

Local Government Finance Circular No. 4/2011

By e-mail

Chief Executives and Directors of Finance of Scottish Local Authorities
Chief Executive, Convention of Scottish Local Authorities (COSLA)

Our ref: B4480146
16 March 2011

Dear Chief Executive/Director of Finance

LOCAL GOVERNMENT FINANCE SETTLEMENT 2011-12: AMENDMENT ORDERS 2011

1. The Scottish Parliament today debated and approved the Local Government Finance (Scotland) Amendment Order 2011 and the Local Government Finance (Scotland) Amendment (No. 2) Order 2011. These Orders provide the statutory authority to pay the amended General Revenue Funding (GRF or Revenue Support Grant) and the amended Distributable Amount of Non-Domestic Rate Income (NDRI) for 2011-12. The amended GRF includes the funding that was heldback until local authorities accepted the terms set out in the offer letter of 17 November 2010. I can now confirm that as all 32 local authorities have agreed to these terms the full amount of the resources heldback have now been allocated. The distribution of the holdback money is as set out in the final column of Annex B of Circular 2/2011. The revised GRF and NDRI figures reflect the other changes that have been identified since Local Government Finance Circular 2/2011 and these are explained in paragraphs 3 and 4 below and summarised in Annex C. This Circular also provides details of the up to date capital funding support for 2010-11 and 2011-12.

2. The Annexes to this circular are as listed below:

- Annex A: All Scotland Aggregate Funding Totals 2010-12;
- Annex B: Individual Revenue Allocations for 2011-12;
- Annex C: Reconciliation of Revenue Allocations for 2011-12;
- Annex D: Individual Capital Grant Funding for 2011-12;
- Annex E: Changes to Capital Grant Funding for 2011-12; and
- Annex F: Changes to Capital Grant Funding for 2010-11.

Changes to Revenue Allocations for 2011-12

3. As noted in Circular 2/2011 there were a number of outstanding issues still under discussion between the Scottish Government and COSLA. These issues have now been finalised and the relevant figures included in the Amendment Orders. The changes are set out in **Annex C** and are as follows; the distribution of the £15 million for the Protection of Teacher Posts; an additional £5 million for Supporting People; an extra £0.4 million for the Edinburgh Capital City Supplement and a change in the distribution of the revenue element of Police Loan Charges Specific Grant for

constituent local authorities of Lothian and Borders Police Board (East Lothian; City of Edinburgh; Midlothian; Scottish Borders and West Lothian).

4. Scottish Ministers also decided to update their forecasts of estimated income from non-domestic rates in 2011-12. As a result of those forecasts, which take account of estimates of losses from revaluation appeals and a considered assessment of growth, the distributable amount of NDRI in respect of financial year 2011-12 has been increased by £11.5 million to a revised total of £2,182 million; this increase in distributable NDRI has been offset by the same £11.5 million reduction in GRF resulting in no change in overall Total Revenue Support.

Changes to Capital Funding Support for 2010-11 and 2011-12

5. The changes to the Capital Funding Support for 2010-11 and 2011-12 are the result of including the funding for the Western Isles and Orkney Islands Schools Programmes. This funding does not form part of the Local Government Settlement, but will be paid out as General Capital Grant. There are no changes to the estimates of ring-fenced capital grants for 2011-12 since Finance Circular 2/2011.

Enquiries relating to this Circular

6. It should be noted that a few of the figures in this Circular may be marginally different because of roundings. Local authorities should note that if they have any substantive specific enquiries relating to this Circular these should in the first instance be addressed through COSLA. We have given an undertaking to COSLA to respond to these queries as quickly as possible. Contact details for COSLA are:

Brenda Campbell 0131 474 9229
Brenda@cosla.gov.uk

Any other queries should be addressed to the following:

Local Government Finance Settlement (Revenue)
Bill Stitt 0131 244 7044
bill.stitt@scotland.gsi.gov.uk

Local Government Finance Settlement (Capital)
Simon Stone 0131 244 7950
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7. This Circular is being sent electronically to COSLA Chief Executive, Local Authority Chief Executives and Directors of Finance, and will be made available through the Local Government section of the Scottish Government website at:

<http://www.scotland.gov.uk/Topics/Government/local-government/17999/LGFC4-11>

Yours faithfully



IAN DAVIDSON
Deputy Director, Local Government Division

ALL SCOTLAND AGGREGATED FUNDING TOTALS 2010-12

ANNEX A

	2010-11 £ million	2011-12 £ million
Total Revenue Funding	11,140.987	10,861.646
Total Capital Funding	843.199	691.800
Revised Total Funding <i>year-on-year change</i>	11,984.186 <i>0.9%</i>	11,553.446 <i>-3.6%</i>
Total Revenue Funding <i>year-on-year change</i>	11,140.987 <i>2.9%</i>	10,861.646 <i>-2.5%</i>
<i>less top slice for police numbers</i>	39.500	38.485
<i>less top slice for police pensions bulge</i>	17.362	n/a
<i>less top slice for police pension commutations</i>	9.800	n/a
<i>less top slice for fire pension commutations</i>	3.700	n/a
<i>less top slice for fire pensions bulge</i>	8.638	n/a
<i>less transfer of police pensions</i>	190.184	211.146
<i>less transfer of fire pensions</i>	43.838	56.176
<i>less Revenue Funding to be distributed later</i>		
Teachers Induction Scheme	37.547	37.600
Criminal Justice Social Work	86.450	86.450
Adult Support and Protection	15.600	0.000
Distributable Revenue Funding	10,688.368	10,431.789
General Revenue Funding	8,087.090	7,747.003
Non-Domestic Rate Income	2,068.200	2,182.000
Ring-Fenced Revenue Grants	533.078	502.786
Capital <i>year-on-year change</i>	843.199 <i>-19.4%</i>	691.800 <i>-18.0%</i>
<i>less Capital Funding to be distributed directly to SPT, Fire Boards</i>	49.600	40.694
General Capital Grant	333.053	520.929
Ring-Fenced Capital Grant	155.390	130.177
Supported Borrowing	305.156	0.000

INDIVIDUAL REVENUE ALLOCATIONS FOR 2011-12

ANNEX B

EXPENDITURE						FUNDING				
£million	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Updated Service Provision	SR07 and SR10 Net Extra Funding	Loan Charges/ PPP/LPFS	Floor	Total Estimated Expenditure	Assumed Council Tax contribution	Ring-fenced Grants	Non-Domestic Rates	General Revenue Funding	Total
Local Authority										
Aberdeen City	385.979	31.457	26.437	-1.183	442.690	81.794	23.697	161.429	175.770	360.896
Aberdeenshire	459.941	37.719	26.643	-1.456	522.847	95.580	17.143	68.670	341.454	427.267
Angus	221.159	18.431	14.870	-0.709	253.751	39.861	9.170	23.391	181.329	213.890
Argyll & Bute	209.959	17.828	30.389	-0.720	257.456	35.864	9.617	25.582	186.393	221.592
Clackmannanshire	102.053	8.185	6.565	-0.316	116.487	17.767	3.834	12.284	82.602	98.720
Dumfries & Galloway	322.180	26.238	23.196	-1.044	370.570	54.770	14.211	38.488	263.101	315.800
Dundee City	315.574	25.132	23.108	-1.022	362.792	44.980	17.075	61.315	239.422	317.812
East Ayrshire	242.956	19.898	15.006	-0.779	277.081	39.127	10.187	25.318	202.449	237.954
East Dunbartonshire	206.012	16.184	11.797	-0.617	233.376	42.986	6.735	20.346	163.309	190.390
East Lothian	184.575	16.188	14.461	-0.589	214.635	38.412	7.230	19.319	149.674	176.223
East Renfrewshire	186.102	14.644	16.152	-0.583	216.315	36.325	5.242	11.976	162.772	179.990
Edinburgh, City of	841.671	69.007	67.842	2.831	981.351	187.803	48.052	297.442	448.054	793.548
Eilean Siar	81.767	6.749	17.363	15.084	120.963	9.065	3.423	5.983	102.492	111.898
Falkirk	297.681	23.987	24.798	-0.942	345.524	52.692	13.666	55.518	223.648	292.832
Fife	697.549	57.740	42.983	-2.256	796.016	126.079	30.606	135.006	504.325	669.937
Glasgow City	1,342.904	111.333	142.131	-4.464	1,591.904	198.062	86.294	303.146	1,004.402	1,393.842
Highland	492.895	40.508	44.812	-1.642	576.573	86.225	21.887	95.372	373.089	490.348
Inverclyde	178.642	14.371	14.867	0.108	207.988	26.056	8.494	18.700	154.738	181.932
Midlothian	161.949	13.633	12.052	-0.515	187.119	28.974	6.951	23.254	127.940	158.145
Moray	170.196	14.303	11.735	-0.569	195.665	30.382	8.264	27.053	129.966	165.283
North Ayrshire	288.515	23.195	19.434	-0.921	330.223	46.777	12.123	33.082	238.241	283.446
North Lanarkshire	668.134	54.043	42.232	-2.173	762.236	106.041	27.595	96.759	531.841	656.195
Orkney	66.133	5.279	8.302	-0.258	79.456	7.144	1.438	7.722	63.152	72.312
Perth & Kinross	278.953	23.095	16.897	-0.859	318.086	57.715	11.702	45.285	203.384	260.371
Renfrewshire	348.708	28.414	12.243	8.519	397.884	62.083	16.437	85.237	234.127	335.801
Scottish Borders	229.535	19.592	18.381	-0.030	267.478	42.691	10.173	23.948	190.666	224.787
Shetland	81.539	6.589	13.524	0.446	102.098	7.467	2.921	14.308	77.402	94.631
South Ayrshire	224.383	18.378	13.029	-0.696	255.094	43.579	9.073	34.835	167.607	211.515
South Lanarkshire	611.859	49.858	39.047	-1.957	698.807	108.862	25.421	243.978	320.546	589.945
Stirling	182.618	14.850	14.860	-0.133	212.195	33.782	8.500	31.891	138.022	178.413
West Dunbartonshire	208.550	16.897	13.476	0.509	239.432	31.403	10.661	65.977	131.391	208.029
West Lothian	330.425	28.108	17.328	-1.064	374.797	56.752	14.964	69.386	233.695	318.045
Scotland	10,621.096	871.833	815.960	0.000	12,308.889	1,877.100	502.786	2,182.000	7,747.003	10,431.789

RECONCILIATION OF REVENUE ALLOCATIONS FOR 2011-12
ANNEX C

£million	Change 1	Change 2	Change 3	Change 4	Change 5	Change 6	
	Protection of Teachers	Supporting People (SG Cont)	Capital City Supplement	Increase in NDRI	Decrease in GRG	L&B Police Loans Charges	Total Changes
Local Authority							
Aberdeen City	0.484	0.000	0.000	0.851	-0.851	0.000	0.484
Aberdeenshire	0.790	0.000	0.000	0.362	-0.362	0.000	0.790
Angus	0.348	0.000	0.000	0.124	-0.124	0.000	0.348
Argyll & Bute	0.262	1.308	0.000	0.135	-0.135	0.000	1.570
Clackmannanshire	0.144	0.000	0.000	0.065	-0.065	0.000	0.144
Dumfries & Galloway	0.463	0.319	0.000	0.203	-0.203	0.000	0.782
Dundee City	0.435	0.000	0.000	0.323	-0.323	0.000	0.435
East Ayrshire	0.351	0.000	0.000	0.133	-0.133	0.000	0.351
East Dunbartonshire	0.355	0.000	0.000	0.107	-0.107	0.000	0.355
East Lothian	0.281	0.435	0.000	0.102	-0.102	0.002	0.718
East Renfrewshire	0.355	0.150	0.000	0.063	-0.063	0.000	0.505
Edinburgh, City of	0.957	0.940	0.400	1.568	-1.568	0.138	2.435
Eilean Siar	0.106	0.000	0.000	0.032	-0.032	0.000	0.106
Falkirk	0.451	0.000	0.000	0.292	-0.292	0.000	0.451
Fife	1.051	0.000	0.000	0.712	-0.712	0.000	1.051
Glasgow City	1.435	0.000	0.000	1.597	-1.597	0.000	1.435
Highland	0.739	0.000	0.000	0.502	-0.502	0.000	0.739
Inverclyde	0.230	0.000	0.000	0.098	-0.098	0.000	0.230
Midlothian	0.245	0.144	0.000	0.123	-0.123	0.005	0.394
Moray	0.265	0.284	0.000	0.142	-0.142	0.000	0.549
North Ayrshire	0.400	0.000	0.000	0.174	-0.174	0.000	0.400
North Lanarkshire	1.060	0.000	0.000	0.510	-0.510	0.000	1.060
Orkney	0.078	0.000	0.000	0.041	-0.041	0.000	0.078
Perth & Kinross	0.400	0.000	0.000	0.239	-0.239	0.000	0.400
Renfrewshire	0.465	0.399	0.000	0.449	-0.449	0.000	0.864
Scottish Borders	0.332	0.000	0.000	0.126	-0.126	-0.072	0.260
Shetland	0.116	0.000	0.000	0.076	-0.076	0.000	0.116
South Ayrshire	0.337	0.000	0.000	0.184	-0.184	0.000	0.337
South Lanarkshire	0.924	0.000	0.000	1.286	-1.286	0.000	0.924
Stirling	0.283	0.000	0.000	0.168	-0.168	0.000	0.283
West Dunbartonshire	0.276	1.005	0.000	0.347	-0.347	0.000	1.281
West Lothian	0.582	0.016	0.000	0.366	-0.366	-0.073	0.525
Scotland	15.000	5.000	0.400	11.500	-11.500	0.000	20.400

Local Authority (£million)	Ring-fenced Capital Grants	General Capital Grant	Total Capital Grant
Aberdeen City	0.307	19.306	19.613
Aberdeenshire	0.350	23.253	23.603
Angus	0.158	10.980	11.138
Argyll & Bute	0.129	12.522	12.651
Clackmannanshire	0.073	4.877	4.950
Dumfries & Galloway	0.213	16.567	16.780
Dundee City	1.642	15.485	17.127
East Ayrshire	0.173	8.936	9.109
East Dunbartonshire	0.150	7.969	8.119
East Lothian	0.139	9.188	9.327
East Renfrewshire	0.128	5.978	6.106
Edinburgh, City of	30.296	48.655	78.951
Eilean Siar	0.038	27.708	27.746
Falkirk	0.219	12.800	13.019
Fife	0.522	28.256	28.778
Glasgow City	87.637	64.207	151.844
Highland	1.547	28.549	30.096
Inverclyde	0.115	7.889	8.004
Midlothian	0.116	7.810	7.926
Moray	0.126	22.708	22.834
North Ayrshire	0.195	11.998	12.193
North Lanarkshire	2.560	25.921	28.481
Orkney Islands	0.029	28.641	28.670
Perth & Kinross	0.209	14.014	14.223
Renfrewshire	0.244	15.547	15.791
Scottish Borders	0.162	12.374	12.536
Shetland Islands	0.032	5.904	5.936
South Ayrshire	0.160	9.743	9.903
South Lanarkshire	2.005	24.103	26.108
Stirling	0.127	8.762	8.889
West Dunbartonshire	0.130	8.717	8.847
West Lothian	0.246	13.523	13.769
Councils Total	130.177	562.890	693.067
Fire Boards	20.183	0.000	20.183
Strathclyde RPT	20.511	0.000	20.511
All Scotland Total	170.871	562.890	733.761

Note : General Capital Grant figures include amounts for Western Isles and Orkney Islands Schools Programmes of £19.086m and £22.875m respectively which although paid as General Capital Grant are not part of the Local Government Settlement.

CHANGES IN CAPITAL GRANT FUNDING FOR 2011-12 FROM CIRCULAR 2/2011 ANNEX E

Local Authority (£million)	Circular 2/2011	Western Isles Schools Programme	Orkney Islands Schools Programme	Revised Capital Grant
Aberdeen City	19.613	0.000	0.000	19.613
Aberdeenshire	23.603	0.000	0.000	23.603
Angus	11.138	0.000	0.000	11.138
Argyll & Bute	12.651	0.000	0.000	12.651
Clackmannanshire	4.950	0.000	0.000	4.950
Dumfries & Galloway	16.780	0.000	0.000	16.780
Dundee City	17.127	0.000	0.000	17.127
East Ayrshire	9.109	0.000	0.000	9.109
East Dunbartonshire	8.119	0.000	0.000	8.119
East Lothian	9.327	0.000	0.000	9.327
East Renfrewshire	6.106	0.000	0.000	6.106
Edinburgh, City of	78.951	0.000	0.000	78.951
Eilean Siar	8.660	19.086	0.000	27.746
Falkirk	13.019	0.000	0.000	13.019
Fife	28.778	0.000	0.000	28.778
Glasgow City	151.844	0.000	0.000	151.844
Highland	30.096	0.000	0.000	30.096
Inverclyde	8.004	0.000	0.000	8.004
Midlothian	7.926	0.000	0.000	7.926
Moray	22.834	0.000	0.000	22.834
North Ayrshire	12.193	0.000	0.000	12.193
North Lanarkshire	28.481	0.000	0.000	28.481
Orkney Islands	5.795	0.000	22.875	28.670
Perth & Kinross	14.223	0.000	0.000	14.223
Renfrewshire	15.791	0.000	0.000	15.791
Scottish Borders	12.536	0.000	0.000	12.536
Shetland Islands	5.936	0.000	0.000	5.936
South Ayrshire	9.903	0.000	0.000	9.903
South Lanarkshire	26.108	0.000	0.000	26.108
Stirling	8.889	0.000	0.000	8.889
West Dunbartonshire	8.847	0.000	0.000	8.847
West Lothian	13.769	0.000	0.000	13.769
Undistributed	0.000	0.000	0.000	0.000
Councils Total	651.106	19.086	22.875	693.067
Fire Boards	20.183	0.000	0.000	20.183
Strathclyde RPT	20.511	0.000	0.000	20.511
All Scotland Total	691.800	19.086	22.875	733.761

Note: Funding for the Orkney Islands and Western Isles Schools Programmes are paid as General Capital Grant but are not part of the Local Government Settlement.

Local Authority (£million)	Circular 2/2011	Western Isles Schools Programme	Orkney Islands Schools Programme	Revised Capital Grant
Aberdeen City	24.014	0.000	0.000	24.014
Aberdeenshire	28.832	0.000	0.000	28.832
Angus	13.781	0.000	0.000	13.781
Argyll & Bute	16.510	0.000	0.000	16.510
Clackmannanshire	6.166	0.000	0.000	6.166
Dumfries & Galloway	21.772	0.000	0.000	21.772
Dundee City	21.783	0.000	0.000	21.783
East Ayrshire	11.528	0.000	0.000	11.528
East Dunbartonshire	10.230	0.000	0.000	10.230
East Lothian	11.437	0.000	0.000	11.437
East Renfrewshire	7.639	0.000	0.000	7.639
Edinburgh, City of	93.302	0.000	0.000	93.302
Eilean Siar	10.338	17.546	0.000	27.884
Falkirk	15.894	0.000	0.000	15.894
Fife	35.723	0.000	0.000	35.723
Glasgow City	184.513	0.000	0.000	184.513
Highland	36.949	0.000	0.000	36.949
Inverclyde	9.308	0.000	0.000	9.308
Midlothian	9.712	0.000	0.000	9.712
Moray	25.086	0.000	0.000	25.086
North Ayrshire	13.472	0.000	0.000	13.472
North Lanarkshire	34.044	0.000	0.000	34.044
Orkney Islands	7.159	0.000	1.831	8.990
Perth & Kinross	17.890	0.000	0.000	17.890
Renfrewshire	18.909	0.000	0.000	18.909
Scottish Borders	15.796	0.000	0.000	15.796
Shetland Islands	7.154	0.000	0.000	7.154
South Ayrshire	12.386	0.000	0.000	12.386
South Lanarkshire	32.634	0.000	0.000	32.634
Stirling	11.420	0.000	0.000	11.420
West Dunbartonshire	11.239	0.000	0.000	11.239
West Lothian	16.979	0.000	0.000	16.979
Undistributed	0.000	0.000	0.000	0.000
Councils Total	793.599	17.546	1.831	812.976
Fire Boards	24.600	0.000	0.000	24.600
Strathclyde RPT	25.000	0.000	0.000	25.000
All Scotland Total	843.199	17.546	1.831	862.576

Note: Funding for the Orkney Islands and Western Isles Schools Programmes are paid as General Capital Grant but are not part of the Local Government Settlement.