

LOCAL GOVERNMENT FINANCE SETTLEMENT 2008-11

EXPLANATORY NOTES

The Local Government Finance settlement announced today by the Cabinet Secretary for Finance and Sustainable Growth (13 December 2007) confirms provisional local authority funding allocations for each of the next three years covering the period 2008-11.

As part of the new relationship set out in the Concordat signed by COSLA and the Scottish Government, councils are being given more freedom than ever before to spend the money allocated to them. Within the overall policy direction set by the Scottish Government, local authorities will be able to allocate their resources as they see fit in more productive ways to achieve the agreed national outcomes set as well as to meet local demand for local services.

The presentation of the Local Government Finance settlement announced today reflects this change. It has moved on from the series of input measures such as Grant Aided Expenditure (GAE) assessments and the numerous specific funding streams which were a feature of the previous system. Previous local government settlement announcements focused on the revenue grant for core services (known as Aggregate External Finance - AEF). This included a small number of ring-fenced grants, including Police. Information on the distribution of the majority of specific grants outwith AEF was then announced in a piecemeal manner over the course of the year. The figures announced today now include allocations for the vast majority of previously ring-fenced funding streams.

In the interests of stability, it was agreed with COSLA that the 2007-08 GAE assessments remain part of the methodology that underpins the distribution methodology in the three year settlement allocations confirmed today. This includes the arrangements for the "floor mechanism" which provides each local authority with a minimum revenue increase in funding for core services.

One result of the new presentation is that figures for 2008-09 onwards are not directly comparable with the equivalent figures announced last year for financial year 2007-08.

In order to be helpful to members and by way of illustration, **Annex A** contains a table equivalent to what would have been published in previous settlements. This shows the core revenue grant figures (i.e. excluding those new specific grants which have been added to the settlement from 2008-09) and the "floor" adjustment.

The amounts in Annex A are subsumed within **Annex B** which sets out the new approach. Annex B shows the total confirmed provisional funding allocations for revenue and capital for each local authority for the next 3 years, along with details of the funding allocations (worth £520 million in 2008-09) where the distribution has still to be made. Discussions are continuing with COSLA over the distribution of these remaining resources and allocations will be confirmed as soon as final decisions have been taken. A further breakdown of these sums is provided in **Annex C**. These are the total amounts which the Scottish Government will provide to local government between 2008-09 and 2010-11.

Scottish Government

13 December 2007

Local Government Finance Settlement 2008-11 – Core Revenue Grant, showing the Floor

Annex A

| 2008-09 Local authority | Grant with floor | Year on year increase | 2009-10 Local authority | Grant with floor | Year on year increase | 2010-11 Local authority | Grant with floor | Year on year increase |
|----------------------------|---------------------|-----------------------------|----------------------------|---------------------|-----------------------------|----------------------------|---------------------|-----------------------------|
| Shetland Islands | 89.169 | 7.66% | West Lothian | 282.517 | 4.96% | West Lothian | 294.603 | 4.28% |
| East Renfrewshire | 148.697 | 6.93% | Scottish Borders | 208.089 | 4.95% | Perth & Kinross | 243.143 | 4.18% |
| Orkney Islands | 65.101 | 6.68% | East Renfrewshire | 155.900 | 4.84% | Angus | 201.139 | 4.16% |
| Edinburgh (City of) | 692.323 | 6.57% | North Lanarkshire | 587.652 | 4.80% | Clackmannanshire | 90.458 | 4.14% |
| Falkirk | 243.337 | 6.42% | Clackmannanshire | 86.863 | 4.77% | East Renfrewshire | 162.333 | 4.13% |
| Clackmannanshire | 82.906 | 6.21% | Fife | 623.001 | 4.74% | Falkirk | 264.870 | 4.07% |
| Fife | 594.820 | 6.03% | South Lanarkshire | 533.451 | 4.73% | Highland | 460.846 | 4.05% |
| Stirling | 152.688 | 5.91% | East Lothian | 156.376 | 4.62% | Scottish Borders | 216.512 | 4.05% |
| West Lothian | 269.160 | 5.76% | Falkirk | 254.520 | 4.60% | Aberdeenshire | 406.653 | 3.99% |
| East Lothian | 149.478 | 5.50% | Stirling | 159.646 | 4.56% | East Lothian | 162.553 | 3.95% |
| Highland | 425.168 | 4.78% | South Ayrshire | 190.362 | 4.52% | Stirling | 165.912 | 3.92% |
| Aberdeenshire | 374.744 | 4.60% | Aberdeenshire | 391.065 | 4.36% | Dumfries & Galloway | 291.203 | 3.86% |
| Argyll & Bute | 188.987 | 4.59% | Angus | 193.111 | 4.29% | North Lanarkshire | 609.957 | 3.80% |
| South Lanarkshire | 509.374 | 4.56% | North Ayrshire | 251.274 | 4.24% | Moray | 161.670 | 3.77% |
| Aberdeen City | 315.839 | 4.52% | Highland | 442.896 | 4.17% | South Lanarkshire | 553.114 | 3.69% |
| Midlothian | 136.342 | 4.47% | Midlothian | 141.998 | 4.15% | South Ayrshire | 197.259 | 3.62% |
| North Lanarkshire | 560.718 | 4.27% | Moray | 155.796 | 4.13% | Fife | 645.535 | 3.62% |
| Perth & Kinross | 224.215 | 4.08% | Argyll & Bute | 196.741 | 4.10% | Midlothian | 147.086 | 3.58% |
| East Dunbartonshire | 164.880 | 3.90% | West Dunbartonshire | 183.265 | 4.09% | Dundee City | 288.032 | 3.56% |
| Scottish Borders | 198.284 | 3.81% | Perth & Kinross | 233.391 | 4.09% | East Ayrshire | 222.655 | 3.50% |
| Angus | 185.160 | 3.69% | Dumfries & Galloway | 280.387 | 3.92% | North Ayrshire | 259.333 | 3.21% |
| North Ayrshire | 241.046 | 3.66% | Glasgow City | 1,251.787 | 3.91% | Aberdeen City | 338.144 | 3.17% |
| Renfrewshire | 295.119 | 3.54% | Aberdeen City | 327.744 | 3.77% | Orkney Islands | 69.206 | 2.88% |
| Dumfries & Galloway | 269.798 | 3.47% | Inverclyde | 162.381 | 3.34% | Argyll & Bute | 202.400 | 2.88% |
| Moray | 149.620 | 3.45% | Orkney Islands | 67.268 | 3.33% | West Dunbartonshire | 188.499 | 2.86% |
| Dundee City | 269.403 | 3.40% | Edinburgh (City of) | 715.328 | 3.32% | Inverclyde | 166.542 | 2.56% |
| FLOOR | | | East Dunbartonshire | 170.280 | 3.28% | Glasgow City | 1,283.082 | 2.50% |
| South Ayrshire | 182.122 | 3.40% | East Ayrshire | 215.125 | 3.25% | FLOOR | | |
| West Dunbartonshire | 176.058 | 3.40% | Dundee City | 278.135 | 3.24% | East Dunbartonshire | 174.537 | 2.50% |
| Glasgow City | 1,204.631 | 3.40% | FLOOR | | | Shetland Islands | 94.140 | 2.50% |
| Inverclyde | 157.139 | 3.40% | Shetland Islands | 91.844 | 3.00% | Edinburgh (City of) | 733.211 | 2.50% |
| East Ayrshire | 208.348 | 3.40% | Renfrewshire | 303.973 | 3.00% | Renfrewshire | 311.572 | 2.50% |
| Eilean Siar | 103.596 | 3.40% | Eilean Siar | 106.704 | 3.00% | Eilean Siar | 109.371 | 2.50% |
| Scotland | 9,028.268 | 4.55% | Scotland | 9,398.868 | 4.10% | Scotland | 9,715.568 | 3.37% |

Local Government Finance Settlement 2008-11 – Total Provisional Funding

Annex B

| Local Authority (£ million) | 2008-09 | | | 2009-10 | | | 2010-11 | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Total Revenue | Total Capital | Total Funding | Total Revenue | Total Capital | Total Funding | Total Revenue | Total Capital | Total Funding |
| Aberdeen City | 339.936 | 26.504 | 366.440 | 356.968 | 27.156 | 384.123 | 372.056 | 27.380 | 399.437 |
| Aberdeenshire | 403.212 | 32.543 | 435.755 | 421.517 | 33.924 | 455.440 | 439.855 | 33.983 | 473.838 |
| Angus | 203.471 | 14.649 | 218.120 | 212.995 | 15.302 | 228.298 | 222.057 | 15.832 | 237.888 |
| Argyll & Bute | 217.203 | 16.976 | 234.179 | 223.925 | 18.598 | 242.523 | 230.098 | 17.956 | 248.054 |
| Clackmannanshire | 91.109 | 6.639 | 97.747 | 96.986 | 6.845 | 103.831 | 100.794 | 7.030 | 107.823 |
| Dumfries & Galloway | 294.955 | 23.306 | 318.261 | 308.762 | 24.214 | 332.977 | 324.086 | 24.595 | 348.681 |
| Dundee City | 297.012 | 20.305 | 317.317 | 307.662 | 20.683 | 328.345 | 318.826 | 21.169 | 339.994 |
| East Ayrshire | 227.004 | 13.895 | 240.900 | 234.456 | 14.351 | 248.807 | 242.980 | 14.887 | 257.866 |
| East Dunbartonshire | 178.045 | 12.043 | 190.088 | 189.200 | 12.369 | 201.569 | 194.713 | 12.677 | 207.390 |
| East Lothian | 165.637 | 11.552 | 177.188 | 172.791 | 11.871 | 184.663 | 179.922 | 12.394 | 192.316 |
| East Renfrewshire | 168.583 | 10.011 | 178.594 | 175.702 | 10.358 | 186.059 | 182.961 | 10.508 | 193.470 |
| Edinburgh (City of) | 766.558 | 69.881 | 836.439 | 798.272 | 66.320 | 864.592 | 822.837 | 65.181 | 888.018 |
| Eilean Siar | 107.646 | 8.276 | 115.921 | 111.377 | 8.569 | 119.946 | 115.310 | 8.731 | 124.040 |
| Falkirk | 269.339 | 18.384 | 287.723 | 284.649 | 18.308 | 302.957 | 296.713 | 18.793 | 315.506 |
| Fife | 646.432 | 43.990 | 690.421 | 676.850 | 43.042 | 719.892 | 703.441 | 40.740 | 744.181 |
| Glasgow City | 1,347.949 | 100.868 | 1,448.817 | 1,403.004 | 101.259 | 1504.263 | 1,442.276 | 98.069 | 1,540.345 |
| Highland | 461.952 | 46.494 | 508.447 | 481.484 | 43.200 | 524.684 | 501.736 | 42.147 | 543.884 |
| Inverclyde | 170.970 | 9.302 | 180.273 | 177.511 | 9.659 | 187.170 | 183.379 | 9.969 | 193.348 |
| Midlothian | 154.708 | 10.415 | 165.123 | 159.657 | 10.775 | 170.433 | 165.025 | 10.859 | 175.884 |
| Moray | 160.012 | 21.780 | 181.791 | 167.406 | 30.330 | 197.736 | 176.120 | 27.135 | 203.255 |
| North Ayrshire | 268.004 | 17.039 | 285.043 | 278.017 | 15.673 | 293.690 | 286.972 | 16.342 | 303.314 |
| North Lanarkshire | 615.554 | 33.944 | 649.498 | 643.696 | 34.991 | 678.687 | 668.051 | 35.243 | 703.294 |
| Orkney Islands | 67.755 | 5.807 | 73.561 | 70.120 | 6.007 | 76.127 | 73.761 | 6.261 | 80.022 |
| Perth & Kinross | 241.136 | 18.871 | 260.008 | 253.724 | 19.493 | 273.217 | 267.441 | 20.128 | 287.569 |
| Renfrewshire | 328.845 | 19.127 | 347.972 | 337.270 | 19.699 | 356.969 | 346.119 | 20.677 | 366.796 |
| Scottish Borders | 212.546 | 17.318 | 229.864 | 224.881 | 17.951 | 242.832 | 234.721 | 18.711 | 253.431 |
| Shetland Islands | 94.090 | 5.936 | 100.026 | 96.974 | 6.204 | 103.178 | 99.582 | 6.238 | 105.820 |
| South Ayrshire | 200.655 | 13.007 | 213.662 | 210.167 | 13.456 | 223.624 | 218.256 | 13.825 | 232.080 |
| South Lanarkshire | 556.073 | 32.002 | 588.075 | 583.362 | 33.437 | 616.798 | 606.483 | 33.366 | 639.849 |
| Stirling | 169.914 | 13.103 | 183.017 | 177.337 | 13.558 | 190.895 | 184.336 | 14.074 | 198.409 |
| West Dunbartonshire | 197.857 | 11.297 | 209.154 | 208.581 | 11.466 | 220.046 | 216.366 | 12.331 | 228.696 |
| West Lothian | 290.585 | 20.081 | 310.666 | 307.278 | 20.676 | 327.954 | 321.587 | 20.835 | 342.422 |
| To be distributed later | 271.230 | 249.235 | 520.465 | 271.230 | 252.835 | 524.065 | 271.230 | 255.516 | 526.746 |
| Scotland | 10,185.975 | 974.580 | 11,160.555 | 10,623.810 | 992.580 | 11,616.390 | 11,010.085 | 993.580 | 12,003.665 |
| Funding for additional police officers, to be provided direct to Police Authorities | | | 13.500 | | | 18.000 | | | 22.500 |

LOCAL GOVERNMENT FINANCE SETTLEMENT 2008-11: BREAKDOWN OF FUNDS WHERE DISTRIBUTION WILL BE CONFIRMED LATER

| | 2008-09 | 2009-10 | 2010-11 |
|---|----------------|----------------|----------------|
| | £m | £m | £m |
| Revenue funding, as part of overall settlement, to be distributed later: | | | |
| Educational Attainment for Looked After Children | 1.880 | 1.880 | 1.880 |
| Children's Legal Representation Grant Scheme | 0.300 | 0.300 | 0.300 |
| Teacher Induction Scheme | 37.600 | 37.600 | 37.600 |
| Ring-fenced revenue funding grants to be distributed later: | | | |
| Criminal Justice Social Work | 86.450 | 86.450 | 86.450 |
| The Fairer Scotland Fund (rolled up with effect from 2010-11) ¹ | 145.000 | 145.000 | 145.000 |
| Total Revenue where the distribution will be confirmed later | 271.230 | 271.230 | 271.230 |
| Capital funding, as part of overall settlement, to be distributed later: | | | |
| Element of Support for Piers and Harbours | 0.000 | 3.600 | 6.281 |
| Private Sector Housing (ring-fenced in 2008-09 and 2009-10) | 0.000 | 0.000 | 68.335 |
| Ring-fenced capital funding grants to be distributed later: | | | |
| Fire Capital Grant (Distributed direct to Fire Boards) | 24.600 | 24.600 | 24.600 |
| Strathclyde Regional Transport Partnership | 25.000 | 25.000 | 25.000 |
| Private Sector Housing (moves to rolled up funding in 2010-11) | 68.335 | 68.335 | 0.000 |
| Vacant and Derelict Land | 12.200 | 12.200 | 12.200 |
| Transfer of Management of Development Funding | 119.100 | 119.100 | 119.100 |
| Total Revenue where the distribution will be confirmed later | 249.235 | 252.835 | 255.516 |

⁽¹⁾ = Combined fund of previously 'Community Regeneration Fund'; 'CTOG Fund - Financial Inclusion'; 'Community Voices Programme'; 'Working for Families'; 'Changing Children's Services' (Health Contribution) and 'Workforce Plus' and 'More Choices More Chances'.