

Scottish Local Government Finance Statistics 2023-24

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How much did local authorities spend on services in 2023-24?

Revenue expenditure is the cost of delivering services each year.

Gross service expenditure is total expenditure on services in year minus internal transfers.

Gross service income is total income authorities receive from services, such as service specific grants or income generated through fees, etc.

Net revenue expenditure is gross service expenditure minus gross service income. It reflects the amount of service expenditure to be funded by general funding or reserves.

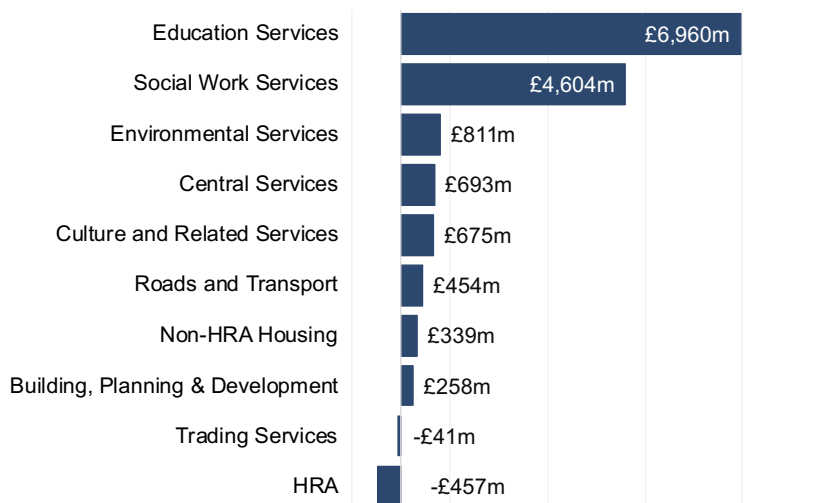
How did local authorities fund services in 2023-24?

General funding is largely made up of the **General Revenue Grant (GRG)**, **Non-Domestic Rates (NDR)** and **Council Tax**.

Local authorities use general funding to meet their net revenue expenditure on services and any other revenue expenditure that is not directly related to services, such as repayment of debt.

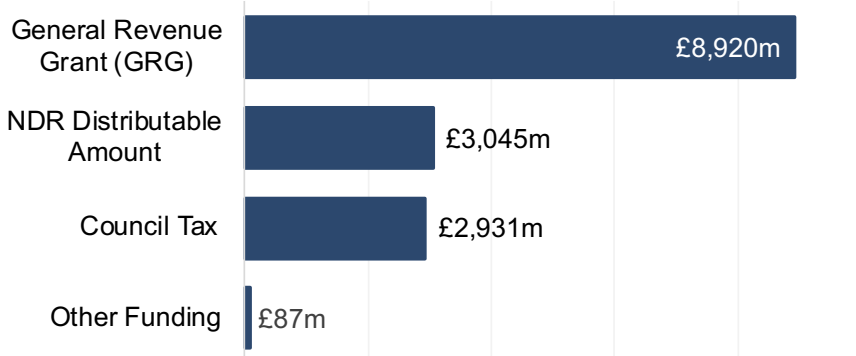
In 2023-24, local authorities' expenditure was **more** than their general funding. This deficit was taken from local authorities' reserves.

Net Revenue Expenditure in 2023-24 by service, £ millions



Gross Service Expenditure	£25,225 million
-Gross Service Income	-£10,929 million
Net Revenue Expenditure	£14,296 million

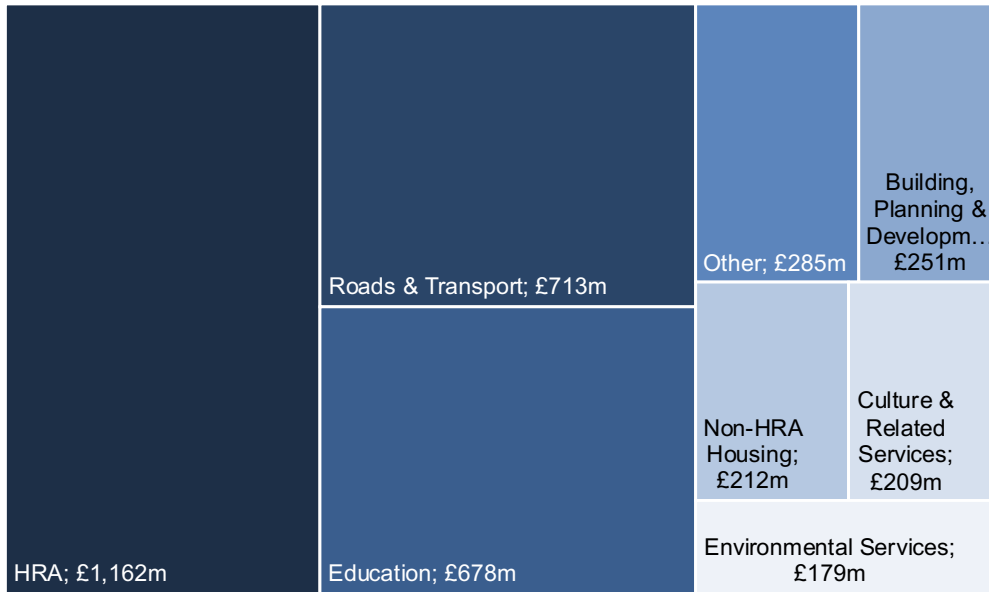
General Funding in 2023-24 by source, £ millions



General Funding	£14,983 million
Net Revenue Expenditure	-£14,296 million
- Non-Service Expenditure	-£945 million
Deficit taken from Reserves	-£257 million

Capital Expenditure in 2023-24 by service, £ millions

Please note that 'Other' includes Social Work, Central Services and Trading Services.

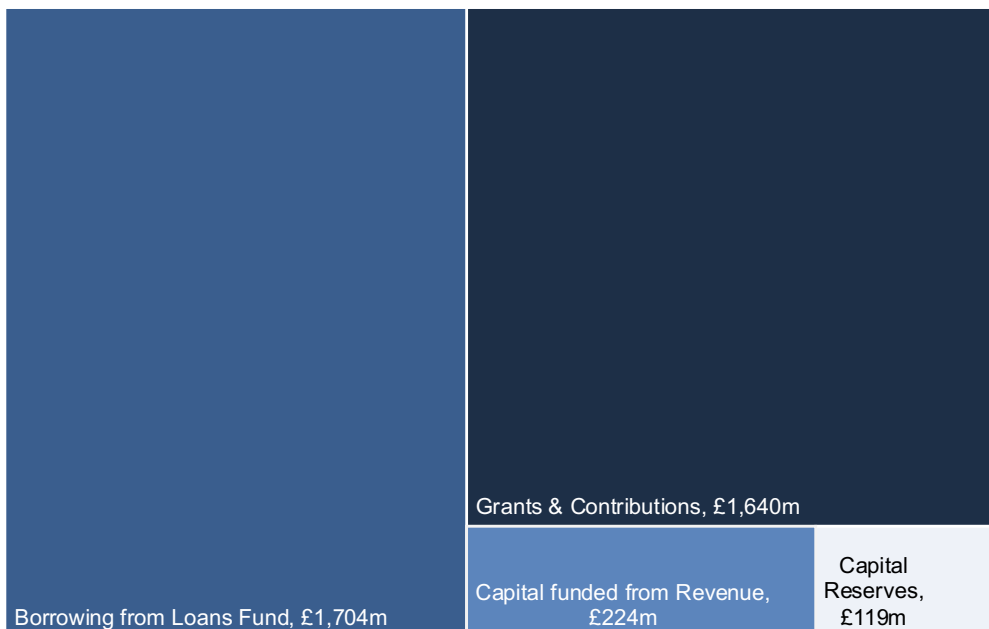


What was the value of capital investment in 2023-24?

Capital expenditure is expenditure that **creates** the **buildings and infrastructure** necessary to provide services, such as schools, flood defence, roads and vehicles.

Capital expenditure also includes **capital grants or loans to third parties** funded from borrowing.

Total Capital Expenditure = £3,689 million



How did local authorities finance the £3,689 million of capital expenditure incurred in 2023-24?

Local authorities can finance capital expenditure in a number of ways. The main sources of financing in 2023-24 were:

- **Grants & contributions**, including those from the Scottish Government;
- **Borrowing**;
- **Revenue funding**, and;
- **Capital reserves**.

More information available at:

<https://www.gov.scot/collections/local-government-finance-statistics/>

What reserves did local authorities have at 31 March 2024?

Usable reserves are local authorities' surplus income from previous years. This can be used to finance future revenue or capital expenditure.

The **General Fund** is the main usable **revenue** reserve, although there are other reserves that local authorities may be able to use.

There are also two usable **capital** reserves.

What debt did local authorities have at 31 March 2024?

When a local authority borrows money or uses a credit arrangement to finance capital expenditure, a **debt** is created.

Local authorities have to repay this debt from future revenues.

In 2023-24, local authorities **repaid minus** £67 million of debt (i.e. received a credit), because of service concession arrangements.

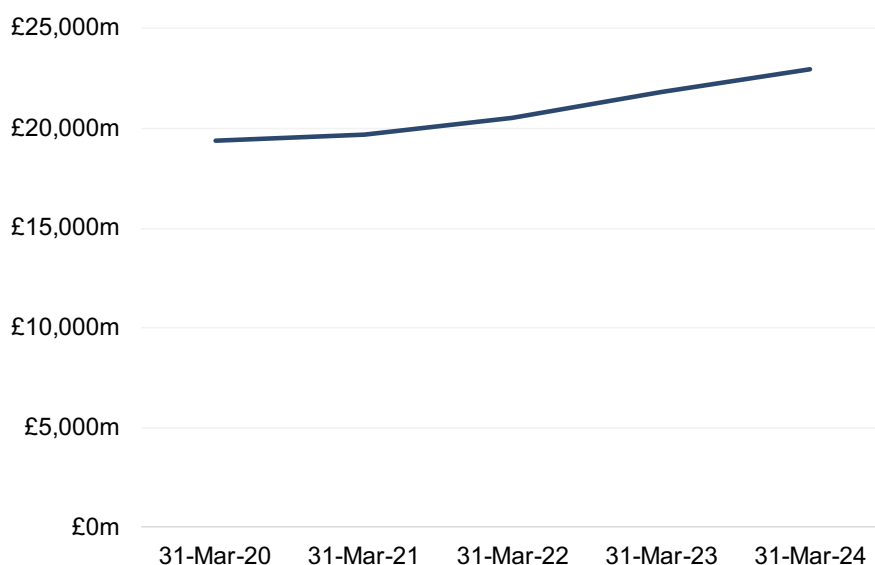
Usable Reserves as at 31 March 2024, £ millions

'Other' revenue includes the Insurance Fund.



Usable Reserves as at 31 March 2024: £4,258 million

Total Debt at 31 March 2020 to 31 March 2024, £ millions



Total Debt as at 31 March 2024: £22,951 million

More information available at:

<https://www.gov.scot/collections/local-government-finance-statistics/>

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1. Introduction

Local authorities are responsible for delivering a wide range of services, including education, social work, transport, housing, environmental services and cultural services. In Scotland, local government is primarily comprised of **32 councils**, the boundaries of which are shown in [Annex A](#). There are also:

- **ten Valuation Joint Boards (VJBs)**, who provide valuation services to councils. Primarily, VJBs maintain the valuation roll for non-domestic properties and the Council Tax valuation list for domestic dwellings. These are then used as the basis for local taxation billing liability.
- **seven Regional Transport Partnerships (RTPs)**, established to lead on regional transport strategy and delivery by the Transport (Scotland) Act 2005.
- **the Tay Road Bridge Joint Board**, which is responsible for the operation, management and maintenance of the Tay Road Bridge.

Most of these additional boards are the collective responsibility of two or more councils – a list of local authority joint board membership is provided at [Annex B](#). The Tay Road Bridge Joint Board comprises councillors from Dundee City, Fife and Angus, however finance is provided directly from the Scottish Government.

This publication provides a comprehensive **overview of the financial activity across the 50 local authorities described above**. It covers revenue expenditure and income, including local taxation; capital expenditure and financing; reserves and fixed assets; debt and prudential indicators; and pensions. Where appropriate, comparisons to 2022-23 and time series over the last five years have been included to provide broader context to the figures in this publication.

Since the previous publication, updated returns have been received from the following authorities:

For 2022-23:

- Returns based on audited accounts were received from eight authorities: Argyll & Bute, East Lothian, Glasgow City, Highland, Orkney Islands, Stirling, and Dunbartonshire & Argyll & Bute VJB, Highland Pension Fund.
- Revised returns were supplied by Scottish Borders Council (LFR 01, LFR 01 – ELC (Early Learning and Childcare LFR), LFR 09 and LFR 12) and Strathclyde Pension Fund (LFR 24).
- Audited Accounts are now available for: Clackmannanshire (published September 2024), East Dunbartonshire (December 2024), Na h-Eileanan Siar (January 2025) and West Dunbartonshire (January 2025). Updated LFRs reflecting any changes will be released alongside the POBE 2025 publication in June 2025.

For 2023-24:

- Returns based on audited accounts were received from 49 authorities.
- Returns based on unaudited accounts were received from eleven authorities: Aberdeenshire, Argyll & Bute, East Lothian, Glasgow City, Inverclyde, Na h-Eileanan Siar, Stirling, West Dunbartonshire, Dunbartonshire & Argyll & Bute VJB, Grampian VJB, TACTRAN. Audited accounts are now available for Argyll & Bute and Inverclyde although this was too late to revise the returns for this publication.
- At the time of publication, accounts have not been published for two authorities: East Dunbartonshire and Clackmannanshire. East Dunbartonshire supplied only a partial return. As a result, data for LFR A0, LFR 23 and LFR CR was modelled using outturn data from POBE 2024 as a reference.

Key figures have been matched to audited accounts for most authorities. Where audited accounts for 2023-24 were not available at time of writing, draft unaudited accounts have been used. Data for Clackmannanshire and East Dunbartonshire could not be checked against any unaudited accounts as these were not available at time of writing. Updated returns based on audited data for 2023-24 will be used in future Scottish Local Government Finance Statistics (SLGFS) publications.

Expenditure and income figures are presented on a **funding basis** in this publication. This means local authorities have made adjustments to remove certain accounting transactions that have been charged to services, such as depreciation and pension costs. Local authorities will consider funding basis figures when making financial decisions, such as setting budgets or increases in Council Tax.

Please note, throughout the publication:

- all years refer to the relevant **financial year** running 1 April to 31 March;
- figures within tables / charts may not sum to the total exactly due to rounding;
- absolute zeroes are shown as '-' and rounded zeroes are shown as '0';
- all figures are presented in **cash terms**, this means they have **not** been adjusted for inflation;
- expenditure and income figures are presented as positive figures, however **net** expenditure figures may be presented as negative where gross income has exceeded gross expenditure and so the net position relates to income;
- General Fund figures include amounts relating to the Harbour Accounts for Orkney and Shetland Island Councils unless otherwise stated;
- gross revenue figures have been adjusted for inter-authority transfers;
- 'Roads & Transport' includes amounts relating to Road Bridges.

Figures included in this publication for years prior to 2023-24 have been revised where necessary to match audited accounts where unaudited data was previously submitted, to ensure comparability to 2023-24 data or to correct any minor errors identified since the last publication. This means that figures may not match to those previously published. Please note that this publication will **only** be updated to reflect revisions which have a significant impact on the key figures or commentary. Minor revisions to source data files made after publication that have no material impact on

the Scotland figures or key messages will **not** be made to this publication, but will be reflected in the 2024-25 Scottish Local Government Finance Statistics (SLGFS) publication.

Under the Public Bodies (Joint Working) (Scotland) Act 2014, **30 Integration Joint Boards (IJBs)** have been established in Scotland. IJBs are responsible for the planning of integrated arrangements and onward service delivery of health and social care for their constituent councils and health boards. This publication only includes expenditure that is recognised in councils' financial data, that is:

- local authorities' transfer payments to IJBs, with the total payment amount in year recorded as gross service expenditure against Social Work services;
- income local authorities receive from IJBs to commission services, recorded as gross service income against the relevant service;
- the expenditure that local authorities incur to commission those services, recorded as gross service expenditure against the relevant service.

Local authorities are also required to undertake community planning in partnership with other agencies responsible for public service delivery in an area, such as Health Boards, and Police and Fire bodies. However, the financial activity of these other agencies is not included in this publication.

More information on [this publication, including associated data available for download](#), and on [local government in Scotland](#) is available on the Scottish Government website.

1.1 An Accredited Official Statistics Publication for Scotland

These statistics are [accredited official statistics](#). The Office for Statistics Regulation has independently reviewed and accredited these statistics as complying with the standards of trustworthiness, quality, and value in the [Code of Practice for Statistics](#).



These statistics were accredited in November 2013 (assessment report [AR225](#)).

Accredited official statistics are called National Statistics in the [Statistics and Registration Service Act 2007](#).

Scottish Government statistics are regulated by the Office for Statistics Regulation (OSR). OSR sets the standards of trustworthiness, quality and value in the [Code of Practice for Statistics](#) that all producers of official statistics should adhere to.

More information about Scottish Government statistics is available on the [Scottish Government website](#).

2. Revenue Expenditure and Income

Revenue expenditure is the cost of delivering services each year and includes both service operating costs and overheads. These costs might include salaries, rent, building maintenance, supplies and services. The benefits from revenue expenditure are mainly received within the financial year. Revenue expenditure also includes costs that cannot be directly attributed to a service, such as the repayment of debt and where a local authority has used revenue resources to fund capital investment.

All local authorities are required to have a **General Fund** which is used to account for all revenue activity, except that relating to local authority housing. The General Fund is the principle revenue reserve of the local authority.

Where a council has housing stock, it is required to record expenditure and income relating to the direct provision of housing in their **Housing Revenue Account (HRA)**. HRAs are generally self-financing, that is the income received is sufficient to cover expenditure incurred. Of the 32 councils, 26 have an HRA.

The Orkney County Council Act 1974 and the Zetland County Council Act 1974 require Orkney and Shetland to also hold a **Harbour Account**, a separate account and reserve fund specifically for harbour undertakings. Orkney and Shetland are also able to transfer money between their General Fund and their Harbour Accounts. For the purposes of this publication, expenditure and income relating to Harbour Accounts is included in General Fund figures unless otherwise stated.

Revenue expenditure is principally funded through service income and general funding – further detail on these sources of funding is provided in [Chapters 2.1.4](#) and [2.3](#) respectively. Any **deficit (+)** in a local authority's revenue account is met from their reserves, and any **surplus (-)** is added to a local authority's reserves and carried forward to the next year. [Chapter 2.4](#) provides more detail on the movement in General Fund and HRA reserves in 2023-24.

2.1 Expenditure and Income on Services

Net Revenue Expenditure, also known as the net cost of services, is the element of service expenditure that is funded by general funding or reserves. It is calculated as gross service expenditure minus gross service income. As shown in **Table 2.1**, the net revenue expenditure on local authority services, including HRA, was £14,296 million in 2023-24. This is an increase in net revenue expenditure of £1,345 million, or 10.4 per cent, on 2022-23.

The increase in net revenue expenditure figure partly reflects the **impact of high inflation** on the cost to local authorities of providing services. For context, the GDP deflator, which can be viewed as a measure of general inflation in the domestic economy, was 6.12 per cent higher in 2023-24 when compared to 2022-23¹.

Table 2.1: Net Revenue Expenditure on Services in 2023-24, £ millions

Source: LFR 00

Category	General Fund	HRA	Total
Gross Service Expenditure	24,235	990	25,225
Gross Service Income	9,482	1,447	10,929
Net Revenue Expenditure	14,753	-457	14,296

¹ [GDP deflators at market prices, and money GDP December 2024 \(Quarterly National Accounts\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-december-2024-quarterly-national-accounts)

2.1.1 Net Revenue Expenditure by Service

Chart 2.1 shows net revenue expenditure on services in Scotland in 2023-24. Education has the highest net revenue expenditure at £6,960 million followed by Social Work which has a net revenue expenditure of £4,604 million.

Chart 2.1: Net Revenue Expenditure in 2023-24 by Service, £ millions

Source: LFR 00

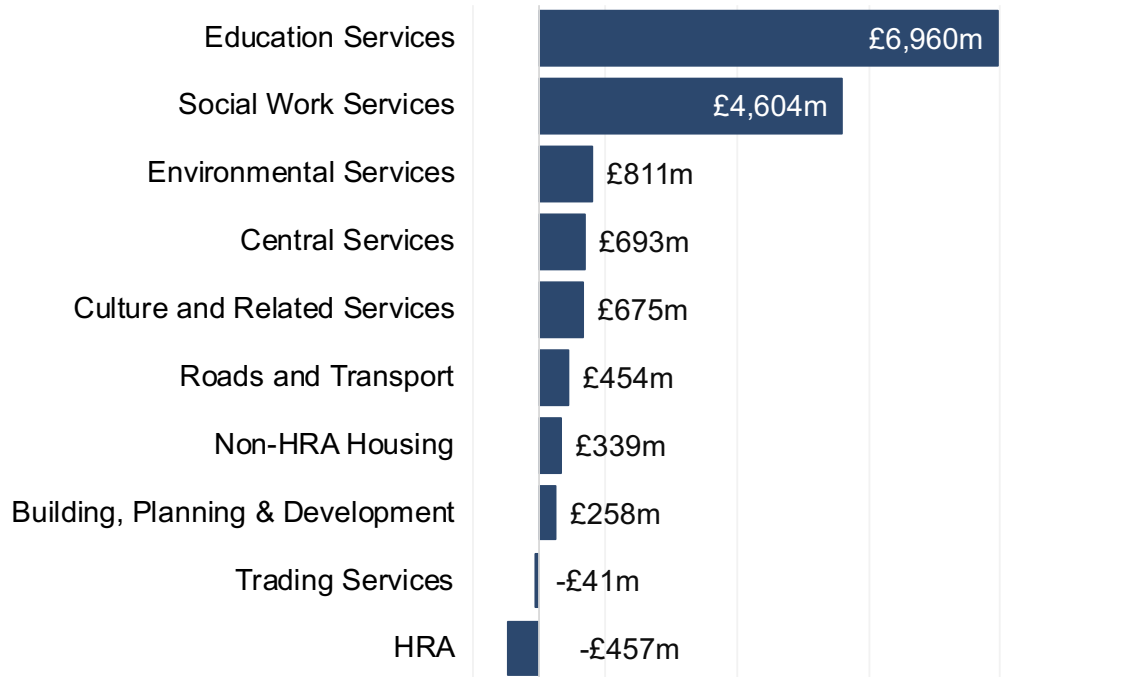


Table 2.2 shows how net revenue expenditure by service has changed between 2019-20 and 2023-24.

Table 2.2: Net Revenue Expenditure from 2019-20 to 2023-24 by Service, £ millions

Source: LFR 00

Service	2019-20	2021-22	2022-23	2023-24	% change between 2022-23 & 2023-24
Education	5,524	5,867	6,472	6,960	7.5%
Culture & Related Services	582	592	651	675	3.7%
Social Work	3,540	3,818	4,291	4,604	7.3%
Roads & Transport	458	404	437	454	4.1%
Environmental Services	726	719	754	811	7.5%
Building, Planning & Development	219	250	246	258	4.5%
Central Services	387	363	341	693	103.2%
Non-HRA Housing	272	291	322	339	5.3%
Trading Services	-29	-29	-25	-41	64.0%
General Fund Net Revenue Expenditure	11,679	12,277	13,489	14,753	9.4%
Housing Revenue Account (HRA)	-571	-527	-538	-457	-15.0%
Total Net Revenue Expenditure	11,108	11,750	12,951	14,296	10.4%

Net revenue expenditure on **Education** has increased by 7.5 per cent, or £488 million, in 2023-24. This is driven by increases in net expenditure for Pre-Primary, Primary and Secondary Schools, which have increased by 13.6 per cent, 5.3 per cent and 7.6 per cent, or £65 million, £135 million and £190 million, respectively. Net revenue expenditure on special education increased by £102 million (13.2 per cent). Net revenue expenditure on Community Learning relatively remained unchanged (down £0.5 million, -0.4%).

Culture and Related Services saw an increase of 3.7 per cent, or £24 million, in net revenue expenditure in 2023-24. The main underlying changes were an increase in net expenditure of £7 million (12.9 per cent) on Other Recreation and Sport, £6 million (5.7 per cent) on Library Services and £6 million (12.7 per cent) on Museums & Galleries.

Net revenue expenditure on **Social Work** increased by 7.3 per cent, or £314 million, in 2023-24. Much of this increase is accounted for by Integrated Joint Boards (IJBs).

Councils' collectively transferred £189 million more funds to IJBs in 2023-24, compared to 2022-23. This resulted in an increase in net revenue for IJBs of £189 million.

Net revenue expenditure on **Roads & Transport** has increased by 4.1 per cent, or £18 million, in 2023-24. Net revenue expenditure on parking services decreased by £8 million (20.8 per cent) as a result of increased parking income. Net revenue expenditure on Roads: Lighting increased by £22 million (37.5 per cent). Roads: Other Maintenance increased by £10 million (6.1 per cent).

Environmental Services saw an increase of 7.5 per cent, or £57 million, in net revenue expenditure in 2023-24. Of this increase, £53 million related to Waste Management.

Building, Planning & Development saw an increase of 4.5 per cent, or £11 million, in net revenue expenditure in 2023-24, compared to 2022-23. Most of this increase is accounted for by Building Standards, which increased by £10 million.

Net revenue expenditure on **Central Services** increased by 103.2 per cent, or £352 million, between 2022-23 and 2023-24. Of this increase, £260 million is due to Equal Pay payments that were made by Glasgow City Council during 2023/24.

Net revenue expenditure on **Non-HRA Housing** has increased by 5.3 per cent, or £17 million, in 2023-24.

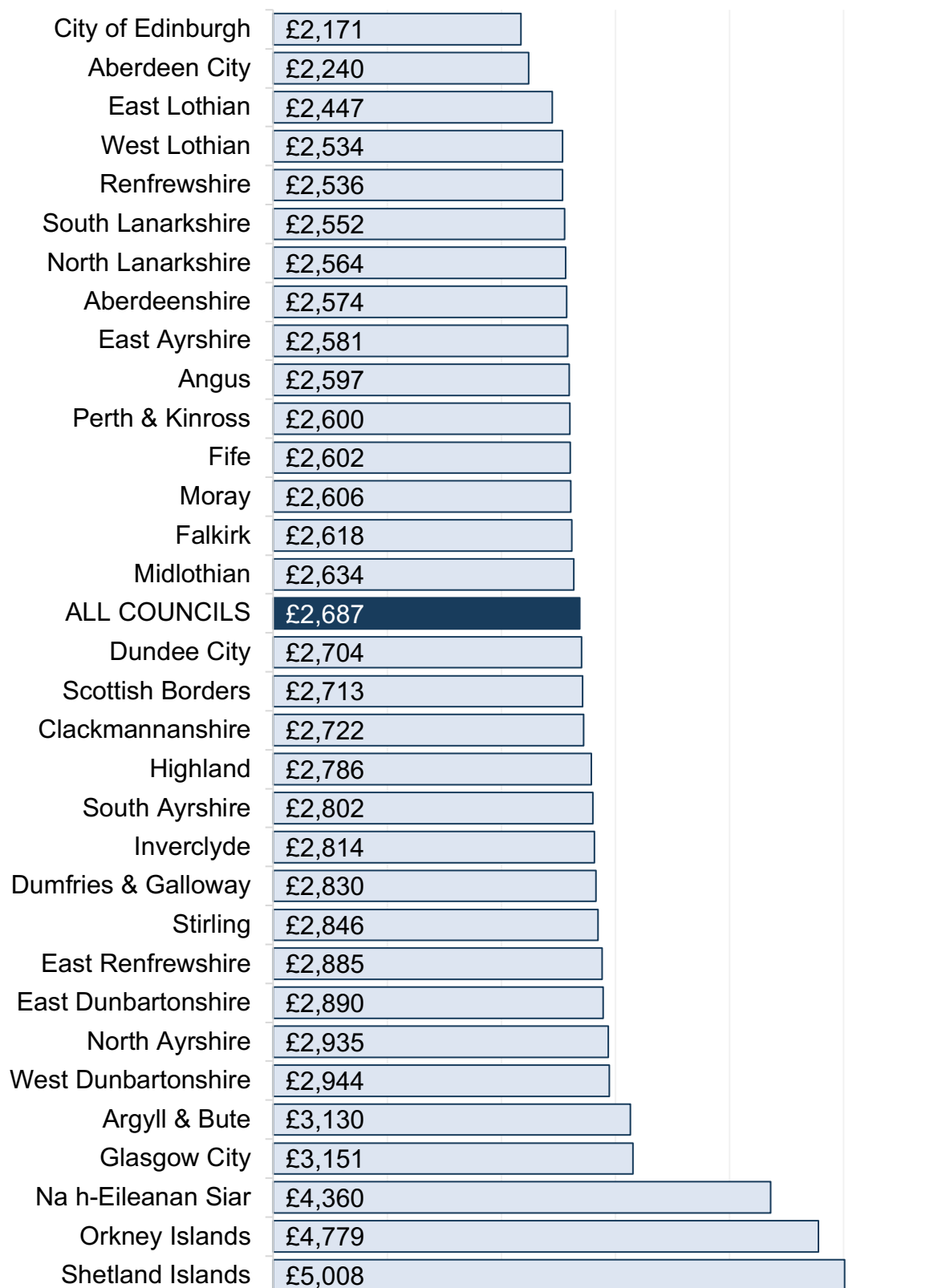
HRA and **Trading Services** both have negative net revenue expenditure, which means that the service income received for these services was **more** than the expenditure incurred to provide these services. As such, negative net revenue expenditure can be considered as net income. For 2023-24, net expenditure for Trading Services decreased by 64 per cent to negative £41 million (it was negative £25 million in 2022-23). Net expenditure for HRA has been decreasing – that is, the overall net income that local authorities have received from their HRA has increased.

2.1.2 General Fund Net Revenue Expenditure by Council

Chart 2.2 shows net revenue expenditure on General Fund services per person by council. In 2023-24, councils spent on average £2,687 per person, an increase from £2,480 per person in 2022-23. Spend per person varied across councils with island authorities having the highest spend per person.

Chart 2.2: General Fund Net Revenue Expenditure in 2023-24 by Council, £ per person

Source: LFR 00, Scotland's National Records of Scotland Mid-2023 population estimates



2.1.3 Gross Service Expenditure

Gross Service Expenditure is the total expenditure on local authority services within a financial year, adjusted for any intra / inter-authority transfers. In 2023-24, gross service expenditure was £25,225 million, an increase of 7.8 per cent, or £1,834 million, from 2022-23. **Table 2.3** shows gross service expenditure by type of expenditure from 2019-20 to 2023-24.

Table 2.3: Gross Service Expenditure from 2019-20 to 2023-24 by Expenditure Type, £ millions

Source: LFR 00

Expenditure Type	2019-20	2020-21	2021-22	2022-23	2023-24	% change between 2022-23 & 2023-24
Employee Costs	8,259	8,191	8,611	9,306	10,341	11.1%
Operating Costs	7,562	8,066	8,400	9,046	9,699	7.2%
Transfer Payments	4,771	4,724	5,026	5,432	5,599	3.1%
Support Services	728	743	785	832	898	8.0%
Adjustment for Intra / Inter Authority Transfers	-1,227	-1,253	-1,223	-1,224	-1,313	7.3%
Gross Service Expenditure	20,094	20,471	21,599	23,391	25,225	7.8%

In 2023-24, **employee costs** were the largest element of gross service expenditure, accounting for £10,341 million. These costs relate to salaries and wages, national insurance and superannuation contributions, cash allowances paid to employees, redundancy and severance payments and any other costs relating to employees. Employee costs in 2023-24 have increased by 11.1 per cent, or £1,036 million, from 2022-23. Employee costs have increased by 25.2 per cent, or £2,082 million, over the last five years.

Operating costs relate to costs for premises, transport, supplies and services, as well as payments made to third parties. In 2023-24, these accounted for £9,699 million of gross expenditure – an increase of 7.2 per cent, or £653 million, from 2022-23. This increase predominantly relates to an increase in payments to third parties.

Transfer payments accounted for £5,599 million of gross service expenditure in 2023-24, an increase of 3.1 per cent, or £167 million, from 2022-23. This expenditure relates to payments for which no goods or services are received in return by the local authority, including payment of Housing Benefit and transfers to IJBs.

Support services costs are the smallest component of gross service expenditure, accounting for £898 million. This is an increase of 8.0 per cent, or £67 million, from 2022-23. These are costs that are paid for services that support the provision of

services to the public, such as IT, Human Resources, Legal services, Procurement services, and Corporate services.

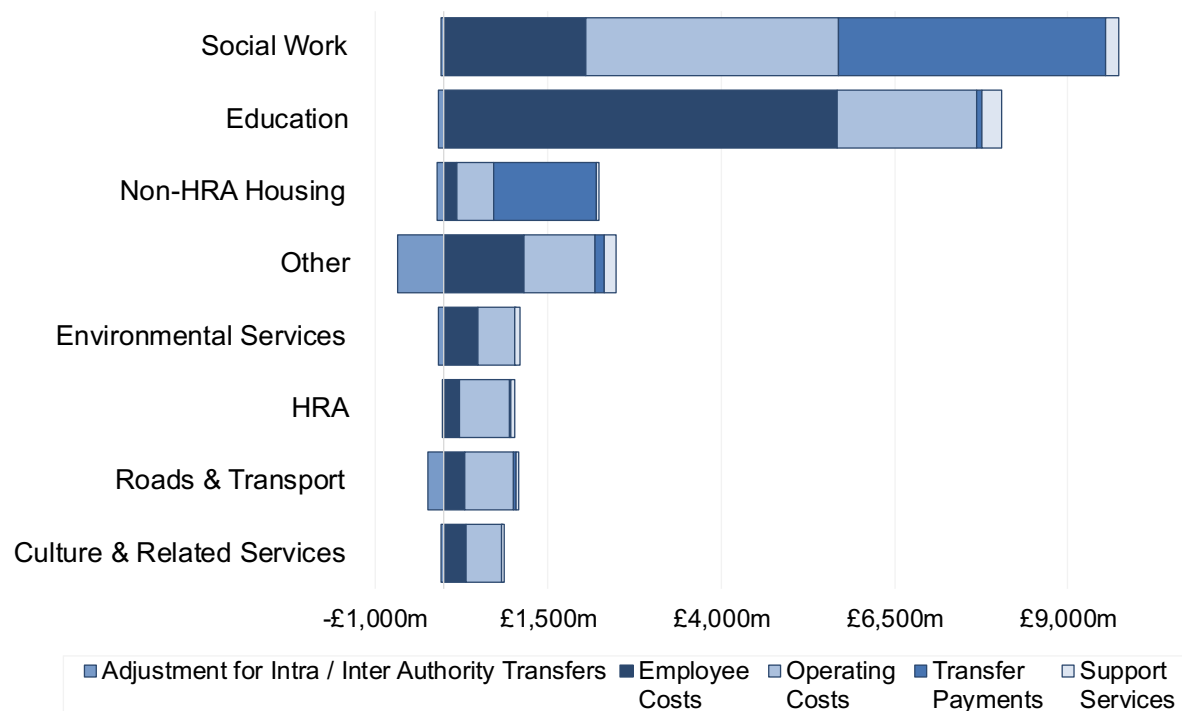
An **adjustment for intra / inter-authority transfers** of -£1,313 million has been made to the aggregate gross service expenditure figure. This is to prevent double counting of expenditure caused by transfers between different services within an authority and between different local authorities. The adjustment removes the total recharge income from other services, contributions from other local authorities and requisition income for VJBs and RTPs. Following the adjustment, expenditure is only reported against the authority or service area that commissioned the service.

Chart 2.3 shows the breakdown of gross service expenditure by service and by expenditure type. Education has a higher proportion of employee costs than other services – this is due to the higher number of staff employed within Education, in particular teachers. Social Work and Non-HRA Housing have high proportions of transfer payments which relates to amounts transferred to IJBs and the payment of Housing Benefits respectively. Other has the largest adjustment for intra / inter authority transfers which is due to Central Services and Trading Services having particularly high amounts of recharge income from other services.

Chart 2.3: Gross Service Expenditure in 2023-24 by Service and Expenditure Type, £ millions

Please note that ‘Other’ consists of Building, Planning & Development Services, Central Services and Trading Services.

Source: LFR 00



2.1.4 Gross Service Income

Gross Service Income is the total income a local authority receives directly in relation to services they provide. In 2023-24, local authorities received £10,929 million in service income, an increase of 4.7 per cent, or £489 million, from 2022-23.

Local authorities receive service income from a variety of sources. **Table 2.4** shows gross service income by type of income from 2019-20 to 2023-24.

Table 2.4: Gross Service Income from 2019-20 to 2023-24 by Income Type, £ millions

Source: LFR 00

Income Type	2019-20	2020-21	2021-22	2022-23	2023-24	% change between 2022-23 & 2023-24
Government Grants	2,559	2,866	2,884	2,857	2,795	-2.2%
Other Grants, Reimbursements and Contributions	3,772	4,003	4,249	4,676	4,950	5.8%
Customer and Client Receipts	2,685	2,494	2,715	2,907	3,184	9.5%
Gross Service Income	9,016	9,363	9,849	10,440	10,929	4.7%

Government grants relates to grants local authorities receive to support specific services from either the Scottish or UK Governments, including Ring-Fenced Revenue Grants (RFRGs) and grants from the Department for Work & Pensions (DWP) for Housing Benefit payments. These figures will reflect the amount of grants **used** in the year specified – this may not match the amount of grants local authorities received in that year. This category does **not** include General Revenue Grant (GRG) as that is not provided to local authorities to fund a specific service. In 2023-24, government grants accounted for £2,795 million of service income, a decrease of 2.2 per cent, or £62 million, from 2022-23.

Other grants, reimbursements and contributions includes contributions from NHS Boards and income from IJBs to commission social care services. This accounted for £4,950 million of service income in 2023-24 – an increase of 5.8 per cent, or £273 million, from 2022-23.

Customer and client receipts is income local authorities have received for sales, rents, fees and charges for services they provide. In 2023-24, this accounted for £3,184 million of service income, an increase of 9.5 per cent, or £277 million, from 2022-23.

Chart 2.4 shows the breakdown of gross service income by service and income type. Social Work has the largest amount of service income, the majority of which is

from other grants, reimbursements and contributions. This relates to amounts received from IJBs to commission social care services, as well as contributions received from NHS Boards.

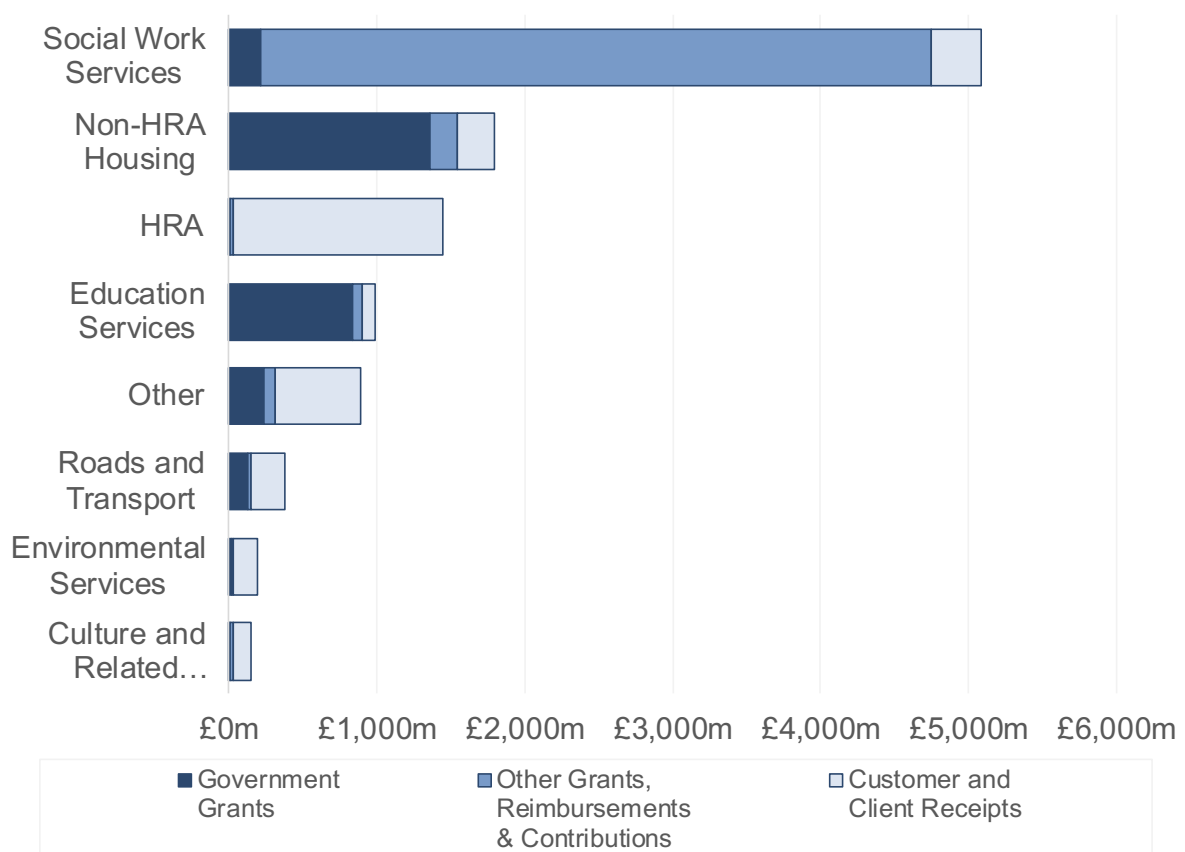
Both Non-HRA Housing and Education have high proportions of service income from government grants. For Non-HRA Housing, this relates to grants from the DWP to fund Housing Benefit payments. For Education, this amount reflects various Education RFRGs that local authorities received from Scottish Government.

Service income for the HRA is almost entirely made up of customer and client receipts which predominantly relates to rent payments received.

Chart 2.4: Gross Service Income in 2023-24 by Service and Income Type, £ millions

Please note that 'Other' consists of Building, Planning & Development Services, Central Services and Trading Services.

Source: LFR 00



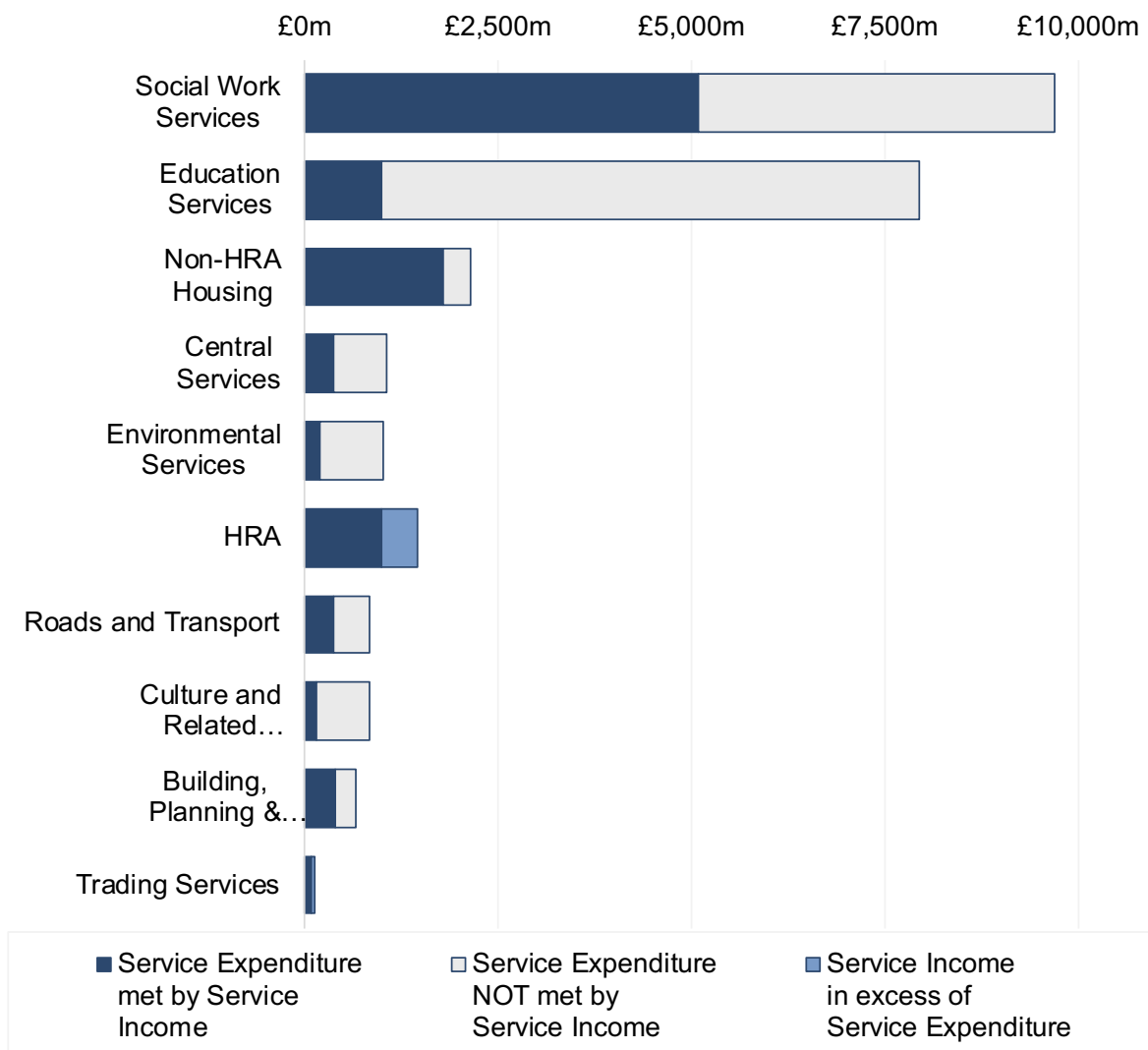
In 2023-24, 41 per cent of service expenditure was met by service income. **Chart 2.5** shows the proportion of service expenditure met by service income for each service. This varies significantly between services as they each receive different levels of grants and contributions, and services have differing abilities to generate service income in the form of customer and client receipts.

Service income **exceeded** service expenditure for HRA and Trading Services, generating surplus income for both services.

Service income was **less than** service expenditure for all other services, with the amount of service expenditure being funded by service income ranging from 12 per cent for Education Services to 84 per cent for Non-HRA Housing.

Chart 2.5: Service Expenditure met by Service Income in 2023-24 by Service, £ millions

Source: LFR 00



2.2 Other Expenditure and Income

Local authorities will also incur some revenue expenditure and income that is not attributable to specific services, such as interest paid or received, statutory repayment of debts, contributions to capital expenditure, proceeds of trading operations and any other operating expenditure.

In 2023-24, local authorities incurred £945 million of **other expenditure and income**. **Table 2.5** provides a breakdown of this figure, split by the General Fund and HRA. Total interest paid was £1,049 million in 2023-24.

Table 2.5: Other Expenditure and Income in 2023-24, £ millions

Please note the following:

Income figures are presented as negative in this table.

'Interest Receivable and Similar Income' includes losses arising from derecognition of financial assets and recognition of credit losses on financial assets.

'Statutory Repayment of Debt' includes repayments relating to lending to other statutory bodies and so will differ to the repayment figures in Chapter 5.

Source: LFR A0

Expenditure / Income Type	General Fund	HRA	Total
Interest Payable and Similar Charges	853	196	1,049
Interest Receivable and Similar Income	-244	-15	-259
Statutory Repayment of Debt	-209	142	-67
Capital Expenditure Funded from Revenue	88	135	223
Surplus (-) or Deficit (+) from Trading Operations	-1	0	-1
Other Operating Expenditure	-1	0	0
Total Other Expenditure and Income	485	459	945

For 2022-23, statutory repayment of debt totalled £53 million, whereas the figure for 2023-24 is negative £67 million. Ministers permitted a [statutory flexibility](#), that could be exercised in either 2022-23 or 2023-24, for local authorities to reprofile the repayment term of service concession arrangements (PPP/PFI contracts), to spread the costs over the asset life rather than contract term and thereby make the charge to Council Tax payers for the capital investment more affordable.

The cumulative charges for service concession arrangements at the point of applying this flexibility would be significantly lower, when spreading the cost over the asset life (usually 40 years), than would have been the case when spreading the cost over the contract term (usually 25 years).

This therefore results in an accounting adjustment for the cumulative effect of the reprofiled debt financing costs for service concession arrangements, with the 'overpayment' credited to (increasing) General Fund reserves. In 2023-24, this

adjustment was a credit of £211 million during 2023-24, compared to a further credit of £75 million during 2022-23. For contrast, in 2021-22, statutory debt repayments debited a total of £409 million.

2.3 General Funding

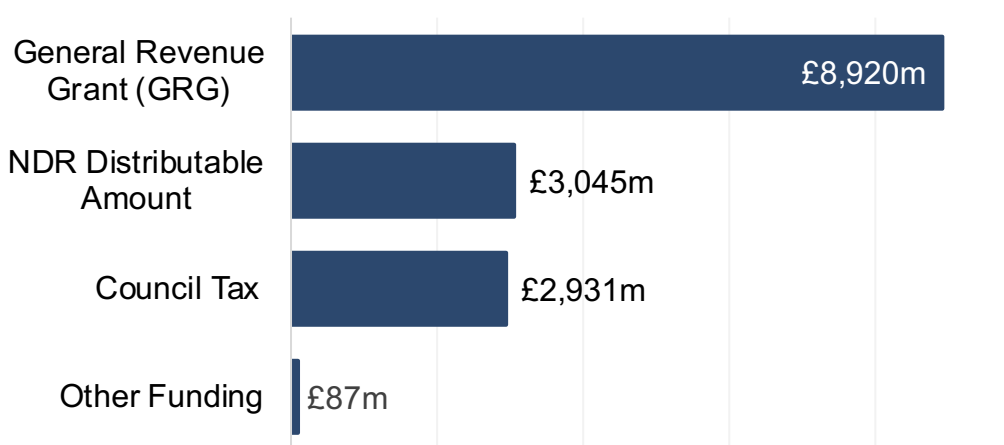
General funding, referred to as ‘Taxation and Non-Specific Grant Income’ within local authorities’ accounts, principally consists of the General Revenue Grant (GRG) and local taxation, specifically Non-Domestic Rates (NDR) and Council Tax.

Total general funding available to authorities in 2023-24 was £14,933 million, an increase of 5.3 per cent, or £751 million, from 2022-23. **Chart 2.6** shows the total general funding available to local authorities in 2023-24 by type of funding.

Chart 2.6: General Funding in 2023-24 by Source, £ millions

Please note that ‘Other Funding’ includes government grants paid to joint boards and income received through NDR TIF and BRIS schemes ([Chapter 2.3.5](#)).

Source: LFR A0



General Revenue Grant (GRG) is the general grant paid to local authorities by the Scottish Government, including monies from the UK Government payable to a local authority, and is the main source of funding for local authorities. In 2023-24, GRG accounted for £8,920 million, or 60 per cent, of general funding. See [Annex C](#) for how this figure is derived.

NDR accounted for £3,045 million², or 20 per cent, of general funding. The Scottish Government guarantees the combined sum of GRG and NDR funding to local authorities in each financial year. More detail on NDR is provided in [Chapter 2.3.2](#) and more information on the process to determine local government funding from the Scottish Government is available in the [Local Government Funding: Process Overview publications](#).

Council Tax accounted for £2,931 million, or 20 per cent, of general funding in 2023-24 – this is consistent with prior years. More information on Council Tax is provided in [Chapter 2.3.1](#).

² Note, the NDR distributable amount was £3,047 million for 2023-24. However, in the LFR 2023-24 return, five local authorities made the following adjustments which reduced this amount to £3,045 million: Aberdeen City (-£419k); East Renfrewshire (-£21k); Midlothian (-£79k); Perth & Kinross (-£1,464k) and Renfrewshire (-£1k). Reasons for the difference included discretionary reliefs that could not be reclaimed.

Other funding has increased from £30 million in 2022-23 to £87 million in 2023-24. Much of this has come from capital to revenue transfers permitted under statute. For example:

- Capital to revenue transfers under finance circulars [12/2022](#) and [6/2023](#) permit flexibilities of up to £120.6 million (in 2022-23 and 2023-24) and £92 million (in 2023-24) respectively, to fund the local government pay deals in 2022-23 and 2023-24.
- Capital Fund transfers to the General Fund to meet the principal element of loans fund repayments (finance circular [7/2016](#))

Table 2.6 shows the breakdown of general funding figures between 2019-20 and 2023-24. As the combined total of NDR and GRG provided to local authorities is guaranteed, any decrease in the amount of NDR collected is compensated for by a corresponding increase in GRG.

Council Tax has continued the steady increase seen over the last five years, with an increase of 6.0 per cent, or £166 million, from 2022-23.

Table 2.6: General Funding from 2019-20 to 2023-24 by Source, £ millions

Please note the following:

GRG figures for 2019-20 and 2020-21 differ from the Finance Circular allocation due to £10m for Teacher’s Pay which was paid as part of the 2020-21 settlement but recorded by local authorities as income in 2019-20.

The 2023-24 GRG figure differs to the Finance Circular allocation. Please see [Annex C](#) for details.

‘Other Funding’ includes government grants paid to joint boards, income received through NDR TIF and BRIS schemes plus capital to revenue transfers.

Source: LFR A0

General Funding Source	2019-20	2020-21	2021-22	2022-23	2023-24	% change between 2022-23 & 2023-24
GRG	6,937	9,308	9,014	8,673	8,920	2.9%
NDR Distributable Amount	2,853	1,868	2,090	2,765	3,045	10.1%
Council Tax	2,493	2,581	2,640	2,765	2,931	6.0%
Other Funding	40	77	44	30	87	195.5%
Total General Funding	12,323	13,834	13,788	14,233	14,983	5.3%

2.3.1 Council Tax

Council Tax was introduced in Scotland on the 1 April 1993 to replace the Community Charge. It is a tax system based on dwellings and is a component of general funding for local authorities.

There are three factors that determine the amount of Council Tax that a dwelling is liable for:

1. **The market value of the dwelling as at the 1 April 1991.** Each dwelling is placed into one of eight bands from A to H, with Band A dwellings liable for the lowest rates of Council Tax and Band H attracting the highest.
2. **The Band D rate** which is set by the local authority, with other bands calculated as a ratio to Band D. The ratios determining the charges for properties in bands E to H were revised in 2018-19.
3. **A range of discounts, exemptions, reductions and increases** that are available in certain circumstances, or in some cases an increase in Council Tax due to the application of a levy.

The valuation range and ratio for each Council Tax band is given in **Table 2.7**.

Table 2.7: Valuation Range and Ratios by Council Tax Band

Please note the following:

“n/a” indicates where a total value is not applicable.

The ratios quoted applied from 2018-19 onwards.

Source: CTaxbase

Band	Valuation Band Ranges as at 1 April 1991	Ratio to Band D	No. of Chargeable Dwellings as at September 2023	Proportion of Chargeable dwellings
Band A	Under £27,000	6/9	497,080	19.3%
Band B	£27,001 to £35,000	7/9	579,303	22.4%
Band C	£35,001 to £45,000	8/9	419,799	16.3%
Band D	£45,001 to £58,000	9/9	360,254	14.0%
Band E	£58,001 to £80,000	473/360	358,243	13.9%
Band F	£80,001 to £106,000	585/360	214,726	8.3%
Band G	£106,001 to £212,000	705/360	138,126	5.4%
Band H	Over £212,000	882/360	14,197	0.5%
Total			2,581,728	100.0%

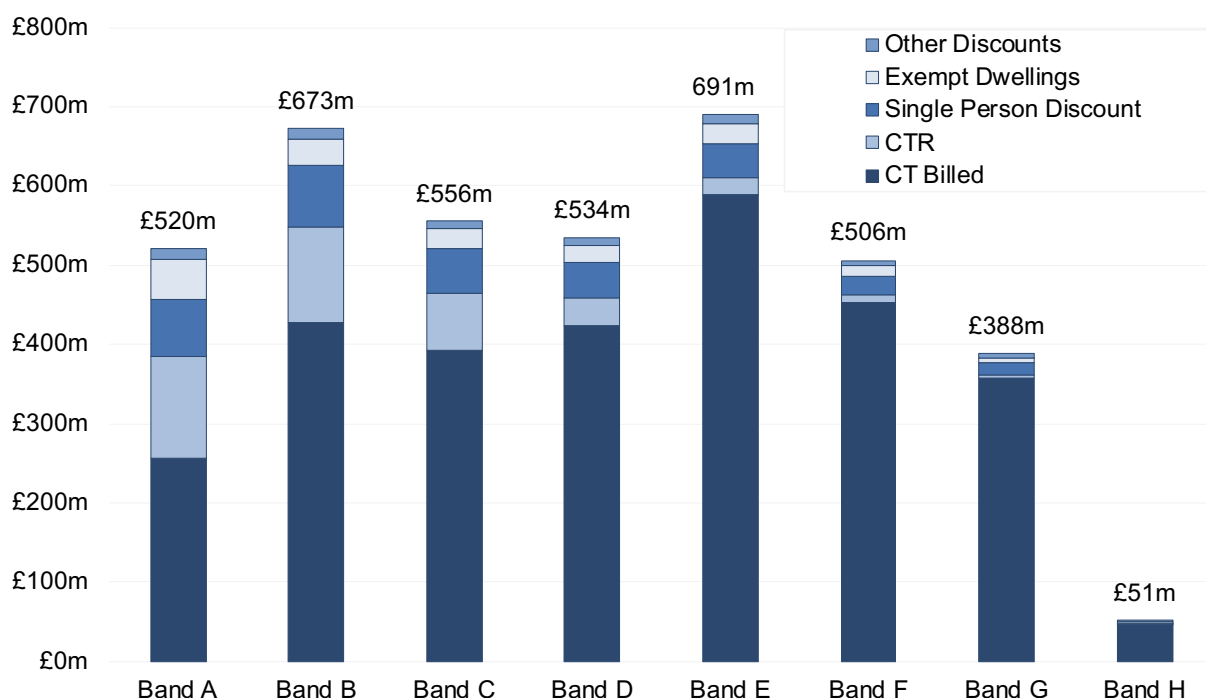
2.3.1.1 Collection and Yield of Council Tax

Local authorities are responsible for billing and collecting Council Tax. Before the start of each financial year, local authorities issue Council Tax bills to householders in each dwelling. Each bill is calculated by applying the appropriate band rate for the local authority, then applying any discounts, exemptions, reductions or increases – further details are provided in **Tables 2.12** and **2.13**.

Council Tax Potential Yield refers to the Council Tax yield if all dwellings paid the full rate for their relevant Band and local authority. **Chart 2.7** illustrates the gross Council Tax potential yield broken down into the Council Tax billed and the amounts not billed due to discounts and exemptions, or where the Council Tax Reduction (CTR) scheme has reduced a household’s Council Tax liability.

Chart 2.7: Council Tax Potential Yield in 2023-24, £ millions

Source: CTaxbase and CTRR



Local authorities collect Council Tax relating to these bills over the year, and also continue to collect late amounts from previous billing years. The provisional in-year Council Tax collection rate in Scotland for 2023-24 was 95.5 per cent – this is the proportion of Council Tax billed for 2023-24 that was collected by 31 March 2024. As published in June 2024, the provisional total amount of Council Tax collected for Scotland after CTR and including late payments of bills from prior years, was £2,879 million. More information about bills issued in 2023-24 and the provisional amounts collected are available in the [Council Tax Collection Statistics, 2023-24](#) publication.

Table 2.8 shows the amount of Council Tax collected by each local authority in 2023-24 based on, as far as possible, their audited annual accounts. The figure here is slightly higher at £2,931 million.

Table 2.8: Council Tax. Income after CTR in 2023-24 by Local Authority, £ thousands

Please note that figures relate to income collected in 2023-24, which can include amounts that were billed in previous years.

Source: LFR A0

Local Authority	Net Council Tax Income
Aberdeen City	141,475
Aberdeenshire	168,980
Angus	57,833
Argyll & Bute	61,909
City of Edinburgh	322,785
Clackmannanshire	26,214
Dumfries & Galloway	77,106
Dundee City	64,124
East Ayrshire	58,900
East Dunbartonshire	72,524
East Lothian	68,781
East Renfrewshire	62,824
Falkirk	78,331
Fife	189,591
Glasgow City	274,105
Highland	144,159
Inverclyde	35,334
Midlothian	57,306
Moray	51,538
Na h-Eileanan Siar	13,363
North Ayrshire	65,517
North Lanarkshire	138,529
Orkney Islands	11,834
Perth & Kinross	97,348
Renfrewshire	95,528
Scottish Borders	67,308
Shetland Islands	10,914
South Ayrshire	66,829
South Lanarkshire	159,053
Stirling	59,579
West Dunbartonshire	40,798
West Lothian	90,534
Scotland	2,930,953

2.3.1.2 Chargeable Dwellings

Table 2.9 shows the number of dwellings in Scotland for each September from 2019-20 to 2023-24. There were a total of 2.721 million dwellings in Scotland in 2023-24, of which 139,192 were exempt for Council Tax purposes. This gave 2.582 million chargeable dwellings in 2023-24, an increase of around 3 per cent, or around 76,795 dwellings, since 2019-20.

Table 2.9: Total Number of Dwellings from 2019-20 to 2023-24

Source: CTaxbase

Financial Year	Total Dwellings	Exempt Dwellings	Chargeable Dwellings
2019-20	2,636,639	131,706	2,504,933
2020-21	2,653,732	130,845	2,522,887
2021-22	2,674,729	134,096	2,540,633
2022-23	2,699,040	136,683	2,562,357
2023-24	2,720,920	139,192	2,581,728

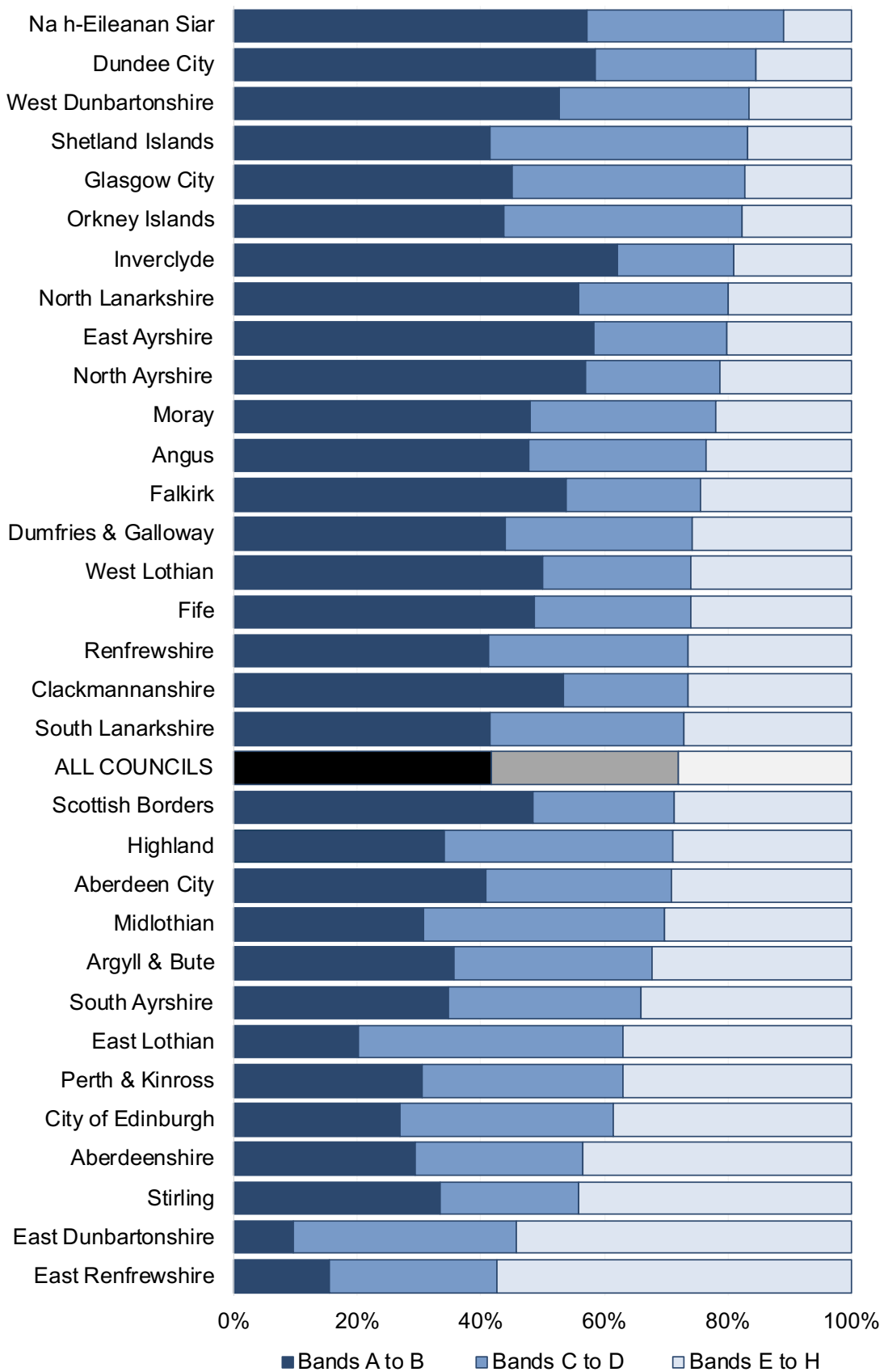
Chart 2.8 shows the distribution of chargeable dwellings across Council Tax bands in each local authority. Across Scotland, just under three-quarters of all chargeable dwellings are in Bands A to D. The distribution varies across local authorities due to variations in property market values. Na h-Eileanan Siar has the largest proportion of dwellings in Bands A to D at 89 per cent, whereas East Renfrewshire has the lowest proportion in Bands A to D at 43 per cent.

The ratios for Bands E to H, as shown in **Table 2.7**, were revised in 2018-19 and so dwellings in these bands, which make up just over a quarter of total dwellings, are subject to higher charges.

The three local authorities with the highest number of chargeable dwellings were Glasgow City, City of Edinburgh and Fife, making up over a quarter of the chargeable dwellings in Scotland between them. Further data on the number of chargeable dwellings by local authority and Council Tax band can be found in the [Council Tax supplementary tables](#).

Chart 2.8: Proportion of Chargeable Dwellings at September 2023 by Local Authority and Council Tax Band

Source: CTaxbase

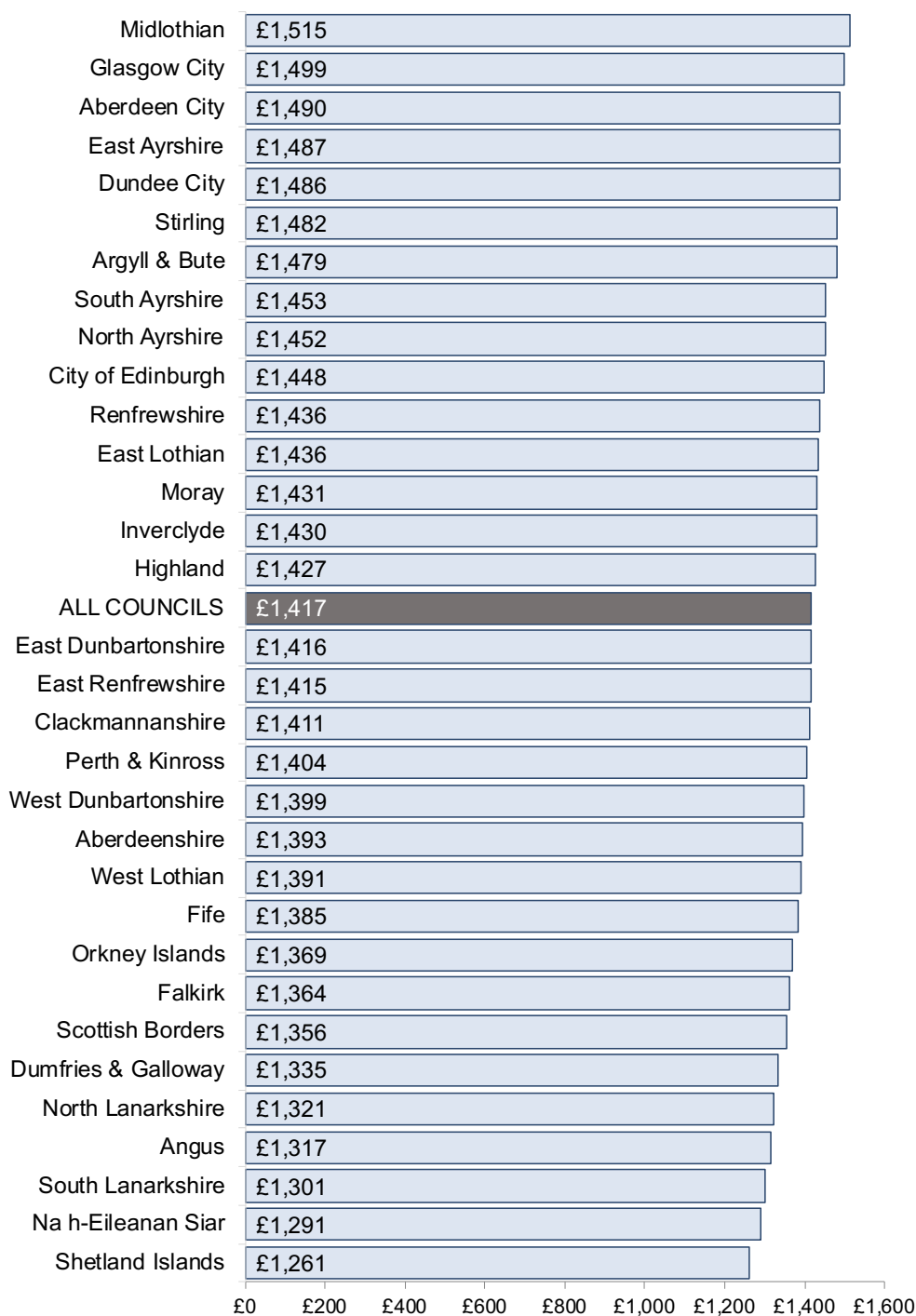


2.3.1.3 Council Tax Rates and Average Bills

Each local authority determines their own Band D rate of Council Tax as part of their budget setting process. The rate for other bands is then calculated as a set ratio of the Band D rate, see **Table 2.7**, and so each local authority has different Council Tax rates. The 2023-24 Band D Council Tax rates for each local authority are shown in **Chart 2.9** ranging from £1,261 in Shetland to £1,515 in Midlothian. The Scotland Average Band D Council Tax Rate was £1,417, compared to £1,347 in 2022-23. This is an increase of 5.2 per cent or £70.

Chart 2.9: Band D Council Tax Rate in 2023-24 by Local Authority

Source: CTAS



From 2007-08 to 2016-17, the Scottish Government and local government worked in partnership to freeze Council Tax rates each year. The one exception is Stirling, who reduced their Band D rate from £1,223 in 2007-08 to £1,209 in 2008-09, and subsequently to £1,197 in 2012-13. The Council Tax freeze caused the Scotland average Band D Council Tax rate to remain steady at £1,149 from 2007-08 to 2016-17 – a fall in real terms.

After nine years of the Council Tax freeze, the Scottish Government secured the agreement of local authorities to cap locally determined Council Tax increases to three per cent in cash terms in both 2017-18 and 2018-19. This continued into 2019-20 and 2021-22, when local government agreed Council Tax increases to be capped at three per cent in real terms, which was 4.79 per cent in cash terms in 2019-20 and 4.84 per cent in 2020-21. All 32 local authorities froze their Council Tax rates for 2021-22³.

For 2022-23, the overall increase was 2.98 per cent in cash terms, based on the Scotland Average Band D Council Tax Rate and there was a 5.2 per cent increase between 2022-23 and 2023-24.

The average Council Tax bill per dwelling in 2023-24 was £1,302. This differs from the average Band D rate due to the distribution of dwellings across Council Tax bands, as can be seen in **Table 2.7** and **Chart 2.7**, and the application of discounts. **Table 2.10** shows how the average Council Tax bill for Scotland has changed each year from 2019-20⁴.

Table 2.10: Average Council Tax Bill per Dwelling from 2019-20 to 2023-24

Please note that the minor changes between years where Council Tax was frozen are due to a number of factors, including the distribution of dwellings across bands; discounts and exemptions; new construction and removal of demolished housing from the roll.

Source: CTAS, CTaxbase and LFR 12

Financial Year	Before CTR	After CTR
2019-20	£1,147	£1,013
2020-21	£1,201	£1,053
2021-22	£1,198	£1,057
2022-23	£1,238	£1,096
2023-24	£1,302	£1,152

³ See also [Council Tax Rates: Comparing Scotland to other UK nations - gov.scot](#).

⁴ A longer time series of Average Council Tax per dwelling 1996-97 to 2024-25 (before CTR) can be found at: [Council tax datasets - gov.scot \(www.gov.scot\)](#)

2.3.1.4 Council Tax Reduction (CTR)

Scotland's Council Tax Reduction (CTR) scheme was introduced in 2013 following the UK Government's abolition of Council Tax Benefit (CTB), with responsibility for Council Tax reduction schemes given to local government in England and the Scottish and Welsh Governments.

The CTR scheme reduces the Council Tax liability of lower income households in Scotland, and takes into account a household's earnings, composition and characteristics. The impact of CTR on the average Council Tax bill is also shown in **Table 2.10**. After taking these reductions in liability into account, the average bill per dwelling increased by £56, from £1,096 in 2022-23 to £1,152 in 2023-24. These figures are averages and it is important to note that not everyone who pays Council Tax will be eligible for CTR; and that CTR levels will be different depending on individual household circumstances and characteristics.

The Scottish Government provides funding to local authorities to compensate them for the loss in tax receipts associated with the CTR scheme. As in previous years since 2017-18⁵, in 2023-24 CTR funding totalled £351 million.

The amounts distributed to each local authority and the final reduction in liability are shown in **Table 2.11**. The reduction in liability due to the CTR scheme was around £386.2 million across Scotland in 2023-24. This figure is £35.2 million more than the £351 million funding provided by the Scottish Government. The three local authorities with the largest CTR liabilities are Glasgow City, City of Edinburgh and North Lanarkshire.

⁵ See previous SLGFS workbooks at: [Local government finance statistics - gov.scot](https://www.gov.scot/publications/local-government-finance-statistics-2020-21/pages/112.aspx). In 2017-18 the figure was £351 million. In 2020-21, an additional £25 million was also provided.

Table 2.11: CTR Funding and Reduction in Liability in 2023-24 by Local Authority, £ thousands

Source: CTR Extracts and LFR 12

Local Authority	CTR Funding from SG	Final total reduction in liability
Aberdeen City	10,808	12,326
Aberdeenshire	9,053	9,588
Angus	5,408	6,043
Argyll & Bute	5,434	5,955
City of Edinburgh	25,725	27,420
Clackmannanshire	3,716	4,180
Dumfries & Galloway	9,272	10,606
Dundee City	12,781	13,666
East Ayrshire	9,532	10,325
East Dunbartonshire	4,956	5,291
East Lothian	5,458	6,148
East Renfrewshire	4,082	4,414
Falkirk	8,520	9,897
Fife	21,330	23,696
Glasgow City	71,332	77,220
Highland	12,747	13,789
Inverclyde	6,527	7,262
Midlothian	5,002	5,671
Moray	3,909	4,317
Na h-Eileanan Siar	1,276	1,382
North Ayrshire	12,402	14,082
North Lanarkshire	23,427	25,915
Orkney Islands	918	997
Perth & Kinross	6,788	7,431
Renfrewshire	12,760	13,865
Scottish Borders	5,456	5,680
Shetland Islands	734	758
South Ayrshire	8,251	9,097
South Lanarkshire	20,908	23,413
Stirling	4,289	4,993
West Dunbartonshire	8,112	9,084
West Lothian	10,088	11,698
Scotland	351,000	386,209

2.3.1.5 Changes to Council Tax Liabilities

Not all dwellings are liable to pay the full rate of Council Tax. Discounts, exemptions and increased rates can be charged for certain types of dwellings, and the CTR scheme is available to support lower income households in meeting their Council Tax liabilities.

Table 2.12 summarises the range of discounts, exemptions and reductions available and the change in liability that applies to each type. Please note that, in some cases, more than one type of discount, exemption or reduction may apply. The examples given in **Table 2.12** are typical but not exhaustive. [A full explanation of Council Tax discounts and exemptions is available on the Scottish Government website.](#)

Table 2.12: Council Tax Discounts, Exemptions, Reductions and Increases

Please note that in 2013-14, local authorities gained the discretionary power to remove the discount for Second Homes / Long Term Empty, or set a Council Tax increase of 100% on 'Long Term Empty – More than 12 months' properties.

Type of Support	Typical dwellings that are eligible	Reduction in liability
Discounts		
Single Person Discount	Chargeable dwellings in which there is only one resident or only one resident is not disregarded.	25% discount
Second Homes	Chargeable dwellings which are no one's sole or main residence, but are furnished and lived in for at least 25 days during any 12 month period.	Up to 50% discount or an increase of up to 100% from April 2024 (actual change depends on local authority policy)
Short Term Empty – Less than 12 months (or 24 months for properties for sale or let)	Empty properties not meeting the criteria of a second home, or subject to a separate exemption.	10 - 50% discount (actual change depends on local authority policy)
Long Term Empty – More than 12 months (or 24 months for properties for sale or let)	Empty properties not meeting the criteria of a second home, or subject to a separate exemption.	Up to 50% discount or an increase of up to 100% (actual change depends on local authority policy)
Occupied entirely by disregarded adults	Chargeable dwellings occupied entirely by residents who are disregarded for a discount.	50% discount

Exemptions		
Occupied	Dwellings occupied solely by any combination of students, care leavers, those with a severe mental impairment, school leavers or persons under the age of 18.	100% reduction
Unoccupied	Dwellings which are empty and unfurnished for less than 6 months or empty and under repair for less than 12 months. Dwellings which are empty because their former residents have moved out for the purposes of receiving personal care by reason of old age, disablement or illness.	100% reduction
Reductions		
Disability reduction	Homes that have been adapted for a disabled person.	One CT Band, for example an eligible Band D property would be charged the Band C rate. Eligible Band A properties are charged 5/9 of the Band D rate.
CTR (Passported)	In receipt of Pension Credit (Guarantee), Jobseeker's Allowance (income based), Employment and Support Allowance (income related) or Income Support.	100% reduction
CTR (Not passported)	Low income household.	Up to 100% reduction (actual change is dependent on a means-test)

Table 2.13 shows the number of dwellings eligible for Council Tax discounts and reductions. Of the 2.582 million chargeable dwellings in Scotland, just over one million were eligible for a discount in 2023-24. The most common type of discount was the Single Person Discount, with around two-fifths of chargeable dwellings entitled to the discount in 2023-24. The CTR scheme supports almost half a million dwellings, or around one-fifth of chargeable dwellings, in meeting their Council Tax liability. At September 2023, around 70 thousand dwellings (three per cent) were classified as second homes or empty properties.

More recent data for September 2024 ([Housing statistics: Second homes and empty properties](#)) suggests around 65,144 dwellings are classified as second homes or empty properties.

Table 2.13: Number of Dwellings in Receipt of Council Tax Discounts and Reductions at September from 2019-20 to 2023-24

Please note the following:

Some dwellings may be eligible for more than one type of support, in these cases, the dwelling will be counted under each type of support it is eligible for.

It is not possible for some local authorities to separately identify Second Homes and Long Term Empty dwellings. For these authorities, the total number of Second Homes and Long Term Empty dwellings has been recorded under Second Homes.

Source: CTaxbase and CTR Extract

Type of Support	2019-20	2020-21	2021-22	2022-23	2023-24
Disability reduction	14,048	14,009	13,988	14,096	14,686
Single Person Discount	988,720	1,004,557	1,025,094	1,037,962	1,048,186
Second Homes	24,314	24,466	23,890	24,287	24,061
Empty Properties	40,963	47,333	43,766	44,601	46,217
Occupied entirely by disregarded adults	1,517	1,500	1,460	1,434	1,462
Dwellings not subject to discount	1,449,419	1,445,031	1,446,423	1,454,073	1,461,802
Council Tax Reduction recipients	471,790	500,620	482,060	462,200	460,750
All chargeable dwellings	2,504,933	2,522,887	2,540,633	2,562,357	2,581,728

2.3.2 Non-Domestic Rates (NDR)

Non-Domestic Rates (NDR) are a property tax for which the occupier of a non-domestic property is generally statutorily liable. A non-domestic property is an individual property used for non-domestic purposes, such as business premises and third and public sector properties.

The principles of NDR were established in the Lands Valuation (Scotland) Act 1854. This Act also provided for the appointment of the [Scottish Assessors](#), who are responsible for determining the classification and valuation of non-domestic and domestic properties and are independent of both the Scottish Government and local authorities.

Non-domestic rates generated £3,033 million of net income in 2023-24, as shown in [Table 2.14](#). This is the total **contributable amount** of NDR income (NDRI). The contributable amount is equivalent to the gross amount paid by ratepayers, net of any reliefs which are funded by the Scottish Government. However, the contributable amount is **not** net of any reliefs funded by local authorities themselves, and so it differs from the amount collected from ratepayers (the collectable amount).

Each local authority reports their Provisional Contributable Amount (PCA) to the Scottish Government at the start of the year. This is included in the annual NDR account and published as part of the Scottish Government's overall annual accounts. The amount to be distributed to each authority as part of the annual local government finance settlement is known as the **distributable amount** and is set by the Scottish Government before the start of the financial year. In 2023-24, the distributable amount was set at £3,047million – see [Chart 2.6](#) and [Table 2.14](#).

Table 2.14: NDR Contributable and Distributable Amounts from 2019-20 to 2023-24, £ millions

Please note that the NDR Contributable Amounts reflect the final, audited income figures collected by local authorities, except for 2022-23 and 2023-24, which are the Notified (provisional outturn) figures as the audits are not yet finalised for all councils. They are net of reliefs paid by Scottish Government, but gross of all local reliefs and top-ups to discretionary amounts paid by councils themselves.

Source: NDRI Audited Returns, Local Government Finance Circulars

NDR Type	2019-20	2020-21	2021-22	2022-23	2023-24
NDR contributable Amount	2,753	1,816	2,108	2,792	3,033
NDR distributable Amount	2,853	1,868	2,090	2,766	3,047

Local authorities retain all of the NDRI collected in their area. However, the contributable amount that they report is notionally pooled and then redistributed to councils as the distributable amount of NDRI, allocated to each local authority in proportion to each one's most recent prior year NDRI mid-year estimate. As the combined total of NDRI and General Revenue Grant (GRG) provided to local authorities is guaranteed by the Scottish Government, any decrease in the amount of NDRI collected is compensated for by a corresponding increase in GRG and vice versa. Any changes from the provisional contributable amount reported to the final outturn contributable amount in any year is accounted for in the calculation of future years' distributable amounts.

The distributable amount is based upon the forecast of the NDRI made prior to the start of the year by the Scottish Fiscal Commission (SFC) and includes prior year adjustments. This is presented in Figure 2.9 (page 39) of the SFC's publication '[Scotland's Economic and Fiscal Forecasts – December 2023](#)'. The distributable amount is therefore not likely to match exactly the NDRI received in any year, as shown in **Table 2.14**, nor the total eventual contributions to the pool for any year. Final contributions to the pool are based on councils' PCA, adjusted by the amount by which the previous year's final outturn differs from the previous year's PCA. Final contributions to the pool (and distributions to councils) are set out in the [non-domestic rating account](#).

2.3.3 Rateable Values

NDR bills are based on the **Rateable Value (RV)** of a property. The RV is based on a legally defined valuation and broadly corresponds to the notional rental value the property could achieve in the open market if it were vacant and available to let, taking account of the type and nature of the property. As such, it is not necessarily a reflection of the profitability, turnover or output of the ratepayer.

The RV of a non-domestic property is generally initially established when the property comes into existence, subject to rating exemptions (for instance, agricultural lands and buildings are exempt from rating). Rateable non-domestic properties and their corresponding RVs are listed on the valuation roll, which is maintained by the Scottish Assessors. RVs are periodically updated at non-domestic revaluations. The [latest revaluation](#), assigning updated RVs to all non-domestic properties in Scotland, took effect in April 2023. Revaluations historically took place on a five-year cycle; however, there was a seven-year cycle following the 2010 revaluation and a six-year cycle following the 2017 revaluation, the latest revaluation having been delayed to 2023 due to the Covid-19 pandemic. Future revaluations will take place every three years, as recommended by the [Barclay Review](#), with the next one planned for 2026.

Table 2.15 shows the types of properties, and associated RV on the valuation roll, by property type as at 1 April 2023. The valuation roll is continually updated, and the NDRI for 2023-24 will not be based solely on the snapshot of the valuation roll at April 2023. The composition of the valuation roll as at 1 April 2024 is also shown in **Table 2.14b**, **Table 2.15a** and **Chart 2.10a** in the associated Excel file. The [latest valuation roll statistics](#) are available from the Scottish Assessors Association website.

As at 1 April 2023, there were 258,536 properties on the valuation roll, with a total RV of £7.7 billion, as shown in **Table 2.15**. Industrial subjects and shops were the most prevalent types of property on the valuation roll, making up 22 per cent and 21 per cent of the number of properties, and 18 per cent and 19 per cent of the total RV respectively. Offices are the next largest category in terms of numbers. Together, these three categories accounted for 61 per cent of properties on the valuation roll, and 51 per cent of total RV.

Table 2.15: NDR Properties at 1 April 2023 by Property Class

Please note, the number of properties includes properties with a zero rateable value.

Source: Scottish Assessors Valuation Roll

Category	Number of properties	% of Properties on Valuation Roll	Rateable Value, £ thousands	% of RV on Valuation Roll
Shops	54,562	21.1%	1,448,789	18.9%
Public houses and restaurants	3,612	1.4%	120,725	1.6%
Offices	44,748	17.3%	1,042,709	13.6%
Hotels	5,450	2.1%	288,207	3.8%
Industrial subjects	57,391	22.2%	1,386,160	18.1%
Leisure, entertainment, caravans, etc.	27,911	10.8%	350,201	4.6%
Garages and petrol stations	4,037	1.6%	79,107	1.0%
Cultural	1,289	0.5%	55,091	0.7%
Sporting subjects	12,896	5.0%	39,988	0.5%
Education and training	3,607	1.4%	621,475	8.1%
Public service subjects	9,536	3.7%	360,972	4.7%
Communications	390	0.2%	31,451	0.4%
Quarries, mines, etc.	656	0.3%	17,158	0.2%
Petrochemical	138	0.1%	135,903	1.8%
Religious	5,911	2.3%	63,235	0.8%
Health and medical	3,014	1.2%	238,681	3.1%
Other	17,314	6.7%	166,423	2.2%
Care facilities	3,154	1.2%	136,990	1.8%
Advertising	1,578	0.6%	12,975	0.2%
Statutory undertaking	1,338	0.5%	1,079,777	14.1%
Not in use	4	0.0%	11	0.0%
All Non-Domestic Properties	258,536	100.0%	7,676,027	100.0%

Chart 2.10 provides a breakdown of properties on the valuation roll by local authority and RV band: up to and including £20,000; between £20,001 and up to and including £51,000; and above £51,000. These RV bands were significant in 2023-24 as £20,000 in RV was the cut-off for properties to be eligible for the Small Business Bonus Scheme (SBBS) (see [Chapter 2.3.6](#)) and £51,000 was the threshold above which the Intermediate Property Rate was applied. The accompanying table in the associated Excel file also provides separate figures for those in the RV bands: between £51,001 and up to and including £100,000; and above £100,000 (£100,000

being the threshold above which the Higher Property Rate was applied). (see [Chapter 2.3.4](#)).

Across Scotland, 81 per cent of non-domestic properties had a RV of up to £20,000. Ten per cent had a RV between £20,001 and up to and including £51,000. Nine per cent had a RV higher than £51,000, of which 4 per cent had an RV between £51,001 and £100,000 and 4.5 per cent had an RV above £100,000. The number of properties with a rateable value above £100,000 by local authority is provided alongside the data for Chart 2.10 in the associated Excel file.

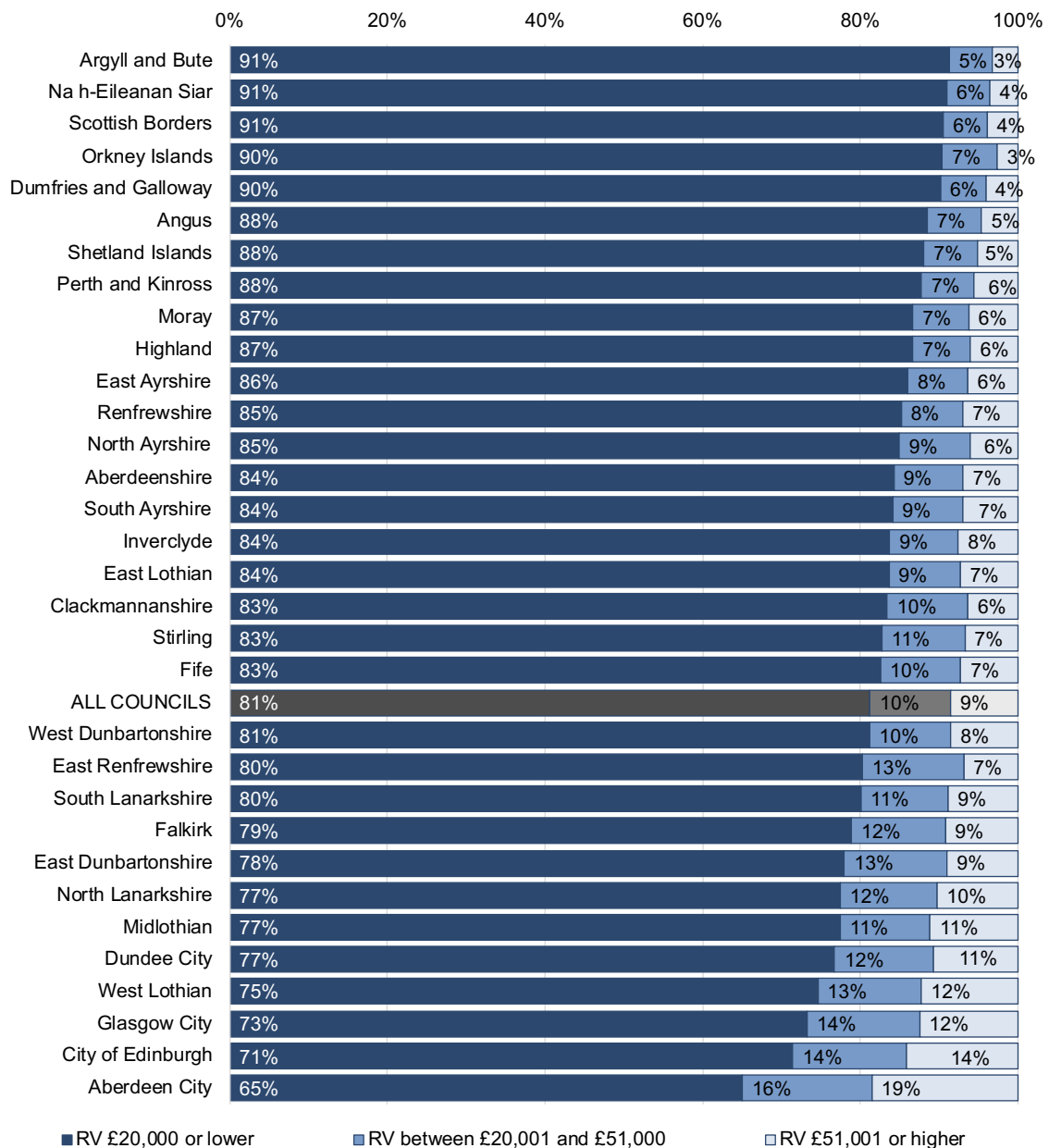
Chart 2.10: Proportion of NDR Properties at 1 April 2023 by Local Authority and Rateable Value Band

Please note the following:

The number of properties includes properties with a zero rateable value.

Percentages for all bands by local authority are available in the Chart 2.10 tab of the associated Excel file.

Source: Scottish Assessors Valuation Roll



2.3.4 NDR Bills

NDR bills are calculated using the RV of the property, multiplied by the tax rate set nationally and annually by Scottish Ministers, less any relief or exemption entitlement.

$$(\text{NDR Bill})_{\text{Property}} = (\text{RV})_{\text{Property}} \times (\text{Tax Rate})_{\text{National}} - (\text{Reliefs})_{\text{Property}}^6$$

The tax rate depends on the RV band into which the property falls. The rates and RV thresholds are set nationally by the Scottish Government, and for the financial year 2023-24 the **Basic Property Rate** (BPR) was set at 49.8p for every £1 of rateable value. Properties with a rateable value greater than £51,000 and less than or equal to £100,000 were liable for the **Intermediate Property Rate** (IPR) of 51.1p for every £1 of rateable value, and those with a rateable value above £100,000 were liable for the **Higher Property Rate** (HPR) of 52.4p per £1 of rateable value. **Table 2.16** sets the rates and corresponding RV thresholds in each year since 2019-20.

As NDR bills in Scotland are directly related to the RV of individual non-domestic properties, changes in the total RV occurring within a revaluation cycle i.e. between revaluation years, impact on the amount of NDR available for collection, as shown in **Table 2.16**. The version of Table 2.16 in the associated Excel workbook also shows years prior to 2019-20. Changes in total RV are due to the net impact of several factors, including increases in the tax base from new properties or extensions of existing properties; and decreases as demolished properties are deleted from the valuation roll, or as the RV is reduced as a result of appeals. More information and statistics on revaluation appeals are available in [NDR Revaluation Appeals Statistics](#). The increase in RV between 2022-23 and 2023-24 will mainly be as a result of the revaluation.

Historically, inflation was a key driver of growth in NDRI, as changes in the BPR (or poundage as referred to in earlier years) had previously typically been tied to either the Retail Price Index (RPI) or the Consumer Price Index (CPI). However, in recent years this has not been the case; for 2019-20 Scottish Ministers set the BPR at 49.0p, a below-inflation increase from the year before, and for 2020-21 the rate was again increased by less than inflation, to 49.8p, although the increase was completely offset by a 1.6% universal relief which was automatically applied to all properties, as a response to the Covid-19 pandemic, effectively delivering a rate freeze for that year. For 2021-22 the rate was reduced to 49.0p, the same as in 2019-20, and in 2022-23 it was set at 49.8p, again a below-inflation increase compared to the year before.

At a revaluation, the BPR is reset, bearing in mind the resulting total RV change and the amount of revaluation appeals anticipated over the forthcoming cycle. Following the 2023 revaluation the BPR was kept at 49.8p and has been frozen since.

Some properties may receive reliefs or exemptions, which can reduce or completely remove their NDR liability. These are further discussed in [Chapter 2.3.6](#).

⁶ Following the 2023 revaluation the gross bills for some properties, where large RV increases have occurred, will be subject to annually increasing caps.

Table 2.16: NDR Income, Total Rateable Value and Rates from 2019-20 to 2023-24

Please note the following:

NDRI figures are contributable income and, as such, reflect the final, audited income figures collected by local authorities, except for 2022-23 and 2023-24 which are the notified (provisional outturn) figures as the audits are not yet finalised for all councils. They are net of reliefs paid by Scottish Government, but gross of all local reliefs and top-ups to discretionary amounts paid by councils themselves.

“n/a” indicates years prior to the introduction of the IPR where there were no IPR rates or thresholds.

Source: NDRI Audited Returns, NDRI Notified Returns, and Scottish Assessors Valuation Roll

Category	2019-20	2020-21	2021-22	2022-23	2023-24
NDRI, £ millions	2,761	1,816	2,108	2,792	3,033
Total RV at 1 April, £ millions	7,462	7,386	7,325	7,296	7,697
BPR, pence	49.0	49.8	49.0	49.8	49.8
IPR, pence	n/a	51.1	50.3	51.1	51.1
IPR threshold, £	n/a	51,000	51,000	51,000	51,000
HPR, pence	51.6	52.4	51.6	52.4	52.4
HPR threshold, £	51,000	95,000	95,000	95,000	100,000

2.3.5 Rates Retention Schemes

Two policy initiatives that directly link to the amount of NDR collected are: the **Business Rates Incentivisation Scheme (BRIS)** - since 2023-24 called the Non-Domestic Rates Incentivisation Scheme (NDRIS) - and **Tax Incremental Financing (TIF)**.

BRIS was introduced from April 2012 to incentivise local authorities to maximise existing NDRI and attract new economic growth. It allows all local authorities that exceed their annual NDR buoyancy target, the target percentage increase in their tax base, to benefit from receiving additional grant, equal to 50 per cent of any additional NDR income. In effect, this means that only 50 per cent of the additional NDR income attributable to the increased buoyancy is deducted from the GRG.

This increased funding is carried forward between revaluation years, with each year's increased funding being carried forward to the next year and added to any new retention awarded, assuming the previous year's income is maintained. In 2021-22, the total amount of additional funding received under this scheme was £1.6 million (relating to 2019-20 payment amounts). The BRIS scheme was suspended for the period 2020-21 to 2022-23, as reliefs introduced during the Covid-19 pandemic significantly decreased NDRI in all local authorities. It was re-introduced in 2023-24 following the 2023 revaluation. Payment amounts for 2023-24 will affect the 2024-25 outturn contributable amount for those councils who exceeded their 2023-24 buoyancy target.

The Scottish Government is also piloting **TIF** which allows local authorities to fund public sector infrastructure, which unlocks private sector investment, contributing to sustainable and inclusive economic growth. This growth is funded from future incremental NDRI that is expected to be generated as a result of attracting more businesses into the area thanks to the upfront public sector enabling investment.

TIF is currently being piloted through secondary legislation under existing provisions of the Local Government Finance Act (1992) in four local authorities: Argyll & Bute, Falkirk, Fife and Glasgow. Of these four pilots, Argyll and Bute, Falkirk and Fife reported TIF income in 2023-24. They collectively retained a total of £3.3 million NDRI in 2023-24.

2.3.6 NDR Reliefs

There are a number of types of NDR relief that reduce the NDR bill for properties receiving it. More information on NDR reliefs in 2023-24 can be found in [Finance Circular 5/2023](#)

Table 2.17 shows the amount of relief provided for the main types of relief available for each year between 2019-20 and 2023-24. Local reliefs and the elements of discretionary reliefs funded by local authorities are not included.

The gross amount of relief funded by the Scottish Government has decreased from £781.4 million in 2022-23 to £721.7 million in 2023-24. Key reasons for this overall decrease include the following changes introduced in April 2023 following revaluation:

- changes in the Small Business Bonus Scheme (SBBS) eligibility criteria;
- devolution of Empty Property Relief (EPR) to councils;

The decrease in relief funding was partly offset by the introduction of three transitional reliefs.

The General Revaluation Transitional Relief (GRTR) caps increases in gross NDR bills compared to those before the 2023 revaluation. It is awarded automatically to all properties, and in 2023-24 had a total value of £68 million. For 2023-24, increases compared to the gross bills before revaluation are limited to 12.5% for properties with a rateable value up to £20,000; 25% for properties with rateable values between £20,001 and £100,000, and 37.5% for those with rateable values above £100,000. These percentages increased to 40.6%, 87.5%, and 140.6% respectively in 2024-25 (compared to the gross bills before the revaluation), and will further increase in 2025-26.

The Small Business Transitional Relief (SBTR) caps the increases in net bills if, following the 2023 revaluation, properties:

- are no longer eligible for SBBS relief, or
- saw a reduction in eligibility for SBBS relief, or
- are no longer eligible for mandatory Rural relief.

In 2023-24, SBTR capped the increase in net bills at £600 compared to their net bill before the 2023 revaluation, and in total reduced NDR bills by £22 million. This cap increased to £1,200 in 2024-25, and will increase to £1,800 in 2025-26.

SBBS relief was reformed from 2023-24. These reforms reduced the cumulative rateable value at which ratepayers are eligible for 100% relief from 15,000 to 12,000, and introduced a tapered reduction to 25% for ratepayers with a cumulative rateable value of £15,000, further tapering to 0% at £20,000.

From 1 April 2023, reliefs and exemptions for unoccupied properties were devolved to local authorities, along with a cash transfer expected to cover the cost of providing this relief locally. In 2022-23, before they were devolved, the total value of reliefs and exemptions for unoccupied properties was £95 million.

Although relief spend decreased overall in 2023-24 compared to the previous year, many reliefs did see an increase in spend, as can be seen in Table 2.17. The main reasons for this increase were due to overall increases in RV at revaluation.

Table 2.17: Amount of NDR Relief Provided from 2019-20 to 2023-24 by Relief Type, £ thousands

Please note the following:

Figures include mandatory and discretionary elements of relief where applicable, but exclude backdated relief payments and councils own contributions to reliefs.

'Other' includes Hardship Relief, Enterprise Areas Relief; District Heating Relief; Mobile Mast Relief (from 2018-19); New Fibre Relief (from 2018-19); and Lighthouse Relief (from 2019-20, previously recorded as a deduction).

"n/a" is used for years prior to a relief being introduced or after a relief is discontinued.

Source: NDRI Audited Returns for all years expect for 2022-23 and 2023-24 which are from Notified (provisional outturn) returns

Relief Type	2019-20	2020-21	2021-22	2022-23	2023-24
Empty Property Relief	87,500	78,670	88,070	95,471	n/a
Charity Relief	224,813	223,189	214,028	215,900	231,026
Sports Club Relief	15,747	14,783	13,140	14,717	16,082
Disabled Rates Relief	64,778	64,266	63,810	63,459	68,300
Small Business Bonus Scheme	278,055	279,441	271,176	281,542	231,150
Religious Exemptions	27,581	27,402	27,481	27,812	29,632
Rural Relief	3,914	3,822	3,775	3,888	1,187
Renewable Energy Relief	7,266	6,439	8,010	8,062	8,500
New Start Relief	172	n/a	n/a	n/a	n/a
Fresh Start Relief	3,812	2,321	4,086	5,970	4,653
General Revaluation Transitional Relief	5,243	36	13	169	68,278
Day Nursery Relief	9,788	9,601	9,762	10,095	9,836
BGA - Unoccupied New Build	3,468	2,973	2,304	1,905	3,775
BGA - New Occupied and Improved	31,713	10,519	12,978	22,416	21,161
Retail, Hospitality, Leisure (and Aviation) Relief	n/a	941,229	640,501	27,715	n/a
Small Business Transitional Relief	n/a	n/a	n/a	n/a	21,740
Parks Transitional Relief	n/a	n/a	n/a	n/a	1,502
1.6% Universal Relief	n/a	60,062	n/a	n/a	n/a
Other	1,211	1,609	1,568	2,276	4,834
Total Relief Provided	765,062	1,726,363	1,360,702	781,398	721,657

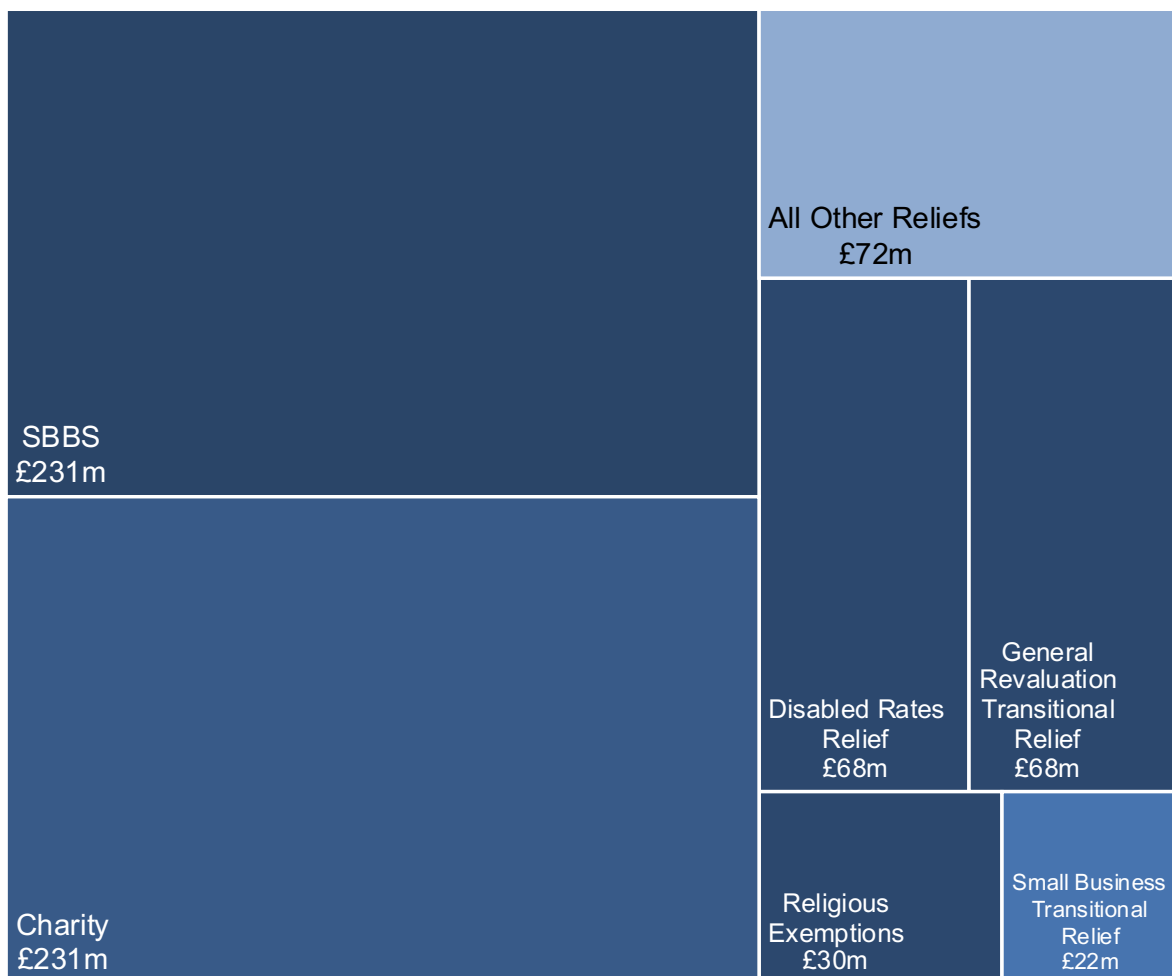
Chart 2.11 shows the values of reliefs awarded during 2023-24. The SBBS, GRTR, SBTR, and Charity reliefs, including the mandatory reliefs and the parts of the discretionary reliefs which are funded by the Scottish Government, together accounted for £552 million, or around 77 per cent of the total amount of reliefs awarded.

Chart 2.11: Value of NDR Reliefs in 2023-24, £ millions

Please note that NDR reliefs reflect the notified income figures collected by local authorities, because the final, audited income figures are not yet available.

Please note that ‘Other’ includes Sports Club Relief; Rural Relief, Renewable Energy Relief; Fresh Start Relief; Parks Transitional Relief; Day Nursery Relief; BGA Reliefs; Hardship Relief; Enterprise Areas Relief; District Heating Relief; Mobile Mast Relief; New Fibre Relief; and Lighthouse Relief.

Source: NDRI Notified Returns



2.4 Surplus / Deficit to be met from Reserves

A **surplus (-)** occurs when a local authority's revenue expenditure is **lower** than the amount of service income and general funding available to them. A surplus is added to a local authority's reserves and carried forward to the next year.

A **deficit (+)** occurs when a local authority's revenue expenditure is **higher** than the amount of service income and general funding available to them. Any deficit must be met from a local authority's reserves.

The HRA reserve is not permitted to show a deficit at the end of the financial year and if this occurs, local authorities are required to transfer funds from the General Fund to cover this deficit.

Table 2.18 sets out the movement in the General Fund and HRA reserves in 2023-24. At 1 April 2023, local authorities held a total of £3,407 million in their General Fund (including Harbour) and HRA reserves. In year:

- local authorities' income exceeded their revenue expenditure, resulting in a **deficit** of £257 million.
- local authorities transferred a total of net £244 million into the General Fund and HRA (£262 million into the General Fund and £18 million out of the HRA to other reserves). The majority of the £262 million transfer into the General Fund is accounted for by Glasgow City Council. The council transferred £200 million from its Capital Grants & Receipts Unapplied account to help fund £260 million of Equal Pay payments during 2023/24
- local authorities' International Financial Reporting Standard (IFRS) 9 unrealised gains was negligible. IFRS 9 unrealised gains relate to the difference between the fair value of investments compared with their original cost. As the underlying investments have not yet been sold, the net gain is 'unrealised' and so is excluded from the revenue reserves balance as this gain is not available to fund future expenditure.

Table 2.18: Movement in Reserves in 2023-24, £ millions

Please note that balance figures exclude amounts relating to unrealised gains that have been included in revenue reserves applying under IFRS 9: Financial Instruments.

Source: LFR 24

Movement	General Fund	HRA	Total
Balance as at 1 April 2023	3,198	209	3,407
Add: Surplus (+) or Deficit (-) on provision of services <u>after</u> statutory adjustments	-255	-2	-257
Add: Net movements in (+) or out (-) due to transfers between reserves	262	-18	244
Less: Increase (+) or decrease (-) in IFRS 9 unrealised gains	27	0	27
Balance as at 31 March 2024	3,178	189	3,367

This meant that, overall, the General Fund and HRA **decreased** by £40 million in year, giving a total balance of £3,367 million at 31 March 2023. More information on local authorities' reserves is provided in [Chapter 4.1](#).

3. Capital Expenditure and Financing

Capital expenditure is expenditure that creates an asset, it includes the initial costs of acquisition and construction, and costs incurred subsequently to add to, replace part of, or service the asset. Subsequent costs arising from day-to-day services of an asset, known as repairs and maintenance, is **not** capital expenditure. Capital expenditure purchases or constructs the buildings and infrastructure necessary to provide services, such as schools, care homes, flood defences, roads, vehicles, plant and machinery. Due to the nature of capital expenditure, it can fluctuate substantially between years.

Capital expenditure also includes grants a local authority provides to a third party to fund capital expenditure of the third party; direct expenditure on a third parties' assets; and loans to third parties to support capital investment of a third party.

Capital expenditure can be financed by one or more of the following:

- capital grants and contributions;
- borrowing or credit arrangements;
- contributions from capital or revenue reserve funds;
- capital receipts from the sale of assets.

[Chapter 4.1](#) provides more information on local authorities' capital reserve funds.

3.1 Capital Expenditure

In 2023-24, total capital expenditure was £3,689 million, a decrease of 2.5 per cent, or £96 million, from 2022-23. This includes expenditure on the Housing Revenue Account.

Chart 3.1 shows the split of capital expenditure into these six categories in 2023-24. The majority of capital expenditure, £2,923 million or 79 per cent, related to new construction, conversions & enhancements to existing buildings.

Chart 3.1: Capital Expenditure in 2023-24 by Expenditure Type, £ millions

Please note, 'Third party capital projects funded from capital grant' and 'Revenue expenditure funded from borrowing' are also included in authorities' revenue figures.

Source: LFR CR

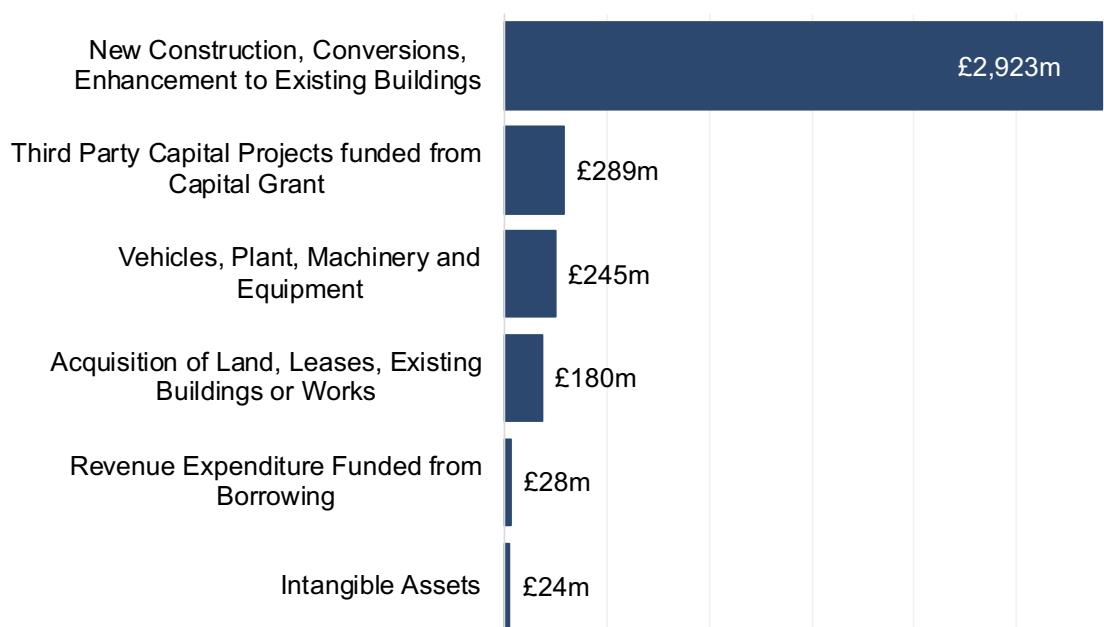


Table 3.1 shows a breakdown of capital expenditure between 2019-20 and 2023-24. New construction, conversions and enhancements to existing building has consistently accounted for the majority of capital expenditure over this period. This type of capital expenditure has decreased by 1.2 per cent, or £36 million, between 2022-23 and 2023-24.

All categories have decreased between 2022-23 and 2023-24, with the exception of Intangible Assets which increased from £4 million to £24 million.

Table 3.1: Capital Expenditure from 2019-20 to 2023-24 by Expenditure Type, £ millions

Please note, 'Revenue expenditure funded from capital grant and borrowing' is also included in authorities' revenue figures.

Source: LFR CR

Expenditure Type	2019-20	2020-21	2021-22	2022-23	2023-24
Acquisition of land, existing buildings or works	633	66	151	207	180
New construction, conversions & enhancements to existing buildings	2,616	2,013	2,623	2,959	2,923
Vehicles, plant, machinery & equipment	228	232	222	292	245
Intangible assets	17	20	30	4	24
Third Party Capital Projects funded from Capital Grant	257	240	286	284	289
Revenue Expenditure Funded from Borrowing: Third Party Capital Grants	15	14	26	20	20
Revenue Expenditure Funded from Borrowing: Consented Borrowing	28	19	4	18	9
Total Capital Expenditure	3,794	2,604	3,341	3,785	3,689

3.1.1 Capital Expenditure by Service

Chart 3.2 shows capital expenditure in 2023-24 by service. HRA had the largest share of expenditure at £1,162 million, followed by Roads & Transport (£713m) and Education (£678 million).

Chart 3.2: Capital Expenditure in 2023-24 by Service, £ millions

Please note, 'Other' includes Social Work, Central Services and Trading Services.

Source: LFR CR

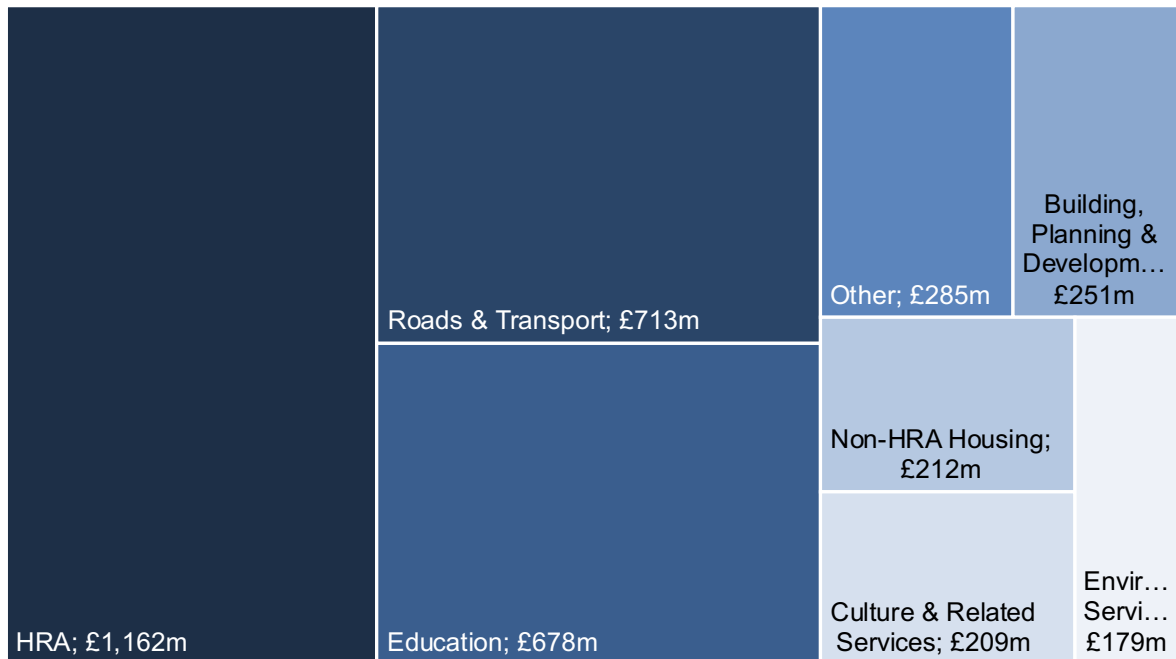
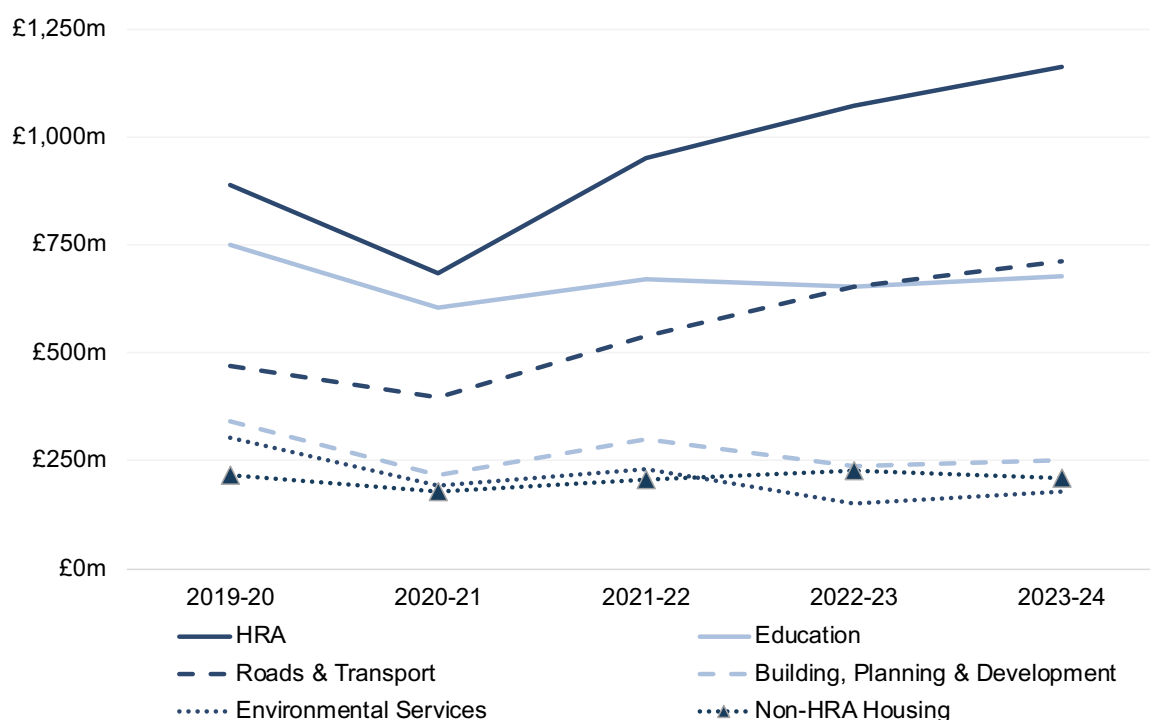


Chart 3.3 shows capital expenditure for 2019-20 to 2023-24 for the six services with the highest capital expenditure in 2023-24. Roads & Transport increased by 9.0 per cent (£59 million) and Environmental Services increased by 17.5 per cent (£27 million). Capital expenditure reduced for Non-HRA Housing (-6.6 per cent, -£15 million).

Chart 3.3: Capital Expenditure from 2019-20 to 2023-24 by Service, £ millions

This chart excludes expenditure for Culture & Related Services; Social Work; Trading Services; and Other, including Central Services which, combined, accounted for 13 per cent of total capital expenditure in 2023-24.

Source: LFR CR



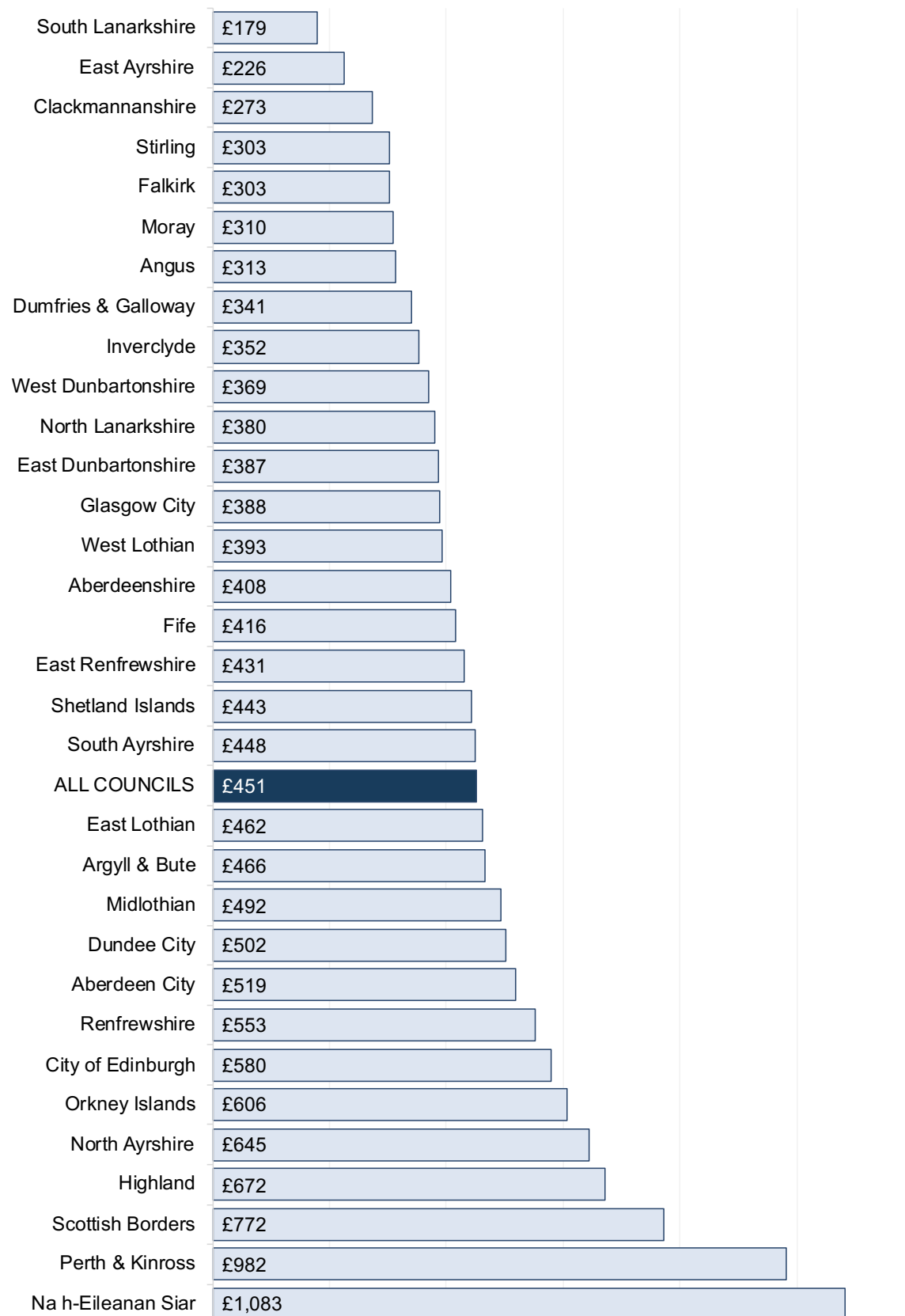
3.1.2 General Fund Capital Expenditure by Council

In any given year, capital expenditure per person varies substantially between local authority areas. This will in part reflect the different priorities of local authorities, however it also reflects differences in the timing of capital projects. Expenditure on capital projects can be highly variable as some projects can be high-value and infrequent, and expenditure per head in local authority areas will move, possibly substantially, from year to year as projects begin or wind down.

Chart 3.4 shows capital expenditure on General Fund services per person by council. In 2023-24, the average capital expenditure per person across all councils was £451, a decrease from £491 per person in 2022-23. Spend per person ranged from £179 per person in South Lanarkshire to £1,083 per person in Na h-Eileanan Siar.

Chart 3.4: General Fund Capital Expenditure in 2023-24 by Council, £ per person

Source: LFR CR, National Records of Scotland Mid-2023 population estimates



3.2 Capital Financing

Chart 3.5 shows how local authorities financed their capital expenditure in 2023-24. This includes expenditure on the Housing Revenue Account. The two main sources of financing were borrowing from the Loans Fund, £1,704 million, and grants & contributions, £1,640 million, which together accounted for over nine-tenths (91 per cent) of all capital financing in 2023-24.

Capital **grants and contributions** are provided to local authorities to fund capital investment. This includes grants and contributions received from the Scottish and UK Governments; other government agencies and Non-Departmental Public Bodies (NDPBs); other local authorities; and private developers. The Scottish Government provides two types of capital grant funding to local authorities – a General Capital Grant (GCG) and a number of specific capital grants. The General Capital Grant accounted for just over two-fifths of grants and contributions in 2023-24⁷.

More information on **borrowing** is provided in [Chapter 3.3](#) and more information on the **Loans Fund** is provided in [Chapter 5.1.1](#).

Chart 3.5: Capital Financing in 2023-24 by Source, £ millions

Please note that ‘Grants & Contributions’ and ‘Borrowing from Loans Fund’ include amounts used to fund grant to third-party capital projects which will also be included in the revenue figures.

Source: LFR CR



⁷ From [Finance Circular 8/2023 Annex K](#), the General Capital Grant totalled £726.933 million.

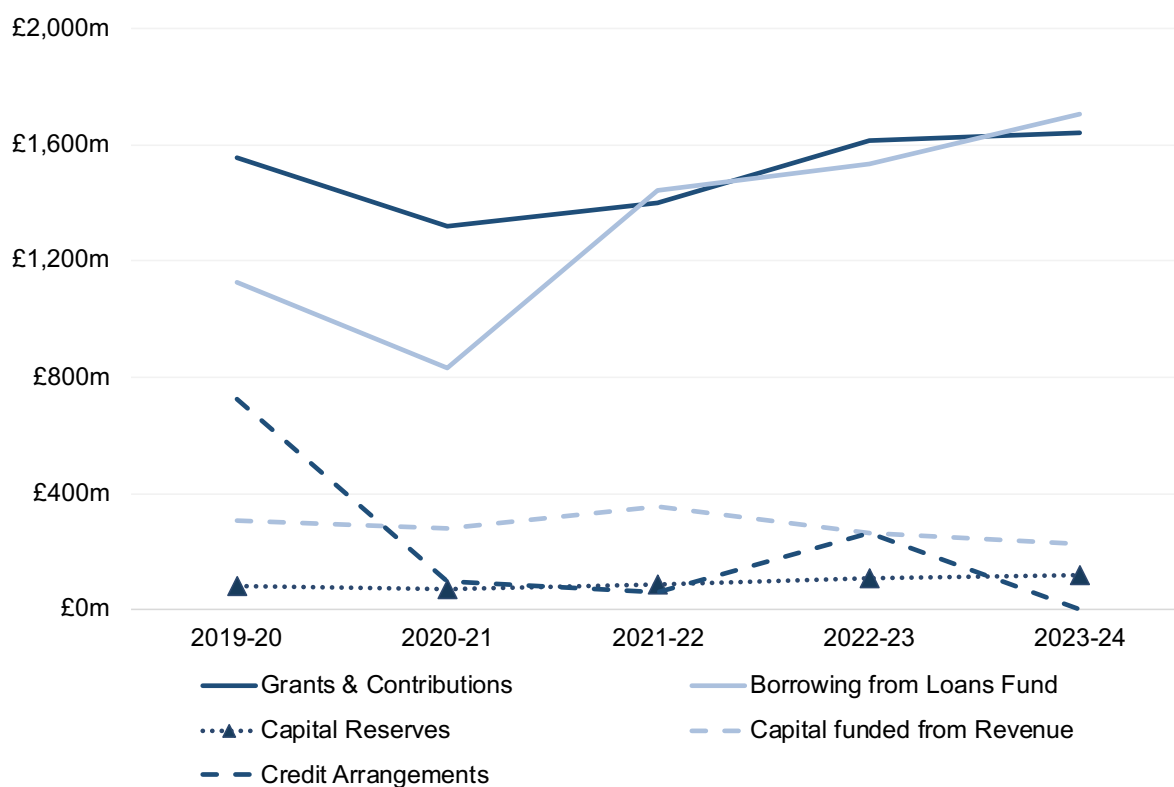
Chart 3.6 shows capital financing by type from 2019-20 to 2023-24. Except for credit arrangements and capital funded from revenue, all types of financing have increased between 2022-23 and 2023-24. Grants & contributions and Borrowing from the Loans Fund continue to be the main sources of capital financing.

The fluctuations in borrowing reflect the nature of capital and can be influenced by the type of expenditure being undertaken in each year. In particular, the decrease in borrowing in 2020-21 will reflect the overall reduction in capital expenditure due to the impacts of the Covid-19 pandemic.

Chart 3.6: Capital Financing from 2019-20 to 2023-24 by Source, £ millions

Please note that ‘Grants & Contributions’ and ‘Borrowing from Loans Fund’ include amounts used to fund grants to third party capital projects which will also be included in the revenue figures.

Source: LFR CR



Financing from credit arrangements was notably high in 2019-20 compared to other years, this was due to the significant one-off sale and leaseback transactions for Culture and Related Services by Glasgow City Council. In addition, during 2022-2023, Glasgow City Council secured a further £200 million in credit arrangements as part of a sale and leaseback arrange to fund its £200 million equal pay settlement.

The properties involved included Kelvingrove Art Gallery, Kelvin Hall, the Gallery of Modern Art and the City Chambers⁸.

3.3 Borrowing and Credit Arrangements

Local authorities can borrow to fund capital expenditure, either through the borrowing of money or by way of a credit arrangement, such as a lease. The cost of repaying debt, including the interest costs, is expenditure to the revenue accounts. The costs of servicing debt in 2023-24 are provided in **Table 2.5**, which shows the cost of repayments and interest payable.

The Local Government (Scotland) Act 1973 provides councils with a general power to borrow money. Other local authorities' powers are set out in legislation specific to that authority. The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 sets out the purposes for which a local authority may borrow.

Table 3.2 provides a summary of borrowing and credit arrangements in 2023-24. Local authorities financed £1,704 million of capital expenditure from borrowing in 2023-24. From **Chart 3.6**, this was an increase of 11.2 per cent, £171 million, compared to 2022-23.

In 2023-24, local authorities also entered into credit arrangements, recognising debt of £2 million, a decrease of 99.4 per cent, or £264 million, from 2022-23.

Table 3.2: Borrowing and Credit Arrangement Summary for 2023-24, £ million

Please note that 'Advances for Capital Expenditure' includes borrowing from the Loans Fund used to fund grants to third party capital projects which will also be included in the revenue figures.

Source: LFR CR

Category	General Fund	HRA	Total
Advances for Capital Expenditure	953	743	1,696
Advances for Consented Borrowing	9	0	9
Total Loans Fund Borrowing	962	743	1,704
Credit Arrangements	2	0	2
Total Borrowing and Credit Arrangements	963	743	1,706

Trends for borrowing from the Loans Fund and credit arrangements between 2019-20 and 2023-24 are shown in **Chart 3.6** and discussed in [Chapter 3.2](#).

⁸

<https://onlineservices.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDNZLUT81Z32U>

3.4 Capital Receipts

Capital receipts is the term used to recognise income from the sale or disposal of an asset, such as land or council housing. As shown in **Table 3.3**, local authorities generated £124 million in capital receipts in 2023-24. This is a decrease of £200 million compared to 2022-23. The larger figures in 2019-20 and 2023-24 are due to Glasgow City Council's sale and leaseback transactions (see [Chapter 3.2](#))

Table 3.3: Capital Receipts raised in 2019-20 to 2023-24, £ millions

Source: LFR CR

Category	2019-20	2020-21	2021-22	2022-23	2023-24
General Fund	537	68	44	292	89
HRA	5	25	22	32	36
Total	541	93	67	324	124

Capital receipts may only be used to fund capital expenditure or for a purpose specified by statute, or statutory guidance. Local authorities can also hold capital receipts in a capital reserve for future use. This means the value of capital receipts raised in year may not equal the amount used in year. **Table 3.4** sets out how capital receipts were used in 2023-24.

Table 3.4: Use of capital receipts in 2023-24, £ millions

Source: LFR CR

Use	General Fund	HRA	Total
Fund capital expenditure	37	23	61
Repay debt	10	1	11
Fund transformation projects	43	0	43
Fund premiums incurred on refinancing	0	0	0
Fund deferred premiums	0	0	0
Fund impact of Covid-19	0	0	0
Total capital receipts used in year	90	24	115

Local authorities used a total of £115 million capital receipts in 2023-24. The majority of these were used to fund capital expenditure and transformation projects, which accounted for 53 and 38 per cent of capital receipts used respectively.

4. Reserves and Fixed Assets

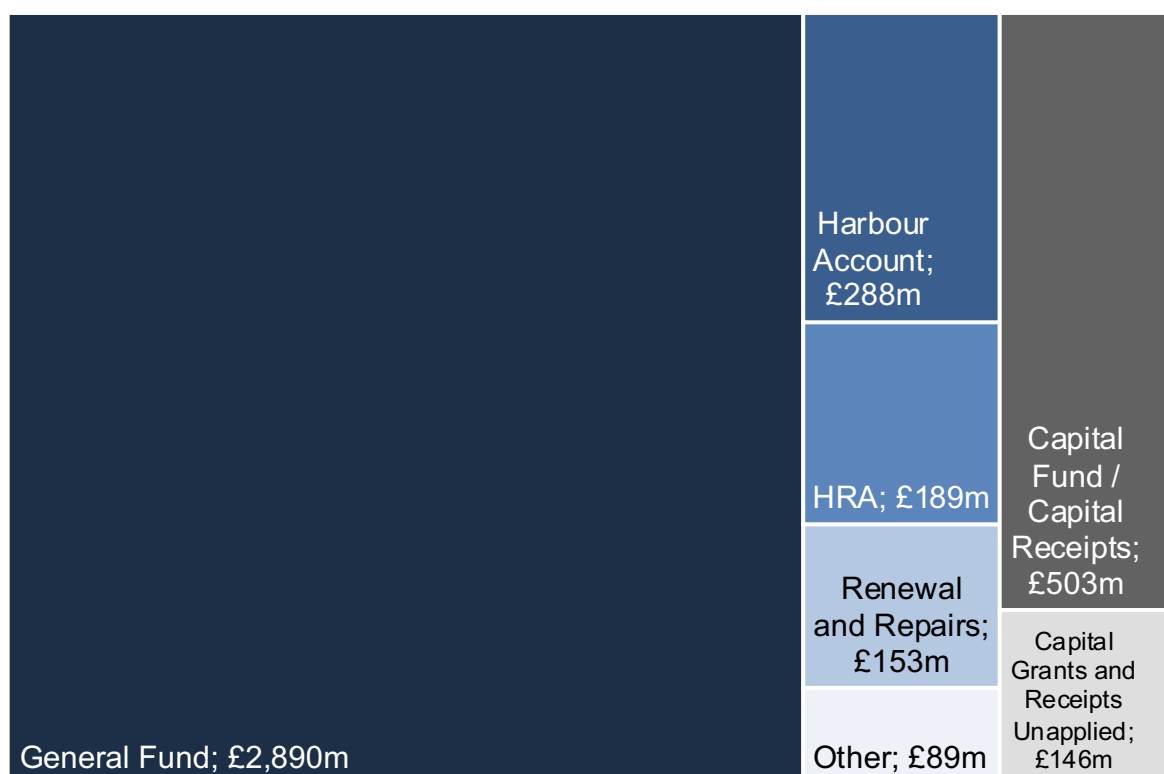
4.1 Reserves

Usable reserves reflect a local authority's accumulation of surplus income that can be used to finance future revenue or capital expenditure on services. **Chart 4.1** shows the total usable reserves at 31 March 2024, by fund.

Chart 4.1: Usable Reserves at 31 March 2024, £ millions

Please note that 'Other' revenue reserves includes the Insurance Fund.

Source: LFR 23



The **General Fund** is the principal usable revenue reserve of the local authority. Any **deficit** in a local authority's revenue accounts is met from their General Fund, and any **surplus** is added to the General Fund reserve. The General Fund therefore reflects a local authority's accumulation of surplus income that can be used to finance future revenue expenditure on services or to fund future capital expenditure.

The Orkney County Council Act 1974 and the Zetland County Council Act 1974 require Orkney and Shetland to also hold a **Harbour Account**, a separate account and reserve fund specifically for harbour undertakings. Orkney and Shetland are also able to transfer money between their General Fund and their Harbour Accounts. In this chapter Harbour Account figures are presented separately, however they are included within General Fund figures in other chapters within this publication.

Where a council has housing stock, the accumulation of surplus income relating to housing is separately identified in their **Housing Revenue Account (HRA)**.

In addition to the General Fund a local authority may also hold other statutory usable revenue reserves, such as a **Renewal and Repairs Fund**, an **Insurance Fund**, or other reserves specific to a local authority as permitted by legislation. Amounts will be transferred to and from the General Fund to these reserves.

Local authorities hold two **capital reserves** – the Capital Fund / Capital Receipts Reserve and a Capital Grants and Receipts Unapplied Account.

The Capital Fund and Capital Receipts Reserve were previously identified separately but are now treated as a single reserve. The **Capital Fund / Capital Receipts Reserve** may be used for the purpose of meeting the cost of capital expenditure and for the repayment of principal on loans, but not any interest on loans.

The **Capital Grants Unapplied Account** holds capital grant that has been received but not yet used to fund capital expenditure, or capital receipts held pending their funding of specific expenditure as permitted by Scottish Ministers.

Local authorities also hold a number of **unusable reserves**, that is reserves which are not backed by cash resources and cannot be used to fund services. Unusable reserves include a Revaluation Reserve, where increases in the value of fixed assets are recorded. This reserve is not usable as an increase in value of an asset will not be realised until the asset is sold. Other unusable reserves include sums deferred or set aside as statutory adjustments which are used to ensure the Annual Accounts of a local authority reconcile to statutory requirements. As these are unusable reserves, they are not discussed in this publication. However this data is collected as part of the Local Financial Returns and is available in the published LFR 23 workbook. A summary of the movement in each unusable reserve in 2023-24 is also provided in the 'SLGFS 2023-24 – Additional Analysis – Reserves' supporting Excel file.

A change in accounting practice in 2018-19 (IFRS 9) resulted in unrealised gains in the value of investments held by local authorities being included in the General Fund / HRA / Harbour reserve balances, rather than in an unusable reserve as before. This gain is unrealised as the investment is still held and any gain will only be realised if the investment is sold. The unrealised gain is therefore required to be earmarked and is not available to fund future revenue expenditure or to fund capital investment. The value of usable reserves presented in this publication therefore **exclude** any IFRS 9 unrealised gains held as part of the General Fund / HRA balances.

Table 4.1 sets out the movements across all reserves in 2023-24. Figures relating to the General Fund (including Harbour Account figures) and HRA were also presented in [Chapter 2.4](#).

Local authorities had a decrease of £60 million in their revenue reserves, and a decrease of £233 million in their capital reserves in 2023-24. This means local authorities' usable reserves decreased by £293 million overall, from £4,551 million at 1 April 2023 to £4,258 million at 31 March 2024.

Table 4.1: Movements in Usable Reserves in 2023-24, £ millions

Please note that level of reserves held at 1 April and 31 March exclude amounts relating to unrealised gains that are included in revenue reserves in statutory Annual Accounts applying IFRS 9: Financial Instruments.

Source: LFR 23

Usable Reserve	Level of reserves held at 1 April 2023	Net increase (+) or decrease (-) in year	Level of reserves held at 31 March 2024
General Fund	2,891	0	2,890
Housing Revenue Account	209	-20	189
Harbour Account	307	-19	288
Renewal and Repairs	166	-13	153
Insurance Fund	91	-3	88
Other Statutory Funds	6	-4	2
Total Revenue Reserves	3,670	-60	3,609
Capital Fund / Capital Receipts	511	-9	503
Capital Grants and Receipts Unapplied	370	-224	146
Total Capital Reserves	882	-233	649
Total Usable Reserves	4,551	-293	4,258

The majority of the decrease in usable reserves relates to a decrease in Capital Grants and Receipts Unapplied of £224 million between 1 April 2023 and 31 March 2024. This is because Glasgow City council transferred £200 million from this reserve in order to help fund £260 million of equal pay settlements.

As part of the annual budget setting process, the Scottish Government commits to providing a level of funding to Councils in the form of general and specific revenue and capital grants.

Specific revenue grants must be used to meet a specific Scottish Government priority and any unused specific grant can only be carried forward with the consent of the Scottish Ministers. General Capital Grant must be spent in the year received and any unspent General Capital Grant is required to be returned to the Scottish Government at the end of the financial year and may not be held in reserves. In both cases therefore, if this funding is not otherwise utilised within the financial year by the Scottish Government, then it will be reported within reserves as part of the Scottish Government Consolidated Accounts. If consent is provided to carry forward a specific revenue grant this will be disclosed in the local authority's annual accounts as an earmarked reserve.

Earmarked reserves are held for a specific purpose, the majority of which will be fully committed to existing spend programmes and represent the extent to which resources are received or generated in advance of the actual spend.

Local authorities are able to **earmark**, or set aside, part of their General Fund reserves for future use for a specific purpose. At 31 March 2024, local authorities' had earmarked 75.7 per cent, or £2,187 million of the £2,890 million General Fund reserves⁹. These figures exclude amounts relating to unrealised gains that are included in revenue reserves in statutory Annual Accounts applying IFRS 9: Financial Instruments.

Councils may hold an additional unearmarked amount to mitigate financial risk. This amount equated to £703 million as at 31 March 2024, or 2.8% of Gross Service Expenditure (£25,225 million).

⁹ See Table K in Scottish Local Government Finance Statistics (SLGFS) 2023-24 - Additional Analysis – Reserves, available in the supporting documents for this publication.

Table 4.2 sets out the level of reserves held across all local authorities in Scotland at 31 March 2020 to 31 March 2024. Over this five-year period, the most significant change is between 31 March 2020 and 31 March 2021, caused by Covid-19 pandemic money provided late in 2019-20.

Table 4.2: Level of Usable Reserves held at 31 March 2020 to 31 March 2024, £ millions

Please note the following:

Figures exclude amounts relating to unrealised gains that are included in revenue reserves in statutory Annual Accounts applying IFRS: Financial Instruments.

Figures for 31 March 2022 may not match the 1 April 2022 figures shown in Table 4.1 due to restatements in local authorities' accounts between years.

Figures for 31 March 2023 may differ from previous publications due to audited accounts being submitted after SLGFS 2022-23 was published. These figures have been revised for this publication. See the [introduction](#) for more information.

Source: LFR 23

Usable Reserve	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
General Fund	1,315	2,274	2,687	2,870	2,890
HRA	188	248	215	209	189
Harbour Account	269	328	331	307	288
Renewal and Repairs	141	177	190	166	153
Insurance Fund	102	99	95	91	88
Other Statutory Funds	13	14	9	6	2
Total Revenue Reserves	2,027	3,141	3,527	3,649	3,609
Capital Fund / Capital Receipts	475	464	461	512	503
Capital Grants and Receipts Unapplied	207	227	175	370	146
Total Capital Reserves	681	691	636	882	649
Total Usable Reserves	2,708	3,832	4,163	4,530	4,258

4.2 Fixed Assets

Capital expenditure creates local authority assets. At 31 March 2024, the value of local authority fixed assets was £56,621 million, an increase of 2.8 per cent, or £1,564 million, from 31 March 2023. The value of local authority fixed assets from 31 March 2020 to 31 March 2024 is shown in **Table 4.3**.

Table 4.3: Value of Fixed Assets at 31 March 2019 to 31 March 2023, £ millions

Source: LFR CR

Fixed Asset Type	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	% change between 31 March 2023 and 31 March 2024
Operational assets	46,110	47,766	50,822	52,333	53,547	2.3%
Non-operational assets	2,139	2,384	2,336	2,610	2,946	12.9%
Intangible assets	65	85	103	115	128	11.0%
Total Assets	48,315	50,234	53,261	55,057	56,621	2.8%

Operational assets are assets a local authority can use when providing services, such as a school, council houses, vehicles etc. Almost all of local authorities' fixed assets are operational assets (95 per cent of total assets) and the value of these has increased by 2.3 per cent, or £1,214 million, from 31 March 2023 to 31 March 2024.

Non-operational assets are assets that a local authority cannot currently utilise, for example an asset that is still under construction or an asset that is being held for disposal. **Intangible assets** are non-physical assets, such as computer software. Non-operational assets and intangible assets together accounted for 5.4 per cent of local authorities' total fixed assets as at 31 March 2024.

5. Debt and Prudential Indicators

5.1 Debt

When a local authority borrows money or uses a credit arrangement to finance capital expenditure a debt liability is created that the local authority has to repay from future revenues. A local authority is required to make loans fund advances in respect of capital expenditure it has determined should be met from borrowing. Loans fund advances are repaid in future years.

Table 5.1 provides a summary of local authorities' debt at 31 March 2024. **Total debt** across local authorities at 31 March 2024 was £22,951 million, an increase of 5.3 per cent or £1,150 million, from 31 March 2023.

Table 5.1: Total Debt at 31 March 2024, £ millions

Source: LFR CR

Debt Type	General Fund	HRA	Total
Loans Fund Advances outstanding	13,791	5,570	19,361
Credit Arrangements	3,589	1	3,590
Total Debt	17,379	5,571	22,951

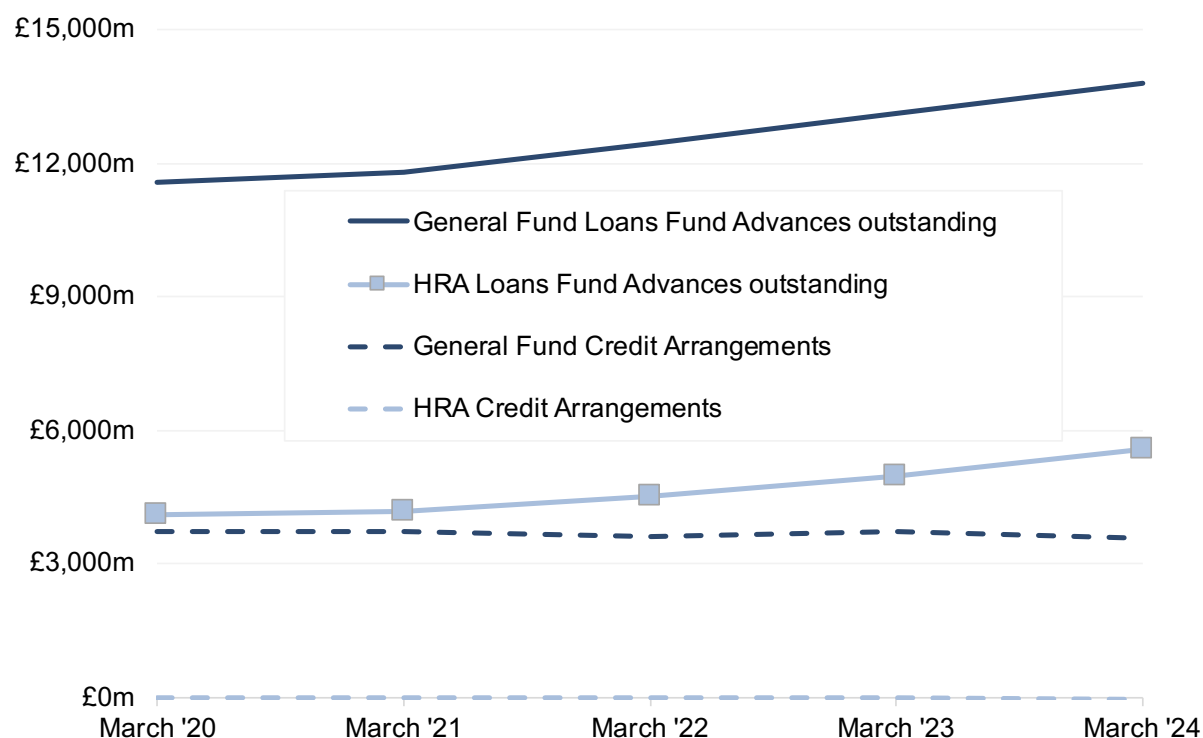
Total General Fund debt equated to £3,166 per person, an increase of £76 (2.5 per cent) from £3,090 per person compared to 31 March 2023. Total HRA debt equated to £17,411 per HRA dwelling, an increase of £1,736 (11.1 per cent) from £15,676 per HRA dwelling compared to 31 March 2023.

Chart 5.1 shows total debt at 31 March 2020 to 31 March 2024 by type of debt and split by General Fund and HRA. Total debt has increased by 18.4 per cent, or £3,572 million, over this five-year period. The split of total debt across the four categories shown has remained fairly consistent across this period with General Fund borrowing accounting for around three-fifths of total debt; HRA borrowing accounting for just under one-quarter; and General Fund credit arrangements accounting for just under one-fifth of total debt.

More information on the Loans Fund and credit arrangements, as shown in **Table 5.1** and **Chart 5.1**, are provided in [Chapters 5.1.1](#) and [5.1.2](#).

Chart 5.1: Total Debt at 31 March 2020 to 31 March 2024, £ millions

Source: LFR CR



5.1.1 Loans Fund

The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 require a local authority to maintain a Loans Fund. Advances are made from the Loans Fund to record the amount of expenditure a local authority has determined should be met from borrowing, as permitted by legislation. The repayments made to the Loans Fund are the amount to be met in each financial year from a local authorities' revenue accounts.

The value of a Loans Fund will **increase** whenever an advance is made for expenditure incurred, or loans made, in any financial year. The value of a Loans Fund will **decrease** when Loans Fund Advances are repaid by making a charge to the General Fund or HRA. The balance on a Loans Fund at 31 March each year represents the amount of past expenditure a local authority has liability to fund from its future revenue budgets.

A local authority will borrow externally to fund the advances made from the Loans Fund. The balance on the Loans Fund should be similar to the value of external borrowing but there may be legitimate differences between the two values. Local authorities may borrow internally, that is use cash reserves, rather than borrowing externally, or may borrow in advance of incurring the actual expenditure to take advantage of favourable interest rates.

Table 5.2 provides a summary of local authorities' Loans Funds in 2023-24. The overall value of the Loans Fund across all local authorities at 31 March 2024 was £19,361 million, an increase of 7.1 per cent, or £1,275 million, from 1 April 2023.

Table 5.2: Loans Funds Advances Outstanding in 2023-24, £ millions

Please note that these figures only reflect local authorities' own debt and exclude amounts relating to lending to other statutory bodies.

Source: LFR CR

Movement	General Fund	HRA	Total
Loans Fund Advances outstanding at 1 April	13,116	4,969	18,085
Add: New advances from the Loans Fund	962	743	1,704
Less: Repayments made in year	286	142	429
Less: Transfer in (+) or out (-) of assets	0	0	0
Loans Fund Advances outstanding at 31 March	13,791	5,570	19,361

5.1.2 Credit Arrangements

Credit arrangements, such as finance leases, Private Finance Initiatives (PFI) and Public Private Partnerships (PPP) including the Scottish Non-Profit Distributing (NPD) model, are not charged to the Loans Fund. However they are a form of borrowing and so are included in the total debt figures.

Table 5.3 provides a summary of local authorities' credit arrangements in 2023-24. The overall value of credit arrangements outstanding across all local authorities at 31 March 2024 was £3,590 million, a decrease of 3.4 per cent, or £126 million, from 1 April 2023. This decrease reflects that repayments made were greater than the value of new credit arrangements taken up in year.

Table 5.3: Credit Arrangements in 2023-24, £ millions

Source: LFR CR

Movement	General Fund	HRA	Total
Credit Arrangements brought forward at 1 April	3,712	2	3,714
Add: New Credit Arrangements in year	2	0	2
Less: Repayments made in year	126	0	126
Credit Arrangements outstanding at 31 March	3,589	1	3,590

5.2 Prudential Indicators

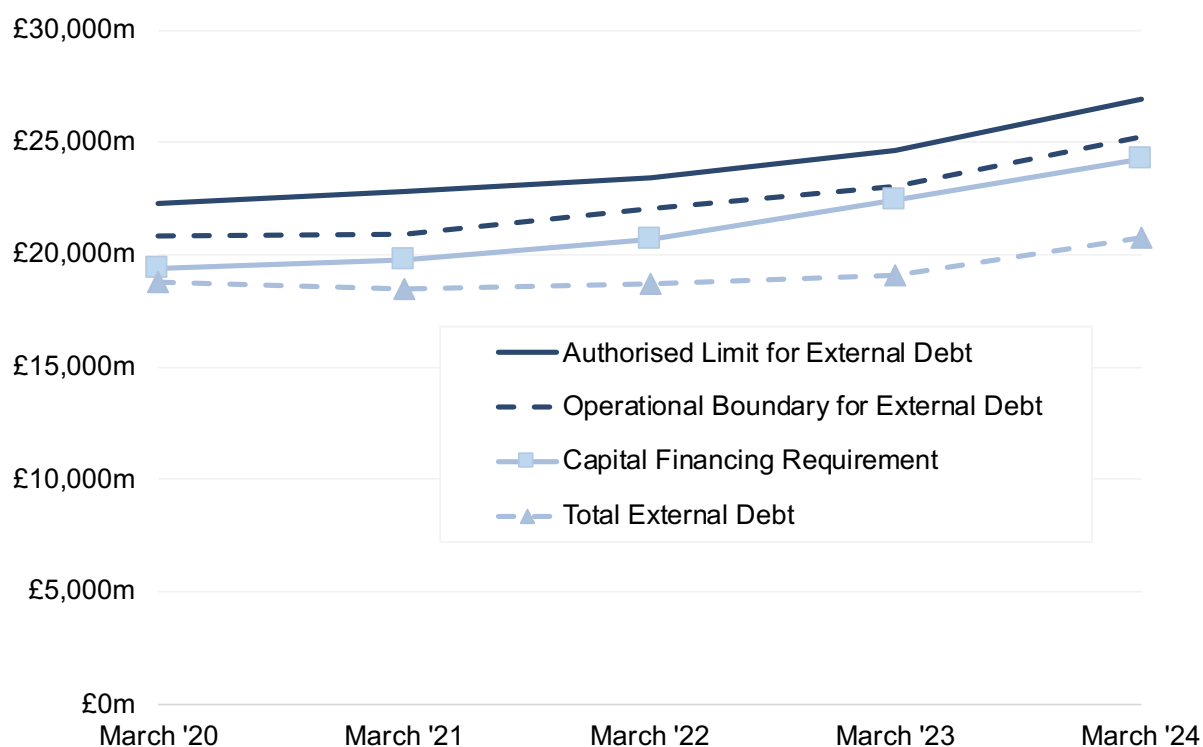
The Chartered Institute of Public Finance & Accountancy (CIPFA) Prudential Code sets out a framework for a local authority to demonstrate its capital investment plans are affordable, prudent and sustainable. A number of prudential indicators are set and monitored against three year capital expenditure plans. Further, the Local Government in Scotland Act 2003 places a local authority under a statutory duty to set their own maximum capital expenditure limits and they must be set with regard to the Prudential Code. The key prudential indicators are:

- Capital Financing Requirement
- Total External Debt
- Operational Boundary
- Authorised Limit

Chart 5.2 shows the change in prudential indicators between 2019-20 and 2023-24. More information on the individual indicators is provided in the remainder of this chapter.

Chart 5.2: Prudential Indicators at 31 March 2020 to 31 March 2024, £ millions

Source: LFR CR



5.2.1 Capital Financing Requirement (CFR)

The **Capital Financing Requirement (CFR)** represents the amount of capital expenditure a local authority has determined should be met from borrowing or funded from a credit arrangement, with the repayment of the debt met from future local authority budgets.

The CFR will increase each year by the amount of new capital expenditure to be financed by borrowing or credit arrangements, and will decrease by the amounts repaid. The CFR represents an authority's underlying need to borrow money.

Table 5.4 shows the CFR calculation for 2023-24. The CFR increased from £22,473 million at 1 April 2023 to £24,247 million at 31 March 2024 (+£1,774 million, +7.9 per cent). This means that local authorities had a higher amount of new capital expenditure to be financed by borrowing than amounts repaid in 2023-24. This increase in CFR was reflected across both the General Fund and HRA.

Table 5.4: Capital Financing Requirement in 2023-24, £ millions

Please note that these figures exclude amounts relating to lending to other statutory bodies.

Source: LFR CR

Movement	General Fund	HRA	Total
Capital Financing Requirement at 1 April	17,415	5,058	22,473
Add: Capital expenditure financed by borrowing	962	743	1,704
Add: Capital expenditure financed by credit arrangements	2	0	2
Less: Loans Fund repayments	286	142	429
Less: Credit Arrangements repayments	-497	0	-497
Add: Transfer of assets in (-) / out (+)	3	-3	0
Capital Financing Requirement at 31 March	18,592	5,655	24,247

Chart 5.2 shows that local authorities' CFR has increased over the last five years which reflects the increase in local authority borrowing over this period.

5.2.2 Total External Debt

Total External Debt reflects local authorities' gross external borrowing and other long term liabilities. This may be **less than the CFR** where an authority has chosen to utilise cash reserves rather than borrow externally. Total External Debt may be **more than the CFR** where a local authority has chosen to borrow in advance of actual capital expenditure; however the Prudential Code limits borrowing in advance to the CFR amount plus up to two years planned capital expenditure to be funded from borrowing.

Table 5.5 shows that total external debt at 31 March 2024 was £20,731 million. Around four-fifths (82.7 per cent) of total external debt related to external borrowing, with the remainder relating to credit arrangements outstanding.

Table 5.5: Total External Debt at 31 March 2020 to 31 March 2024, £ millions

Please note that these figures reflect actual gross external debt as calculated for comparison to the Capital Financing Requirement as per the Prudential Code.

Source: LFR CR

Category	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Actual external borrowing	15,035	14,731	15,076	15,336	17,142
Credit arrangements outstanding	3,731	3,734	3,608	3,715	3,590
Total External Debt	18,767	18,465	18,684	19,052	20,731
Capital Financing Requirement (CFR)	19,422	19,775	20,707	22,456	24,247
Total External Debt as a percentage of CFR	96.6%	93.4%	90.2%	84.8%	85.5%

As shown in **Chart 5.2**, the CFR continues to remain above total external debt. This means that local authorities continue to be under-borrowed, that is they are utilising internal cash reserves rather than borrowing externally. At 31 March 2024, total external debt was 85.5 per cent of the CFR, a slight increase on the previous year, but below the five-year average (90.1 per cent).

5.2.3 Operational Boundary and Authorised Limit

The **Operational Boundary** is based on local authorities' capital spending plans and should reflect the most likely, or prudent, but not worst case scenario for borrowing. In general, it is not significant if an authority breaches the operational boundary for a short period, however a sustained or regular trend above would be significant. At 31 March 2024, the Operational Boundary was £25,278 million across local authorities.

The **Authorised Limit** represents the maximum amount that the authority may borrow and is set at a level that reflects capital expenditure plans but includes headroom to allow for unusual cash movements, i.e. treasury management. The Authorised Limit across all local authorities was £26,895 million at 31 March 2024.

As shown in **Chart 5.2**, neither the operational boundary nor the authorised limit have been breached in the last five years. This means that local authorities' borrowing has consistently remained below these limits.

6. Pensions

Expenditure and income from local authority pension funds are entirely separate from the expenditure and income of the authorities' themselves. In accordance with Regulations 9 and 65 of the Local Government Pension Scheme (Scotland) Regulations 2014, expenditure on pensions, lump sums and the costs of managing the pension are paid from the Pension Fund. Income from employer and employee contributions is paid into this fund, which then generates investment income.

Expenditure and income figures should not be used to gauge the health of a pension fund, as the ratio of expenditure to income will depend on a number of factors, including age of the fund and whether it is open or closed to new members. The relative financial health of the pension scheme is gauged through the three-yearly actuarial valuations carried out on each of the funds.

Table 6.1 shows the movement in net assets of the local government pension funds in 2023-24. The **opening net assets of the pension funds** at 1 April 2023 was £60,363 million. This increased by 9.0 per cent, or £5,412 million, over the year such that the **closing net assets** at 31 March 2024 was £65,775 million. The majority of this increase was driven by a total net return on investment in year of £5,898 million – this is discussed in more detail in [Chapter 6.4](#).

Table 6.1: Movement in net assets of pensions funds in 2023-24, £ millions

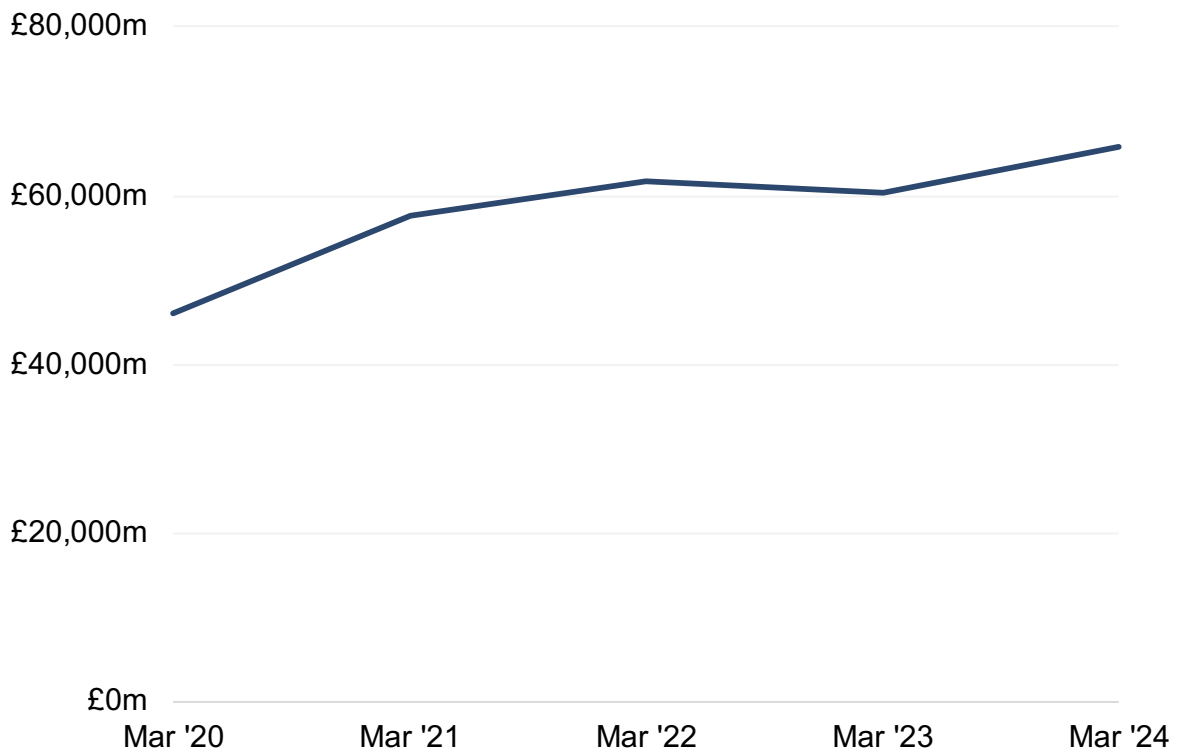
Source: LFR 24

Movement	2023-24
Opening net assets of the fund at 1 April	60,363
Add: Contributions receivable	1,812
Less: Benefits payable	1,885
Less: Payments to and on account of leavers	53
Net additions (+) / withdrawals (-) from dealings with members	-126
Less: Management expenses	339
Add: Net return on investments	5,898
Less: Revaluation of insurance buy-in contract	21
Net increase (+) / decrease (-) in the fund in year	5,412
Closing net assets of the fund at 31 March	65,775

Chart 6.1 shows the closing net asset position of local government pension funds from at 31 March 2020 through to 31 March 2024. Over the five-year period, closing net assets have increased by 42.8 per cent, or £19,708 million, from £46,067 million at 31 March 2020 to £65,775 million at 31 March 2024.

Chart 6.1: Closing Net Assets of the Pension Funds at 31 March 2020 to 31 March 2024, £ millions

Source: LFR 24

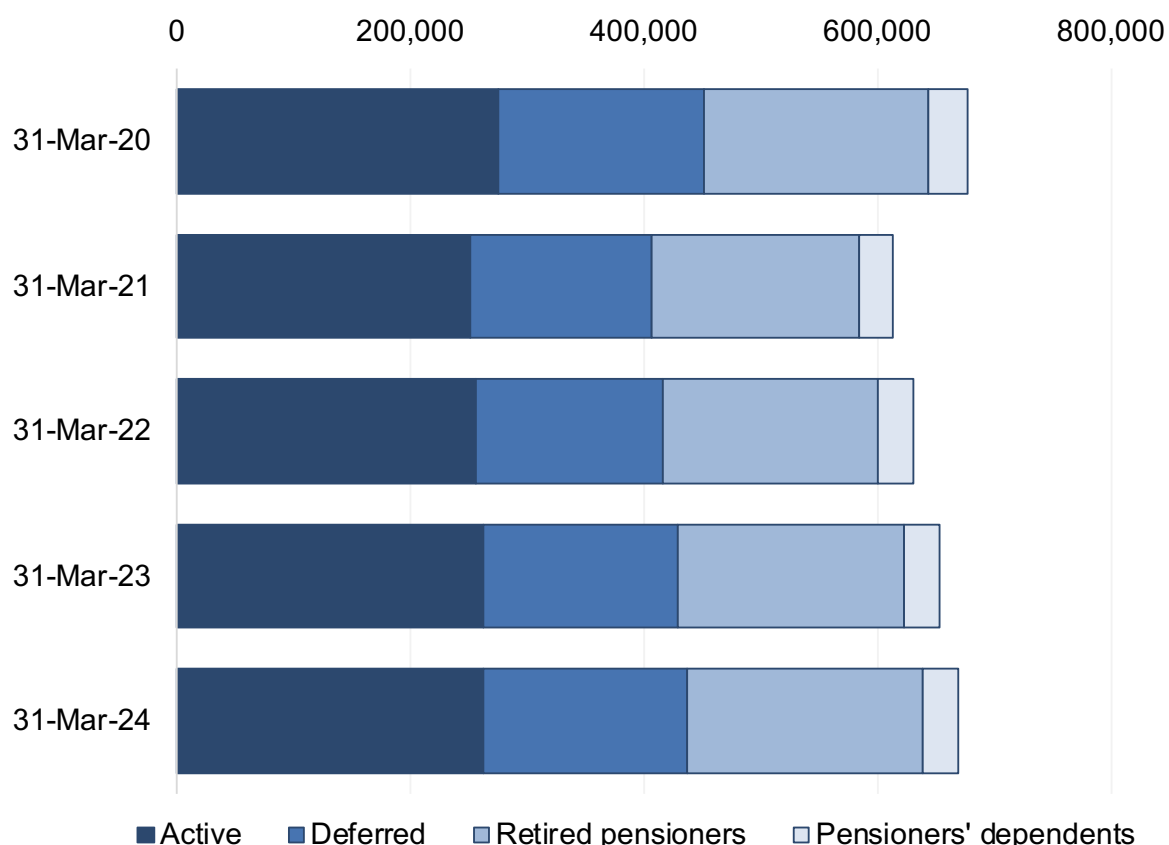


6.1 Members, contributions and benefits

Chart 6.2 shows the number of members enrolled in local government pension schemes between 2019-20 and 2023-24 by type of member. At 31 March 2024, there were a total of 670,051 members enrolled in these pension schemes, a decrease of 1.0 per cent, or 6,590 members, from 31 March 2020.

Chart 6.2: Number of members at 31 March 2020 to 31 March 2024 by type

Source: LFR 24



The split of types of member has remained broadly consistent across the five year period shown. **Active** members, that is members who are actively contributing to the pension fund, have been the largest category of members across all five years, accounting for just under two-fifths (39.3 per cent) of the total membership in 2023-24. **Deferred members**, that is members who are no longer active but are not yet claiming their pension, made up around a quarter (25.9 per cent) of the total in 2023-24. **Retired pensioners** have been the second largest group across all five years, accounting for 30.1 per cent of the total in 2023-24. **Pensioners' dependants** are the smallest group and make up only 4.7 per cent.

6.2 Contributions from Members

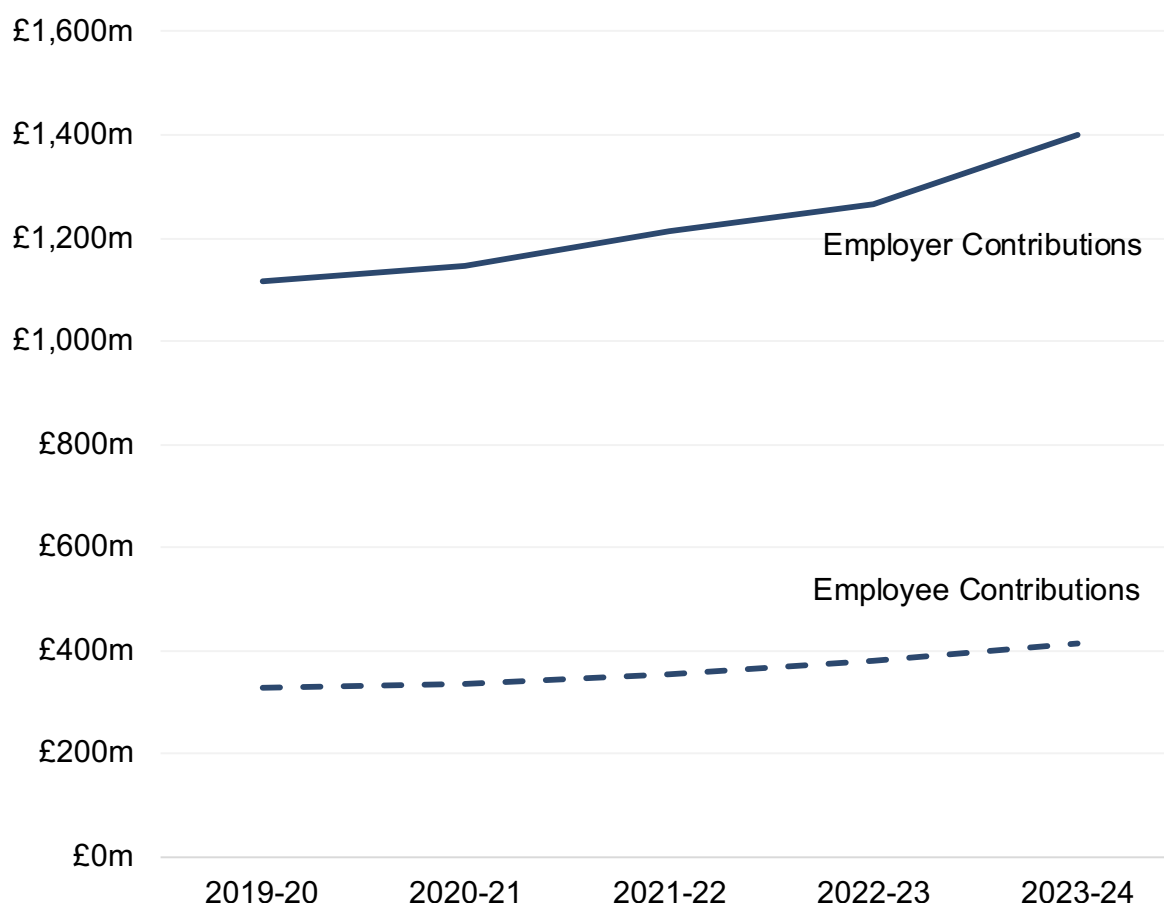
Contributions from employees and employers represent payments for pensionable service accrued during the year which will be paid out as part of an overall pension at a future date. These contributions can be thought of as income to the pension fund and are dependent on the number of contributing employees, both full time and part time.

Contributions from employees are fixed at a set percentage of pay, depending on level of salary. Contribution rates from employers are variable and are reviewed on a triennial basis, with actuaries determining the contribution rates for the following three years. This means contributions from employees and employers tend to remain stable over time, as shown in **Chart 6.3**.

Chart 6.3: Contributions received from 2019-20 to 2023-24, £ millions

Please note that contributions include those from other employing authorities.

Source: LFR 24



In 2023-24, **total contributions** provided £1,812 million of income, an increase of 10.0 per cent, or £165 million, from 2022-23. Just over three-quarters of total contributions (77.2 per cent or £1,399 million) came from **employers**, with the remainder coming from **employees**. This proportional split of total contributions has been stable over this five-year period.

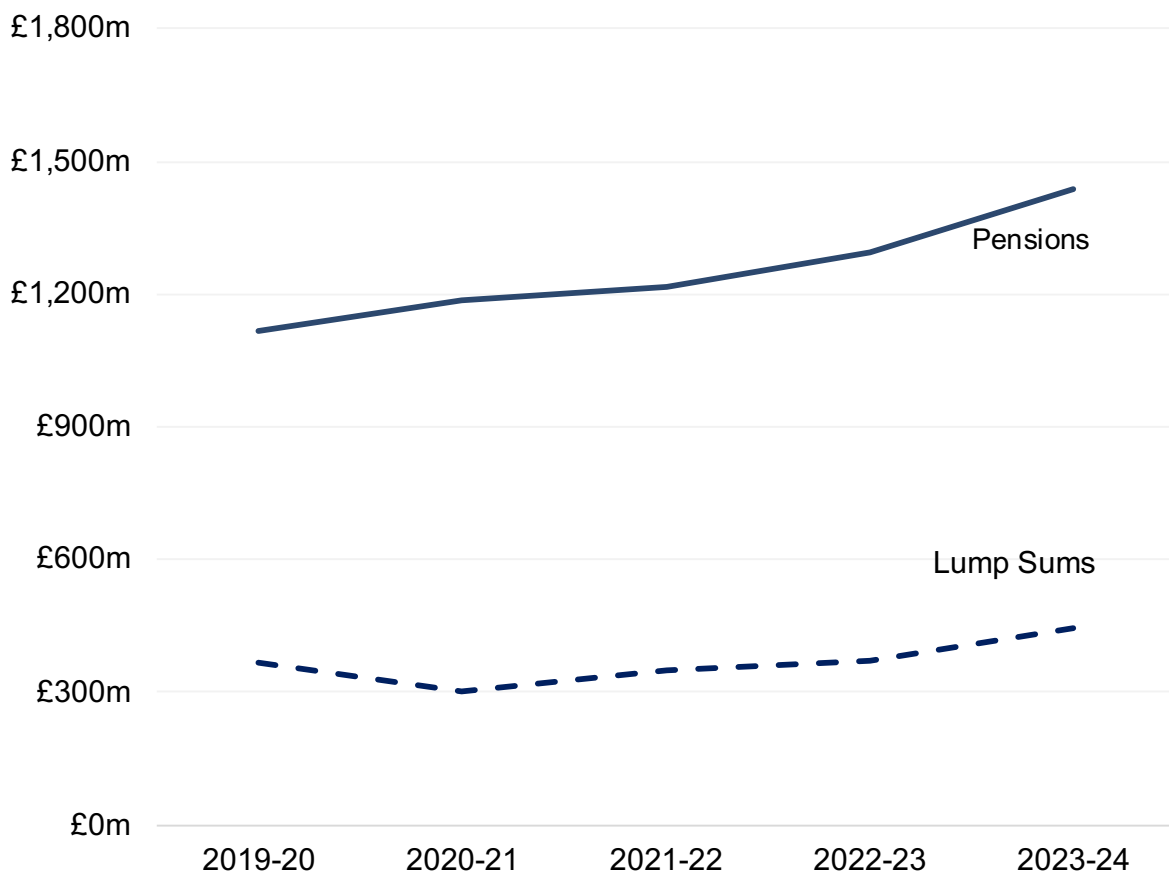
6.3 Benefits Paid to Members

Benefits paid to members include pension payments to retirees or dependents, as well as lump sum payments made to members on retirement or upon death. Benefits paid may also include payments made for injuries, however these figures are often zero or of small value.

Chart 6.4 shows the pensions and lump sum payments made to members over the last five years. Total **pensions** paid out in 2023-24 was £1,438 million. This has increased year on year since 2019-20. Total **lump sums** paid out in 2023-24 was £447 million.

Chart 6.4: Pensions and Lump Sums paid out from 2019-20 to 2023-24, £ millions

Source: LFR 24



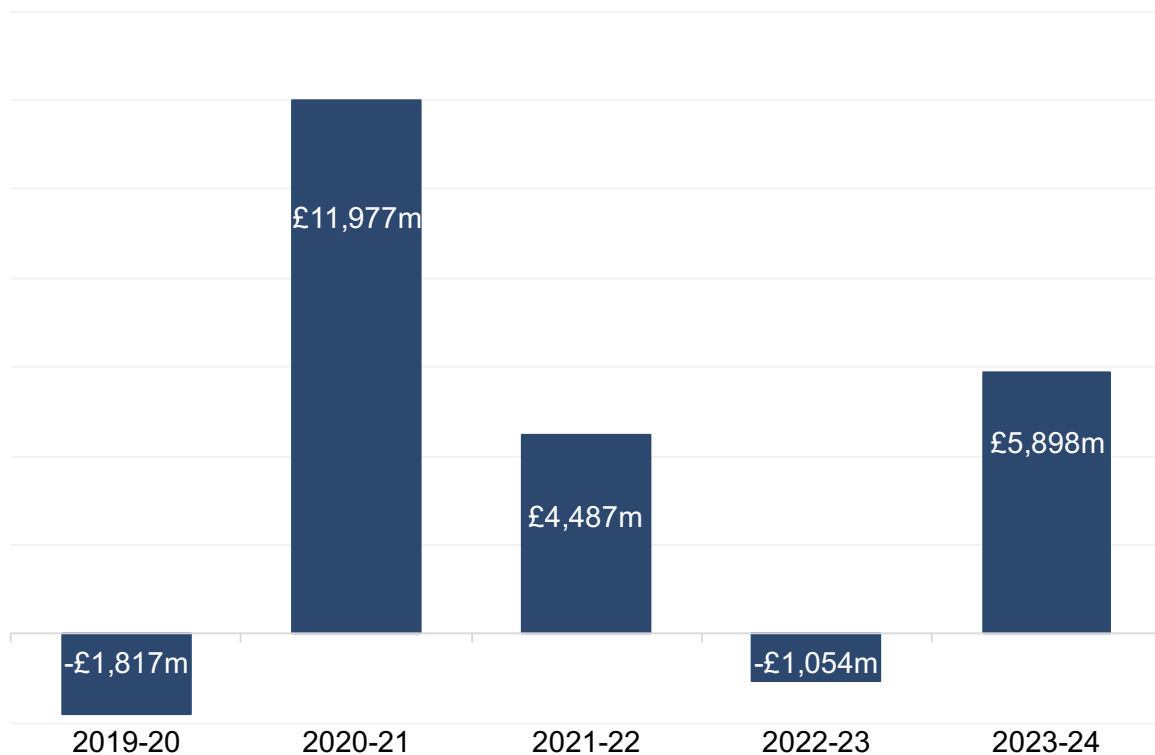
6.4 Net Return on Investments

Pension funds invest in financial markets and other assets. These investments are generally managed separately to the administration of contributions and benefits of the scheme. A pension fund's net return on investment reflects income and expenditure incurred directly relating to the investment, as well as any changes in the market value of the investment, in year. This figure does **not** include expenses paid to manage the investment. Therefore, the net return on investment is volatile and is directly influenced by investment conditions; for example, changes in financial markets.

Chart 6.5 shows the net return on investment from 2019-20 to 2023-24. In 2023-24, net return on investment was £5,898 million, an increase of £6,952 million from 2022-23. The negative net return in 2019-20 reflected the impact of the Covid-19 pandemic on financial markets at the start of 2020 and the corresponding decrease in pension investments across all local authorities. The variation in net return on investment between years reflects the volatility of this figure.

Chart 6.5: Net return on investments from 2019-20 to 2023-24, £ millions

Source: LFR 24



7. Data Sources

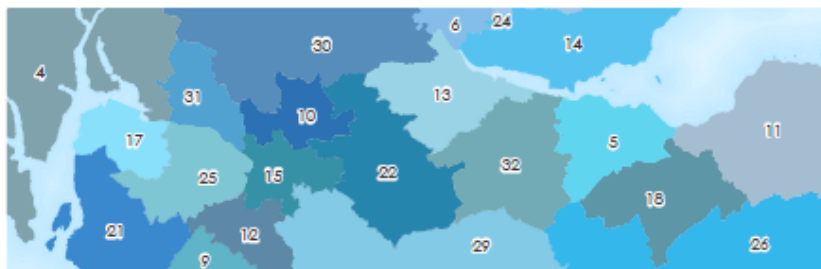
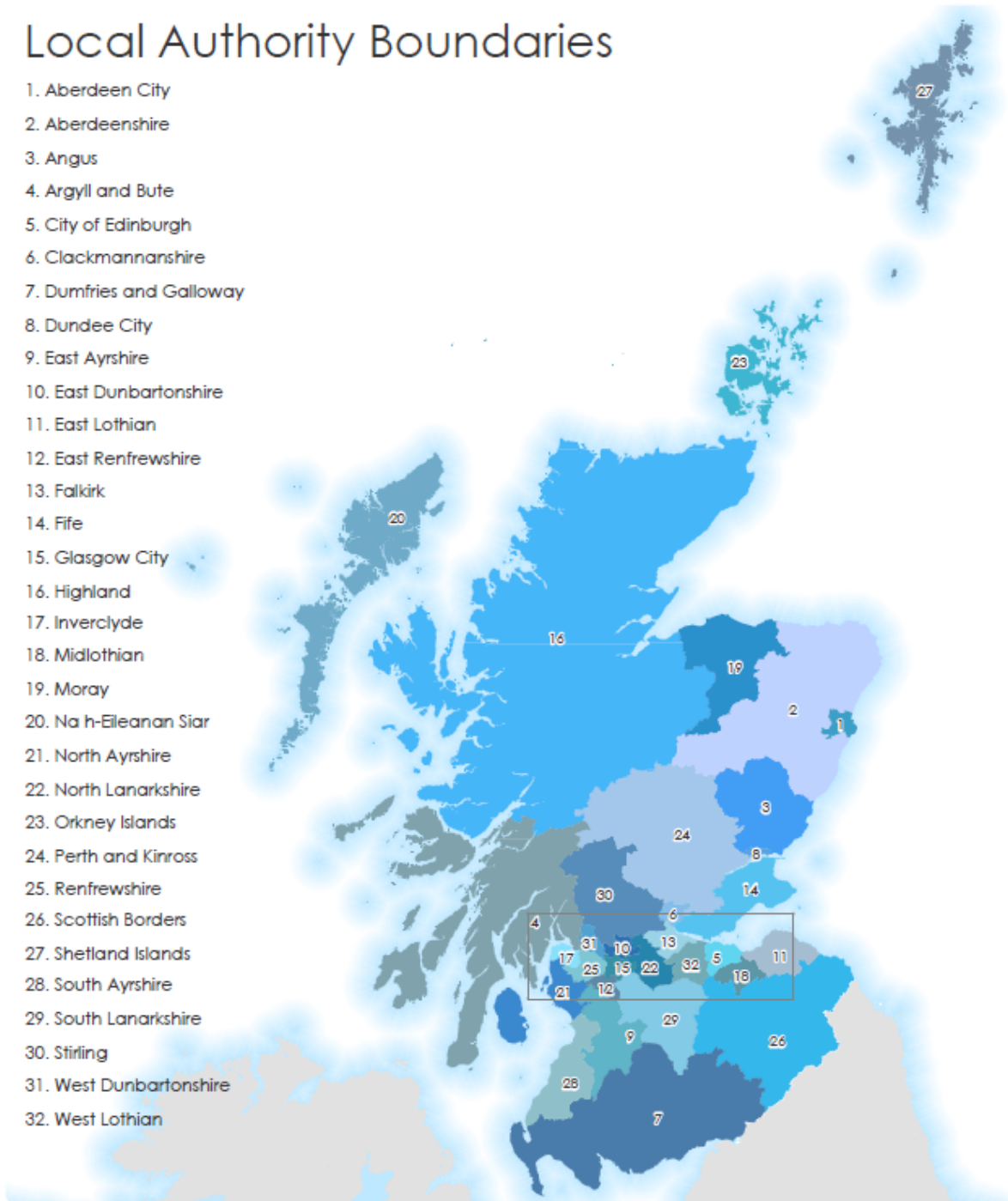
This publication contains data from a range of sources. Information on these data sources is provided in this chapter along with links to relevant web pages for further information.

- The [Local Financial Returns \(LFRs\)](#) are a series of detailed returns that collect final, audited expenditure, income, reserves and pension figures for all local authorities in Scotland on an annual basis. The LFRs are the main data source for this publication. The full 2023-24 LFR workbooks, which provide all the source data by local authority, have been made available alongside this publication.
- The [Council Tax Receipts Return \(CTRR\)](#) monitors collection levels relating to council tax and community charge from all councils in Scotland on an annual basis. It collects information on the amounts billed and received, and to which year the payment refers.
- The [Council Tax Base \(CTaxbase\)](#) figures give the number of properties in each council tax band in each council area, including those with exemptions and discounts.
- The [Council Tax Assumptions \(CTAS\) return](#) asks councils to set out the assumptions used in setting their Band D council tax levels, and discounts provided for second homes and long-term empty properties.
- Local authorities are asked to provide individual [Council Tax Reduction \(CTR\) record level extracts](#) on a monthly basis. Local authorities are asked to extract their data on a specified date which means the extract provides a snapshot for each month.
- The [Non-Domestic Rates Income \(NDRI\) returns](#) collect data on the amount of NDR income each year. For this there is a cycle of four returns to collect estimates and then final amounts of NDRI – the Provisional Contributable Amount (PCA); Mid-Year Estimates (MYE); Notified; and Audited.
- The [Scottish Assessors Valuation Roll](#) is a public document that contains an entry for all non-domestic properties except those specifically excluded by law.
- [Local Government Finance Circulars](#) provide financial advice and guidance to local government, including details of local government settlements.
- [Mid-year 2023 population estimates](#) for Scotland are produced by National Records for Scotland (NRS) on an annual basis, together with [Rebased population estimates, Scotland, mid-2011 to mid-202](#).
- [Annual Housing Revenue Account \(HRA\) statistics](#) provide an estimate of the number of HRA dwellings.

8. Annex A: Local Authority Boundaries

Local Authority Boundaries

1. Aberdeen City
2. Aberdeenshire
3. Angus
4. Argyll and Bute
5. City of Edinburgh
6. Clackmannanshire
7. Dumfries and Galloway
8. Dundee City
9. East Ayrshire
10. East Dunbartonshire
11. East Lothian
12. East Renfrewshire
13. Falkirk
14. Fife
15. Glasgow City
16. Highland
17. Inverclyde
18. Midlothian
19. Moray
20. Na h-Eileanan Siar
21. North Ayrshire
22. North Lanarkshire
23. Orkney Islands
24. Perth and Kinross
25. Renfrewshire
26. Scottish Borders
27. Shetland Islands
28. South Ayrshire
29. South Lanarkshire
30. Stirling
31. West Dunbartonshire
32. West Lothian



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Ordnance Survey (OS Licence number
100024655).

Scale: 1:2,930,000

Scottish Government GI Science & Analysis Team, May
2021. R534221sl



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9. Annex B: Local Authority Joint Board Membership

Please note that Helensburgh and Lomond are part of SPT, while the rest of Argyll & Bute is part of HITRANS.

Council	Valuation Joint Board (VJB)	Regional Transport Partnership (RTP)
Aberdeen City	Grampian	NESTRANS
Aberdeenshire	Grampian	NESTRANS
Angus	Tayside	TACTRAN
Argyll & Bute	Dunbartonshire & Argyll & Bute	SPT / HITRANS
City of Edinburgh	Lothian	SESTRAN
Clackmannanshire	Central	SESTRAN
Dumfries & Galloway	Dumfries & Galloway	SWESTRANS
Dundee City	Tayside	TACTRAN
East Ayrshire	Ayrshire	SPT
East Dunbartonshire	Dunbartonshire & Argyll & Bute	SPT
East Lothian	Lothian	SESTRAN
East Renfrewshire	Renfrewshire	SPT
Falkirk	Central	SESTRAN
Fife	Fife	SESTRAN
Glasgow City	Glasgow	SPT
Highland	Highland & Western Isles	HITRANS
Inverclyde	Renfrewshire	SPT
Midlothian	Lothian	SESTRAN
Moray	Grampian	HITRANS
Na h-Eileanan Siar	Highland & Western Isles	HITRANS
North Ayrshire	Ayrshire	SPT
North Lanarkshire	Lanarkshire	SPT
Orkney Islands	Orkney & Shetland	HITRANS
Perth & Kinross	Tayside	TACTRAN
Renfrewshire	Renfrewshire	SPT
Scottish Borders	Borders	SESTRAN
Shetland Islands	Orkney & Shetland	ZetTrans
South Ayrshire	Ayrshire	SPT
South Lanarkshire	Lanarkshire	SPT
Stirling	Central	TACTRAN
West Dunbartonshire	Dunbartonshire & Argyll & Bute	SPT
West Lothian	Lothian	SESTRAN

10. Annex C: Calculation of GRG for SLGFS 2023-24

The General Revenue Grant (GRG) for SLGFS 2023-24 is derived as follows. A breakdown by Local Authority can also be found in Annex C of Scottish Local Government Finance Statistics (SLGFS) 2023-24 - Publication Tables.

Council	Value £m	Notes
<u>Finance Circular 2/2024</u>		
General Revenue Funding	8,909.2	Annex C: Col J
Add: 85% Floor	0.0	Annex C: Col L
Add: Council Tax Freeze		Not applicable
GRG Subtotal 1	8,909.2	
Total GRG in SLGFS 2023-24	8,909.2	

Note: Totals may not sum exactly due to rounding.

11. Annex D: Local Authority Status of Accounts for 2023-24

Links checked 16 January 2025

Local Authority	Status of 2023-24 Accounts	Annual Audited Accounts URL
Aberdeen City	Audited	https://www.aberdeencity.gov.uk/services/council-and-democracy/financial-information-and-procurement/annual-accounts
Aberdeenshire	Unaudited	http://publications.aberdeenshire.gov.uk/dataset/annual-accounts
Angus	Audited	https://www.angus.gov.uk/council_and_democracy/council_information/annual_accounts
Argyll and Bute	Audited	https://www.argyll-bute.gov.uk/council-and-government/financial-statements
City of Edinburgh	Audited	https://www.edinburgh.gov.uk/budget-finance/audited-annual-accounts
Clackmannanshire	Not published	https://www.clacks.gov.uk/site/documents/finance/statementofaccounts/
Dumfries and Galloway	Audited	https://www.dumgal.gov.uk/article/15137/Annual-accounts
Dundee City	Audited	https://www.dundee.gov.uk/service-area/corporate-services/corporate-finance/publications
East Ayrshire	Audited	https://www.east-ayrshire.gov.uk/CouncilAndGovernment/About-the-Council/Information-and-statistics/CouncilPerformanceIndicators/AnnualAccounts.aspx
East Dunbartonshire	Not published	https://www.eastdunbarton.gov.uk/about/our-council/about-the-council/annual-accounts/
East Lothian	Unaudited	https://www.eastlothian.gov.uk/downloads/210603/performance_and_spending
East Renfrewshire	Audited	https://www.eastrenfrewshire.gov.uk/how-we-spend-money
Falkirk	Audited	https://www.falkirk.gov.uk/services/council-democracy/budgets-spending-performance/annual-accounts.aspx
Fife	Audited	https://www.fife.gov.uk/kb/docs/articles/about-your-council2/budgets-and-finance/annual-accounts

Glasgow City	Unaudited	https://www.glasgow.gov.uk/annual
Highland	Audited	https://www.highland.gov.uk/annualaccounts
Inverclyde	Audited	https://www.inverclyde.gov.uk/council-and-government/performance/financial-statements
Midlothian	Audited	https://www.midlothian.gov.uk/downloads/download/11/statement_of_accounts
Moray	Audited	http://www.moray.gov.uk/moray_standard/page_44100.html
Na h-Eileanan Siar	Unaudited	https://www.cne-siar.gov.uk/council-and-committees/budgets-and-finance
North Ayrshire	Audited	https://www.north-ayrshire.gov.uk/council-voting-elections/performance-and-spending/budgets-and-finance
North Lanarkshire	Audited	https://www.northlanarkshire.gov.uk/your-council/facts-and-figures/annual-accounts/current-and-previous-years-annual-accounts
Orkney Islands	Audited	https://www.orkney.gov.uk/your-council/finances-services/budgets-and-accounting/statement-of-accounts/
Perth and Kinross	Audited	https://www.pkc.gov.uk/article/15499/Annual-accounts
Renfrewshire	Audited	http://www.renfrewshire.gov.uk/article/2292/Annual-Accounts-and-Key-Facts-and-Figures
Scottish Borders	Audited	https://www.scotborders.gov.uk/info/20059/budgets_and_finance/190/annual_accounts
Shetland Islands	Audited	https://www.shetland.gov.uk/budget-finance/audited-annual-accounts
South Ayrshire	Audited	https://www.south-ayrshire.gov.uk/sac-annual-accounts
South Lanarkshire	Audited	https://www.southlanarkshire.gov.uk/downloads/download/284/annual_report_and_accounts
Stirling	Unaudited	https://www.stirling.gov.uk/council-and-committees/performance-and-statistics/annual-account-documents/
West Dunbartonshire	Unaudited	https://www.west-dunbarton.gov.uk/council/our-performance/service-performance/financial-performance/
West Lothian	Audited	https://www.westlothian.gov.uk/article/33032/Finance-Information
Ayrshire VJB	Audited	https://www.ayrshire-vjb.gov.uk/article/37832/Search?q=accounts
Central VJB	Audited	https://www.clacks.gov.uk/site/documents/finance/statementofaccounts/

Dunbartonshire & Argyll & Bute VJB	Unaudited	https://www.west-dunbarton.gov.uk/council/our-performance/service-performance/financial-performance/
Grampian VJB	Unaudited	https://www.grampian-vjb.gov.uk/?s=annual+accounts
Highland & Western Isles VJB	Audited	https://www.highland.gov.uk/downloads/download/595/highland and western isles valuation joint board - annual reports
Lanarkshire VJB	Audited	https://www.lanarkshire-vjb.gov.uk/downloads/6/public performanceaccounts
Lothian VJB	Audited	https://www.lothian-vjb.gov.uk/equalities/
Orkney & Shetland VJB	Audited	http://www.orkney-shetland-vjb.co.uk/THE%20BOARD.html
Renfrewshire VJB	Audited	https://www.renfrewshire-vjb.gov.uk/performance
Tayside VJB	Audited	https://www.tayside-vjb.gov.uk/accounts/
Tay Road Bridge	Audited	https://www.tayroadbridge.co.uk/board-business/board-documents
HITRANS	Audited	https://hitrans.org.uk/Corporate/Documents
NESTRANS	Audited	https://www.nestrans.org.uk/about-nestrans/organisation/documents-statement-of-accounts/
SESTRAN	Audited	https://sestran.gov.uk/publications-all/
SWESTRANS	Audited	http://www.swestrans.org.uk/9722
SPT	Audited	https://www.spt.co.uk/about-us/who-we-are/documents/finance/
TACTRAN	Unaudited	https://tactran.gov.uk/?s=accounts
ZetTrans	Audited	https://www.zettrans.org.uk/about/reports
Dumfries & Galloway PF	Audited	https://www.dumgal.gov.uk/article/16802/Pension-Fund-and-Governance
Falkirk PF	Audited	https://www.falkirk.gov.uk/services/council-democracy/budgets-spending-performance/annual-accounts.aspx
Fife PF	Audited	https://www.fife.gov.uk/kb/docs/articles/about-your-council2/budgets-and-finance/annual-accounts
Highland PF	Audited	https://www.highland.gov.uk/downloads/download/714/pension fund accounts

Lothian PF	Audited	https://www.lpf.org.uk/publications/reports
North East Scotland PF	Audited	https://www.nespf.org.uk/about/annual-report/
Orkney Islands PF	Audited	https://www.orkney.gov.uk/your-council/finances-services/budgets-and-accounting/pension-fund-annual-reports/
Scottish Borders PF	Audited	https://www.scotborders.gov.uk/budgets-finance/annual-accounts
Scottish Homes PF	Audited	https://www.lpf.org.uk/publications/reports
Shetland Islands PF	Audited	https://www.shetland.gov.uk/budget-finance/audited-annual-accounts
Strathclyde PF	Audited	https://www.spfo.org.uk/article/4619/Annual-reports
Tayside PF	Audited	https://www.dundee.gov.uk/service-area/corporate-services/corporate-finance/publications?page=5

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