



SCOTTISH EXECUTIVE

Finance and Central Services Department
Local Government Finance & Performance Division

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Finance Circular No. 8/2001

Chief Executives, Scottish Local Authorities

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6 December 2001

Dear Chief Executive,

LOCAL GOVERNMENT FINANCE SETTLEMENTS: 2002-03 & 2003-04

- A. CHANGES TO 3-YEAR SETTLEMENT FIGURES
- B. NON-DOMESTIC RATE 2002-03

1. This Circular provides details of the provisional Scottish Executive revenue grant allocations for each local authority for the next 2 years. It builds on the 3 year settlement announced on 7 December 2000.
2. These proposals have been sent to COSLA today and will form the basis for consultation between Scottish Ministers and the Convention when they meet in January 2002.
3. The Annexes to this Circular are:
 - Annex 1: All Scotland aggregate totals;
 - Annex 2: Additional amounts included in the Settlement;
 - Annex 3: Calculation of grant distribution and notes;
 - Annex 4: Estimated payments to each local authority from specific grants;
 - Annex 5: Operation of the Council Tax Benefit subsidy limitation scheme;
 - Annex 6: Non-Domestic Rates: 2002-03 Distributable Amount.

PART A – SETTLEMENT ALLOCATIONS 2002-03 & 2003-04

4. Finance Circular 13/2000 detailed the new arrangements for the 3 year local government settlement figures, giving, for the first time, provisional revenue grant and capital allocations for each local authority for each of the 3 years, 2001-02 to 2003-04. Finance Circular 3/2001, issued in May 2001, provided the final settlement allocations for each local authority.
5. As indicated in Circular 13/2000, these allocations are guaranteed and will not be the subject of redetermination during the 3 year settlement period, other than for new burdens for which additional financial provision is being made, transfers into or out of the settlement or for adjustments to agreed Level Playing Field projects. The minimum grant increase floor adjustments set out in Annex 4 of Circular 13/2000 will not be recalculated.
6. **Annex 1** confirms the revised all-Scotland aggregate grant totals for 2002-03 and 2003-04.
7. **Annex 2** details the additional allocations and transfers on top of the existing guaranteed allocations for next year and the year after. The majority of these have been the subject of separate notification to local authorities, for which references are provided.
8. **Annex 3** sets out the distribution of the revised distributable Aggregate External Finance (AEF) between authorities and the allocation of the 3 elements of AEF (Revenue Support Grant, Non-Domestic Rates Income and Specific Grants) for each authority. As noted above, the revenue grant distribution arrangements for the 3 year settlement allocations, including population projections, were agreed last year and have not been revised. The distribution arrangements for the new allocations and transfers were discussed by the Joint Local Government Finance Working Party at its meeting on 25 October 2001.
9. The estimated specific grant allocations for each local authority set out in **Annex 4** have not changed from Circular 13/2001, other than for an increase to the provision for INSET grant; the transfer of £12.5m of Excellence Fund special programme grant to unhypothecated Revenue Support Grant (RSG); and an adjustment to the distribution of £1m of Excellence Fund core programme. A joint review of the scope and operation of the Excellence Fund programmes is due to report shortly, but it is not proposed that this will alter the existing allocations used in determining AEF and RSG for each authority for the next two years. Pending the completion of the review, an element of undistributed Excellence Fund announced last year (£12.2/7.0m) has been set aside and is not included in the AEF totals.
10. The methodology for calculating loan charges and support for Ppp projects is the same as that set out in Circular 13/2000. However, allocations of Ppp support have changed slightly from those given in Finance Circular 13/2000 to reflect changes in Ppp project details. The total amounts included are now £34.279m in 2001-02, £39.976m in 2002-03 and £51.789m 2003-04.
11. In keeping with the move towards simplification agreed last year, the circular focuses on each council's total grant allocation. Separate Grant Aided Expenditure (GAE) allocations for individual services are not identified.

12. Scottish Ministers have noted the indicative council tax changes for 2002-03 and 2003-04 announced by all local authorities this year. The Council Tax Benefit Subsidy limitation arrangements will continue to require a local authority to contribute towards the benefits costs of a council tax increase in excess of the thresholds, detailed at **Annex 5**. **However, these thresholds are not spending guidelines or limits.**

13. Annex 3 sets out the distribution of AEF between authorities. The calculations outlined there were broadly as follows. Estimated Service Expenditure (ESE) includes an element of Special Islands Needs Allowance. To the assessments of ESE were added allowances for loan and leasing charges; the net costs of housing and council tax benefits rebates and the floor adjustment. (Assessments for housing and council tax benefit and floor adjustments are unchanged from those already included for 2002-03.) This produces a figure for Total Estimated Expenditure (TEE) for each authority. AEF totalling £6553.484 million was then distributed to produce a uniform difference between TEE and AEF per Band D equivalent property across Scotland. Annex 3 also shows the allocation of the 3 elements of AEF for each authority

14. Annex 4 gives a breakdown of individual councils' shares of specific grants as used in the calculation of RSG.

PART B - NON-DOMESTIC RATES 2002-03

15. The Minister for Finance and Public Services announced his provisional decision on the national rate poundage for 2002-03 on 6 December in a Scottish Parliamentary statement. The Scottish rate poundage has been set provisionally at 47.8p. An announcement on the final Scottish poundage is expected early next year.

16. Scottish Ministers have decided that the Distributable Amount of NDRI for 2002-03 will be £1,718.104 million. The balance of Distributable AEF comprises (a) an estimated total of £607.314 million for specific grants (including Police Loan Charges specific grant) and (b) RSG for the year of £4,228.066 million.

17. The Distributable Amount of NDRI incorporates a forecast of net income from non-domestic rates in 2002-03. It draws on councils' estimates of the amounts they will contribute to the pool from NDRI in 2001-02. Included in the calculation are: gross income; expected losses from appeals; the expected in-year cost of the transitional relief scheme; estimated expenditure on mandatory and other reliefs as well as write-offs and provisions for bad debts. Adjustments are also made for amounts carried over from previous years. **Annex 6** shows how the Distributable Amount was calculated.

CAPITAL ALLOCATIONS

18. The formula allocations notified in Finance Circular 13/2000 are unchanged. The single allocation for the Tay Road Bridge Joint Board for 2002-03 and 2003-04 is under review and will be notified separately to the Board.

Conclusion & Contacts

19. Separate copies of this Circular have been sent by e-mail to Directors of Finance and to Norie Williamson at COSLA.

20. Enquiries relating to this Circular should be addressed to the following:

General queries (settlement totals, Council Tax Benefit Subsidy Limitation)
Mr Neil Rennick 0131 244 7002

General queries (grant distribution, NDRI)
Miss Nikki Brown 0131 244 7012

General queries (capital allocations)
Mrs Mary Munro 0131 244 7203

Grant distribution, NDRI
Mr Colin Cummins 0131 244 7004

Yours sincerely



CHRISTIE SMITH
Head of Local Government Finance & Performance Division

ALL SCOTLAND AGGREGATE TOTALS

	2002-03	£ million 2003-04
Total Aggregate External Finance	6,694.522	7,067.522
% increase over previous year	10.7%	5.6%
<i>less</i> Undistributed Excellence Fund	26.041	33.141
<i>less</i> Undistributed INSET (SEN) Specific Grant	3.500	3.500
<i>plus</i> Police Loan Charge Specific Grant	13.503	14.077
Distributable Aggregate External Finance¹	6,553.484	6,919.958
% increase over previous year	8.7%	5.6%

¹excludes £125m/£125m for Personal and Nursing Care for the Elderly for which distribution arrangements are to be confirmed.

Breakdown of Specific Grants

Police	417.731	430.295 416.318
Civil Protection grant for the Police	0.574	0.574
Supported Employment	4.348	4.348
In-Service Training of Teachers (SEN)	7.386	7.386
Gaelic	2.834	2.834
Housing Benefit and Council Tax Benefit Administration	18.482	19.482
Mental Illness	13.300	13.300
Social Work Training	2.200	2.200
Excellence Fund Core Programme ²	125.000	126.000
Excellence Fund Special Programme ²	15.459	13.059
Total Specific Grants	607.314	619.578

² The distribution of the presently unallocated amounts in the Excellence Fund of £26.041/£33.141 million is being considered by the Scottish Executive Education Department. Enquiries on the Excellence Fund should be referred to Peter Allan, 0131 244 0942.

Loan and Leasing Charges	859.666	913.734
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LOCAL GOVERNMENT SETTLEMENT: TRANSFERS AND ADDITIONAL ALLOWANCES

This Annex summarises the main transfers and additional allocations for the 2002-03 and 2003-04 settlement, as discussed by the joint Scottish Executive and COSLA Working Party on Local Government Finance in October 2001:

Adult Literacy: Additional funding of £2.7m/£5.4m/£10.4m is being provided from 2001-02 linked to a local outcome agreement for expanding literacy and numeracy learning opportunities. (Reference: ELLD Circular :1/01, issued on 17 July 2001.)

Supporting people: £2m/£5m/£8m of additional money is being given from the current year, to assist the start up costs of the new supporting people regime for housing services. (Reference: SE:Development Department letter dated 29 March 2001.)

Out of School Care: £2m/£3m/£3m extra funding from the 2001 budget consequentials is being provided with reference to out-of-school club places. (Reference: SE:Education Department letter dated 3 July 2001)

Return of the pre-school Education main grant to AEF: Pre-school grant resources of £137m will be re-integrated into the local government settlement for the two years 2002-03 and 2003-04. Local authorities are expected to maintain the provision of pre-school education places for all children from the term after their third birthday. (Reference: SE:Education Department letter dated 22 September 2001.)

Rough Sleepers Initiative: £8.8m for each of the two years 2002-03 and 2003-04 is to be transferred from specific grant allocation to the unhypothecated RSG, linked to a local outcome agreement. (Reference: SE:Development Department letter dated 4 July 2001.)

Department of Work and Pensions Transfers: From 2002-03 funding of £73.1 and £81m the following year, will be transferred from the DWP to local authorities for new Residential Allowance cases and for People with Preserved Rights to residential and nursing home care. Guidance on the transfers will issue shortly from SE:Health Department.

Personal and Nursing Care for Older People: £125m for each of the two years 2002-03 and 2003-04 is to be allocated to local government for the costs of personal and nursing care for older people and service development. The arrangements for allocating these resources are being considered.

Stop Now Orders: Formula consequentials of £0.225m will be allocated from 2002-03 with reference to the implementation of new Stop Now Orders for consumer protection.

Transfer Out of AEF

Scottish Commission for the Regulation of Care: £5.68m will transfer out of AEF for each of the two years 2002-03 and 2003-04 to fund the new body which is to take over care home registration and inspection.

EXPLANATORY NOTES TO AEF DISTRIBUTION

The calculations are set out in the table at Annex 3. Column numbers are consistent throughout the separate sections for mainland and islands authorities. Columns 1 to 8 relate to the distributions for 2002-03 and 2003-04. Columns 9 to 11 are relevant to 2002-03 only.

1. Column 1 of the table is the estimated service expenditure of each authority. This column includes Special Islands Needs Allowance.
2. Column 2 contains allocations of loan charge support. Capital from current revenue continues to be excluded. The figures were calculated as described in Annex 5.
3. Column 3 contains an assessment of the expenditure on housing and council tax benefits of each authority, net of DSS subsidy. The figures provide for a proportion of 5.5% of housing and council tax benefit (0.5% relates to incentive area spending) to be met by authorities.
4. Column 4 is the assessment of the floor adjustments for each authority.
5. Column 5 is the total of columns 1 to 4. That is, it is Total Estimated Expenditure (TEE).
6. Column 6 is the estimated number of Band D equivalent properties as at September 2000 on which council tax will be levied.
7. Column 7 represents the portion of adjusted TEE which is not supported through AEF. This amount is distributed among authorities in proportion to their share of the national council tax base. This is achieved by a formula:

$$(\text{Total adjusted TEE less total AEF}) \times \frac{\text{band D equivalent properties in authority}}{\text{total band D equivalent properties}}$$
8. Column 8 is the difference between columns 5 and 7 being the total amount of AEF. The total of column 8 is AEF of £6553.484 in 2002-03, (i.e. the total of £6694.522, less Excellence Fund Special Programme and SEN specific grant, £29.541, less Personal Care, £125.000, plus the amount of specific grant on police loan charges, £13.503m, which are supported by grant but are accounted for outside AEF). AEF distributed for 2003-04 is £6919.958.
9. Column 9 shows the amount of specific grants (excluding Police CPS, but including Police specific grant loan charges) for 2002-03. A number of specific grants (e.g. police) are paid directly to joint boards. In these cases, for AEF distribution purposes only, the estimated amount for each force or brigade has been broken down on the same basis as is used for the relevant GAEs. Distribution to constituent council level of common police services and police specific grant loan charges as used in the calculation of Police Specific grant for 2002-03, has been based on advice from treasurers of the Police Boards.
10. Column 10 shows the amount of Distributable NDRI. This has been distributed amongst authorities in proportion to 2000 mid-year population estimates.
11. Column 11 distributes RSG, being the remainder of AEF after deductions for Specific Grants and NDRI.

	(1) Estimated Service Expenditure	(2) Loan Charges Support 2002-03 including PPP LPFS	(3) Housing and Council Tax Benefit (residual subsidy)	(4) Floor Adjustment 2002-03	(5) Total Estimated Expenditure (Cols.1 to 4)	(6) Band D Properties forecast	(7) Deduction for TEE not supported by AEF (Tot Col 5-Tot Col 8) * Col 6/Tot Col 6 0.00074	(8) Total AEF (Col 5-7)	(9) Specific Grants	(10) NDRI	(11) RSG (Col 8-9-10)
	£M	£M	£M	£M	£M		£M	£M	£M	£M	
Aberdeen City	262.631	31.473	2.423	-0.446	296.081	84,093	61.973	234.109	25.561	70.963	137.585
Aberdeenshire	294.461	27.259	1.603	-0.486	322.837	87,423	64.427	258.410	20.939	76.321	161.150
Angus	147.757	10.532	1.341	-0.246	159.384	39,161	28.860	130.524	11.513	36.676	82.335
Argyll & Bute	132.328	27.111	1.181	-0.251	160.369	37,088	27.332	133.037	10.044	29.826	93.167
Clackmannanshire	63.595	6.564	0.862	-0.113	70.908	16,661	12.278	58.630	4.975	16.279	37.376
Dumfries & Galloway	207.799	24.051	1.894	-0.366	233.378	55,153	40.645	192.732	16.961	48.977	126.794
Dundee City	214.103	24.958	3.624	-0.393	242.292	46,863	34.536	207.756	20.510	47.936	139.310
East Ayrshire	163.717	14.652	1.856	-0.289	179.936	38,687	28.511	151.425	14.143	40.522	96.760
East Dunbartonshire	138.171	12.870	0.791	-0.224	151.608	46,161	34.018	117.589	10.019	37.207	70.363
East Lothian	113.345	13.125	1.113	-0.190	127.393	36,301	26.752	100.641	9.064	30.663	60.914
East Renfrewshire	115.152	10.950	0.679	-0.182	126.599	39,139	28.844	97.756	8.047	30.162	59.547
Edinburgh, City of	552.710	84.516	6.457	-0.957	642.726	190,043	140.053	502.673	57.043	152.317	293.313
Eilean Siar	62.001	20.161	0.362	4.313	86.837	9,038	6.661	80.176	4.182	9.130	66.864
Falkirk	183.838	24.245	2.253	-0.315	210.021	49,417	36.418	173.603	15.334	48.480	109.789
Fife	460.456	36.584	5.359	-0.785	501.614	123,976	91.364	410.250	35.188	117.707	257.355
Glasgow City	923.524	164.050	17.528	4.292	1109.394	205,991	151.806	957.588	103.073	204.701	649.814
Highland	314.035	45.140	2.565	-0.568	361.172	80,826	59.565	301.607	26.573	70.073	204.961
Inverclyde	121.301	14.598	1.655	-0.223	137.331	27,801	20.488	116.843	11.387	28.419	77.037
Midlothian	106.480	10.080	1.068	0.695	118.323	28,882	21.285	97.039	8.893	27.613	60.533
Moray	113.361	12.568	1.021	-0.007	126.943	29,540	21.770	105.174	8.864	28.537	67.773
North Ayrshire	188.448	18.698	2.301	-0.333	209.114	47,412	34.940	174.174	14.581	46.643	112.950
North Lanarkshire	435.287	40.528	6.076	-0.778	481.113	102,161	75.288	405.826	35.681	110.055	260.090
Orkney	42.610	8.005	0.190	0.075	50.880	6,844	5.044	45.837	2.340	6.544	36.953
Perth & Kinross	175.599	16.911	1.390	-0.285	193.615	55,128	40.627	152.988	13.934	44.886	94.168
Renfrewshire	234.859	25.857	3.099	-0.411	263.404	65,253	48.088	215.316	19.974	59.448	135.894
Scottish Borders	150.394	18.310	1.352	-0.264	169.792	40,937	30.169	139.624	12.595	35.910	91.119
Shetland	55.235	15.297	0.162	0.501	71.195	7,390	5.446	65.749	2.786	7.538	55.425
South Ayrshire	150.257	12.811	1.498	-0.249	164.317	45,070	33.214	131.102	11.269	38.268	81.565
South Lanarkshire	402.122	39.176	4.937	-0.701	445.534	105,629	77.844	367.690	31.103	103.262	233.325
Stirling	116.354	15.274	0.974	-0.202	132.400	33,519	24.702	107.697	9.141	28.627	69.929
West Dunbartonshire	141.737	14.021	2.062	-0.256	157.564	32,718	24.112	133.452	14.250	31.778	87.424
West Lothian	203.952	19.291	2.400	-0.355	225.288	52,677	38.820	186.467	17.347	52.636	116.484
Scotland	6,987.620	859.666	82.076	0.000	7929.362	1,866,982	1,375.878	6553.484	607.314	1718.104	4,228.066

	(1) Estimated Service Expenditure	(2) Loan Charges Support 2003-04 including PPP LPFS	(3) Housing and Council Tax Benefit (residual subsidy)	(4) Floor Adjustment 2003-04	(5) Total Estimated Expenditure (Cols.1 to 4)	(6) Band D Properties forecast	(7) Deduction for TEE not supported by AEF (Tot Col 5-Tot Col 8) * Col 6/Tot Col 6) 0.00078	(8) Total AEF (Col 5-7)
	£M	£M	£M	£M	£M	£M	£M	
Aberdeen City	276.888	32.648	2.523	-0.065	311.994	84,388	65.865	246.129
Aberdeenshire	310.936	28.989	1.669	0.193	341.787	88,223	68.858	272.929
Angus	156.047	11.162	1.397	-0.271	168.335	39,335	30.701	137.634
Argyll & Bute	138.861	29.139	1.230	-0.277	168.953	37,260	29.081	139.872
Clackmannanshire	67.456	7.335	0.898	-0.125	75.564	16,744	13.069	62.495
Dumfries & Galloway	220.284	25.337	1.972	-0.405	247.188	55,335	43.189	203.999
Dundee City	225.271	26.068	3.775	-0.433	254.681	46,774	36.507	218.174
East Ayrshire	173.125	15.666	1.933	-0.319	190.405	38,703	30.208	160.196
East Dunbartonshire	146.005	14.377	0.824	-0.247	160.959	46,397	36.213	124.746
East Lothian	120.507	13.914	1.159	-0.211	135.369	36,635	28.594	106.776
East Renfrewshire	122.349	11.718	0.708	-0.201	134.574	39,470	30.806	103.768
Edinburgh, City of	585.272	90.512	6.725	-0.572	681.937	191,825	149.719	532.218
Eilean Siar	64.552	21.100	0.377	4.887	90.916	9,085	7.091	83.825
Falkirk	195.518	25.431	2.346	-0.350	222.945	49,723	38.809	184.136
Fife	486.733	42.446	5.581	-0.865	533.895	124,736	97.356	436.538
Glasgow City	974.013	171.211	18.255	1.988	1165.467	207,323	161.815	1003.651
Highland	330.745	48.210	2.671	-0.625	381.001	81,484	63.598	317.402
Inverclyde	127.633	15.667	1.724	-0.246	144.778	27,711	21.628	123.150
Midlothian	112.631	13.111	1.113	0.693	127.548	29,054	22.677	104.873
Moray	120.228	13.459	1.063	-0.219	134.531	29,675	23.161	111.369
North Ayrshire	199.541	19.730	2.396	-0.367	221.300	47,716	37.242	184.058
North Lanarkshire	461.343	41.973	6.327	-0.857	508.786	102,765	80.208	428.578
Orkney	44.526	8.592	0.197	0.210	53.525	6,885	5.374	48.151
Perth & Kinross	185.552	17.666	1.448	-0.314	204.352	55,528	43.340	161.013
Renfrewshire	249.863	27.460	3.228	-0.456	280.095	65,522	51.140	228.955
Scottish Borders	159.311	19.545	1.408	-0.293	179.971	41,115	32.090	147.881
Shetland	57.870	16.087	0.169	0.522	74.648	7,446	5.812	68.836
South Ayrshire	159.017	13.376	1.560	-0.274	173.679	45,260	35.325	138.354
South Lanarkshire	424.989	39.751	5.141	0.396	470.277	106,122	82.828	387.449
Stirling	123.580	16.097	1.015	-0.223	140.469	33,822	26.398	114.071
West Dunbartonshire	149.549	14.694	2.148	-0.282	166.109	32,787	25.590	140.519
West Lothian	216.474	21.263	2.499	-0.391	239.845	53,340	41.632	198.213
Scotland	7,386.669	913.734	85.479	0.000	8385.882	1,878,188	1,465.924	6919.958

2002-03 SPECIFIC GRANTS ¹

	² POLICE	CIVIL	SUPPORTED	COUNCIL	HOUSING	IN-SERVICE	GAELIC	MENTAL	SOCIAL	EXCELLENCE	EXCELLENCE	TOTAL
	DEFENCE	DEFENCE	EMPLOY- MENT	TAX BENEFIT ADMIN- ISTRATION	BENEFIT ADMIN- ISTRATION	TRAINING OF TEACHERS		ILLNESS	WORK TRAINING	FUND CORE PROGRAMME	FUND SPECIAL FUND	SPECIFIC GRANTS
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Aberdeen City	17,623	59	395	264	282	267	97	673	90	4,111	1,700	25,561
Aberdeenshire	13,160	44	162	170	192	344	5	549	75	5,838	400	20,939
Angus	7,843	13	0	141	161	146	29	305	47	2,628	200	11,513
Argyll & Bute	6,879	4	5	126	140	132	246	297	41	1,974	200	10,044
Clackmannanshire	2,994	9	26	93	101	96	8	105	20	1,323	200	4,975
Dumfries & Galloway	11,909	55	157	198	229	224	0	355	55	3,579	200	16,961
Dundee City	14,594	25	519	375	442	192	0	324	74	3,265	700	20,510
East Ayrshire	8,942	6	14	212	206	187	100	305	51	3,450	670	14,143
East Dunbartonshire	5,267	3	0	101	76	165	31	156	31	3,506	683	10,019
East Lothian	5,748	4	76	120	131	103	0	211	35	2,236	400	9,064
East Renfrewshire	4,540	3	9	82	71	131	23	54	27	2,907	200	8,047
City of Edinburgh	43,195	31	409	669	787	461	127	1,278	206	8,649	1,231	57,043
Eilean Siar	1,933	4	43	52	29	87	900	156	25	753	200	4,182
Falkirk	9,798	28	200	255	252	262	7	348	59	3,825	300	15,334
Fife	22,702	55	847	610	596	505	0	849	135	8,350	539	35,188
City of Glasgow	79,419	50	452	1,881	2,068	888	177	2,636	372	12,495	2,635	103,073
Highland	18,410	44	400	288	289	289	610	568	79	5,194	402	26,573
Inverclyde	7,802	5	33	179	194	135	59	184	41	2,355	400	11,387
Midlothian	5,964	4	57	116	125	102	0	253	26	2,046	200	8,893
Moray	5,922	20	71	109	121	124	0	152	30	2,115	200	8,864
North Ayrshire	9,493	6	24	250	268	216	29	187	59	3,849	200	14,581
North Lanarkshire	23,407	15	143	714	651	511	156	535	128	8,921	500	35,681
Orkney	1,307	3	24	20	23	94	0	126	20	523	200	2,340
Perth & Kinross	9,708	17	0	139	175	167	30	258	51	2,989	400	13,934
Renfrewshire	13,482	8	19	315	384	263	14	356	73	4,760	300	19,974
Scottish Borders	9,062	6	100	135	170	108	4	295	43	2,472	200	12,595
Shetland	1,595	4	29	19	17	72	0	157	20	673	200	2,786
South Ayrshire	7,095	4	33	167	170	159	0	286	46	3,009	300	11,269
South Lanarkshire	20,086	13	10	599	509	460	120	713	114	8,279	200	31,103
Stirling	6,159	18	29	113	106	147	62	197	33	2,077	200	9,141
West Dunbartonshire	10,122	6	19	232	232	151	0	238	43	2,507	700	14,250
West Lothian	11,571	8	43	254	287	198	0	194	51	4,341	400	17,347
Scotland	417,731	574	4,348	8,998	9,484	7,386	2,834	13,300	2,200	125,000	15,459	607,314

¹ All figures are Scottish Executive Estimates² Includes loan charges of £13.503 million

2003-04 SPECIFIC GRANTS ¹

	² POLICE	CIVIL DEFENCE	SUPPORTED EMPLOY- MENT	COUNCIL TAX BENEFIT ADMINI- STRATION	HOUSING BENEFIT ADMINI- STRATION	IN-SERVICE TRAINING OF TEACHERS	GAELIC	MENTAL ILLNESS	SOCIAL WORK TRAINING	EXCELLENCE FUND CORE PROGRAMME	EXCELLENCE FUND SPECIAL FUND	TOTAL SPECIFIC GRANTS
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Aberdeen City	17,831	59	395	278	297	267	97	673	90	4,151	1,500	25,638
Aberdeenshire	13,308	44	162	179	202	344	5	549	75	5,885	300	21,053
Angus	8,006	13	0	149	170	146	29	305	47	2,649	200	11,714
Argyll & Bute	7,139	4	5	133	148	132	246	297	41	1,990	200	10,335
Clackmannanshire	3,157	9	26	98	107	96	8	105	20	1,333	200	5,159
Dumfries & Galloway	12,194	55	157	208	242	224	0	355	55	3,607	200	17,297
Dundee City	14,896	25	519	395	466	192	0	324	74	3,293	700	20,884
East Ayrshire	9,280	6	14	223	217	187	100	305	51	3,474	670	14,527
East Dunbartonshire	5,466	3	0	107	80	165	31	156	31	3,527	683	10,249
East Lothian	5,906	4	76	127	138	103	0	211	35	2,253	200	9,053
East Renfrewshire	4,711	3	9	86	74	131	23	54	27	2,925	100	8,143
City of Edinburgh	44,424	31	409	706	829	461	127	1,278	206	8,726	1,231	58,428
Eilean Siar	1,952	4	43	55	30	87	900	156	25	759	200	4,211
Falkirk	10,332	28	200	269	265	262	7	348	59	3,853	100	15,723
Fife	23,155	55	847	643	628	505	0	849	135	8,419	539	35,775
City of Glasgow	82,419	50	452	1,983	2,180	888	177	2,636	372	12,615	2,635	106,407
Highland	18,605	44	400	304	305	289	610	568	79	5,236	202	26,642
Inverclyde	8,097	5	33	188	205	135	59	184	41	2,373	400	11,720
Midlothian	6,126	4	57	122	131	102	0	253	26	2,062	100	8,983
Moray	5,995	20	71	115	128	124	0	152	30	2,132	200	8,967
North Ayrshire	9,851	6	24	264	283	216	29	187	59	3,878	0	14,797
North Lanarkshire	24,291	15	143	753	686	511	156	535	128	8,989	400	36,607
Orkney	1,321	3	24	21	24	94	0	126	20	527	100	2,260
Perth & Kinross	9,909	17	0	146	184	167	30	258	51	3,014	300	14,076
Renfrewshire	13,992	8	19	332	405	263	14	356	73	4,795	200	20,457
Scottish Borders	9,315	6	100	142	180	108	4	295	43	2,492	100	12,785
Shetland	1,610	4	29	20	18	72	0	157	20	678	200	2,808
South Ayrshire	7,363	4	33	176	179	159	0	286	46	3,031	100	11,377
South Lanarkshire	20,844	13	10	632	537	460	120	713	114	8,341	0	31,784
Stirling	6,495	18	29	119	112	147	62	197	33	2,094	100	9,406
West Dunbartonshire	10,504	6	19	244	245	151	0	238	43	2,527	600	14,577
West Lothian	11,901	8	43	268	303	198	0	194	51	4,373	400	17,739
Scotland	430,395	574	4,348	9,485	9,998	7,386	2,834	13,300	2,200	126,000	13,059	619,579

¹ All figures are Scottish Executive Estimates² Includes loan charges of £14.077 million

COUNCIL TAX BENEFIT SUBSIDY LIMITATION

The Council Tax Benefit (CTB) subsidy limitation arrangements require a local authority to contribute towards the additional CTB costs associated with an increase in council tax above a set threshold. The cost of council tax benefit is roughly proportional to the council tax. An increase in council tax will lead to an increase in benefit costs of approximately the same percentage.

For 2001-02 and the subsequent 2 years, the CTB subsidy limitation arrangements will apply to any council that increases its council tax by more than 5% and £50, to that proportion by which the Band D council level exceeds the all-Scotland average council tax level in that year. The standard rate of benefit subsidy (currently 95%) will be scaled down proportionate to a council's excess increase relative to their previous council tax level.

Therefore where dR is the value of an authority's excess council tax increase above 5% or £50 (whichever is the lower) and $CT1$ is the authority's previous council tax level, then its benefit subsidy would be scaled by a proportion of:

$$1 - \frac{\frac{1}{2}dR}{CT1}$$

Where the proportion of an authority's council tax yield met from benefit (B) is above the Scottish average proportion (M), then its benefit subsidy would be scaled by a proportion of:

$$1 - \frac{\frac{1}{2}dR * M}{CT1 * B}$$

Where dR is greater than the excess of the authority's council tax level above the all-Scotland average then the subsidy limitation is applied only on the excess above the all-Scotland average. Therefore where $CT2$ is the authority's new council tax level and CTa is the all-Scotland average, its benefit subsidy would be scaled by a proportion of:

$$1 - \frac{\frac{1}{2}(CT2 - CTa)}{CT1}$$

Where a council exceeds the 5% and £50 thresholds but its Band D council tax is still below the all Scotland average then no subsidy limitation is applied.

The 5% assumed average council tax increase within the settlement calculations should provide a guide to councils on the likely level of the average all-Scotland council tax in each of the next 3 years.

PROPORTION OF COUNCIL TAX RAISED FROM BENEFIT

	Value of B
Scotland (=M)	17.0
Aberdeen City	11.1
Aberdeenshire	7.5
Angus	12.5
Argyll & Bute	13.6
Clackmannanshire	18.5
Dumfries & Galloway	
Dundee City	23.6
East Ayrshire	19.0
East Dunbartonshire	8.7
East Lothian	12.1
East Renfrewshire	8.4
Edinburgh City	12.2
Eilean Siar	13.3
Falkirk	15.5
Fife	14.7
Glasgow City	31.5
Highland	12.7
Inverclyde	20.1
Midlothian	13.8
Moray	11.4
North Ayrshire	19.2
North Lanarkshire	21.7
Orkney	10.2
Perth & Kinross	9.4
Renfrewshire	17.9
Scottish Borders	10.9
Shetland	8.9
South Ayrshire	14.3
South Lanarkshire	19.5
Stirling	11.2
West Dunbartonshire	25.7
West Lothian	15.3

Source: June 2001 position as reported by authorities on statistical return "Council Tax, Non Domestic Rates and Community Charge Receipts" (CTRR). Data is not available for Dumfries and Galloway as the Scottish Executive has not received a return from the Council for this period.

2002-03 DISTRIBUTABLE AMOUNT
NDR1 Balance Sheet to 31.3.02

	£m	£m	£m	£m	£m
1	Balance b.f. 31.3.01 as per DA calc 01/02				-10.403
	Less: Downward recalc 2000-01 post DA calc				0.454
	Less: Diff between 98-99 Audited post DA calc				1.711
	Add: Correction to balance in 2000-01 DA calc				2.728
2	Closing Balance				-9.840
<hr/>					
Final Balance b.f. 31.3.01					
3	Opening Balance				-9.840
4	Add: PCA Prov Cont Amnt 2001/02			1669.508 ✓	
5	Less: Dist Amnt 2001/02			1553.926	
				<u>115.582</u>	
6	Reconciliation of 2000-01				105.742
7	Add: Notified Amnt 2000/01		1578.663 ✓		
8	Less Prov Cont Amnt 2000/01		1544.780 ✓		
9			<u>33.883</u>		
10	Reconciliation of 1999-00				139.625
11	Add: Audited Amnt 1999/00		1496.647 ✓		
12	Less: Notified Amnt 1999/00		1497.570 ✓		
13			<u>-0.923</u>		138.702
14	Closing Balance 2001-02				138.702
<hr/>					
15	Balance b.f. 31.3 02				138.702
16	Opening Balance				
17	Add: estimated Prov Cont. Amnt 2002-03		1584.000		
18	Add: Mid Yr Estimate 2001/02	1664.910 ✓			
19	Less: Prov Cont Amnt 2001/02	1669.508			
20	Add/less Est. reconciliation of 2001/02	<u>-4.598</u>			
21	Estimated movement on Pool 2002-03				1579.402
<hr/>					
22	Estimated movement on Pool 2002-03				1579.402
23	Net Balance on 01/02 Pool inc. b/fd @ 31/3/02				1718.104
24	Less: Distributable Amount for 2002/03				-1718.104
25	Estimated balance at 31.3.03				0.000
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