	17.173	98.391	9.100	24.325	64.966
Midlothian	85.822		0.000	10.952	0.936	0.045	97.756	27,958	17.225	80.531	7.334	22.688	50.509
Moray	94.285		0.000	11.798	0.824	0.000	106.906	29,001	17.867	89.039	7.178	24.193	57.668
North Ayrshire	155.286		-1.936	16.376	2.057	0.571	172.354	46,743	28.798	143.556	11.708	39.308	92.540
North Lanarkshire	355.079		-2.780	35.600	5.215	1.586	394.699	98,629	60.764	333.935	28.804	91.822	213.309
Orkney	32.081	4.884	-0.673	8.117	0.163	0.000	44.571	6,731	4.147	40.424	1.784	5.579	33.061
Perth & Kinross	143.875		0.000	14.531	1.327	0.132	159.865	53,451	32.930	126.934	11.343	37.472	78.120
Renfrewshire	191.824		0.000	20.989	2.853	1.176	216.842	64,130	39.510	177.333	16.097	50.129	111.106
Scottish Borders	120.938		0.000	17.415	1.228	0.000	139.580	39,876	24.567	115.013	10.424	29.865	74.724
Shetland	39.793	7.442	0.000	14.234	0.144	0.000	61.613	7,277	4.483	57.130	2.466	6.474	48.190
South Ayrshire	123.609		0.000	13.147	1.405	1.283	139.445	44,144	27.196	112.248	8.996	32.303	70.949
South Lanarkshire	326.576		-1.489	36.096	4.026	0.610	365.819	102,169	62.945	302.874	24.397	86.431	192.046
Stirling	94.806		0.000	12.912	0.884	0.253	108.855	32,462	19.999	88.856	7.484	23.504	57.868
West Dunbartonshire	115.424		0.000	12.666	1.772	0.730	130.593	33,179	20.441	110.152	11.647	26.909	71.595
West Lothian	166.360		-1.888	19.498	2.027	0.717	186.714	49,447	30.464	156.250	13.786	42.835	99.630
Scotland	5705.576	23.256	0.293	765.343	73.520	20.999	6,588.986	1,824,649	1,124.140	5464.846	495.106	1,440.522	3,529.218

AEF Distribution 1999-00

ANNEX 4

	(1) Grant Aided Expenditure 1999-00	(2) Special needs of the Islands	(3) Council Tax Safety Net 1999-00	(4) Loan Charges 1999-00 (scaled) including PFI LPFS	(5) Non-Relevant Expenditure (housing and council tax benefit)	(6) Adjustment for Urban Programme 1999-00	(7) Adjusted GSE 1999-00 (Cols.1 to 6)	(8) Band D Properties as at October 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	211.069		0.850	29.892	2.089	0.267	244.166	83,837	51.651	192.515	19.967	60.723	111.826
Aberdeenshire	239.058		0.000	24.742	1.417	0.130	265.346	84,737	52.205	213.141	16.397	63.678	133.066
Angus	120.690		0.000	10.475	1.248	0.050	132.462	38,449	23.688	108.775	9.317	30.998	68.459
Argyll & Bute	108.878		1.198	22.520	1.038	0.004	133.637	36,888	22.726	110.910	8.788	25.464	76.659
Clackmannanshire	52.558		0.000	5.155	0.693	0.050	58.456	16,264	10.020	48.436	3.801	13.726	30.909
Dumfries & Galloway	170.482		-0.450	21.428	1.807	0.151	193.417	54,649	33.668	159.749	14.663	41.423	103.663
Dundee City	174.983		0.000	23.608	3.291	1.223	203.105	47,172	29.062	174.044	16.963	41.879	115.201
East Ayrshire	135.803		-1.315	12.852	1.895	0.522	149.758	38,278	23.582	126.175	10.779	34.266	81.130
East Dunbartonshire	113.616		0.000	10.905	0.715	0.005	125.240	45,619	28.105	97.135	7.723	31.178	58.234
East Lothian	91.989		0.000	11.990	1.037	0.025	105.040	35,230	21.705	83.335	7.217	25.028	51.090
East Renfrewshire	92.497		-0.257	7.679	0.610	0.252	100.781	37,657	23.200	77.582	6.151	24.916	46.515
City of Edinburgh	450.903		0.000	79.935	5.880	3.772	540.490	185,424	114.237	426.253	47.406	126.547	252.300
Eilean Siar	44.896	10.930	0.598	18.316	0.331	0.000	75.072	8,953	5.516	69.556	3.747	7.942	57.867
Falkirk	149.555		0.000	14.223	2.002	0.108	165.888	47,979	29.559	136.329	12.525	40.273	83.531
Fife	377.328		0.000	36.908	4.783	0.439	419.458	121,551	74.886	344.573	29.121	97.975	217.477
City of Glasgow	770.976		8.435	135.190	15.981	6.271	936.854	200,299	123.401	813.453	86.343	172.008	555.102
Highland	254.272		0.000	41.768	2.303	0.005	298.348	78,591	48.419	249.929	21.650	58.661	169.618
Inverclyde	100.265		0.000	13.155	1.540	0.621	115.580	27,875	17.173	98.407	9.100	24.325	64.982
Midlothian	85.822		0.000	10.965	0.936	0.045	97.769	27,958	17.225	80.544	7.334	22.688	50.522
Moray	94.285		0.000	11.810	0.824	0.000	106.918	29,001	17.867	89.051	7.178	24.193	57.681
North Ayrshire	155.286		-1.936	16.395	2.057	0.571	172.374	46,743	28.798	143.576	11.708	39.308	92.560
North Lanarkshire	355.079		-2.780	35.642	5.215	1.586	394.741	98,629	60.764	333.977	28.804	91.822	213.351
Orkney	32.081	-1.884	-0.673	8.126	0.163	0.000	44.581	6,731	4.147	40.434	1.784	5.579	33.071
Perth & Kinross	143.875		0.000	14.548	1.327	0.132	159.882	53,451	32.930	126.952	11.343	37.472	78.137
Renfrewshire	191.824		0.000	21.014	2.853	1.176	216.867	64,130	39.510	177.358	16.097	50.129	111.131
Scottish Borders	120.938		0.000	17.436	1.228	0.000	139.601	39,876	24.567	115.034	10.424	29.865	74.745
Shetland	39.793	7.442	0.000	14.234	0.144	0.000	61.613	7,277	4.483	57.130	2.466	6.474	48.191
South Ayrshire	123.609		0.000	13.163	1.405	1.283	139.460	44,144	27.196	112.264	8.996	32.303	70.965
South Lanarkshire	326.576		-1.489	36.139	4.026	0.610	365.862	102,169	62.945	302.917	24.397	86.431	192.089
Stirling	94.806		0.000	12.927	0.884	0.253	108.871	32,462	19.999	88.871	7.484	23.504	57.883
West Dunbartonshire	115.424		0.000	12.681	1.772	0.730	130.608	33,179	20.441	110.167	11.647	26.909	71.610
West Lothian	166.360		-1.888	19.522	2.027	0.717	186.738	49,447	30.464	156.274	13.786	42.835	99.653
Scotland	5705.576	23.256	0.293	765.343	73.520	20.999	6,588.985	1,824,649	1,124.139	5464.846	495.106	1,440.522	3,529.218

EXPLANATORY NOTES TO AEF DISTRIBUTION

The calculations are set out in the attached table. 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 (i.e. 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 7.
4. Column 4 contains estimates of loan charges. Capital from current revenue continues to be excluded. The figures were calculated as described in Annex 6.
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 i.e. the difference between GAE and specific grant for 1999-00 has been distributed among authorities pro rata to the difference between the 1998-99 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 1998 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 £5,464.846 million, (i.e. the total of £5,513.125million less Urban Programme specific grant, £43.2 million, for which special arrangements are in operation and less Excellence Fund Special Programme and SEN specific grant, £18.5 million, plus the amount of specific grant on police loan charges, £13.421 million, 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 specific grant loan charges) for 1999-00. 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. Distribution to constituent council level of common police services and police specific grant loan charges as used in the calculation of Police Specific grant for 1999-00, have been based on advice from treasurers of the Police Boards, as agreed by the September Distribution Committee.

12. Column 12 shows the amount of Distributable NDRI. This has been distributed amongst authorities in proportion to 1997 mid-year population.

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

1999-00 SPECIFIC GRANTS¹

	POLICE	CIVIL DEFENCE	SUPPORTED EMPLOYMENT	COUNCIL TAX BENEFIT ADMINI- STRATION	HOUSING BENEFIT ADMINI- STRATION	IN-SERVICE TRAINING OF TEACHERS	GAELIC	MENTAL ILLNESS	SOCIAL WORK TRAINING	SCHOOL SECURITY	EXCELLENCE FUND CORE PROGRAMME	ALTERNATIVES TO EXCLUSION	TOTAL SPECIFIC GRANTS
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Aberdeen City	15,062	131	405	218	255	57	70	638	153	326	2,652	0	19,967
Aberdeenshire	11,269	112	162	158	163	74	5	521	130	535	3,198	70	16,397
Angus	6,780	68	0	136	147	31	25	289	81	219	1,499	42	9,317
Argyll & Bute	6,340	54	9	117	118	28	233	281	70	239	1,232	58	8,788
Clackmannanshire	2,642	58	9	78	79	21	15	99	31	95	674	0	3,801
Dumfries & Galloway	10,748	192	143	200	209	48	0	336	93	378	2,250	66	14,663
Dundee City	12,616	91	533	339	406	41	0	307	126	257	2,247	0	16,963
East Ayrshire	7,626	57	9	223	206	40	82	289	86	256	1,859	46	10,779
East Dunbartonshire	4,969	54	0	105	57	35	45	148	54	202	2,054	0	7,723
East Lothian	5,199	53	71	108	127	22	0	201	59	160	1,217	0	7,217
East Renfrewshire	3,796	51	5	80	58	28	28	51	46	148	1,808	52	6,151
City of Edinburgh	37,553	127	419	571	761	99	110	1,210	353	576	5,627	0	47,406
Eilean Siar	1,862	50	43	49	26	19	850	147	29	123	549	0	3,747
Falkirk	8,644	95	214	232	221	56	3	330	102	253	2,375	0	12,525
Fife	20,352	196	885	583	500	108	0	804	230	685	4,732	46	29,121
City of Glasgow	69,804	151	509	1,730	1,890	190	137	2,498	638	1,117	7,574	105	86,343
Highland	15,728	185	381	244	278	62	457	538	134	610	3,033	0	21,650
Inverclyde	6,849	54	24	174	175	29	38	174	70	163	1,350	0	9,100
Midlothian	5,212	52	67	102	110	22	0	239	44	164	1,260	62	7,334
Moray	5,054	72	76	90	97	27	0	144	51	190	1,327	50	7,178
North Ayrshire	8,419	60	24	241	225	46	4	176	101	247	2,165	0	11,708
North Lanarkshire	20,686	86	133	641	540	109	100	507	219	620	5,110	53	28,804
Orkney	1,038	46	29	18	19	20	0	120	12	69	387	26	1,784
Perth & Kinross	8,392	75	0	145	155	36	45	245	86	262	1,832	70	11,343
Renfrewshire	11,559	66	24	323	324	56	3	338	125	307	2,972	0	16,097
Scottish Borders	7,848	85	81	128	151	23	6	280	72	238	1,438	74	10,424
Shetland	1,561	48	43	17	16	15	0	148	15	94	509	0	2,466
South Ayrshire	6,107	56	29	164	155	34	5	271	78	206	1,828	63	8,996
South Lanarkshire	17,253	82	9	471	441	99	100	676	195	561	4,488	22	24,397
Stirling	5,434	73	29	104	96	31	70	187	57	178	1,178	47	7,484
West Dunbartonshire	9,109	56	19	193	208	32	3	225	72	201	1,529	0	11,647
West Lothian	9,801	64	33	216	243	42	0	183	88	321	2,747	48	13,786
Scotland	365,321	2,700	4,417	8,198	8,456	1,580	2,434	12,600	3,700	10,000	74,700	1,000	495,106

¹ All figures are Scottish Office Estimates² Includes loan charges of £13.421 million

METHODOLOGY NOTE : LOAN AND LEASING CHARGES CALCULATION FOR AGGREGATE EXTERNAL FINANCE (AEF) 1999/00

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 Ann Oxley on 0131 244 7033.

1.2 This note sets out the methodology of the loan and leasing charges calculation for AEF9900, and briefly describes the data sources used. The methodology used is very similar to previous years.

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 - AEF9900.

2.2 Rolling forward debt from 31 March 1998 to 31 March 1999

2.2.1 The starting point for the calculation is the outstanding capital debt for relevant services as at 31 March 1998. This information is taken as the closing balance from part 1 of the CDO98 return plus covenant debt on relevant services - from part 3 of CDO98, 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 CDO98 returns.

2.2.2 The CDO98 returns covers the position as at 31 March 1998. In order to roll this debt forward to 31 March 1999 we then add on the estimated level of new borrowing during 1998/99. This is taken as the latest information on capital allocations for relevant services as at 06 November 1998. Estimated new borrowing from consents for new housing partnerships comprises two parts - allocated consents from the first bidding round, and an estimated distribution of unallocated consent, using June 1997 population share. 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 CDO98 returns. Any covenant expenditure anticipated during 1998/99, as stated on the CDO98 return is added and covenant redemptions are deducted.

2.2.3 Redemption rates - this year will be the 1997/98 figure taken from the CDO98 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. We then apply the calculated 1997/98 redemption rate to the total outstanding relevant debt as at 31 March 1998 for each authority, including Joint Board and SPTA if appropriate.

2.2.5. In working out the redemption of debt during 1998/99, it is also necessary to take account of the fact that some authorities may repay debt out of capital. A single rate of redemption from capital is calculated for Scotland as a whole from 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 authority's redemption estimate for 1998/99 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 1999.

2.3 **Rolling forward debt from 31 March 1999 to the Mid-Point of 1999/00**

2.3.1 From 31 March 1999 we then roll forward the debt to the mid-point of the year of the Distribution - in this case 1999/00. This will give us an indication of the average debt of the authority throughout 1999/00, 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 1999 to mid 1999/00 is similar to rolling the debt one year forward from 31 March 1998. We add on half of the consent based new borrowing estimate for 1999/00. This included an estimate for new housing partnership consent based upon a population distribution between authorities. We also add half of the covenant expenditure for 1999/00, and deduct half of the covenant redemptions for 1999/00.

2.3.3. We do not deduct any redemptions for 1999/00 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 1997/98 - the year that the redemption rates relate to, and 1999/00 - the year of the distribution. The uprating factor for the 1999/00 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.

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 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. For AEF9900, the pool interest rate is 8.2%.

3.3 The loans fund expenses rate is obtained from a survey conducted by COSLA. It is used to reflect the cost of administering the loans fund. For AEF9900, the loans fund expenses rate is 0.061%.

3.4. Leasing payments for all relevant services are also included in the loan and leasing charges amount. These are simply taken from local authorities 1998 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 1999/00
- 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 1999 (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)

Interest payments = mean debt times pooled interest rate

Loans fund expenses rate = mean debt times loans fund expenses rate

Leasing charges = leasing charges for 1998/99 from POBE98

5. ORKNEY AND SHETLAND

5.1 Because of their special circumstances in that they have redeemed all or most of their outstanding debt and finance new capital expenditure in a different way from other authorities, it was recognised that the loan and leasing charges for these authorities cannot be calculated using the general method. Instead their loan and leasing charges are estimated on the basis that all capital expenditure would have been financed by borrowing. Following agreement by the Distribution Committee in 1996, Shetland are awarded a fixed 1.87% share of the total loan and leasing charges. As Orkney are currently in transition out of debt free status the Distribution Committee agreed an adaptation of the loan charges method. They now receive funding based on their actual loan charges and notional loan charges based on their notional debt. The notional part will be written down over time.

6 LOAN CHARGES FOR PRIVATE FINANCE INITIATIVE PROJECTS

6.1 In addition to conventional loan and leasing detailed above, loan charges are given to support private finance initiative projects. Loan charges support for those PFI projects included in the 1999-00 distribution are calculated on an agreed methodology designed to provide "level playing field support". The methodology is described in detail in Finance Circular 16/1997.

6.2 Three projects attract level playing field support in AEF9900. These are Dundee (waste management) - £1.822 million, Moray (information technology) - £1.400 million, and Highland (information technology) - £0.979 million.

7 TOTAL LOAN AND LEASING CHARGES

7.1 Following agreement by the Distribution committee in October 1998, total 1999-00 loan and leasing charges are scaled to an aggregate reported in the Government's Comprehensive Spending Review (published in July 1998). Totalling each authority's share of loan and leasing charges (excluding PFI LPFS) gives £750.633 million. These shares are then scaled so that the total rises to £761.142 million. Private finance initiative LPFS is then added taking the total support to the CSR figure of £765.343 million.

The Scottish Office
Local Government Finance Statistics
December 1998

Relevant Supported Spending 1997-98/1998-99

	1998-99 Supported Spending							1997-98 Supported Spending							
	1 GAE (£000s)	2 SINA (£000s)	3 Teachers for Deprivation (£000s)	4 Self-governing Schools (£000s)	5 Shetland Loan charges (£000s)	6 Capping Disregards ¹ (£000s)	7 Relevant Supported Spending (£000s)	8 GAE (£000s)	9 Self-governing Schools (£000s)	10 Roads Correction (£000s)	11 Pre-school education ² (£000s)	12 Other budget adjusts ³ (£000s)	13 SINA (£000s)	14 Shetland Loan charges (£000s)	15 Relevant Supported Spending (£000s)
Aberdeen City	201,379		-59	-17		-4,281	197,022	196,471	-12	-29	-512	-12		195,906	
Aberdeenshire	228,001		-34	-22		-4,522	223,424	217,228	-16	75	-599	-12		216,675	
Angus	115,739		0	-10		-2,281	113,448	110,597	-8	-66	-293	-6		110,225	
Argyll and Bute	105,352		0	-8		-2,422	102,922	103,401	-6	-85	-222	-5		103,084	
Clackmannanshire	49,604		13	-4		-965	48,648	48,942	-3	-11	-131	-3		48,794	
Dumfries and Galloway	160,523		0	-14		-3,040	157,469	155,131	-10	-26	-379	-8		154,708	
Dundee City	166,892		88	-13		-3,542	163,425	164,933	-10	-19	-414	-8		164,481	
East Ayrshire	128,718		-180	-12		-3,163	125,364	123,293	-9	-18	-341	-7		122,919	
East Dunbartonshire	107,700		53	-12		-2,327	105,414	100,538	-9	-18	-342	-6		100,163	
East Lothian	86,282		0	-8		-1,678	84,596	82,760	-5	-34	-212	342		82,850	
East Renfrewshire	86,897		0	-10		-1,876	85,010	80,459	-7	-15	-274	482		80,646	
Edinburgh	427,138		1181	-29		-7,304	420,986	416,670	-22	-50	-943	-5,670		409,985	
Eilean Siar	44,191	10,448	0	-3		-849	53,787	43,649	-2	223	-73	-2	10,377	54,172	
Falkirk	141,829		39	-13		-2,754	139,101	136,555	-9	319	-389	-8		136,468	
Fife	358,464		107	-33		-7,095	351,442	346,609	-25	-90	-983	-19		345,493	
Glasgow	753,103		1218	-46		-23,564	730,711	738,715	-34	-50	-1,528	-520		736,583	
Highland	242,560		-74	344		-4,531	238,299	234,466	221	308	-565	-11		234,419	
Inverclyde	96,514		-178	-9		-1,866	94,462	94,780	-6	-12	-254	-5		94,503	
Midlothian	80,873		114	-8		-1,622	79,358	79,390	-6	-24	-237	173		79,296	
Moray	90,091		-4	-8		-1,767	88,311	87,860	-6	-62	-226	-5		87,561	
North Ayrshire	146,640		-566	-13		-2,891	143,169	138,978	-10	-39	-390	-8		136,532	
North Lanarkshire	336,021		-569	-33		-6,875	328,545	322,006	-24	-92	-971	-18		320,902	
Orkney Islands	30,478	4,668	0	-2		-488	34,656	28,878	-2	119	-53	-1	4,637	33,579	
Perthshire and Kinross	135,862		3	-11		-2,526	133,328	129,107	-8	49	-312	-7		128,829	
Renfrewshire	182,165		-363	-17		-3,550	178,235	175,515	-12	-29	-508	-10		174,957	
Borders, Scottish	114,581		0	-10		-2,163	112,409	110,951	-7	133	-256	182		111,003	
Shetland Islands	39,032	7,114	-23	-2	13,630	-580	59,170	37,632	-2	-2	-64	-1	7,065	14,835	
South Ayrshire	118,605		-981	-11		-2,372	115,241	111,581	-8	13	-308	-6		111,272	
South Lanarkshire	307,467		466	-30		-6,635	301,268	296,181	-22	-83	-856	-17		295,203	
Stirling	89,156		-64	89		-1,696	87,485	86,765	96	-301	-217	-4		86,339	
West Dunbartonshire	109,574		-432	-10		-2,118	107,014	107,570	-7	-13	-300	-5		107,245	
West Lothian	156,061		243	-15		-3,410	152,879	151,336	-11	-71	-450	113		150,917	
TOTAL	5,437,489	22,231	0	0	13,630	-116,753	5,356,597	5,258,945	0	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 Towns² Figure of £13,600 represents the full deduction from GAE, pro-rated from the figure of £11,900 deducted for capping purposes³ Includes adjustments for CHOSM, Calderwood School transfer, Lothian and Borders police and fire transfers, environmental health and miscellaneous changes

COUNCIL TAX SAFETY NET (1998-99)

	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 (£000s)	1997-98 (£000s)	(£000s)	£	£	£	£	£	(£000s)	
Aberdeen City	197,022	195,906	1,116	83,017	13.44	-30.38	-22.24	-52.62	-12.62	1048
Aberdeenshire	223,424	216,675	6,748	83,237	81.08	37.25	0.00	37.25	0.00	0
Angus	113,148	110,225	3,223	38,189	84.40	40.57	0.00	40.57	0.57	-22
Argyll and Bute	102,922	103,084	-161	36,660	-4.40	-48.22	-15.29	-63.51	-23.51	862
Clackmannanshire	48,648	48,794	-146	16,337	-8.94	-52.76	-12.92	-65.67	-25.67	419
Dumfries and Galloway	157,469	154,708	2,761	54,609	50.56	6.74	0.00	6.74	0.00	0
Dundee City	163,125	164,481	-1,056	48,097	-21.96	-65.78	-34.49	-100.28	-60.28	2899
East Ayrshire	125,364	122,919	2,445	37,816	64.67	20.84	0.00	20.84	0.00	0
East Dunbartonshire	105,414	100,163	5,251	45,639	115.06	71.23	0.00	71.23	31.23	-1425
East Lothian	84,596	82,850	1,746	34,851	50.09	6.27	0.00	6.27	0.00	0
East Renfrewshire	85,010	80,646	4,365	37,543	116.26	72.44	0.00	72.44	32.44	-1218
Edinburgh	420,986	409,985	11,001	183,711	59.88	16.06	0.00	16.06	0.00	0
Eilean Siar	53,787	54,172	-385	8,960	-42.94	-86.77	0.00	-86.77	-46.77	419
Falkirk	139,101	136,468	2,633	46,709	56.37	12.55	0.00	12.55	0.00	0
Fife	351,112	345,493	5,950	119,697	49.71	5.88	0.00	5.88	0.00	0
Glasgow	730,711	736,583	-5,871	202,795	-28.95	-72.77	-34.17	-106.95	-66.95	13576
Highland	238,299	234,419	3,880	77,452	50.09	6.27	0.00	6.27	0.00	0
Inverclyde	94,462	94,503	-41	27,763	-1.48	-45.30	-6.39	-51.70	-11.70	325
Midlothian	79,358	79,296	61	27,649	2.22	-41.61	-24.72	-66.33	-26.33	728
Moray	88,311	87,561	750	28,503	26.33	-17.49	-3.47	-20.97	0.00	0
North Ayrshire	143,169	138,532	4,637	46,051	100.70	56.87	0.00	56.87	16.87	-777
North Lanarkshire	328,515	320,902	7,643	98,065	77.94	34.11	0.00	34.11	0.00	0
Orkney Islands	34,656	33,579	1,078	6,698	160.89	117.07	0.00	117.07	77.07	-516
Perthshire and Kinross	133,328	128,829	4,499	52,775	85.25	41.43	0.00	41.43	1.43	-75
Renfrewshire	178,235	174,957	3,278	63,972	51.25	7.42	0.00	7.42	0.00	0
Borders, Scottish	112,409	111,003	1,407	39,404	35.70	-8.13	0.00	-8.13	0.00	0
Shetland Islands	59,170	59,463	-293	7,229	-40.54	-84.36	0.00	-84.36	-44.36	321
South Ayrshire	115,241	111,272	3,970	44,119	89.97	46.15	0.00	46.15	6.15	-271
South Lanarkshire	301,268	295,203	6,065	101,812	59.57	15.74	0.00	15.74	0.00	0
Stirling	87,485	86,339	1,146	32,048	35.74	-8.08	0.00	-8.08	0.00	0
West Dunbartonshire	107,014	107,245	-231	32,899	-7.01	-50.83	-28.31	-79.14	-39.14	1288
West Lothian	152,879	150,917	1,962	48,227	40.68	-3.14	-22.63	-25.78	0.00	0
Total	5,356,597	5,277,168	79,429	1,812,532	43.82					17,579

Relevant Supported Spending 1998-99/1999-00

	1999-00 Supported Spending			1998-99 Supported Spending						
	GAE (£000s)	Shetland Loan Charges (£000s)	Relevant Supported Spending (£000s)	GAE (£000s)	Teachers for Deprivation (£000s)	Self-governing Schools (£000s)	1998-99 Safety Net (£000s)	Shetland Loan Charges (£000s)	CFCR (£000s)	Relevant Supported Spending (£000s)
Aberdeen City	211,069		211,069	201,379	-59	-17	1048		-1,001	201,350
Aberdeenshire	239,058		239,058	228,001	-34	-22	0		-649	227,296
Angus	120,690		120,690	115,739	0	-10	-22		-330	115,377
Argyll and Bute	108,878		108,878	105,352	0	-8	862		-781	105,425
Clackmannanshire	52,558		52,558	49,604	13	-4	419		-135	49,897
Dumfries and Galloway	170,482		170,482	160,523	0	-14	0		-427	160,082
Dundee City	174,983		174,983	166,892	88	-13	2,899		-871	168,995
East Ayrshire	135,803		135,803	128,718	-180	-12	0		-1,008	127,519
East Dunbartonshire	113,616		113,616	107,700	53	-12	-1,425		-375	105,941
East Lothian	91,989		91,989	86,282	0	-8	0		-232	86,042
East Renfrewshire	92,497		92,497	86,897	0	-10	-1,218		-284	85,385
Edinburgh	450,903		450,903	427,138	1181	-29	0		-936	427,354
Eilean Siar	44,896		44,896	44,191	0	-3	419		-241	44,366
Falkirk	149,555		149,555	141,829	39	-13	0		-381	141,474
Fife	377,328		377,328	358,464	107	-33	0		-999	357,539
Glasgow	770,976		770,976	753,103	1218	-46	13,576		-13,690	754,162
Highland	254,272		254,272	242,560	-74	344	0		-753	242,077
Inverclyde	100,265		100,265	96,514	-178	-9	325		-302	96,350
Midlothian	85,822		85,822	80,873	114	-8	728		-253	81,455
Moray	94,285		94,285	90,091	-4	-8	0		-278	89,800
North Ayrshire	155,286		155,286	146,640	-566	-13	-777		-443	144,840
North Lanarkshire	355,079		355,079	336,021	-569	-33	0		-1,078	334,342
Orkney Islands	32,081		32,081	30,478	0	-2	-516		-97	29,863
Perthshire and Kinross	143,875		143,875	135,862	3	-11	-75		-349	135,430
Renfrewshire	191,824		191,824	182,165	-363	-17	0		-523	181,262
Borders, Scottish	120,938		120,938	114,581	0	-10	0		-316	114,256
Shetland Islands	39,793	14,234	54,027	39,032	-23	-2	321	13,630	-119	52,839
South Ayrshire	123,609		123,609	118,605	-981	-11	-271		-338	117,003
South Lanarkshire	326,576		326,576	307,467	466	-30	0		-1,417	306,486
Stirling	94,806		94,806	89,156	-64	89	0		-262	88,919
West Dunbartonshire	115,424		115,424	109,574	-432	-10	1288		-313	110,107
West Lothian	166,360		166,360	156,061	243	-15	0		-820	155,469
TOTAL	5,705,576	14,234	5,719,810	5,437,489	0	0	17,579	13,630	-30,000	5,438,698

COUNCIL TAX SAFETY NET (1999-2000)

	1	2	3	4	5	6	7	8
	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 in excess + or - £28	Safety net adjustment	
	1999-00	1998-99						
	(£000s)	(£000s)	(£000s)	£	£	£	(£000s)	
Aberdeen City	211,069	201,350	9,719	83,837	115.92	-38.14	-10.14	850
Aberdeenshire	239,058	227,296	11,762	84,737	138.80	-15.26	0.00	0
Angus	120,690	115,377	5,313	38,449	138.19	-15.87	0.00	0
Argyll and Bute	108,878	105,425	3,453	36,888	93.60	-60.46	-32.46	1,198
Clackmannanshire	52,558	49,897	2,661	16,264	163.61	9.55	0.00	0
Dumfries and Galloway	170,182	160,082	10,100	54,649	190.30	36.24	8.24	-450
Dundee City	174,983	168,995	5,989	47,172	126.95	-27.11	0.00	0
East Ayrshire	135,803	127,519	8,284	38,278	216.41	62.35	34.35	-1315
East Dunbartonshire	113,616	105,941	7,675	45,619	168.25	14.19	0.00	0
East Lothian	91,989	86,042	5,946	35,230	168.79	14.73	0.00	0
East Renfrewshire	92,197	85,385	7,113	37,657	188.88	34.81	6.81	-257
Edinburgh	450,903	427,354	23,549	185,424	127.00	-27.06	0.00	0
Eilean Siar	44,896	44,366	530	8,953	59.24	-94.82	-66.82	598
Falkirk	149,555	141,474	8,081	47,979	168.43	14.36	0.00	0
Fife	377,228	357,539	19,790	121,551	162.81	8.75	0.00	0
Glasgow	770,976	754,162	16,815	200,299	83.95	-70.11	-42.11	8,435
Highland	254,272	242,077	12,195	78,591	155.18	1.11	0.00	0
Inverclyde	100,265	96,350	3,915	27,875	140.44	-13.62	0.00	0
Midlothian	85,822	81,455	4,368	27,958	156.23	2.17	0.00	0
Moray	94,285	89,800	4,484	29,001	154.63	0.56	0.00	0
North Ayrshire	155,286	144,840	10,446	46,743	223.48	69.42	41.42	-1,936
North Lanarkshire	355,079	334,342	20,737	98,629	210.25	56.19	28.19	-2,780
Orkney Islands ¹	32,081	29,863	2,218	6,731	329.48	175.42	100.00	-673
Perthshire and Kinross	143,875	135,430	8,445	53,451	158.00	3.94	0.00	0
Renfrewshire	191,824	181,262	10,562	64,130	164.69	10.63	0.00	0
Borders, Scottish	120,938	114,256	6,682	39,876	167.57	13.50	0.00	0
Shetland Islands	54,027	52,839	1,188	7,277	163.30	9.24	0.00	0
South Ayrshire	123,609	117,003	6,606	44,144	149.64	-4.42	0.00	0
South Lanarkshire	326,576	306,486	20,090	102,169	196.63	42.57	14.57	-1,489
Stirling	94,806	88,919	5,887	32,462	181.36	27.29	0.00	0
West Dunbartonshire	115,124	110,107	5,318	33,179	160.27	6.21	0.00	0
West Lothian	166,360	155,469	10,891	49,447	220.25	66.19	38.19	-1,888
Total	5,719,810	5,438,698	281,111	1,824,653	154.06			293

¹ The contribution from Orkney Islands Council is limited to £100 per Band D Council tax payer (column 8)

COUNCIL TAX SAFETY NET – NOTES TO CALCULATIONSTables 1 and 2

Tables 1 and 2 of Annex 7 rerun the 1998-99 council tax safety net, taking into account redeterminations of GAE. The resulting safety net adjustment in column 10 of Table 2 is then inputted into the 1999-00 safety net calculation.

Although the redeterminations lead to changes in the safety net amounts from those originally calculated for 1998-99, these will be largely offset in the redetermination of AEF by similar, but opposite changes in GAE.

Table 3: Relevant Supported Spending 1998-99 and 1999-00

Table 1 of Annex 7 calculates the total amount of “relevant supported spending” in 1998-99 and 1999-00, 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.

For 1999-00, the Secretary of State has decided not to include SINA payments in the calculation of relevant supported expenditure, as to do so would have produced anomalous results. This was decided without consultation with COSLA, but the matter can be discussed at the Working Party meeting on 14 January 1999.

Column 1: 1999-00 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: Notional loan charges for Shetland Islands Council 1999-00

Column 3: Total supported spending in 1999-00 relevant to the calculation of the safety net. Sum of columns 1 and 2.

Column 4: 1998-99 GAE, inclusive of damping adjustments as above, before redetermination.

Column 5/6: Redeterminations affecting 1998-99 GAE, in respect of Teachers for Deprivation and Self-governing schools.

Column 7: The re-run 1998-99 safety net adjustment

Column 8: Notional loan charges for Shetland Islands Council 1998-99

Column 9: A deduction of additional CFCR funding for schools for 1998-99's Relevant Supported Spending.

Column 10: Total supported spending in 1998-99 relevant to the calculation of the safety net. Sum of columns 4-9.

Table 4: Calculation of the 1999-00 Safety Net

Table 4 of Annex 5 calculates for each council the year-on-year change in support per Band D equivalent property which falls within the safety net and the necessary grant adjustment required to contain these changes within the limits agreed with COSLA.

Column 1: Relevant supported spending 1999-00, as at column 3 of table 3 above.

Column 2: Relevant supported spending 1998-99, as at column 10 of Table 3 above.

Column 3: Change in relevant supported spending: Column 1 less Column 2

Column 4: Band D equivalent properties, as used in the calculation of AEF for 1999-00

Column 5: Change in supported spending: impact per Band D equivalent property: Column 3/Column 4.

Column 6: Relative change in supported spending per Band D equivalent: i.e. the impact on councils of the redistribution of supported spending. Calculated by deducting the impact of Scottish average increase in supported spending per Band D equivalent from each council's figure for overall change. Column 5 less total column 5, where total column 5 is calculated as total column 4/total Scottish Band D equivalents.

Column 7: Relevant change per Band D equivalent in excess of +/- £28: Column 6 disregarding first £28 of change.

Column 8: Necessary grant enhancement/abatement to bring change in support to +/- £28 per Band D equivalent, where necessary: Column 7 multiplied by column 4 divided by - 1000.

1999-2000 EXPENDITURE GUIDELINES

COUNCILS	1	2	3	4	5	6	7	8	9
	Base 1998-99 Guideline £000	1999-00 GAE` Increase £000	1998-99 GAE` £000	1998-99 GAE equiv. Expenditure (excl CFCR) £000	Scaling Factor %	Expenditure Increase £000	New 1999-00 Guideline £000	Adjusted Base 1998-99 Guideline £000	Adjusted Increase %
Aberdeen, City	248,986	10,213	230,747	245,224	0.94	9,610	258,596	247,985	4.28
Aberdeenshire	258,282	11,377	252,423	252,876	1.00	11,356	269,638	257,633	4.66
Angus	127,300	5,518	125,647	125,272	1.00	5,518	132,818	126,970	4.61
Argyll and Bute	137,444	4,178	127,219	134,798	0.94	3,943	141,387	136,663	3.46
Clackmannanshire	59,531	2,600	55,113	58,660	0.94	2,443	61,974	59,396	4.34
Dumfries and Galloway	192,556	9,542	182,368	186,227	0.98	9,344	201,900	192,129	5.09
Dundee	212,150	10,514	188,078	205,964	0.91	9,601	221,752	211,279	4.96
East Ayrshire	149,586	5,953	142,702	146,481	0.97	5,799	155,385	148,578	4.58
East Dunbartonshire	120,601	6,334	118,187	118,565	1.00	6,313	126,915	120,226	5.56
East Lothian	105,184	5,779	98,200	101,930	0.96	5,567	110,751	104,952	5.53
East Renfrewshire	96,476	6,266	93,911	95,119	0.99	6,186	102,662	96,192	6.73
Edinburgh, City	546,515	25,270	505,567	531,788	0.95	24,024	570,540	545,579	4.58
Eilean Siar	74,884	967	73,175	73,924	0.99	957	76,882	74,643	3.00
Falkirk	164,948	5,182	158,597	161,950	0.98	5,074	170,023	164,567	3.31
Fife	414,041	20,509	393,727	408,506	0.96	19,767	433,808	413,042	5.03
Glasgow City	990,741	37,497	868,670	959,432	0.91	33,949	1,024,690	977,051	4.88
Highland	294,299	14,949	281,093	289,028	0.97	14,538	308,838	293,546	5.21
Inverclyde	118,658	2,976	110,444	116,429	0.95	2,823	121,907	118,356	3.00
Midlothian	100,805	5,077	91,710	99,565	0.92	4,677	105,482	100,552	4.90
Moray	104,431	5,282	100,813	103,009	0.98	5,170	109,601	104,153	5.23
North Ayrshire	168,136	9,166	162,516	165,278	0.98	9,012	177,148	167,693	5.64
North Lanarkshire	391,806	19,977	370,743	386,261	0.96	19,175	410,981	390,728	5.18
Orkney	42,651	1,338	43,753	42,770	1.00	1,338	43,988	42,554	3.37
Perth and Kinross	154,206	7,684	150,739	152,687	0.99	7,586	161,793	153,857	5.16
Renfrewshire	216,586	11,050	201,788	210,670	0.96	10,585	227,170	216,063	5.14
Scottish Borders	134,352	6,999	131,374	133,946	0.98	6,865	141,217	134,036	5.36
Shetland	72,763	1,993	59,776	63,026	0.95	1,890	74,823	72,644	3.00
South Ayrshire	133,395	6,751	130,021	131,145	0.99	6,693	140,088	133,057	5.28
South Lanarkshire	361,663	21,445	341,270	351,717	0.97	20,808	382,471	360,246	6.17
Stirling	109,852	6,343	101,391	105,101	0.96	6,119	115,971	109,590	5.82
West Dunbartonshire	138,113	6,432	121,673	136,081	0.89	5,751	143,865	137,800	4.40
West Lothian	187,106	10,737	175,144.6	184,861	0.95	10,172	197,279	186,286	5.90
SCOTLAND	6,628,049	305,898	6,188,577	6,478,290	0.96	292,657	6,922,343	6,598,048	4.92

EXPLANATORY NOTES TO THE CALCULATION OF THE EXPENDITURE GUIDELINE FIGURES

The calculations are set out in Annex 8.

1. Column 1 is the base 1998-99 guideline figure which is each council's 1998-99 council tax capping limit (not the budgeted expenditure for capping purposes) plus all other previously non-capped expenditure as returned on form POBE 98 with the exception of expenditure on the Urban Programme and Transfers to and from Special Funds.
2. Column 2 is the combined year-on-year increase in each council's GAE and loan and leasing charges support, known as 1999-2000 GAE' increase.
3. Column 3 is the GAE' figure for 1998-99 and includes both the 1998-99 GAE and loans charges support figures.
4. Column 4 is each council's GAE equivalent expenditure figure for 1998-99. It consists of each council's 1998-99 budgeted expenditure for capping purposes (i.e. line 46 of the form POBE 98 less any CFCR included at line 42) plus each council's budgeted expenditure on loan and leasing charges, again as returned on form POBE 98.
5. Column 5 is the scaling factor to be applied to the GAE' increase (column 2) and is calculated by dividing column 3 by column 4.
6. Column 6 is the allowable increase in each council's expenditure and is calculated by multiplying the column 2 figure by the scaling factor in column 5. This increase is not the final increase for those councils which benefit from the introduction of the 3 per cent floor mentioned at note 9 below.
7. Column 7 gives each council's new guideline figure for 1999-2000 and represents the product of adding each council's eligible increase in GAE' (column 6) to the old guideline figure (column 1). The new guideline figure therefore excludes Urban Programme expenditure and Transfers to and from Special Funds. In addition it also excludes spending funded through the Special Grant for Pre-School and the Excellence Fund Special Programme.
8. Column 8 shows the adjusted base guideline figure for 1998-99 and is calculated by reducing the 1998-99 guideline figure by each council's share of the additional £30 million extra CFCR funding for schools provided for this year only.
9. Column 9 shows the allowable adjusted expenditure increase in percentage terms and incorporates a 3 per cent floor thus allowing all councils to increase their expenditure, on an adjusted basis, by at least 3 per cent.

There are two modifications to this basic calculation. The proportion of council tax raised from benefit (B) may be higher than the Scottish average, M, in which case the effect is moderated by using M rather than B. Or the excess increase in the council tax over and above the 5% threshold may be applied instead of the calculation relative to the spending guideline.

Therefore the relevant excess increase in the council tax, dR, is

$$(4) \quad dR = \text{minimum of } \left(T2 - T1 * 1.05, \frac{E}{(1 - \frac{1}{2} B) * N}, \frac{E}{(1 - \frac{1}{2} M) * N} \right)$$

where T1 is the council tax set by the authority for 1998-99; and

T2 is the council tax set by the authority for 1999-2000.

Benefit costs will increase proportionately by dR/T1 and authorities will have to contribute half of this increase. Therefore the standard rate of benefit subsidy (currently 95%) will be scaled down by a factor of

$$(5) \quad 1 - \frac{\frac{1}{2} dR}{T1}$$

except where an authority has an above average proportion of council tax yield met from benefit, in which case the scale factor will be

$$(6) \quad 1 - \frac{\frac{1}{2} dR * M}{T1 * B}$$

The lower subsidy rate will apply to all "normal" claims paid by the billing authority in the course of the financial year. There will be no change to the subsidy rate for other claims. For example, those which presently attract a 25% subsidy rate will continue to do so. The same subsidy rate will apply to a claim whether it related to a council tax for the current year or the previous year. This should simplify implementation for local authorities as it is the equivalent of a change in the main subsidy rate.

The subsidy rate for each authority, or for each authority where it is less than the standard rate, will then be included in DSS Subsidy Regulations made under Section 140B of the Social Security Administration Act 1992, which will be made at the normal time. The Scottish Office or the DSS will confirm the subsidy rates for individual councils once all budget information is available.

The value of B for each authority and the Scottish average (M) are detailed in the attached table.