

Local Government Finance Circular No. 12/2010

To: Chief Executives and Directors of Finance

Copy to: Rory Mair, COSLA
Brenda Campbell, COSLA
Bill Howat, SOLACE

Our ref: b4117662
5 August 2010

Dear Colleague

I am writing to you to: (i) highlight the role of the Scottish Government State Aid Unit (SAU); and (ii) encourage you to use the Unit, **at no cost to you**, if you need any State aid advice on major projects.

The Unit provides a free advice on State aid matters to the public sector in Scotland, including local government. From feedback I have had, its advice is probably the best there is on State aid matters that can be got from any UK organisation. However, I gather that some councils may still be securing advice on State aid matters from the private sector. While councils are of course free to do that, can I suggest that in future you consider approaching the Unit in the first instance where you need any advice on State aid issues.

Your staff may of course already be well aware of the Unit and have engaged with it. It has put on several conferences on State aid for local government over the past year or so, as well as delivering specialist workshops and seminars. The Unit has also established a Local Authority State Aid Champions Network which, so far, has attracted 24 participants from across 20 local authorities. Its website www.stateaidscotland.gov.uk offers advice.

I know you will be well aware of the importance of accurate State aid analysis and the need for any funding your council provides to comply with State aid rules. Failure to do this can lead to lengthy legal investigations, planning blight and potentially a requirement on recipients to repay funding received. The current economic and fiscal climate also demands that we develop better targeted aid packages and this is an integral part of the Government's Economic Recovery Plan. The advice of the SAU can be vital here and the team have established themselves as providers of solutions rather than problems.

Given increasing budgetary pressures, the Unit is considering options for the future of the corporate service it provides. It seeks to become a Centre of Excellence for Scotland on


State aid matters and, as part of that, has developed regular links with other parts of the UK and also with other member States and the European Commission.

In providing advice in the way indicated, the Unit needs to be able to demonstrate value-for-money. At a time of diminishing public funding, the Scottish Government will only be able to justify funding the Unit if it is actually used and valued by the public sector in Scotland. Against that background, any comments that you may have on the Unit or the value you attach to it would be extremely helpful to us. If you have any comments you wish to make, I'd be happy to act as a conduit for these or you could send them direct to Sheena Brown, the head of the State Aid Unit (at sheena.brown@scotland.gsi.gov.uk on or 0300 244 1182).

This circular is being sent electronically to chief executives and directors of finance and copied to COSLA and SOLACE. It will also be made available on the Local Government section of the Scottish Government website at:

<http://www.scotland.gov.uk/Topics/Government/local-government/17999/FinanceCircular12-2010>

Yours faithfully



David Henderson
Deputy Director