



SCOTTISH EXECUTIVE

Finance and Central Services Department
Local Government Constitution & Funding Division

Victoria Quay
Edinburgh EH6 6QQ

Finance Circular No 9/2004

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

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22 December 2004

Dear Chief Executive

LOCAL GOVERNMENT FINANCE - REVENUE AND CAPITAL GRANTS

1. This Circular provides details of the revenue and capital grants which will be provided by the Scottish Executive to local government over the next 3 years. Finance Circular No. 8/2004 provided details of the three-year local government finance settlements for core services for 2005-06 to 2007-08 and paragraph 4 of that circular explained that details of revenue and capital grants outwith the main settlement would be provided separately. The following information fulfils that commitment.

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

	2004-05 £m	2005-06 £m	2006-07 £m	2007-08 £m	Cumulative % Increases
Revenue Grant Outwith AEF from Portfolios	987	1,093	1,083	1,122	13.7%
Capital Grants from Portfolios	344	359	434	454	32.0%
Supported Borrowing	304	304	298	305	0.3%
Total Excluding AEF	1,635	1,756	1,815	1,881	15.0%
AEF	7,737	8,081	8,343	8,541	10.4%
Total	9,372	9,837	10,158	10,422	11.2%

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

Revenue Grants

4. The table above shows that local government will receive £1.1 billion in revenue grants outwith the local government settlements in each of the next three years in support of specific policy initiatives. These grants have been provided in support of specific initiatives.

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

Capital Grants

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

7. The total level of confirmed support through capital grants will be **£358.965m** for 2005-06, **£434.085m** for 2006-07 and **£454.380m** for 2007-08. The arrangements for local authorities to receive these grants, as listed in Annex B, have been, or will be, notified to authorities by each of the relevant Scottish Executive divisions which administer the grants.

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

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

Contacts

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Owenson', is written over a light grey rectangular background.

GRAHAM OWENSON
Local Government Constitution and Funding

REVENUE GRANTS OUTWITH CORE FUNDING
ANNEX A

	2004-05	2005-06	2006-07	2007-08	Scottish Executive Contact
	£m	£m	£m	£m	
Education					
Changing Children's Services Fund	60.500	65.000	65.000 ⁱ	65.000 ⁱⁱ	Jim Stephen (0131 244 0977)
Teachers Induction Scheme	9.500	8.500	8.500	8.500	John Gunstone (0131 244 0998)
Social Work Fast Track Graduate Recruitment Scheme	2.500	2.500	1.000	0	Maggie Tierney (0131 244 0661)
Incentive Scheme	0.500	1.200	1.400	1.400	Maggie Tierney (0131 244 0661)
Schools Building PPP	10.000	100.000	80.000	100.000	Graeme Stuart (0131 244 0944)
Health and Community Care					
Delayed Discharges ⁱⁱⁱ	29.700	29.000	29.000	29.000	Shaun Eales (0131 244 5430)
Enterprise and Lifelong Learning					
Education Maintenance Allowance (EMA) ^{iv}	13.000	28.400	37.100	42.800	Chris Graham (0141 242 0192)
European Regional Development Fund (ERDF) ^v	45.800	40.600	40.600	40.600	Graeme Watson (014124225479)
European Structural Funds (ESF) ^{vi}	18.600	16.600	16.600	16.600	Graeme Watson (014124225479)
Transport					
Bus Route Development Grant	2.500	7.000	6.500	6.500	Tom Macdonald (0131 244 1502)
Rural Public Passenger Grant Scheme	5.800	6.100	6.300	6.400	George Davidson (0131 244 7983)
School Travel Co-ordinators	1.000	1.000	1.025	1.051	Ewan Swaffield (0131 244 0839)
Concessionary Travel	13.000	13.000	13.000	13.000	Tom Macdonald (0131 244 1502)
Strathclyde Passenger Transport Authority	72.500	72.500	72.500	72.500	Ian Turner (0141 244 5167)
Environment					
Strategic Waste Fund ^{vii}	90.030	111.530	120.133	132.633	Gordon Jackson (0131 244 7660)
Communities					
Better Neighbourhood Services Fund (from 05/06 see Community Regeneration Fund)	31.200	0	0	0	Richard Rollison (0131 244 0366)
Social Inclusion Partnerships (from 05/06 see Community Regeneration Fund)	68.700	0	0	0	Richard Wallace/Jonathan Atherton (0131479 5246 /5364)
Community Regeneration Fund (on behalf of Community Planning Partnership)	0	104.448	106.000	107.272	Richard Wallace/Jonathan Atherton (0131479 5246/5364)
Vacant and Derelict Land Fund (re-classification from revenue to capital from 2005-06) ^{viii}	8.000	0	0	0	Christina Bruce (0131 244 5595)
Homelessness Task Force	20.000	20.000	20.505	21.010	Lesley Sheppard (0131 244 7246)
Furniture Grants	3.000	3.000	3.000	3.000	Anna Donald (0131 244 0933)
Glasgow Hostels Decommissioning	15.000	15.000	15.000	15.000	Leslie Sheppard (0131 244 7246)

Supporting People ^{ix}	428.000	406.000	399.000	399.000	Norrie Murray (0131 244 0380)
Housing Support Grant	10.152	9.000	7.000	7.000	Helen Jones (0131 244 5570)
Justice					
Tackling ASB	27.550	32.550	33.650 ^x	34.180 ^{xi}	Patricia Scotland (0131 244 4918)
Enterprise and Lifelong Learning					
Determined to Succeed- (Still to be announced - not included in totals)	10.000	18.000			Michael Cross (0141 242 0107)
Total Revenue Grants	986.532	1092.928	1082.813	1122.446	

CAPITAL GRANTS

ANNEX B

	2004-05	2005-06	2006-07	2007-08	Scottish Executive Contact
	£m	£m	£m	£m	
Police	31.415	31.415	31.415	31.415	Neil MacLennan (0131 244 2143)
Fire	23.600	23.600	24.600	24.600	John Nicholls (0131 244 2163)
Public Transport Fund and Successor	43.000	19.000	30.000	30.000	Alasdair Robertson (0131 244 0849)
Strathclyde Passenger Transport Executive ^{xii}	11.000	11.000	0	0	Ian Kernohan (0131 244 0840)
Tay Bridge	2.300	2.300	2.300	2.300	Keith Main (0131 244 0361)
Forth Estuary Transport Authority	0	0	2.000	2.000	Keith Main (0131 244 0361)
20 mph Speedzones and Homezones	11.000	11.000	11.300	11.600	Ann Whatcott (0131 244 0837)
Piers & Harbours	2.000	2.000	2.000	2.000	Alan McPherson (0131 244 7969)
Regional Transport Capital Funding	0	0	46.600	46.300	Ian Kernohan (0131 244 0840)
Cycling, Walking and Safer Streets	8.200	8.650	8.870	9.090	Ewan Swaffield (0131 244 0839)
Flood Prevention and Coast Protection	14.200	14.000	33.000	42.000	Judith Tracey (0131 244 0213)
Air Quality Monitoring	0.300	0.300	0.300	0.300	Andrew Taylor (0131 244 7813)
Land Decontamination	15.720	5.000	5.000	10.000	Bob Cuthbertson (0131 244 0394)
Private Sector Housing Grant	70.000	72.000	65.250	65.500	Roger Harris (0131 244 7952)
Assistance to owners affected by Glasgow stock transfer	5.000	10.000	17.000	17.000	Douglas Hamilton (0131 244 5588)
Vacant and Derelict Land (re-classification from revenue to capital from 2005-06)	0	12.000	12.100	12.200	Christina Bruce (0131 244 5595)
Schools Fund	76.700	96.700	101.350	106.050	Graeme Stuart (0131 244 0944)
Cities Growth Fund	30.000	40.000	41.000	42.025	Robin Benn (0131 244 4956)
Total Capital Grants	344.435	358.965	434.085	454.380	

EXPLANATORY NOTES

ⁱ To be confirmed.

ⁱⁱ To be confirmed.

ⁱⁱⁱ The distribution method employed here means that NHS boards are the main recipients of this grant rather than Local Authorities directly.

^{iv} These sums will be paid to schools and further education colleges.

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

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^{vii} This is partly revenue, partly capital.

^{viii} The three Local Authorities (Dundee, Glasgow and North Lanarkshire) will be acting as grant recipients for the V+DL Fund. The money will be used to fund projects agreed by local partnerships involving the Local Authority, local enterprise company and Community Scotland.

^{ix} A marginal adjustment to the figures for Supporting People is expected to be announced shortly following representations by COSLA to the Minister for Communities.

^x Ministers still to agree split between direct Local Authority allocations and centrally funded initiatives.

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