



Finance and Central Services Department  
Local Government Finance & Local Funding Division

Victoria Quay  
Edinburgh EH6 6QQ

**Finance Circular No 5/2005**

The Chief Executive, Convention of  
Scottish Local Authorities  
Chief Executives of Scottish Local Authorities

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12 May 2005

Dear Chief Executive

**LOCAL GOVERNMENT FINANCE - REVENUE AND CAPITAL GRANTS**

1. This Circular provides details of the revenue and capital grants which will be provided by the Scottish Executive to local government over the next 3 years. It represents an update of the information first provided in Finance Circular No. 9/2004 dated 22 December 2004 and gives details of all the grants which lie outwith the core local government finance settlement.

2. The updated overall funding position as a result of Spending Review 2004 is summarised in the table below:

	2004-05 £m	2005-06 £m	2006-07 £m	2007-08 £m	Cumulative % Increases
Revenue Grant Outwith AEF from Portfolios	1,068	1,179	1,114	1,135	6.3%
Capital Grants from Portfolios	361	375	445	465	28.8%
Supported Borrowing	304	304	298	305	0.3%
Total Excluding AEF	1,733	1,858	1,857	1,905	9.9%
AEF	7,737	8,087	8,345	8,542	10.4%
Total	9,470	9,945	10,202	10,447	10.3%

3. The AEF and Supported Borrowing totals and individual allocations were first provided in Finance Circular No 8/2004 and updated in Finance Circular No 2/2005. The information contained in this circular provides details of the additional revenue and capital grant support provided outwith the core settlement.

Revenue Grants

4. The table above shows that local government will receive between £1.1 billion and £1.2 billion in revenue grants outwith the core local government settlements in each of the next three years in support of specific policy initiatives.



5. A breakdown of all the funding streams that make up these totals for 2005-06 to 2007-08 (2004-05 shown for comparative purposes) is set out at Annex A.

### Capital Grants

6. Certain services, which were formerly supported by specific consent allocations, are now supported, together with some new ones, by capital grants. Authorities are free to supplement these grants with borrowing under the prudential regime if they so wish.

7. The total level of confirmed support through capital grants will be £375.165m for 2005-06, £445.085m for 2006-07 and £465.380m for 2007-08. The arrangements for local authorities to receive these grants, as listed in Annex B, have been, or will be, notified to authorities by each of the relevant Scottish Executive divisions which administer the grants.

8. The table at Annex B shows the capital grants for 2005-06 to 2007-08 (2004-05 shown for comparative purposes).

9. Capital expenditure by authorities, the sources from which it derives, and future forecasts of expenditure, will continue to be monitored through the Capital Payment Returns in order to feed into national data collection by HM Treasury.

### Contacts

10. A separate copy of this Circular has been sent by e-mail to your Director of Finance and to Brenda Campbell at COSLA.

11. Enquiries about individual grants should be addressed in the first instance to the main contact point listed in each of the two Annexes. General enquiries about the local government finance settlement should be addressed to the relevant person named in Finance Circulars No 8/2004 and 2/2005.

Yours sincerely

*Graham Owenson*

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Local Government Finance and Local Funding



# REVENUE GRANTS OUTWITH CORE FUNDING

# ANNEX A

	2004-05	2005-06	2006-07	2007-08	Scottish Executive Contact
	£m	£m	£m	£m	
<b>Education</b>					
Changing Children's Services Fund [i]	60.5	65	65	65	Jim Stephen (0131 244 0977)
Teachers Induction Scheme	9.5	8.5	8.5	8.5	John Gunstone (0131 244 0998)
Incentive Scheme	0.5	0.7	1.2	1.1	Maggie Tierney (0131 244 0661)
Schools Building PPP	10	100	80	100	Graeme Stuart (0131 244 0944)
Children's Hearings (Legal Representation) (Scotland) Grant Scheme [ii]	0.13	0.2	0.3	0.3	Gordon Watt (0131 244 3545)
Additional Funding for Foster Care	0	3	6	3	Fiona McKinlay (0131 244 5410)
Child Protection Committee Transitional Funding	0.32	0.64	0	0	Catherine Henderson ( 0131 244 4906)
Early Years and Children Workforce Development Fund	6	6	6	6	Steven Bell (0131 244 7657)
<b>Health and Community Care</b>					
Delayed Discharges[iii]	29.5	29	29	29	Shaun Eales (0131 244 5430)
<b>Enterprise and Lifelong Learning</b>					
Education Maintenance Allowance (EMA)[iv]	13	28.4	37.1	42.8	Chris Graham (0141 242 0192)
European Regional Development Fund (ERDF)[v]	45.8	40.6	40.6	40.6	Graeme Watson (0141 242 5479)
European Structural Funds (ESF)[vi]	18.6	16.6	16.6	16.6	Graeme Watson (0141 242 5479)
<b>Transport</b>					
Bus Route Development Grant	0	9	7	7	Tom Macdonald (0131 244 1502)
Rural Public Passenger Grant Scheme	5.8	6.1	6.3	6.4	George Davidson (0131 244 0857)
Urban Community Transport Initiative [vii]	0.5	0.5	0	0	George Davidson (0131 244 0857)
Demand Responsive Transport Grant Scheme [viii]	0.325	0.207	0	0	George Davidson (0131 244 0857)
School Travel Co-ordinators	1	1	1.025	1.051	Ewan Swaffield (0131 244 0839)
Concessionary Travel	25	10	0	0	Tom Macdonald (0131 244 1502)
Strathclyde Passenger Transport Authority	72.5	72.5	72.5	72.5	Ian Turner (0161 244 5167)
<b>Environment</b>					
Strategic Waste Fund [ix]	80.512	92.668	61.942	53.032	Gordon Jackson (0131 244 7660)



<b>Communities</b>					
Better Neighbourhood Services Fund (from 05/06 see Community Regeneration Fund)	31.2	0	0	0	Richard Rollison (0131 244 0366)
Social Inclusion Partnerships (from 05/06 see Community Regeneration Fund)	68.7	0	0	0	Richard Wallace/Jonathan Atherton (0131 479 5246/5364)
Community Regeneration Fund (on behalf of Community Planning Partnership)	0	104.448	106	107.272	Richard Wallace/Jonathan Atherton (0131 479 5246/5364)
Homelessness Task Force	20	20	20.505	21.01	Pippa Goldschmidt (0131 244 0288)
Furniture Grants	3	3	3	3	Pippa Goldschmidt (0131 244 0288)
Glasgow Hostels Decommissioning	15	15	15	15	Pippa Goldschmidt (0131 244 0288)
Supporting People	428	407.52	399.189	400.691	Norrie Murray (0131 244 0380)
Housing Support Grant	10.152	10	7.5	7.5	Helen Jones (0131 244 5570)
<b>Justice</b>					
Criminal Justice Social Work [x]	79.18	84.41	92.41	94.41	Brian Cole(0131 244 5438)
Tackling ASB	23.62	26.22	30.83	33.16	Dawn Abell (0131 244 4990)
<b>Enterprise and Lifelong Learning</b>					
Determined to Succeed [xi]	10	18	tbc	tbc	Michael Cross (0141 242 0107)
<b>Total Revenue Grants</b>	<b>1068.339</b>	<b>1179.213</b>	<b>1113.501</b>	<b>1134.926</b>	

[i] Figures for 06-07 and 07-08 to be confirmed.

[ii] This grant is demand led so future years show total allocations available.

[iii] The distribution method employed here means that the grant is allocated through NHS Boards for use by local authorities and NHS partners.

[iv] These sums will be paid to schools and further education colleges.

[v] A budget review is currently being undertaken and it is expected these figures will change dramatically.

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[vii] This is partly revenue, partly capital.

[viii] This is partly revenue partly capital.

[ix] This is partly revenue partly capital.

[x] This contains a small element of capital funding.

[xi] Specific local authority allocations to be announced and future years funding confirmed .



## CAPITAL GRANTS

## ANNEX B

	2004-05	2005-06	2006-07	2007-08	Scottish Executive Contact
	£m	£m	£m	£m	
Police	31.415	31.415	31.415	31.415	Neil MacLennan (0131 244 2143)
Fire	23.6	23.6	24.6	24.6	John Nicholls (0131 244 2163)
Public Transport Fund and Successor	43	19	30	30	Alasdair Robertson (0131 244 0849)
Strathclyde Passenger Transport Executive [i]	11	11	0	0	Ian Kernohan (0131 244 0840)
Tay Bridge	2.3	2.3	2.3	2.3	Keith Main (0131 244 0361)
Forth Estuary Transport Authority	0	0	2	2	Keith Main (0131 244 0361)
20 mph Speedzones and Homezones	11	11	11.3	11.6	Ann Whatcott (0131 244 0837)
Piers & Harbours	2	2	2	2	Dave Mackay (0131 244 7243)
Regional Transport Capital Funding	0	0	46.6	46.3	Ian Kernohan (0131 244 0840)
Cycling, Walking and Safer Streets	8.2	8.65	8.87	9.09	Ewan Swaffield (0131 244 0839)
Flood Prevention and Coast Protection	14.2	14	33	42	Judith Tracey (0131 244 0213)
Air Quality Monitoring	0.3	0.3	0.3	0.3	Andrew Taylor (0131 244 7813)
Contaminated Land Grant	15.72	5	5	10	Bob Cuthbertson (0131 244 0394)
Private Sector Housing Grant	70	72	65.25	65.5	Roger Harris (0131 244 7952)
Assistance to owners affected by Glasgow stock transfer	5	10	17	17	Douglas Hamilton (0131 244 5588)
Vacant and Derelict Land [ii]	8	12	12.1	12.2	Christina Bruce (0131 244 5595)
Schools Fund	76.7	96.7	101.35	106.05	Graeme Stuart (0131 244 0944)
Cities Growth Fund	30	40	41	42.025	Robin Benn (0131 244 4956)
Care Services Equipment and Adaptations (one off payment) [iii]	0	5	0	0	Shaun Eales (0131 244 5430)
Urban Regeneration Companies	8.8	11.2	11	11	Ian Sirrell (0131 244 1537)
<b>Total Capital Grants</b>	<b>361.235</b>	<b>375.165</b>	<b>445.085</b>	<b>465.38</b>	

[i] Funding support for SPTE from 2006-07 has been included within the Regional Transport Capital Funding in anticipation of the proposed Regional Partnerships statutory bodies being granted Parliamentary approval in 2006.

[ii] From 2005-06 this money is paid to Urban Regeneration Companies which are separate legal entities and therefore independent of local authorities.

[iii] Formula for distribution still to be decided.

