

Local Government Finance Circular No. 3/2012

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Our ref: A2219990
15 March 2012

Dear Chief Executive/Director of Finance

- 1. LOCAL GOVERNMENT FINANCE AMENDMENT ORDER 2012**
- 2. CHANGES TO CAPITAL FUNDING SUPPORT FOR 2012-15**
- 3. BUSINESS RATES INCENTIVISATION SCHEME (BRIS) – 2012-13 TARGETS**

1. The Scottish Parliament today debated and approved the Local Government Finance (Scotland) Amendment Order 2012. This Order provides the statutory authority to pay the General Revenue Grant (GRG) for 2012-13 and the Distributable Amount of Non-Domestic Rates Income (NDRI) for 2012-13. The amended GRG includes the funding that was held back until local authorities formally accepted the terms set out in the Cabinet Secretary for Finance, Employment and Sustainable Growth's offer letters. I can now confirm that all 32 local authorities have agreed to these terms, and the full amount of the resources held back has been allocated. The distribution of the holdback money is as set out in the final column of Annex B of Circular 1/2012. The amended GRG figures also include £10 million as an initial instalment of the money set aside for the Teachers' Induction Scheme. The changes to the GRG figures since Local Government Finance Circular 1/2012 are set out in Annex C.

The Annexes to this circular are as listed below:

- Annex A: All Scotland Aggregate Funding Totals 2011-13;
- Annex B: Individual Revenue Allocations for 2012-13;
- Annex C: Reconciliation of Revenue Allocations for 2012-13;
- Annex D: Individual Capital Grant Funding for 2012-13;
- Annex E: Changes to Capital Grant Funding 2013-14
- Annex F: Changes to Capital Grant Funding 2014-15
- Annex G: Capital funding not included within the local government settlement, and
- Annex H: Business Rates Incentivisation Scheme (BRIS) – 2012-13 Targets.

Changes to Capital Allocations for 2012-15

2. The Cabinet Secretary announced to Parliament on 8 February, as part of Stage 3 of the Budget Bill for 2012-13, the Scottish Government's decisions on the allocation of the Barnett consequentials for the period 2012-15. This included an additional £94 million of one-off

capital funding to local authorities across the three year period for investment in infrastructure to support economic recovery. Of this sum, £54 million has been allocated as General Capital Grant and the remaining £40 million has been earmarked to boost digital infrastructure in rural areas to support faster internet access.

3. The distribution of all capital grant funding included in the local government settlement for 2012-13 has now been agreed, and the details are shown at **Annex D**. Details of all known changes to capital funding within the settlement for 2013-14 and 2014-15 are at **Annexes E and F**. There are no changes to the levels of capital grant for 2015-16 as published in Finance Circular 1/2012.

4. In addition to the capital funding within the local government settlement an additional £233.4m will be paid to local authorities across the period 2012-15. Details of this additional funding are at **Annex G**.

Business Rates Incentivisation Scheme (BRIS)

5. The final agreed Business Rates Incentivisation Scheme (BRIS) targets for 2012-13 have now been confirmed and are included in this Circular at **Annex H**.

Enquiries relating to this Circular

6. Local authorities should note that if they have any substantive specific enquiries relating to this circular these should, in the first instance, be addressed through COSLA. We have given an undertaking to COSLA to respond to these queries as quickly as possible. Contact details for COSLA are:

Brenda Campbell
0131 474 9229
Brenda@cosla.gov.uk

Any other queries should be addressed to the following:

Local Government Finance Settlement (Revenue or BRIS)
Bill Stitt 0131 244 7044
bill.stitt@scotland.gsi.gov.uk

Local Government Finance Settlement (Capital)
Simon Stone 0131 244 7950
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Yours faithfully

GRAHAM OWENSON
Head of Local Government Finance
Local Government Division

	2011-12 £ million	2012-13 £ million
Total Revenue Funding		
General Resource Grant		7,748.553
Non Domestic Rate Income		2,263.000
Specific Revenue Grants		589.236
Other Local Government		314.900
Total Revenue	10,861.646	10,915.689
<i>less top slice for police numbers</i>	38.485	33.000
<i>less top slice for police pensions</i>	211.146	222.600
<i>less top slice for fire pensions</i>	56.176	59.300
<i>less Teachers' Induction Scheme</i>	37.600	27.600
<i>less Criminal Justice Social Work</i>	86.450	86.450
Distributable Revenue Funding	10,431.789	10,486.739
Capital Funding within the Local Government settlement		
General Capital Grant	520.929	437.303
Specific Capital Grants	130.177	99.280
Distributed to SPT and Fire Boards	40.694	33.117
Total Capital Funding	691.800	569.700
Total Funding	11,553.446	11,485.389

*A further £86.6 million of capital grants will be paid in 2012-13 (See Annex G)

INDIVIDUAL REVENUE ALLOCATIONS FOR 2012-13

ANNEX B

	Expenditure					Funding						11	12
	1	2	3	4	5	6	7	8	9	10			
£million	Updated Service Provision	2008-13 Changes	Loan Charges/ PPP/ LPFS	Main Floor	Total Estimated Expenditure	Assumed Council Tax contribution	Ring-fenced Grants	Non Domestic Rates	General Revenue Funding	Total	New 85% floor	Revised Total	
Aberdeen City	390.797	30.619	25.618	-1.142	445.892	82.374	23.375	164.576	175.567	363.518	3.008	366.526	
Aberdeenshire	464.966	38.199	25.860	-1.408	527.617	96.757	17.344	73.370	340.146	430.860	0.000	430.860	
Angus	222.854	17.991	14.523	-0.682	254.686	40.178	9.193	23.944	181.371	214.508	0.000	214.508	
Argyll & Bute	214.961	16.365	26.516	2.546	260.388	36.243	9.613	26.479	188.053	224.145	0.000	224.145	
Clackmannanshire	103.326	7.936	6.320	-0.305	117.277	17.866	3.821	11.033	84.557	99.411	0.000	99.411	
Dumfries & Galloway	324.011	25.802	22.502	-1.000	371.315	55.289	14.182	41.403	260.441	316.026	0.000	316.026	
Dundee City	316.476	24.173	22.396	-0.982	362.063	45.253	17.128	50.140	249.542	316.810	0.000	316.810	
East Ayrshire	243.696	19.057	14.494	-0.746	276.501	39.373	10.177	26.529	200.422	237.128	0.000	237.128	
East Dunbartonshire	207.789	16.120	11.389	-0.594	234.704	43.274	6.730	21.268	163.432	191.430	0.000	191.430	
East Lothian	187.483	14.793	13.983	-0.564	215.695	38.809	7.265	21.500	148.121	176.886	0.000	176.886	
East Renfrewshire	188.859	14.938	15.753	-0.566	218.984	36.511	5.215	12.941	164.317	182.473	0.000	182.473	
Edinburgh, City of	857.123	66.079	66.010	-2.468	986.744	189.075	48.286	310.993	438.390	797.669	21.992	819.661	
Eilean Siar	80.774	6.680	16.810	15.316	119.580	9.221	3.415	6.018	100.926	110.359	0.000	110.359	
Falkirk	301.374	23.810	24.107	-0.916	348.375	53.063	13.635	63.467	218.210	295.312	0.000	295.312	
Fife	705.726	56.616	41.864	-2.178	802.028	127.023	30.577	135.516	508.912	675.005	0.000	675.005	
Glasgow City	1,347.327	101.828	137.665	-0.072	1,586.748	199.368	86.196	310.099	991.085	1,387.380	0.000	1,387.380	
Highland	496.091	40.145	43.315	-1.578	577.973	87.404	21.845	106.091	362.633	490.569	0.000	490.569	
Inverclyde	179.324	13.411	14.373	0.561	207.669	26.122	8.469	19.395	153.683	181.547	0.000	181.547	
Midlothian	163.974	12.998	11.771	-0.496	188.247	29.450	6.985	24.781	127.031	158.797	0.000	158.797	
Moray	173.745	14.102	11.408	-0.545	198.710	30.720	8.252	28.502	131.236	167.990	0.000	167.990	
North Ayrshire	290.286	22.290	18.671	-0.884	330.363	46.890	12.104	34.333	237.036	283.473	0.000	283.473	
North Lanarkshire	674.513	52.396	40.318	-2.094	765.133	106.737	27.580	101.467	529.349	658.396	0.000	658.396	
Orkney Islands	65.413	5.536	7.981	-0.159	78.771	7.231	1.428	8.203	61.909	71.540	0.000	71.540	
Perth & Kinross	282.678	22.531	16.412	-0.830	320.791	58.116	11.737	47.331	203.607	262.675	0.000	262.675	
Renfrewshire	351.939	26.984	11.816	6.468	397.207	62.243	16.415	90.807	227.742	334.964	0.000	334.964	
Scottish Borders	231.773	18.778	17.780	-0.725	267.606	43.285	10.226	26.489	187.606	224.321	0.000	224.321	
Shetland Islands	81.724	6.919	12.994	-0.319	101.318	7.576	2.987	15.035	75.720	93.742	0.000	93.742	
South Ayrshire	226.161	17.767	12.612	-0.667	255.873	43.872	9.061	36.842	166.098	212.001	0.000	212.001	
South Lanarkshire	619.179	48.777	37.406	-1.886	703.476	109.748	25.390	253.924	314.414	593.728	0.000	593.728	
Stirling	184.545	14.480	14.359	-0.557	212.827	33.991	8.471	27.833	142.532	178.836	0.000	178.836	
West Dunbartonshire	210.907	15.498	12.943	0.506	239.854	31.530	10.648	67.090	130.586	208.324	0.000	208.324	
West Lothian	336.420	26.878	16.760	-1.034	379.024	57.108	15.036	75.601	231.279	321.916	0.000	321.916	
Scotland	10,726.214	840.496	786.729	0.000	12,353.439	1,891.700	502.786	2,263.000	7,695.953	10,461.739	25.000	10,486.739	

	Change 1	Change 2
£m	Holdback Package 2012-13	Teachers Induction Scheme Advance 2012-13
Aberdeen City	3.275	0.330
Aberdeenshire	3.558	0.515
Angus	1.396	0.230
Argyll & Bute	1.423	0.171
Clackmannanshire	0.667	0.097
Dumfries & Galloway	1.874	0.306
Dundee City	1.743	0.287
East Ayrshire	1.492	0.234
East Dunbartonshire	1.616	0.233
East Lothian	1.402	0.190
East Renfrewshire	1.355	0.238
Edinburgh, City of	6.996	0.638
Eilean Siar	0.293	0.071
Falkirk	1.833	0.307
Fife	4.637	0.699
Glasgow City	7.694	0.991
Highland	3.294	0.469
Inverclyde	1.015	0.149
Midlothian	1.134	0.166
Moray	1.134	0.174
North Ayrshire	1.753	0.270
North Lanarkshire	3.785	0.707
Orkney Islands	0.244	0.049
Perth & Kinross	2.150	0.271
Renfrewshire	2.329	0.312
Scottish Borders	1.529	0.226
Shetland Islands	0.248	0.073
South Ayrshire	1.643	0.219
South Lanarkshire	3.870	0.632
Stirling	1.341	0.188
West Dunbartonshire	1.190	0.178
West Lothian	2.087	0.380
Scotland	70.000	10.000

INDIVIDUAL CAPITAL GRANT FUNDING FOR 2012-13

ANNEX D

£ million Authority	Settlement									Other Funding		Total
	General Capital Grant <small>Note 1</small>	Fire Capital	SPT	VDLF <small>Note 2</small>	AHIP (TMDF) <small>Note 3</small>	CWSS <small>Note 4</small>	Glasgow Stock Transfer <small>Note 5</small>	Specific Capital Grants in Settlement	Total Settlement	Schools Funding <small>Note 6</small>	Capital Grant not in Settlement	Total Capital Grants
Aberdeen City	15.833					0.252		0.252	16.085		0.000	16.085
Aberdeenshire	18.902					0.286		0.286	19.188		0.000	19.188
Angus	8.956					0.129		0.129	9.085		0.000	9.085
Argyll & Bute	9.785					0.104		0.104	9.889		0.000	9.889
Clackmannanshire	4.007					0.059		0.059	4.066		0.000	4.066
Dumfries & Galloway	13.423					0.172		0.172	13.595		0.000	13.595
Dundee City	12.951			1.168		0.168		1.336	14.287		0.000	14.287
East Ayrshire	7.061					0.140		0.140	7.201	0.801	0.801	8.002
East Dunbartonshire	6.451					0.122		0.122	6.573		0.000	6.573
East Lothian	7.279					0.113		0.113	7.392	2.633	2.633	10.025
East Renfrewshire	4.974					0.104		0.104	5.078	10.918	10.918	15.996
Edinburgh, City of	40.067				24.094	0.565		24.659	64.726		0.000	64.726
Eilean Siar	7.118					0.030		0.030	7.148	3.968	3.968	11.116
Falkirk	9.301					0.178		0.178	9.479		0.000	9.479
Fife	22.795					0.424		0.424	23.219		0.000	23.219
Glasgow City	51.262			3.005	55.424	0.689	5.547	64.665	115.927		0.000	115.927
Highland	30.220			1.001		0.258		1.259	31.479		0.000	31.479
Inverclyde	6.183					0.093		0.093	6.276		0.000	6.276
Midlothian	7.107					0.094		0.094	7.201	14.577	14.577	21.778
Moray	26.948					0.102		0.102	27.050		0.000	27.050
North Ayrshire	9.421					0.157		0.157	9.578		0.000	9.578
North Lanarkshire	21.167			1.703		0.379		2.082	23.249		0.000	23.249
Orkney Islands	4.742					0.023		0.023	4.765	14.058	14.058	18.823
Perth & Kinross	11.211					0.172		0.172	11.383		0.000	11.383
Renfrewshire	12.258					0.198		0.198	12.456		0.000	12.456
Scottish Borders	10.345					0.131		0.131	10.476		0.000	10.476
Shetland Islands	4.870					0.026		0.026	4.896		0.000	4.896
South Ayrshire	7.851					0.130		0.130	7.981		0.000	7.981
South Lanarkshire	19.659			1.269		0.362		1.631	21.290		0.000	21.290
Stirling	7.006					0.104		0.104	7.110		0.000	7.110
West Dunbartonshire	6.908					0.105		0.105	7.013		0.000	7.013
West Lothian	11.242					0.200		0.200	11.442		0.000	11.442
Undistributed	0.000							0.000	0.000	34.671	34.671	34.671
Councils Total	437.303	0.000	0.000	8.146	79.518	6.069	5.547	99.280	536.583	81.626	81.626	618.209
Fire Boards	0.000	16.425						16.425	16.425		0.000	16.425
Strathclyde Partnership for Transport	0.000		16.692					16.692	16.692		0.000	16.692
Grand Total	437.303	16.425	16.692	8.146	79.518	6.069	5.547	132.397	569.700	81.626	81.626	651.326

Note 1: This includes the Barnett consequentials paid as General Capital Grant and the distribution of funding for major flood projects,
 Note 2: Vacant & Derelict Land Fund
 Note 3: Affordable Housing Investment Programme (Transfer of Management of Development funding).
 Note 4: Cycling, Walking & Safer Streets
 Note 5: Assistance to owners affected by the Glasgow Housing Stock Transfer
 Note 6: Schools funding includes funding under the Schools for the Future Programme and for the Orkney and Western Isles Schools Programmes.

CHANGE IN CAPITAL GRANT FUNDING FOR 2013-14

ANNEX E

£ million Authority	Total Capital Grants Circular 1/2012	GCG Distribution Note 1	AHIP (TMDF) Distribution Note 2	Settlement Total Note 3	Schools Funding Note 4	Total Capital Grants
Aberdeen City	14.591	0.523		15.114		15.114
Aberdeenshire	17.240	0.901		18.141		18.141
Angus	8.147	0.351		8.498		8.498
Argyll & Bute	8.907	0.399		9.306		9.306
Clackmannanshire	3.743	0.128		3.871		3.871
Dumfries & Galloway	12.207	0.610		12.817		12.817
Dundee City	12.170	0.343		12.513		12.513
East Ayrshire	6.521	0.332		6.853		6.853
East Dunbartonshire	6.003	0.256		6.259		6.259
East Lothian	6.719	0.267		6.986		6.986
East Renfrewshire	4.645	0.222		4.867	0.508	5.375
Edinburgh, City of	37.346	1.134	22.138	60.618		60.618
Eilean Siar	6.409	0.178		6.587		6.587
Falkirk	8.598	0.388		8.986		8.986
Fife	20.981	0.936		21.917		21.917
Glasgow City	48.241	1.409	50.926	100.576		100.576
Highland	20.881	5.405		26.286		26.286
Inverclyde	5.392	0.193		5.585		5.585
Midlothian	5.918	0.218		6.136	0.621	6.757
Moray	19.976	14.538		34.514		34.514
North Ayrshire	8.696	0.354		9.050		9.050
North Lanarkshire	19.492	0.797		20.289		20.289
Orkney Islands	4.369	0.120		4.489	1.236	5.725
Perth & Kinross	10.267	0.481		10.748		10.748
Renfrewshire	11.410	0.419		11.829		11.829
Scottish Borders	8.895	2.267		11.162		11.162
Shetland Islands	4.481	0.128		4.609		4.609
South Ayrshire	7.255	0.313		7.568		7.568
South Lanarkshire	18.031	0.817		18.848		18.848
Stirling	6.450	0.279		6.729		6.729
West Dunbartonshire	6.471	0.218		6.689		6.689
West Lothian	10.407	0.440		10.847		10.847
Undistributed – Councils*	96.012	-15.464	-73.064	7.484	58.871	66.355
Councils Total	486.871	19.900	0.000	506.771	61.236	568.007
Fire Boards	15.092			15.092		15.092
Strathclyde Partnership for Transport	15.337			15.337		15.337
Grand Total	517.300	19.900	0.000	537.200	61.236	598.436

Note 1: This is the distribution of the Barnett consequentials and the funding for major flood projects

Note 2: Affordable Housing Investment Programme (Transfer of Management of Development Funding)

Note 3: The undistributed amounts within the settlement relate to the Vacant and Derelict Land Fund (VDLF)

Note 4: Schools funding includes funding under the Schools for the Future Programme and for the Orkney and Western Isles Schools Programmes.

CHANGE IN CAPITAL GRANT FUNDING FOR 2014-15

ANNEX F

£ million Authority	Total Capital Grants Circular 1/2012	GCG Distribution Note 1	AHIP (TMDF) Distribution Note 2	Settlement Total Note 3	Schools Funding	Total Capital Grants
Aberdeen City	22.229	1.066		23.295		23.295
Aberdeenshire	26.909	1.838		28.747		28.747
Angus	12.104	0.716		12.820		12.820
Argyll & Bute	13.278	0.814		14.092		14.092
Clackmannanshire	5.340	0.261		5.601		5.601
Dumfries & Galloway	18.835	1.244		20.079		20.079
Dundee City	17.627	0.701		18.328		18.328
East Ayrshire	9.930	0.678		10.608		10.608
East Dunbartonshire	8.881	0.522		9.403		9.403
East Lothian	10.011	0.545		10.556		10.556
East Renfrewshire	6.861	0.454		7.315		7.315
Edinburgh, City of	48.714	2.313	32.512	83.539		83.539
Eilean Siar	8.334	0.363		8.697		8.697
Falkirk	13.087	0.791		13.878		13.878
Fife	32.647	1.909		34.556		34.556
Glasgow City	68.444	2.875	74.788	146.107		146.107
Highland	30.385	7.953		38.338		38.338
Inverclyde	7.896	0.393		8.289		8.289
Midlothian	8.790	0.444		9.234		9.234
Moray	10.265	16.151		26.416		26.416
North Ayrshire	13.175	0.722		13.897		13.897
North Lanarkshire	30.339	1.627		31.966		31.966
Orkney Islands	6.194	0.246		6.440		6.440
Perth & Kinross	15.700	0.982		16.682		16.682
Renfrewshire	15.982	0.855		16.837		16.837
Scottish Borders	13.608	1.126		14.734		14.734
Shetland Islands	6.417	0.261		6.678		6.678
South Ayrshire	10.886	0.639		11.525		11.525
South Lanarkshire	28.332	1.667		29.999		29.999
Stirling	9.599	0.570		10.169		10.169
West Dunbartonshire	8.813	0.444		9.257		9.257
West Lothian	15.109	0.897		16.006		16.006
Undistributed – Councils*	160.291	-24.667	-107.300	28.324	50.500	78.824
Councils Total	715.012	27.400	0.000	742.412	50.500	792.912
Fire Boards	22.164			22.164		22.164
Strathclyde Partnership for Transport	22.524			22.524		22.524
Grand Total	759.700	27.400	0.000	787.100	50.500	837.600

Note 1: This is the distribution of the Barnett consequentials and funding for major flood projects

Note 2: Affordable Housing Investment Programme (Transfer of Management of Development Funding)

Note 3: The undistributed amounts within the settlement relate to the Vacant and Derelict Land Fund (VDLF) and GCG for major flood prevention projects.

£ million	2012-13	2013-14	2014-15	Total
Programme / Authority				
Schools Programme				
Eilean Siar	3.968	0	0	3.968
Orkney	14.058	1.236	0	15.294
Scotland's Schools for the Future				
East Ayrshire	0.801	0	0	0.801
East Lothian	2.633	0	0	2.633
East Renfrewshire	10.918	0.508	0	11.426
Midlothian	14.577	0.621	0	15.198
Not yet allocated	34.671	58.871	50.500	144.042
Capital Barnett consequentials				
Digital Infrastructure	5.000	14.800	20.200	40.000
Grand Total	86.626	76.036	70.700	233.362

	Audited 2010-11 Contributable Amount (£)	Percentage of 2010- 11 Contributable Amount (audited)	Revised BRIS draft target for 2012-13 (£m)
Aberdeen City	155,672,267	7.3%	163.960
Aberdeenshire	66,764,005	3.1%	70.319
Angus	22,711,036	1.1%	23.920
Argyll & Bute	25,620,462	1.2%	26.985
Clackmannanshire	10,268,781	0.5%	10.815
Dumfries & Galloway	37,959,028	1.8%	39.980
Dundee City	58,824,636	2.8%	61.957
East Ayrshire	25,425,906	1.2%	26.780
East Dunbartonshire	20,137,404	0.9%	21.210
East Lothian	19,676,640	0.9%	20.724
East Renfrewshire	11,424,888	0.5%	12.033
Edinburgh, City of	288,505,917	13.5%	303.866
Eilean Siar	5,706,871	0.3%	6.011
Falkirk	60,476,161	2.8%	63.696
Fife	134,426,320	6.3%	141.583
Glasgow City	297,398,786	13.9%	313.233
Highland	93,299,941	4.4%	98.267
Inverclyde	17,413,478	0.8%	18.341
Midlothian	22,525,957	1.1%	23.725
Moray	25,928,690	1.2%	27.309
North Ayrshire	30,918,179	1.4%	32.564
North Lanarkshire	94,425,223	4.4%	99.452
Orkney Islands	7,642,987	0.4%	8.050
Perth & Kinross	44,341,844	2.1%	46.703
Renfrewshire	82,853,617	3.9%	87.265
Scottish Borders	23,799,796	1.0%	25.067
Shetland Islands	14,201,352	0.7%	14.957
South Ayrshire	34,234,649	1.6%	36.057
South Lanarkshire	235,013,375	11.0%	247.526
Stirling	35,984,375	1.7%	37.900
West Dunbartonshire	64,773,518	3.0%	68.222
West Lothian	69,806,448	3.3%	73.523
Scotland	2,138,162,537	100.0%	2,252.000

Notes:

Targets based on applying share of 2010-11 Audited Contributable Amount to the draft NDRI projected figure for 2012-13 (£2,252m)

Revised targets would need to be considered in the event of a significant event

Some figures have changed very marginally from those contained in Local Government Finance Circular 1/2012 as a result of a change in Renfrewshire Council's 2010-11 Audited amount.