

# Scottish Local Government Financial Statistics 2011-12

A National Statistics Publication for Scotland



SG/2013/24

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## **EXECUTIVE SUMMARY**

### **Revenue Expenditure**

Net revenue expenditure on services reduced slightly from £11.9 billion in 2010-11 to £11.5 billion in 2011-12. The highest spending service in the general fund is education which had net expenditure of £4.55 billion (39.6% of net expenditure). Social Work is the next largest service with net expenditure of £2.87 billion (25.0% of net expenditure).

### **Revenue Income**

Total revenue income grew from £16.5 billion in 2007-08 to £18.0 billion in 2010-11 before falling back slightly to £17.9 billion in 2011-12.

### **Council Tax**

- The average Band D council tax in Scotland was £1,149 in 2011-12.
- Council tax income was £1.9 billion in 2011-12 (excluding council tax benefit).

The total number of chargeable dwellings (i.e. the tax base) has increased slightly each year, rising from 2.350 million in September 2008 to 2.402 million in September 2012.

As a result of the council tax freeze, council tax levels have remained fixed since 2007-08 (except in Stirling where there was a slight drop in council tax in 2008-09). In the 2 years prior to the council tax freeze, average band D council tax increased from £1,094 in 2005-06 to £1,149 in 2007-08.

### **Non-domestic Rates**

Non-domestic rates bills are calculated using the rateable value of a non-domestic property, multiplied by the poundage rate (42.6 pence in 2011-12) less any relief entitlement.

- As at 1<sup>st</sup> April 2012, there were 217,598 non-domestic properties on the Valuation Roll, with a total rateable value of £6.718 billion.
- The non-domestic rates 'Distributable Amount' (as described in chapter 2) was £2.182 billion in 2011-12.
- The gross amount of non-domestic rates relief provided in 2011-12 was £542 million.

The total rateable value (RV) of non-domestic rate properties has increased from £6.612 billion at revaluation (1 April 2010) to £6.718 billion at 1<sup>st</sup> April 2012. This increase in the tax base is due to the net impact of increased RV from new properties and extensions, and decreases in RV as appeals are resolved or properties demolished.

Non-domestic rate income collected increased from £2.138 billion in 2010-11 to £2.252 billion in 2011-12. An inflationary increase in the poundage rate (from 40.7 pence to 42.6 pence) is the key driver of this increase in income.

### **Capital Expenditure**

Total expenditure funded from capital resources was £2.66 billion in 2011-12 ( £0.60 billion in the housing revenue account and £2.06 billion in the General Fund), compared to £2.35

billion in 2010-11 – an increase of £313m. The majority of capital expenditure went on new construction, conversions and enhancements to existing buildings, this category accounted for over 80% of expenditure.

General fund capital expenditure in 2011-12 was £2,062 million. The services with the highest capital expenditure were education with £692 million (34%) and roads and transport which had expenditure of £483 million (23%).

## **Reserves**

On 1 April 2011 local authorities had total revenue reserves of £1.56 billion; over the course of the year this rose by £0.19 billion (12%) to stand at £1.75 billion on 31<sup>st</sup> March 2012. Similarly capital reserves grew by £0.06 billion (12%), from £0.51 billion to £0.57 billion.

## **Local Government Pensions**

- Local Government Pension Fund income in 2011-12 was £1.96 billion.
- Local Government Pension Fund expenditure in 2011-12 was £1.28 billion

Pension fund expenditure on benefits (e.g. pensions and lump sums) has increased from £559 million in 2007-08 to £955 million in 2011-12. This is likely to be due in part to an increase in the number of retirements (including early retirements) over this period.

## **1. Introduction to Scottish Local Government Financial Statistics**

Scottish Local Government Financial Statistics is an annual publication that provides a comprehensive overview of Scottish Local Authority financial activity. The publication covers Local Authority income, revenue and capital expenditure, outstanding debt, local taxation and Local Authority pensions. Further information on Scottish Local Government Finance Statistics can be found at

<http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance> .

### **1.1 Structure and Functions of Local Government**

Local Government is responsible for delivering a wide range of services including education, social services, transport, housing, environmental services, cultural services, planning and development and central services. Under the Concordat signed in November 2007, the Scottish Government and Local Government work jointly towards agreed outcomes under a single national purpose.

Local Government in Scotland is comprised of 32 Local Authorities as shown in Map 1.1. In terms of population, the largest of these 32 Authorities is Glasgow City Council and the smallest is Orkney Islands Council. Table 1.1 below shows the population and area for each Local Authority.

In addition to these 32 Local Authorities, there are also Police and Fire Boards, Valuation Joint Boards, Regional Transport Partnerships and the Forth and Tay Bridge Boards. Most of these Boards are the collective responsibility of two or more Councils. See Table 1.2 for listings of Boards and constituent Local Authorities.

Police and Fire Boards are responsible for providing police and fire services to their constituent council members. Board members are nominated by the constituent councils. Net funding is requisitioned from the constituent councils.

Regional Transport Partnerships (RTPs) were established by the Transport (Scotland) Act 2005. Seven statutory regional transport partnerships were created across Scotland to lead on regional transport strategy and delivery.

Valuation Joint Boards provide valuation services, primarily maintaining the Valuation Roll for non-domestic properties, and the Council Tax Valuation List for domestic dwellings. The Valuation Roll and Council Tax Valuation Lists are used as the basis for local taxation billing liability (council tax and non-domestic rates).

**Table 1.1 – Local Authority Demographics, 2011-12**

	Population	Area (sq km)	Population Density (Persons per sq km)	Urban Rural Classification		SIMD  (% of 15% Most Deprived Datazones)
				Urban  (% of population)	Rural  (% of population)	
<b>Scotland</b>	<b>5,254,800</b>	<b>77,925</b>	<b>67</b>	<b>81.9</b>	<b>18.1</b>	<b>100%</b>
Aberdeen City	220,420	186	1,187	98.5	1.5	2.3%
Aberdeenshire	247,600	6,313	39	47.3	52.7	0.5%
Angus	110,630	2,182	51	72.3	27.7	0.3%
Argyll & Bute	89,590	6,909	13	47.7	52.3	1.0%
Clackmannanshire	50,770	159	320	85.7	14.3	1.4%
Dumfries & Galloway	148,060	6,426	23	53.1	46.9	1.3%
Dundee City	145,570	60	2,433	99.5	0.5	5.6%
East Ayrshire	120,200	1,262	95	73.0	27.0	3.3%
East Dunbartonshire	104,570	175	599	94.3	5.7	0.3%
East Lothian	98,170	679	145	72.7	27.3	0.3%
East Renfrewshire	89,850	174	517	96.1	3.9	0.7%
Edinburgh, City of	495,360	264	1,878	98.9	1.1	5.5%
Eilean Siar	26,080	3,071	8	21.6	78.4	0.0%
Falkirk	154,380	297	519	91.4	8.6	1.8%
Fife	367,370	1,325	277	80.4	19.6	5.9%
Glasgow City	598,830	175	3,412	99.9	0.1	29.6%
Highland	222,370	25,659	9	49.1	50.9	1.7%
Inverclyde	79,220	160	494	94.3	5.7	4.5%
Midlothian	82,370	354	233	83.2	16.8	0.3%
Moray	87,260	2,238	39	56.7	43.3	0.0%
North Ayrshire	135,130	885	153	89.3	10.7	4.7%
North Lanarkshire	326,680	470	695	93.0	7.0	10.2%
Orkney Islands	20,160	990	20	32.5	67.5	0.0%
Perth & Kinross	149,520	5,286	28	52.8	47.2	0.6%
Renfrewshire	170,650	261	654	95.8	4.2	4.9%
Scottish Borders	113,150	4,732	24	51.3	48.7	0.5%
Shetland Islands	22,500	1,466	15	29.2	70.8	0.0%
South Ayrshire	111,560	1,222	91	77.8	22.2	1.7%
South Lanarkshire	312,660	1,772	176	88.7	11.3	5.4%
Stirling	90,770	2,187	41	65.7	34.3	0.7%
West Dunbartonshire	90,360	159	569	98.6	1.4	3.2%
West Lothian	172,990	427	405	89.8	10.2	1.3%

Sources: Population and Area – National Records of Scotland 2011 Mid-Year Population Estimates. Urban Rural Classification – SG Urban Rural Classification 2010-12. SIMD – Scottish Index of Multiple Deprivation 2012.



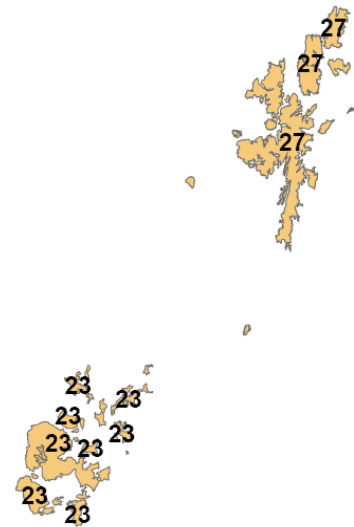
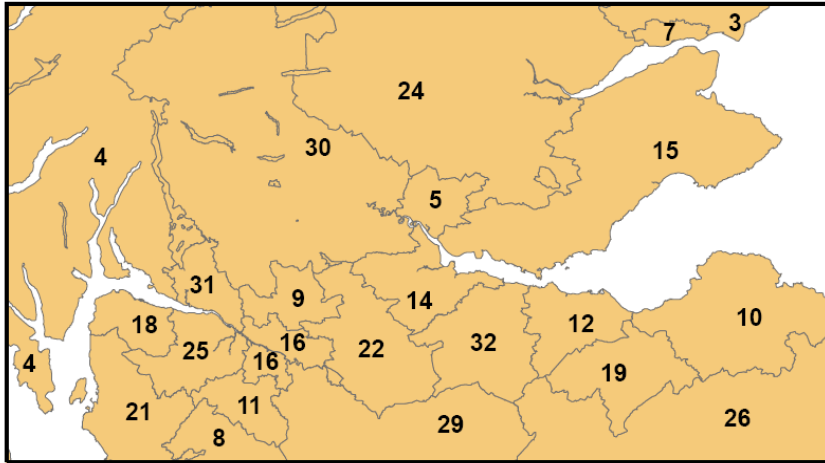
**Table 1.2 – Local Authority Joint Board Membership**

Local Authority	Fire Board	Police Board	Regional Transport Partnerships	Valuation Joint Boards
Aberdeen City	Grampian Fire	Grampian Police	NESTRANS	Grampian
Aberdeenshire	Grampian Fire	Grampian Police	NESTRANS	Grampian
Angus	Tayside Fire & Rescue	Tayside Police	TACTRAN	Tayside
Argyll & Bute <sup>1</sup>	Strathclyde Fire	Strathclyde Police	SPT/HITRANS	Dunbartonshire & Argyll& Bute
Clackmannanshire	Central Scotland Joint Fire	Central Scotland Police	SESTRAN	Central
Dumfries & Galloway	Dumfries & Galloway Fire	Dumfries & Galloway Police	SWESTRANS	Dumfries & Galloway
Dundee City	Tayside Fire & Rescue	Tayside Police	TACTRAN	Tayside
East Ayrshire	Strathclyde Fire	Strathclyde Police	SPT	Ayrshire
East Dunbartonshire	Strathclyde Fire	Strathclyde Police	SPT	Dunbartonshire & Argyll& Bute
East Lothian	Lothian & Borders Fire & Rescue	Lothian & Borders Police	SESTRAN	Lothian
East Renfrewshire	Strathclyde Fire	Strathclyde Police	SPT	Renfrewshire
Edinburgh, City of	Lothian & Borders Fire & Rescue	Lothian & Borders Police	SESTRAN	Lothian
Eilean Siar	Highlands & Islands Fire	Northern Police	HITRANS	Highland and Western Isles
Falkirk	Central Scotland Joint Fire	Central Scotland Police	SESTRAN	Central
Fife	Fife Fire and Rescue Service	Fife Constabulary	SESTRAN	Fife
Glasgow City	Strathclyde Fire	Strathclyde Police	SPT	Glasgow
Highland	Highlands & Islands Fire	Northern Police	HITRANS	Highland and Western Isles
Inverclyde	Strathclyde Fire	Strathclyde Police	SPT	Renfrewshire
Midlothian	Lothian & Borders Fire & Rescue	Lothian & Borders Police	SESTRAN	Lothian
Moray	Grampian Fire	Grampian Police	HITRANS	Grampian
North Ayrshire	Strathclyde Fire	Strathclyde Police	SPT	Ayrshire
North Lanarkshire	Strathclyde Fire	Strathclyde Police	SPT	Lanarkshire
Orkney Islands	Highlands & Islands Fire	Northern Police	HITRANS	Orkney & Shetland
Perth & Kinross	Tayside Fire & Rescue	Tayside Police	TACTRAN	Tayside
Renfrewshire	Strathclyde Fire	Strathclyde Police	SPT	Renfrewshire
Scottish Borders	Lothian & Borders Fire & Rescue	Lothian & Borders Police	SESTRAN	Borders
Shetland Islands	Highlands & Islands Fire	Northern Police	ZetTrans	Orkney & Shetland
South Ayrshire	Strathclyde Fire	Strathclyde Police	SPT	Ayrshire
South Lanarkshire	Strathclyde Fire	Strathclyde Police	SPT	Lanarkshire
Stirling	Central Scotland Joint Fire	Central Scotland Police	TACTRAN	Central
West Dunbartonshire	Strathclyde Fire	Strathclyde Police	SPT	Dunbartonshire & Argyll& Bute
West Lothian	Lothian & Borders Fire & Rescue	Lothian & Borders Police	SESTRAN	Lothian

1. Helensburgh and Lomond are part of SPT while the rest of Argyll and Bute is part of HITRANS.

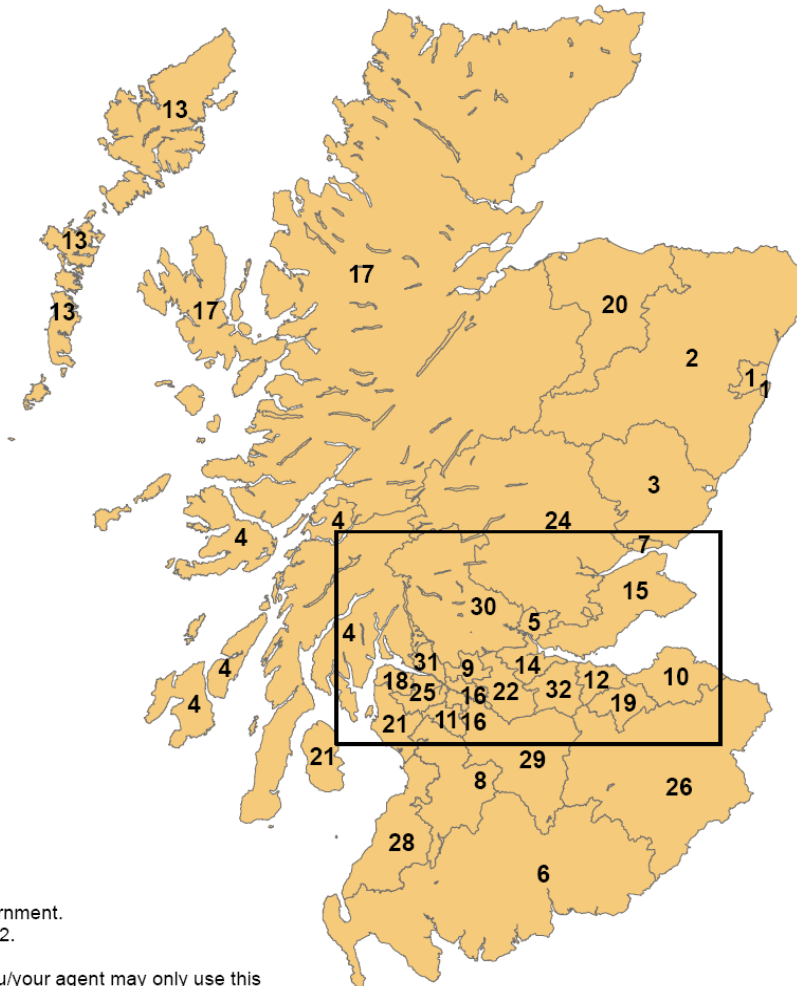
Map 1.1 – Local Authority Areas

# Local Authorities



Numbered areas

1. Aberdeen City
2. Aberdeenshire
3. Angus
4. Argyll & Bute
5. Clackmannanshire
6. Dumfries & Galloway
7. Dundee City
8. East Ayrshire
9. East Dunbartonshire
10. East Lothian
11. East Renfrewshire
12. City of Edinburgh
13. Eilean Siar
14. Falkirk
15. Fife
16. Glasgow City
17. Highland
18. Inverclyde
19. Midlothian
20. Moray
21. North Ayrshire
22. North Lanarkshire
23. Orkney Islands
24. Perth & Kinross
25. Renfrewshire
26. Scottish Borders
27. Shetland Islands
28. South Ayrshire
29. South Lanarkshire
30. Stirling
31. West Dunbartonshire
32. West Lothian



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## 1.2 Local Government Finance

### 1.2.1 Capital and Revenue Expenditure

Local Government expenditure is split between revenue and capital expenditure.

Both the capital and revenue sections of Local Authority accounts are collected on an *accruals* basis. This means that transactions are reflected in the accounts of the period in which the relevant event took place (for example, when income was earned or an expense was incurred). Capital accounts figures prior to 2004-05 were recorded on a *cash* basis, where transactions were recorded in the period in which the payment was made or received.

Revenue expenditure is largely made up of employee and operating costs. *Employee costs* include salaries, wages, national insurance, superannuation contributions, cash allowances to employees, redundancy and severance payments and other employee costs. *Operating costs* include property costs, supplies and services, transport and plant costs, payments to agencies and other bodies, and direct administration costs.

Capital expenditure is mainly incurred by Local Authorities for buying, constructing or enhancing physical assets such as buildings (schools, houses etc), land, vehicles, plant and machinery.

For accounting purposes revenue and capital are kept separate, but there is a relationship between the two, where capital expenditure (on a building for example) can have implications for revenue expenditure (where that building needs to be maintained and staffed). The revenue accounts reported include the General Fund, Housing Revenue accounts and External Trading Services accounts. Adjustments are made for transfers between accounts in order to avoid any double counting of expenditure or income.

Revenue and capital accounts should not be combined to produce total expenditure and income figures. There are elements of expenditure, i.e. Revenue Contributions to Capital, which is also known as Capital Financed from Current Revenue, and Grants to third parties funded by the General Capital Grant, which are reported both as Revenue and as Capital expenditure. As such, analysis and discussion of revenue and capital accounts are done separately to avoid double-counting.

### 1.2.2 Local Government Expenditure - Funding

Revenue expenditure is largely financed through Scottish Government grants, Non-Domestic Rates income and Council Tax income. Capital is mainly financed through Scottish Government grants, borrowing, capital receipts and revenue contributions. This publication does not cover how funding is distributed amongst local authorities but details of the needs-based methodology central to funding allocation can be found on the Scottish Government [Grant Aided Expenditure Website](#).

### 1.2.3 Local Authority Funds and Reserves

Local Authorities are required under section 93(1) of the Local Government (Scotland) Act 1973 to have a **General Fund**. All sums received by or on behalf of the authority are required to be paid into that fund, and all sums payable by the authority shall be paid out of the General Fund, except where statute provides otherwise. The General Fund is therefore

the main account for local authorities and the one where most transactions occur. References to General Fund Income and Expenditure in this publication encompass the income and expenditure of the 32 Local Authorities, the Police and Fire Boards, the Valuation Joint Boards, and the Regional Transport Partnerships, but do not include income and expenditure of the Forth or Tay Bridge Boards.

The Housing (Scotland) Act 1987 requires a local authority to keep a **Housing Revenue Account (HRA)** for income and expenditure in relation to a local authority's own direct provision of housing. This separates the costs of social housing from other services provided by the local authority.

Local authorities also own and manage **Common Good** assets. Statute requires these assets to be accounted for separately.

Local Authorities are empowered by the Local Government (Scotland) Act 1975 to establish a **Renewal and Repair fund**. This fund may be used for repairing, maintaining, replacing and renewing the authority's buildings, plant and equipment. The Renewal and Repair fund may also be used to finance capital expenditure. In accordance with the Code of Practice on Local Authority Accounting in the UK (the Code), expenditure may not be charged directly to reserves. As such, all transactions are restricted to contributions to and from the General Fund.

The Local Government (Scotland) Act 1975 (as amended by schedule 13 of the Local Government etc. (Scotland) Act 1994) also enables a local authority to establish an **Insurance Fund**. Again, expenditure should not be charged directly to any reserve. As such, all transactions for this reserve are restricted to contributions to and from the General Fund.

In addition to the funds listed above, some local authorities may have specific statutory authority to hold other reserves. Examples include the Orkney County Council Act 1974 and the Zetland County Council Act 1974, which require the respective councils to keep separate accounts for their harbour undertakings and provide the power for the councils to hold a reserve fund for the same undertakings. As with other reserves' transactions, all transactions for these reserves are restricted to contributions to and from the General Fund.

The Local Government (Scotland) Act 1975 Act also permits a local authority to establish a **Capital Fund**. This fund may be used for the purpose of meeting the cost of capital expenditure and for the repayment of principal on loans (but not any interest on loans). Capital receipts may be paid directly into the Capital Fund in accordance with the provisions of the 1975 Act.

In addition to their own funds certain local authorities have the responsibility for managing pension funds. The **Local Government Pension Schemes** do not form part of the local authority accounts or reserves.

#### 1.2.4 Changes to Accounting Arrangements for Public Private Partnerships and Public Finance Initiatives

Revised accounting arrangements for Public Private Partnerships (PPP) and Public Finance Initiatives (PFI) were introduced from 1<sup>st</sup> April 2009. Local Financial Returns 2009-10 and Final Capital Return 2009-10 were revised to collect data based on the new arrangements and this has continued for subsequent.

The revisions require local authorities to separate the PPP/PFI unitary charge into elements recognising the liability to meet the construction cost of the asset (statutory repayment of debt), interest costs arising from financing arrangements and the service charge for services (revenue expenditure) provided under the arrangement. Previously the total unitary charge was included within the relevant service revenue expenditure. Therefore, **for 2009-10 (and later years) revenue expenditure, statutory repayment of debt and interest and investment income** for services in which there are PPP or PFI schemes is not comparable with previous years. Total revenue expenditure is not affected by the changes. To allow comparisons to be made between the old and new accounting arrangements, revenue expenditure tables prepared on the old basis [LGF Stats 2009-10 (PPP/PFI Adjusted)] were published alongside [Scottish Local Government Financial Statistics 2009-10](#) (which included tables on the new basis).

Capital expenditure is also affected by the revised accounting arrangements. Before 1<sup>st</sup> April 2009 assets provided by a PFI/PPP or similar arrangement were not recorded as assets of the authority and therefore expenditure on the construction or enhancement of those assets were not recorded as capital expenditure. Under the new accounting arrangements the criteria for asset recognition moved from risk and reward to the control of service provision and control of the residual value of the asset. Based on the new tests most local authorities identified that they do have control of service provision and the residual interest in the PFI assets, such as schools. These assets are now recognised as assets of the local authority (on-balance sheet) which they were not under the previous arrangements and now form part of the capital regime. Any expenditure on their construction or enhancement will be capital expenditure.

This change should therefore be taken into account when comparing **2009-10 capital expenditure** for services in which councils have PPP or PFI with those of previous years. Comparison between data on the old and new bases is provided in [Capital Expenditure Report 2010-11](#).

The services in which councils have reported having PPP or PFI are Education, Social Work, Culture & Related Services, Environmental Services and Roads & Transport. The biggest effect can be seen in Education as most councils have a PPP or PFI scheme for this service.

For more detailed information on the accounting changes see [Finance Circular 4/2010](#).

### 1.2.5 Data Collection and Quality

The tables and figures in this publication have been compiled using various financial returns made by Local Authorities and Joint Boards throughout the financial year. These financial returns are approved by local authority directors of finance. The continued co-operation of these bodies in completing these returns is gratefully acknowledged.

To aid comparability, data collection aims to follow accountancy standards where they apply – for example revenue expenditure data are collected in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Service Code of Practice (SeRCOP).

As part of the quality assurance procedure, the Scottish Government carries out validation checks on the incoming data to identify possible errors. Potential problems are identified in a number of ways, including comparing the data received to: other known sources; data from previous years; and data from other local authorities. Where appropriate, views are also sought from policy colleagues – for example where a change in the financial data may be attributable to a policy change. To ensure the data are of a high quality, the Scottish Government then works with the relevant local authorities to resolve any data issues identified.

**LFR Review** – the participation of local authority representatives, the Convention of Scottish Local Authorities (COSLA), CIPFA and Scottish Government policy colleagues in the Local Financial Return (LFR) Review is also gratefully acknowledged. This was a major review of the LFR forms which collect data on local authority revenue expenditure (for example on services such as: Education; Social Work; Cultural and Related Services). The aim of the review was to update and improve the information collected through the LFRs to ensure the provisions of timely and high quality data whilst minimising unnecessary complications or burden (taking into account any developments in policy and accountancy practice and the needs of data users). As a result of the review, the following key improvements have been implemented:

- The collection structure was compared to local authority accounting standards and, where appropriate, changes were made to better reflect local authority accounts to reduce the burden on local authority data providers and improve comparability between local authorities.
- The timing of the collection was changed to enable audited data to be collected.
- A summary sheet was added to pull together data from the collections for different services and to tie the LFR data to local authority accounts.
- The collection was streamlined to ensure only essential data were collected, hence some previously collected data were removed from the forms (with the aim of reducing the burden on data providers).

### 1.2.6 Notes

As discussed above, for 2011-12, revenue expenditure data has been collected after local authority accounts were audited.

All other financial data is shown at outturn level to reflect the amounts after the year's accounts have been closed, but before audit. Where possible actual figures have been used. Where this has not been possible, near-actual figures have been taken. For this reason the figures published in this publication may not always agree with those published in Local Authority Audited Accounts.

Please note that due to rounding, some totals may not agree with the sum of their constituent parts. Calculations have been made where possible using un-rounded figures and may therefore not agree exactly with the rounded figures given in accompanying tables.

The following symbols are used throughout the publication:

- .. not available
- nc not collected
- . not applicable
- nil or less than half the final digit shown

### 1.2.7 Enquiries

Enquiries relating to any of the text, tables or figures contained in the publication may be directed to:

Scottish Government  
Local Government Finance Statistics  
Local Governance and Reform Analytical Division  
Area 3H-North, Victoria Quay  
Edinburgh  
EH6 6QQ

Tel: (0131) 244 7033

E-mail: [lgfstats@scotland.gsi.gov.uk](mailto:lgfstats@scotland.gsi.gov.uk)

Many of the data collections feeding into this report collect data at a more detailed level than the information published here. Much of the additional data can be made available if requested (contact details as above). Empty data collection forms, which illustrate what is collected can be viewed on the Scottish Government website [Local Government Finance – Data Supplier Area](#) pages.

All tables in this publication, and further background data, are available as Excel spreadsheets from the Scottish Government Local Government Finance Statistics website at:

<http://www.scotland.gov.uk/stats/lgfstats>

### 1.2.8 Local Government Financial Statistics from other parts of the UK

Statistics on local government finance in England and Wales can be found here:

#### [Local Government Finance Statistics - England](#)

[<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/local-government-finance-statistics-england>]

#### [Local Government Finance 2013 \(Wales\)](#)

[<http://wales.gov.uk/topics/statistics/headlines/localgov2013/?lang=en>]

Although many of the statistics in the publications for Scotland, England and Wales adopt common accounting standards, there will be some variations in definitions for statistics for different countries.

If further advice is required on the definitions used in Scottish Local Government Financial Statistics, please use the contact details in the Enquiries section (above).



## **2. Local Government Revenue Expenditure and Income**

### **2.1 Total Revenue Income and Expenditure**

Total gross revenue expenditure by local government in Scotland in 2011-12 was £16.7 billion. The majority of expenditure is in the general fund although over £1 billion of expenditure was in the Housing Revenue Account (HRA) and Significant (Internal) Trading Operations. Further details on these different funds are laid out in sections 2.2 and 2.3.

Table 2.1 details revenue income and expenditure for 2011-12, throughout the table expenditure is positive and income negative. The biggest single element of gross expenditure were employee costs which account for £7.65 billion of all expenditure. The second largest element was operating costs (which includes property costs, supplies and services costs, transport and payments to agencies and other bodies) which account for £6.77 billion.

Transfer payments are those made to individuals for which no goods or services are received in return by the local authority. The majority of transfer payments are housing benefits which make up £1.66 billion of the total of £1.99 billion. An adjustment for Inter Account and Inter Authority Transfers is made to the gross expenditure to take account of transfers between local authorities and between different services within an authority and ensure that expenditure is not counted twice.

Support services are those paid for services that support the provision of services to the public (including IT, Human Resources, Legal Services, Procurement Services and Corporate Services). In 2011-12 as part of a wider review of the Local Financial Returns (LFRs) the definition of support services was changed to be more prescriptive as to what should and should not be included. This was done to improve comparability of support services costs between local authorities and means that data for support services expenditure in 2011-12 may not be directly comparable with past years.

In 2011-12, for the first time, it is possible to derive the surplus or deficit on the provision of service from the data collected on expenditure, income and funding in the LFRs. This provides an important link between this data and data on reserves, debt and interest costs which were previously collected separately. This allows a greater level of analysis to be undertaken on the relationship between authorities' expenditure, income, funding, debt and reserves. The impact of this can be seen in a number of the tables in Sections 2 and 4 of this publication, in particular in Tables 2.1 and 4.1 which now link together what councils spend, raise and receive with the reserves they hold.

In addition to this change, local authorities are now required to ensure that their LFRs are directly comparable to their published audited accounts. This should ensure that the data provided is more comparable across authorities and there is less opportunities for error when classifying expenditure across different services within an authority.

**Table 2.1 – Total Revenue Income and Expenditure, 2011-12**

£ Thousands

	General Fund Services <sup>1</sup>	Housing Revenue Account	Significant Trading Operations	Road Bridges	Common Good Fund
Employee Costs	7,160,414	135,154	352,506	4,214	183
Operating Costs	6,099,780	464,226	465,688	4,318	13,274
Support Service Costs	864,384	69,916	31,457	103	440
Transfer payments	1,993,054	3,141	356	0	1,670
Revenue Contributions to Capital	57,565	157,907	437	0	21
Adjustment for Inter Account and Inter Authority Transfers	-524,455	-25,995	-610,281	-2,550	-1,892
<b>Gross Expenditure</b>	<b>15,650,742</b>	<b>804,349</b>	<b>240,163</b>	<b>6,085</b>	<b>13,696</b>
Government Grants <sup>2</sup>	-2,500,172	-52,432	-78	-8,788	0
Other Grants Reimbursements and Contributions	-829,791	-17,168	-16,786	-8,800	-735
Customer and Client Receipts	-1,321,294	-965,920	-267,630	-82	-10,809
<b>Total Income</b>	<b>-4,651,257</b>	<b>-1,035,520</b>	<b>-284,494</b>	<b>-17,670</b>	<b>-11,544</b>
<b>Net Revenue Expenditure (excl Ring Fenced Grants)</b>	<b>10,999,485</b>	<b>-231,171</b>	<b>-44,331</b>	<b>-11,585</b>	<b>2,152</b>
Interest Paid	676,735	115,984	35	0	177
Interest Received	-26,203	-2,353	-19	-78	-617
Investment Income	-31,368	-404	0	0	-4,124
Pension interest and expected gains / losses on IAS 19	122,295	-1,472	0	-76	0
<b>Sub-Total</b>	<b>741,459</b>	<b>111,755</b>	<b>16</b>	<b>-154</b>	<b>-4,564</b>
General Revenue Funding	-7,789,670				
NDRI Distributable Amount	-2,203,389				
Council Tax	-2,299,676	-2,116			
Arrears of Local Tax Collection	322				
Other	-185,031	-3,853			
<b>Sub-Total</b>	<b>-12,477,444</b>	<b>-5,969</b>	<b>0</b>	<b>0</b>	
Depreciation and Impairment of non-current assets	1,439,537	536,771		6,333	
Amortisation and Impairment of Intangible Assets	44,927	27,216		0	
Movement in the fair value of investment properties	3,338	1,969		-11	
Surplus or deficit on Trading Operations not included above	-24,722	0	24,722	0	
Gain or loss on the disposal of Property, Plant and Equipment	-5,282	3,698		-3	
Reversal of Employer's contribution to pension fund/benefits payments made	-414,657	-17,032		-506	
Post-retirement benefits - IAS 19	897,802	16,855		331	
Short term accumulating absences	-88,804	51		29	
Govt Capital grants and contributions credited to the CI&ES	-587,529	-26,280		-9,656	
Non- Govt Capital grants and contributions credited to the CI&ES	-98,067	-7,174		0	
Reversal of Revenue Contribution to Capital	-57,565	-157,907		0	
Difference in Requisitions	-988	0		0	
<b>Surplus or deficit on the provision of services</b>	<b>371,490</b>	<b>252,782</b>		<b>-15,222</b>	

1. Includes trading services and non-HRA housing. For a breakdown of expenditure in these areas, refer to Table 2.2 and Annexes A & B

2. Excluding General Revenue Funding

Source: Local Financial Returns – LFR 00

## **2.2 Non-General Fund Revenue Income and Expenditure**

### **2.2.1 HRA**

The Housing Revenue Account (HRA) records income and expenditure relating to Local Authority housing stock. Whilst most other Local Authority services are funded through a combination of non-domestic rates and council tax income plus Government grants, the HRA is a ring-fenced account, and expenditure is funded by housing rents and Government subsidies.

### **2.2.2 Trading Services**

Trading service accounts cover the finances of Local Authority operated services that are commercial in nature. They are financed by the charges made by a Local Authority to the recipients of the services they provide.

The main trading services are Local Authority Transport (buses, ferries and other Local Authority transport undertakings), Fishery harbours and markets and other trading services (including airports, other harbours and bridges).

### **2.2.3 Road Bridges**

From 2008-09, the funding arrangements for the Forth and Tay bridge authorities changed. Under the Abolition of Bridge Tolls (Scotland) Act 2008, the bridge authorities stopped receiving income from tolls and, instead, started receiving a revenue grant from Transport Scotland. For capital expenditure, bridge authorities also started receiving a capital grant from Transport Scotland, so are no longer reliant on borrowing through their constituent authorities from the Loans Fund. Despite this change in funding, Local Authorities continue to provide services for the bridge authorities by way of contract.

### **2.2.4 Common Good**

Common good funds and assets are those held by local authorities which were, in effect, gifted to the local community (usually a previous burgh council). When managing common good funds and assets, local authorities are expected to have regard to the interests of inhabitants of the former burgh area to which the assets relate (except for Aberdeen City, Dundee City, City of Edinburgh and Glasgow City, where the local authority should have regard to the interests of all residents in the council area).

Common Good Fund income and expenditure is recorded in a separate set of accounts. Some property held within a Local Authority's Common Good Fund can be sold, while some must be maintained in trust for the community. The fund is used for projects that are for the common good of all residents.

## 2.3 General Fund Revenue Income and Expenditure

The highest spending service in the general fund is education which had net expenditure of £4.55 billion (this makes up nearly 40% of net expenditure). Of this total £1.75 billion was spent on primary education and £1.85 billion on secondary education with the remainder spent on pre-primary, special and community education. Education's share of total net expenditure has stayed the same at around 40% over the five years to 2011-12.

Social work is the next largest service with net expenditure of £2.87 billion (25% of total net expenditure). Data on social work expenditure is collected on the basis of client groups. Of the client groups identified in the LFRs, older persons has the highest expenditure of £1.26 billion followed by children and families with £0.77 billion and adults with learning difficulties with £0.48 billion.

A full breakdown of expenditure by sub-service is available in Annex A.

The single largest income source shown in Table 2.2 are the grants received by local authorities from the Department of Work and Pensions to fund housing benefits these grants were worth £1.66 billion in 2011-12 and are shown as part of income in non-HRA housing.

Another significant source of income are customer and client receipts (including all charges to service users) which raised £1.3 billion across all services. Social work services also receive income from the NHS to provide services, the value of these payments in 2011-12 were £0.38 billion. A full breakdown of income by service can be found in Annex B.

**Table 2.2 – General Fund Revenue Income and Expenditure, 2011-12**

£ thousands

	Gross Expenditure	Income	Net Expenditure	Net Expenditure as % of Total Services	Ring Fenced Revenue Grants
Education	4,737,915	185,250	4,552,665	39.6%	5,104
Cultural and Related Services	712,625	94,753	617,872	5.4%	0
Social Work	3,665,002	792,246	2,872,756	25.0%	0
Police	1,210,588	192,306	1,018,282	8.8%	498,493
Fire	333,385	47,253	286,132	2.5%	0
Roads and Transport	671,853	194,625	477,228	4.1%	0
Environmental Services	785,301	129,767	655,534	5.7%	0
Planning & Economic Development	473,079	180,961	292,118	2.5%	0
Non-HRA Housing	2,327,359	1,996,194	331,165	2.9%	7,067
Central Services	682,334	263,683	418,651	3.6%	0
Trading Services	51,301	63,555	-12,254	-0.1%	0
<b>Net Cost of Service</b>	<b>15,650,742</b>	<b>4,140,593</b>	<b>11,510,149</b>	<b>100.0%</b>	<b>510,664</b>
Interest and Investment Income	676,735	57,571	619,164		0
Statutory Repayment of Debt	592,031	0	592,031		0
Contributions to/from HRA	0	0	0		0
Surplus/deficit from Significant Trading Operations	-24,722	0	-24,722		0
<b>Total</b>	<b>16,894,786</b>	<b>4,198,164</b>	<b>12,696,622</b>		<b>510,664</b>

Source: Local Financial Returns – LFR 00

Revised accounting arrangements for Public Private Partnerships (PPP) and Public Finance Initiatives (PFI) were introduced from 1<sup>st</sup> April 2009. Therefore, from 2009-10 onwards revenue expenditure, statutory repayment of debt and interest and investment income for services in which there are PPP or PFI schemes is not directly comparable with previous years. See section 1.2 for further details. This affects the level of service expenditure when comparing 2008-09 to 2009-10 (and later years), especially in education where most councils have a PPP or PFI scheme in operation.

**Table 2.3 – Net Revenue Expenditure by Service, 2007-08 to 2010-11**

	£ millions				
	2007-08	2008-09	2009-10	2010-11	2011-12
Education	4,432	4,676	4,633	4,677	4,553
Social Work	2,368	2,684	2,825	2,861	2,873
Police <sup>1</sup>	1,078	1,100	1,125	978	1,018
Fire	289	320	332	313	286
Cultural & Related Services	593	628	662	638	618
Environmental Services	510	628	657	664	656
Roads & Transport <sup>1</sup>	447	453	486	503	477
Central Services	439	469	632	560	419
Planning & Economic Development	163	289	332	313	292
Non-HRA Housing	91	427	420	394	331
Trading Services	-12	-5	-9	-8	-12
<b>Total General Fund</b>	<b>10,400</b>	<b>11,670</b>	<b>12,096</b>	<b>11,892</b>	<b>11,510</b>

1. From 2010-11 the funding of Police Pensions changed leading to a reduction in net expenditure. Therefore police expenditure figures from 2010-11 onwards are not directly comparable with figures up to 2009-10.

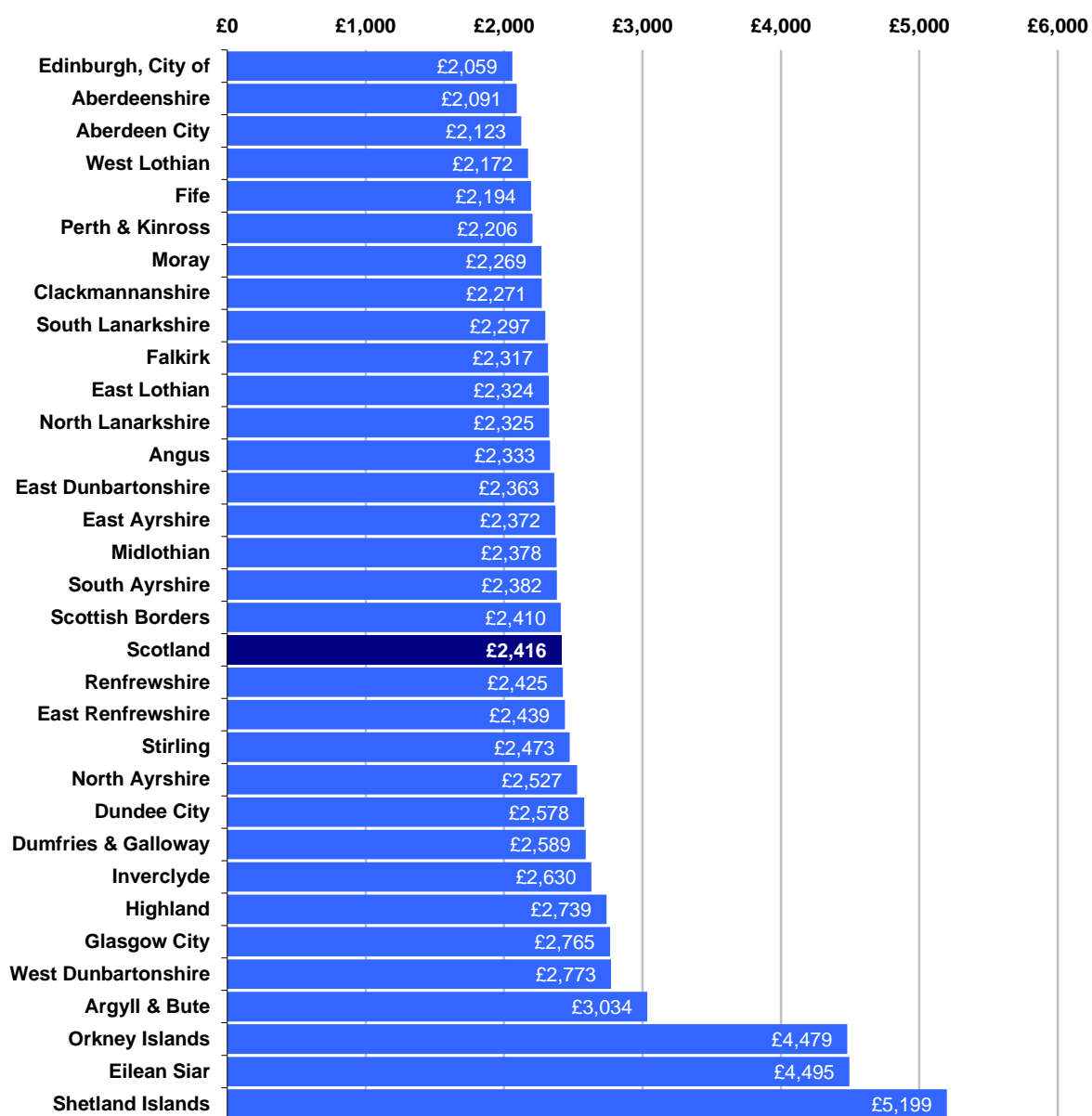
Source: Local Financial Returns – LFR 00

In the 2008-09 local government finance revenue settlement, many formerly ring-fenced revenue grants were rolled up into General Revenue Funding (GRF). This change in funding can be seen as a larger than usual increase in expenditure from 2007-08 to 2008-09 both in Table 2.3 above. The Supporting People Grant, the Community Regeneration Fund and the Strategic Waste Fund were three of the largest grants affected by these changes in funding.

Chart 2.1 shows net revenue expenditure per capita by local authority area. This includes expenditure by all local authority bodies in an area (i.e. including expenditure by councils, police boards, fire boards, valuation boards and regional transport partnerships). The chart shows that on average in Scotland local government spent £2,416 per person.

Wide variation is seen in net revenue expenditure per head for different local authority areas. This reflects variations in the cost of providing services due to factors such as deprivation, rurality and population age profile, as well as additional costs for island authorities (which clearly have the highest net revenue expenditure per head). Details of how these factors are taken into account in the needs-based methodology central to local government funding distribution can be found on the Scottish Government [Grant Aided Expenditure Website](#).

Chart 2.1 – Net Revenue Expenditure per Capita by Local Authority 2011-12



## 2.4 Revenue Expenditure Financing

Revenue expenditure by local authorities is funded by three main sources:

- Grants from Central Government
- Local Taxation (Council Tax and Non Domestic Rates)
- Sales, fees and charges for services

The main source of revenue income for local government is General Revenue Funding, (formerly referred to as the Revenue Support Grant). General Revenue Funding (GRF) is paid by the Scottish Government in support of local authorities' general net revenue expenditure.

Local taxation contributed over £4 billion to the funding of local government in 2011-12 and further information on these taxes is set out in the following sections. Other income is mostly composed of grants and subsidies received from central government and other parts of the public sector.

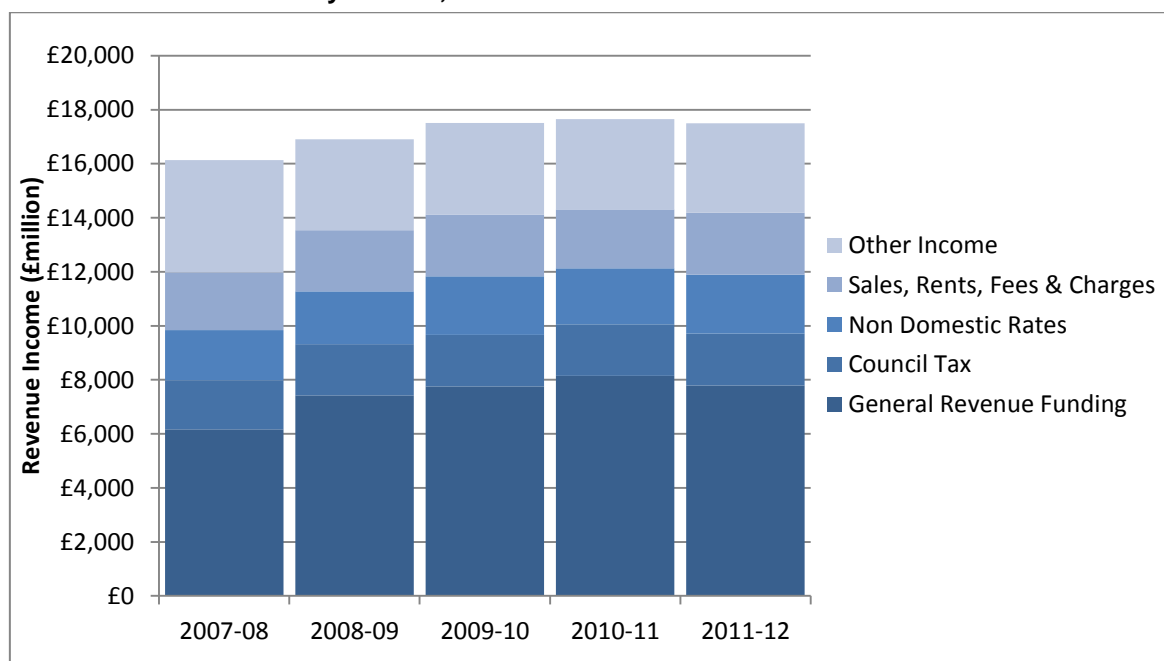
**Table 2.4 – Revenue Income by Source, 2007-08 to 2011-12**

	£ Millions				
	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Revenue Income</b>					
General Revenue Funding <sup>1</sup>	6,170	7,426	7,757	8,149	7,790
Council Tax	1,890	1,909	1,910	1,923	1,926
Council Tax Benefit Subsidy	354	351	368	375	376
Non Domestic Rates	1,860	1,963	2,165	2,068	2,182
Sales, Rents, Fees & Charges	2,132	2,262	2,287	2,179	2,298
Other income	4,163	3,363	3,390	3,348	3,305
<b>Total revenue income</b>	<b>16,569</b>	<b>17,274</b>	<b>17,877</b>	<b>18,043</b>	<b>17,877</b>

1. Prior to 2008-09 this was Revenue Support Grant

Sources: General Revenue Funding (Up to 2010-11) – Finance Circulars; Non-Domestic Rates – Non Domestic Rates Returns (NDRI); All Other Data – Local Financial Returns (LFRs)

**Chart 2.2 – Revenue Income by Source, 2011-12**



## 2.4.1 Council Tax

Council Tax was introduced in Scotland on the 1<sup>st</sup> April 1993 to replace the Community Charge system. It is a tax system based on dwellings, contributing around £1.9 billion (excluding council tax benefit) of income to local authorities in 2011-12. A dwelling is classified as any kind of flat or house that is used as a place of residence. Each dwelling is placed into one of the 8 council tax bands (A to H) depending on the market value of the dwelling as at the 1<sup>st</sup> April 1991.

**Table 2.5 – Chargeable Dwellings<sup>1</sup> by Council Tax Band & Local Authority (as at 3 September 2012)**

Valuation band ranges	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
	Under 27,000	27,001 to 35,000	35,001 to 45,000	45,001 to 58,000	58,001 to 80,000	80,001 to 106,000	106,001 to 212,000	Over 212,000	
Ratio to band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
<b>Scotland</b>	<b>512,916</b>	<b>568,237</b>	<b>385,936</b>	<b>312,765</b>	<b>317,504</b>	<b>178,018</b>	<b>114,282</b>	<b>12,211</b>	<b>2,401,869</b>
Aberdeen City	19,642	26,012	16,963	12,270	13,251	7,829	6,983	808	103,758
Aberdeenshire	19,550	15,344	13,602	16,444	19,946	14,617	8,921	535	108,959
Angus	14,427	12,263	6,756	7,953	7,044	2,869	1,510	150	52,972
Argyll & Bute	7,218	9,398	8,691	5,752	7,032	3,969	2,677	215	44,952
Clackmannanshire	6,025	6,993	1,906	2,401	3,098	1,778	805	41	23,047
Dumfries & Galloway	10,670	22,003	11,431	9,490	10,016	4,834	2,299	155	70,898
Dundee City	25,512	15,335	7,926	8,071	6,176	2,249	997	31	66,297
East Ayrshire	25,573	9,198	4,858	6,266	5,895	2,817	895	39	55,541
East Dunbartonshire	1,073	3,546	7,971	7,243	10,643	6,662	5,974	579	43,691
East Lothian	1,119	8,891	14,260	5,596	5,665	4,476	3,557	611	44,175
East Renfrewshire	1,194	4,987	3,891	6,230	7,888	5,868	5,837	688	36,583
Edinburgh, City of	19,918	42,952	39,856	33,625	35,487	22,355	19,738	3,602	217,533
Eilean Siar	4,500	3,611	2,707	1,657	1,119	159	33	4	13,790
Falkirk	21,461	18,849	6,375	8,218	8,172	4,897	2,262	60	70,294
Fife	38,850	46,606	20,984	18,748	21,522	12,137	5,887	378	165,112
Glasgow City	60,047	74,094	62,090	37,039	25,905	11,533	5,790	603	277,101
Highland	18,580	22,037	21,952	17,288	17,132	8,293	3,980	311	109,573
Inverclyde	18,298	5,548	3,284	3,189	3,349	1,813	1,379	208	37,068
Midlothian	932	11,949	10,111	4,433	4,131	2,524	1,681	157	35,918
Moray	11,290	10,052	6,103	5,655	5,177	1,876	564	50	40,767
North Ayrshire	21,071	17,827	6,526	6,422	8,577	3,525	1,129	52	65,129
North Lanarkshire	52,315	36,269	18,379	15,060	14,894	7,234	2,547	121	146,819
Orkney Islands	2,260	2,667	2,148	1,617	1,143	244	17	3	10,099
Perth & Kinross	8,434	14,152	11,075	9,978	10,994	6,856	5,443	640	67,572
Renfrewshire	12,339	24,438	13,759	10,813	9,949	5,552	3,213	199	80,262
Scottish Borders	15,680	12,218	6,443	5,546	6,047	4,392	3,986	431	54,743
Shetland Islands	2,888	1,746	2,595	1,694	1,247	231	54	0	10,455
South Ayrshire	7,010	12,198	8,496	8,021	9,320	4,584	2,875	272	52,776
South Lanarkshire	34,866	28,737	24,233	18,912	17,925	10,368	5,518	419	140,978
Stirling	5,377	8,109	3,972	4,167	5,820	4,881	4,730	637	37,693
West Dunbartonshire	7,748	16,290	7,254	5,577	4,136	1,541	609	53	43,208
West Lothian	17,049	23,918	9,339	7,390	8,804	5,055	2,392	159	74,106

1. Excludes dwellings exempt from council tax

Source: Council Tax Base 2012 (CTAXBASE)



Table 2.5 details the band boundaries, the ratio to band D council tax (the multiplier) and the number of chargeable dwellings in each band by local authority. As at 3<sup>rd</sup> September 2012, there were 2.4 million chargeable dwellings in Scotland. Around three quarters (1.8 million) of all chargeable dwellings were in council tax bands A to D, and only 0.5% (12,211 dwellings) in band H. The total number of chargeable dwellings and the distribution of those dwellings across council tax bands varies across local authority areas. For example, 49% (18,298) of all chargeable dwellings in Inverclyde are in council tax band A compared with 22% (2,260) in the Orkney Islands, and 2% (1,073) in East Dunbartonshire. This is a consequence of variation by local authority in the market value of dwellings.

Council tax is used as a source of funding to make up the difference between the amount of money a local authority wishes to spend, and the amount of funding it receives from other sources (such as GRF and ring-fenced revenue grants). Each local authority determines its own level of council tax as part of their budget setting process, establishing the band D council tax level. As a result, council tax levels differs across local authority areas ranging from £1,024 in Eilean Siar to £1,230 in Aberdeen City (Chart 2.3). The council tax charged for all other bands is a proportion of the band D level set (see ratios to band D in table 2.6).

The Scotland band D council tax level, and its change over time, can be seen in table 2.7. Council tax levels remain constant at 2007-08 levels as a consequence of the council tax freeze agreed between the Scottish Government and local government, hence the average council tax per dwelling has also remained flat. Any small changes reflect movement in the council tax base such as changes in the total number of dwellings, the distribution of those dwellings across council tax bands, and the number of discounts and exemptions. In real terms, the level of band D council tax has fallen in each year since 2007-08, where prior to this, both cash and real terms increases were seen as the band D council tax level increased year on year.

**Table 2.6 – Scotland Council Tax Levels**

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Scotland Average Band D Council Tax (£) <sup>1</sup>	1,094	1,129	1,149	1,149	1,149	1,149	1,149	1,149
Band D % increase (cash terms)	3.9%	3.2%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Band D % increase (real terms <sup>2</sup> )	1.6%	0.5%	-0.7%	-2.7%	-1.5%	-2.8%	-2.1%	-2.1%
Average Council Tax Bill per Dwelling (£) <sup>3</sup>	925	958	980	983	987	985	984	985

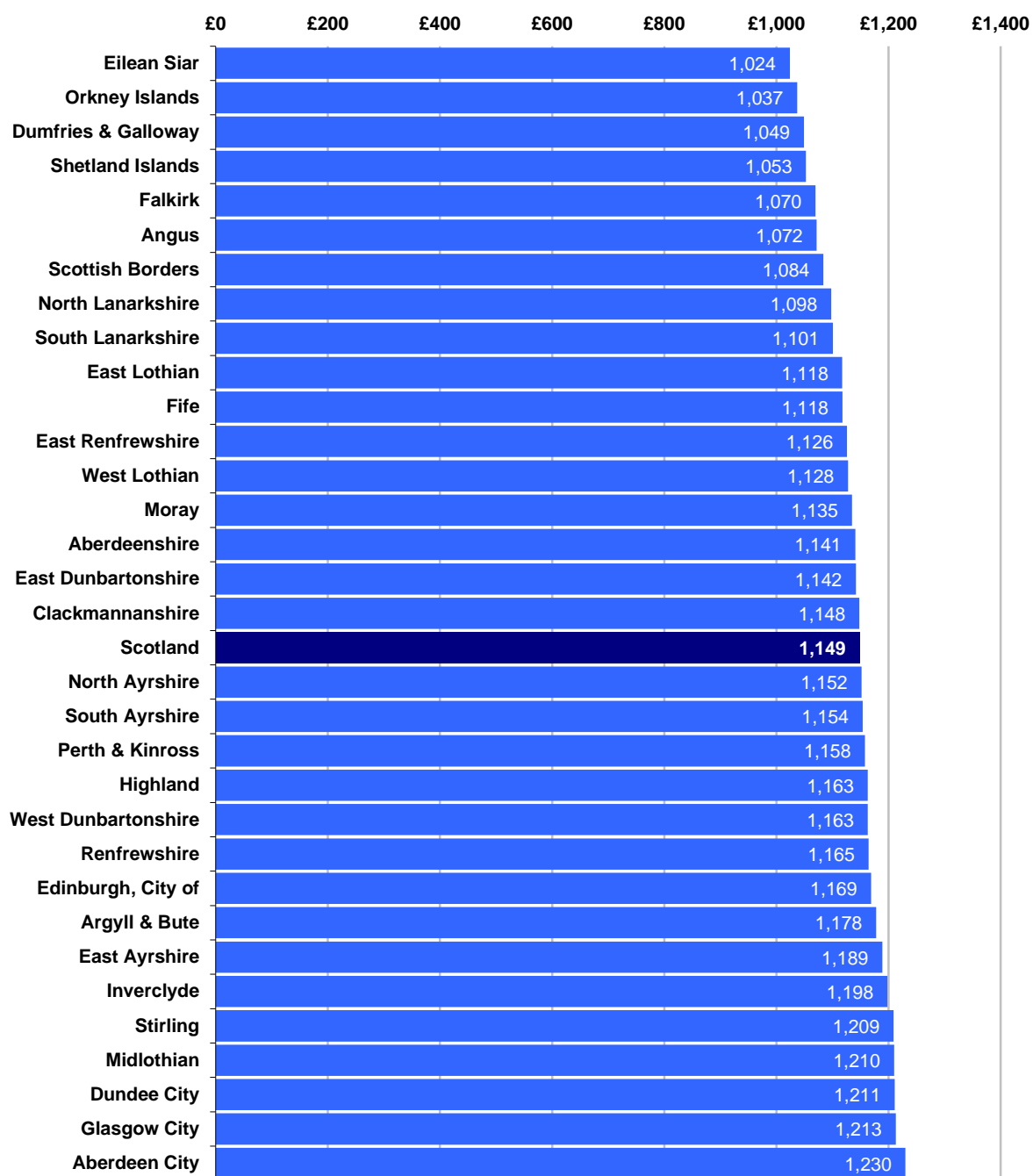
1. Since 2008-09, Council Tax rates have been frozen at 2007-08 levels.

2. Real terms figures are calculated using GDP deflators

3. This average is taken over all chargeable dwellings and is affected by a number of factors such as the distribution of dwellings across council tax bands, discounts and exemptions, new construction and removal of demolished housing from the roll.

Source: Council Tax Assumptions (CTAS), Council Tax Base (CTAXBASE)

Chart 2.3 – Band D Council Tax Bill Amount by Local Authority



**Table 2.7 – Band D Council Tax by Local Authority**

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Scotland</b>	<b>1,094</b>	<b>1,129</b>	<b>1,149</b>	<b>1,149</b>	<b>1,149</b>	<b>1,149</b>	<b>1,149</b>
Aberdeen City	1,162	1,196	1,230	1,230	1,230	1,230	1,230
Aberdeenshire	1,065	1,113	1,141	1,141	1,141	1,141	1,141
Angus	1,037	1,072	1,072	1,072	1,072	1,072	1,072
Argyll & Bute	1,117	1,156	1,178	1,178	1,178	1,178	1,178
Clackmannanshire	1,074	1,127	1,148	1,148	1,148	1,148	1,148
Dumfries & Galloway	988	1,018	1,049	1,049	1,049	1,049	1,049
Dundee City	1,180	1,211	1,211	1,211	1,211	1,211	1,211
East Ayrshire	1,116	1,171	1,189	1,189	1,189	1,189	1,189
East Dunbartonshire	1,078	1,121	1,142	1,142	1,142	1,142	1,142
East Lothian	1,069	1,096	1,118	1,118	1,118	1,118	1,118
East Renfrewshire	1,053	1,105	1,126	1,126	1,126	1,126	1,126
Edinburgh, City of	1,126	1,152	1,169	1,169	1,169	1,169	1,169
Eilean Siar	956	999	1,024	1,024	1,024	1,024	1,024
Falkirk	999	1,045	1,070	1,070	1,070	1,070	1,070
Fife	1,050	1,091	1,118	1,118	1,118	1,118	1,118
Glasgow City	1,213	1,213	1,213	1,213	1,213	1,213	1,213
Highland	1,086	1,135	1,163	1,163	1,163	1,163	1,163
Inverclyde	1,176	1,206	1,198	1,198	1,198	1,198	1,198
Midlothian	1,176	1,210	1,210	1,210	1,210	1,210	1,210
Moray	1,045	1,096	1,135	1,135	1,135	1,135	1,135
North Ayrshire	1,075	1,125	1,152	1,152	1,152	1,152	1,152
North Lanarkshire	1,041	1,077	1,098	1,098	1,098	1,098	1,098
Orkney Islands	973	1,007	1,037	1,037	1,037	1,037	1,037
Perth & Kinross	1,088	1,136	1,158	1,158	1,158	1,158	1,158
Renfrewshire	1,091	1,143	1,165	1,165	1,165	1,165	1,165
Scottish Borders	1,019	1,064	1,084	1,084	1,084	1,084	1,084
Shetland Islands	981	1,017	1,053	1,053	1,053	1,053	1,053
South Ayrshire	1,063	1,111	1,154	1,154	1,154	1,154	1,154
South Lanarkshire	1,040	1,076	1,101	1,101	1,101	1,101	1,101
Stirling	1,149	1,201	1,223	1,209	1,209	1,209	1,209
West Dunbartonshire	1,113	1,138	1,163	1,163	1,163	1,163	1,163
West Lothian	1,074	1,101	1,128	1,128	1,128	1,128	1,128

Source: Council Tax Assumptions (CTAS) returns

The Band D council tax levels by local authority over time are shown in Table 2.7. As mentioned above, the agreement between Scottish Government and Local Government to maintain a council tax freeze means that band D council tax levels have not changed since 2007-08. The one exception is in Stirling where the council took the decision to reduce the band D council tax from £1,223 in 2007-08 to £1,209 in 2008-09 (and subsequently retained it at this level). Prior to the council tax freeze, the band D council tax increased each year in all local authorities.

Not all dwellings are liable to pay full council tax. A dwelling may be eligible for a discount or exemption dependent on either the status of the dwelling or the personal circumstances of the persons resident in the dwelling. If a dwelling is exempt there is no council tax payable in respect of that dwelling. If a dwelling is eligible for a discount then these may range from 10% to 50% depending on the nature of the discount.

An exempt dwelling can be occupied or unoccupied. Examples of unoccupied exempt dwellings include dwellings that are unoccupied and unfurnished for up to 6 months, dwellings that cannot be occupied because they are in need of structural repair, or are being improved or reconstructed, or an unoccupied dwelling where the liable person was formerly resident and has moved to receive personal care elsewhere. Occupied dwellings eligible for exemption include dwellings that are the sole residence of only persons under the age of 18, dwellings occupied only by students, and dwellings used as trial flats by registered housing associations.

Where only one council tax liable adult resides in a dwelling they are entitled to claim a 25% discount on their council tax bill. Where a dwelling is classed as a second home or long term empty, that dwelling is entitled to claim a discount of between 10% and 50% depending on the Local Authority. Unoccupied dwellings may also be eligible for a 50% discount for the 6 months after the initial 6 month exemption.

A breakdown of council tax dwellings by classification as chargeable, discounted, or exempt from 2007 to 2011 is given below in Table 2.8. The total number of dwellings has increased by around 52,000 from 2.463 million dwellings in 2008 to 2.515 million in 2012. The proportion of dwellings exempt, chargeable or discounted has remained steady over time with around 4.5% of all dwellings exempt from paying council tax, and 42% of all chargeable dwellings discounted. In 2012, there were 113,173 exempt dwellings and 1,016,070 discounted dwellings.

**Table 2.8 – Chargeable dwellings, Discounts and Exemptions<sup>1</sup>**

	2008	2009	2010	2011	2012
<b>Total dwellings</b>	<b>2,462,571</b>	<b>2,477,397</b>	<b>2,488,928</b>	<b>2,500,769</b>	<b>2,515,042</b>
Dwellings exempt	112,838	112,168	111,454	111,740	113,173
<b>Chargeable dwellings</b>	<b>2,349,733</b>	<b>2,365,229</b>	<b>2,377,474</b>	<b>2,389,029</b>	<b>2,401,869</b>
<i>Chargeable dwellings subject to:</i>					
25% discount	929,246	936,957	941,915	945,515	948,208
Second Homes <sup>2</sup>	35,036	37,060	38,002	39,250	40,599
Long Term Empty <sup>2</sup>	22,784	22,169	24,598	25,356	25,454
Occupied entirely by disregarded adults	1,986	2,668	1,887	1,910	1,809
Dwellings not subject to discount	1,360,681	1,366,375	1,371,072	1,376,998	1,385,799

1. As at the first Monday in September of each year

2. It is not possible for some councils to separately identify second homes and long term empty dwellings. For these councils, the total number of second homes and long term empty dwellings have been recorded under second homes.

Source: Council Tax Base (CTAXBASE) Returns

Local Authorities are responsible for the billing and collection of council tax. Each individual bill is calculated by applying the multiplier for each band to the band D council tax level, and the applying any discounts, exemptions or reductions as detailed above. At the start of each financial year local authorities issue council tax bills to households liable for each bill. They collect council tax income relating to these bills over the year, and also continue to collect late amounts from previous billing years<sup>1</sup>. The amount of council tax income collected in 2011-12 are reported in table 2.9 below.

**Table 2.9 – Council Tax Income by Local Authority, 2011-12**

£ thousands

	Council Tax Income (excl CTB) <sup>1</sup>	Council Tax Benefit Subsidy (CTB)	Council Tax Income (incl CTB) <sup>1</sup>
<b>Scotland</b>	<b>1,926,190</b>	<b>375,706</b>	<b>2,301,896</b>
Aberdeen City	96,939	10,988	107,927
Aberdeenshire	110,990	8,422	119,412
Angus	39,803	5,921	45,724
Argyll & Bute	41,257	6,052	47,309
Clackmannanshire	16,924	3,785	20,709
Dumfries & Galloway	53,649	9,310	62,959
Dundee City	45,317	13,473	58,790
East Ayrshire	38,615	10,222	48,837
East Dunbartonshire	47,752	4,940	52,692
East Lothian	39,322	6,619	45,941
East Renfrewshire	40,026	4,062	44,088
Edinburgh, City of	199,632	29,549	229,181
Eilean Siar	8,763	1,752	10,515
Falkirk	51,071	8,970	60,041
Fife	128,565	23,074	151,639
Glasgow City	178,058	73,214	251,272
Highland	95,916	13,568	109,484
Inverclyde	25,753	7,268	33,021
Midlothian	31,993	5,535	37,528
Moray	33,796	4,141	37,937
North Ayrshire	45,664	12,297	57,961
North Lanarkshire	94,070	26,649	120,719
Orkney Islands	7,076	907	7,983
Perth & Kinross	64,431	7,144	71,575
Renfrewshire	62,177	14,012	76,189
Scottish Borders	44,672	5,988	50,660
Shetland Islands	8,004	748	8,752
South Ayrshire	44,570	9,035	53,605
South Lanarkshire	106,709	22,461	129,170
Stirling	39,445	4,971	44,416
West Dunbartonshire	28,078	10,099	38,177
West Lothian	57,153	10,530	67,683

1. Includes Community Charge

Source: Local Financial Returns – LFR 12

<sup>1</sup> For more information on late collections of Council Tax please see the Council Tax Collection Statistics 2012 publication, <http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance/PubScottishCounTaxStats>

## 2.4.2 Non-Domestic Rates

Non-domestic Rates (NDRs) are a property tax paid by the owner/occupier or tenant of a non-domestic property. They are calculated using the rateable value of a non-domestic property, multiplied by a poundage set nationally by Scottish Ministers less any relief entitlement. In 2011-12, the income raised from NDRs was £2.25 billion.

The principles of non-domestic rates were established in the Lands Valuation (Scotland) Act of 1854. This act also provided for the appointment of the Scottish Assessors, who are responsible for determining the classification and valuation of non-domestic and domestic properties, and are independent of both the Scottish Government and local authorities. A non-domestic property is an individual property used for non-domestic purposes including businesses, public buildings and advertising hoardings. The value given to a property is called its rateable value (RV).

As a property tax, the RV of a property (a legally defined valuation, broadly based on rental values) is a reflection of its value rather than profitability, turnover or output of the business. It is established at revaluation where, the Scottish Assessors assess rateable values for all non-domestic properties, taking account of the type and nature of the property. All non-domestic properties and their corresponding RVs are listed on the Valuation Roll. Tables 2.10 and 2.11 show the composition of properties on the Valuation Roll by property type and RV band. As at 1<sup>st</sup> April 2012, there were 217,598 properties with a total RV of £6.7 billion. 77% of all properties (168,619 properties) had a RV less than or equal to £18,000.

**Table 2.10 – Non-Domestic Rates Properties by Classification (as at 1 April 2012)**

<b>CATEGORY</b>	<b>Number of properties 1st April 2012</b>	<b>Rateable value (£ thousands) 1st April 2012</b>
Advertising	2,146	8,298
Care Facilities	3,090	104,094
Communications	354	15,156
Cultural	1,394	46,888
Education and Training	3,875	512,856
Garages and Petrol Stations	4,472	68,229
Health and Medical	3,137	204,285
Hotels	4,794	187,152
Industrial Subjects	45,840	1,120,309
Leisure, Entertainment, Caravans etc.	19,809	232,494
Offices	37,822	1,128,081
Other	13,057	90,743
Petrochemical	144	112,972
Public Houses	3,909	112,026
Public Service Subjects	10,044	320,376
Quarries, Mines, etc.	695	26,165
Religious	6,302	54,303
Shops	52,782	1,624,594
Sporting Subjects	3,349	19,218
Statutory Undertaking	583	729,366
<b>TOTAL ALL NON-DOMESTIC PROPERTIES</b>	<b>217,598</b>	<b>6,717,607</b>

Source: Scottish Assessors Valuation Roll, 1<sup>st</sup> April 2012

**Table 2.11 – Non-Domestic Rates Subjects by Local Authority (as at 1 April 2012)<sup>1</sup>**

Local Authority	Rateable Value Band			Total Non-Domestic Properties
	<= £18,000	£18,001 to £34,999	>= £35,000	
<b>Scotland</b>	<b>168,619</b>	<b>19,851</b>	<b>29,128</b>	<b>217,598</b>
Aberdeen City	4,938	1,161	2,279	8,378
Aberdeenshire	9,650	759	988	11,397
Angus	4,047	359	398	4,804
Argyll & Bute	7,048	345	350	7,743
Clackmannanshire	1,267	131	149	1,547
Dumfries & Galloway	8,015	491	557	9,063
Dundee City	4,132	600	966	5,698
East Ayrshire	3,155	307	410	3,872
East Dunbartonshire	1,678	299	311	2,288
East Lothian	2,706	263	316	3,285
East Renfrewshire	1,233	217	229	1,679
Edinburgh, City of	12,883	2,415	3,944	19,242
Eilean Siar	1,992	99	113	2,204
Falkirk	3,539	462	681	4,682
Fife	10,089	1,225	1,612	12,926
Glasgow City	17,109	2,895	4,857	24,861
Highland	14,821	971	1,381	17,173
Inverclyde	1,727	217	315	2,259
Midlothian	2,162	263	362	2,787
Moray	3,914	249	362	4,525
North Ayrshire	4,014	390	497	4,901
North Lanarkshire	6,780	1,028	1,555	9,363
Orkney Islands	1,815	120	96	2,031
Perth & Kinross	6,860	589	729	8,178
Renfrewshire	4,678	628	960	6,266
Scottish Borders	6,194	407	414	7,015
Shetland Islands	1,701	103	145	1,949
South Ayrshire	3,754	432	555	4,741
South Lanarkshire	6,936	1,131	1,489	9,556
Stirling	3,897	436	564	4,897
West Dunbartonshire	2,043	268	416	2,727
West Lothian	3,842	591	1,128	5,561

1. Includes properties with zero rateable value.

Source: Scottish Assessors Valuation Roll, 1<sup>st</sup> April 2012

At the 2010 revaluation, the total RV of non-domestic properties (the tax base) increased from £5.3 billion in 2009-10 to £6.6 billion in 2010-11. As revaluation is designed to be cost neutral, a drop in the poundage (from 48.1p to 40.7p) is seen for the same time period. This can be seen in Table 2.12 which shows the annual NDR Income, total Rateable Value, and Poundage Rate, as well as their changes over time. The next revaluation will take place in 2017.

**Table 2.12 – Non-Domestic Rates Income, Total Rateable Values and Poundage Rate**

	2008-09	2009-10	2010-11	2011-12	2012-13
Non Domestic Rates Income (£m) <sup>1</sup>	1,924	2,010	2,138	2,252	2,362
Total Rateable Value (£m)	5,296	5,299	6,612	6,678	6,718
Poundage Rate (pence)	45.8	48.1	40.7	42.6	45.0

1. Councils' notified (pre-audit) estimate of income for 2011-12 and mid-year estimate of income for 2012-13

Source: NDR Income – Non-domestic Rate Income Returns, Rateable Value – Scottish Assessors Valuation Roll as at 1<sup>st</sup> April

Table 2.12 also shows that the total RV continued to increase after the 2010 revaluation from £6.6 billion to £6.7 billion in 2012-13. This is due to the net impact of increases in the tax base from new properties (or extension of existing properties), and decreases as demolished properties are deleted from the valuation roll or as the RV is reduced as a result of appeals<sup>2</sup>. As Non-Domestic Rates in Scotland are directly proportional to the rateable values of individual non-domestic properties, changes in the total RV impact on the amount of NDR available for collection.

Inflation is a key driver of growth in NDR income as the poundage rate, set nationally by Scottish Ministers<sup>3</sup>, is tied to the Retail Price Index (other than in the first year of a revaluation). NDR bills are calculated by multiplying the RV of a property by the poundage rate, and then applying discounts and exemptions. Large business properties also pay a supplement to the poundage rate, known as the Large Business Supplement (LBS), which is used to fund a portion of the Small Business Bonus Scheme (SBBS). The LBS was 0.7p in 2011-12 for properties with a RV > 35,000. For the period 2012-13 to 2014-15, large retailers that sell both alcohol and tobacco will also pay the Public Health Supplement (PHS) - an additional 9.3p on the poundage rate in 2012-13. These supplements increase the amount paid in NDR bills. Conversely, exempt properties (which do not pay rates), and relief schemes significantly reduce the amount paid in NDR bills, and therefore the NDR income.

Table 2.13 summarises the total number of properties and rateable value as at 1<sup>st</sup> April 2012, and the NDR income collected in 2011-12 and estimated income for 2012-13 by local authority (net of reliefs). Income for 2012-13 is estimated at £2.36 billion compared to £2.25 billion in 2011-12. The higher poundage rate (due to the normal annual inflation), and to a lesser extent additional income from the public health supplement in 2012-13 will have contributed to the increase in income. The net change in the tax base will also be a factor.

<sup>2</sup> Statistics on revaluation appeals are published quarterly in the [Non-Domestic Rates Revaluation Appeal Statistics](#) publication.

<sup>3</sup> Since 2007-08, Scottish Ministers have committed to equalisation of the Scottish poundage rate with that of England.



**Table 2.13 – Non-Domestic Rates Properties, Rateable Values and Income By Local Authority<sup>1</sup>**

Authority	Non-Domestic Properties <sup>2</sup> 1st April 2012	Rateable Values 1st April 2012 (£ thousands)	Non-Domestic Rate income	
			2011-12 <sup>3</sup> (£ thousands)	2012-13 <sup>4</sup> (£ thousands)
<b>Scotland</b>	<b>217,598</b>	<b>6,717,607</b>	<b>2,251,622</b>	<b>2,361,878</b>
Aberdeen City	8,378	450,106	163,154	176,097
Aberdeenshire	11,397	207,910	71,367	76,211
Angus	4,804	77,715	24,023	26,387
Argyll & Bute	7,743	84,987	26,047	25,867
Clackmannanshire	1,547	39,372	13,858	13,084
Dumfries & Galloway	9,063	120,440	40,288	43,261
Dundee City	5,698	194,803	60,793	58,461
East Ayrshire	3,872	81,888	26,656	28,576
East Dunbartonshire	2,288	68,316	20,914	22,525
East Lothian	3,285	67,542	20,518	22,544
East Renfrewshire	1,679	39,801	12,599	14,364
Edinburgh, City of	19,242	917,270	302,593	324,985
Eilean Siar	2,204	21,069	6,024	6,705
Falkirk	4,682	175,026	62,900	58,551
Fife	12,926	438,660	148,556	138,744
Glasgow City	24,861	982,955	304,138	314,465
Highland	17,173	304,379	104,085	108,387
Inverclyde	2,259	60,275	18,684	20,347
Midlothian	2,787	78,135	24,889	26,765
Moray	4,525	84,511	29,183	31,286
North Ayrshire	4,901	107,027	33,536	35,836
North Lanarkshire	9,363	299,342	97,322	106,972
Orkney Islands	2,031	24,857	8,010	8,359
Perth & Kinross	8,178	147,219	46,343	51,109
Renfrewshire	6,266	245,796	85,463	93,662
Scottish Borders	7,015	87,655	25,884	28,479
Shetland Islands	1,949	44,671	14,228	15,856
South Ayrshire	4,741	110,771	36,262	35,500
South Lanarkshire	9,556	651,514	244,723	264,209
Stirling	4,897	115,247	37,578	34,570
West Dunbartonshire	2,727	172,828	67,722	70,149
West Lothian	5,561	215,518	73,282	79,561

1. Rates bills for specific utilities are collected by specified councils on behalf of all 32 councils, and appear on the valuation roll for those councils: South Lanarkshire (Electricity), West Dunbartonshire (Gas), Fife (Water), Falkirk (Docks and Harbours), Highland (Railways), Renfrewshire (Telecommunications). This increases the take for those authorities.

2. Includes properties with a zero rateable value

3. Notified (pre-audit) estimate of income.

4. Mid-year estimate of income.

Source: Number of Properties and Rateable Value - Scottish Assessors Valuation Roll 1st April 2012, NDR Income - Non-domestic Rate Income Returns

Table 2.13 shows geographical variations in the number of properties, rateable value and NDR income. It should be noted however that some councils have responsibility for collection of NDR for specific utilities as detailed in the footnote to the table. For these councils, the entries on the valuation roll and NDR income include Scotland-wide data for the specified utilities sector.

**Table 2.14 – Non-Domestic Rates Reliefs by Relief Type<sup>1</sup>**

£ thousands

	2007-08	2008-09	2009-10	2010-11	2011-12 <sup>2</sup>
Unoccupied Property/Partly Unoccupied Property	119,957	127,385	153,361	145,936	157,040
Charities	107,766	113,417	122,132	136,731	151,112
Sports Clubs	9,173	9,651	11,604	11,476	11,953
Disabled persons relief	40,040	42,914	45,484	51,901	54,372
SBRRS/SBBS <sup>3</sup>	24,686	72,553	108,420	123,259	134,719
Religious Properties	18,146	18,986	20,218	24,016	23,802
Rural Rate Relief	3,901	3,887	3,918	4,129	4,218
Former Agricultural Premises <sup>4</sup>	19				
Hardship	20	27	19	4	306
Renewable Energy Relief Scheme <sup>5</sup>				3,560	4,126
<b>Gross Amount</b>	<b>323,708</b>	<b>388,821</b>	<b>465,157</b>	<b>501,013</b>	<b>541,648</b>

1. Estimates include mandatory and discretionary elements of relief where applicable, but exclude backdated payments of relief

2. Notified (pre-audit) estimate of relief expenditure for 2011-12

3. From 1 April 2008, the Small Business Rates Relief Scheme was replaced with the Small Business Bonus Scheme.

4. Relief for Former Agricultural Premises was a time limited relief which ended at 31 March 2008

5. The Renewable Energy Relief Scheme was introduced at 1 April 2010

Source: Non-domestic Rate Income Returns

There are a number of types of NDR relief that reduce the NDR bill for qualifying properties. Table 2.14 shows the main types of relief available<sup>4</sup> in 2011-12 and the amount of relief provided each year from 2007-08 to 2011-12.

The gross amount of relief provided increased substantially from £324 million in 2007-08 to £542 million in 2011-12. This increase is predominately due to increases in the poundage rate (due to normal annual inflation) and an increase in relief provided to small businesses after the Small Business Rates Relief Scheme (SBRRS) was replaced by the Small Business Bonus Scheme (SBBS) from 1<sup>st</sup> April 2008. The cost of the SBBS scheme is much greater than that of the former SBRRS due to higher percentage of relief being available and wider qualifying RV thresholds. As a result, a larger than usual increase in the gross amount of reliefs awarded from 2007-08 to 2008-09, (and from 2008-09 to 2009-10 as up-take increased) can be seen<sup>5</sup>. Increased take-up of other reliefs is also a factor in the increased cost of reliefs.

The total NDR income collected by Local Authorities is pooled at the Scotland level<sup>6</sup>. Each council reports the NDR collected to the Scottish Government to be included in the central pool. The amount to be re-distributed from the pool is known as the Distributable Amount (DA) and is set by the Scottish Government before the start of the financial year in question.

<sup>4</sup> More information on NDR relief can be found on the Scottish Government Website at:

<http://www.scotland.gov.uk/Topics/Government/local-government/17999/11199>

<sup>5</sup> Details of the qualifying RV thresholds and percentage of relief offered for each year of the SBRRS and SBBS schemes are available here: <http://www.scotland.gov.uk/Topics/Government/local-government/17999/11199/Scheme>

<sup>6</sup> A Business Rates Incentivisation Scheme (BRIS) was introduced from April 2012 to incentivise Councils to maximise existing business rates income and attract new economic growth by allowing all authorities that exceed their annual business rates target to retain 50% of any additional income for the revaluation period.

From 1<sup>st</sup> April 2011, the distribution methodology provides that Councils retain what it is estimated they can collect in business rates (rather than the previous policy where it was redistributed on the basis of population shares). As the combined total of NDR income and General Revenue Funding (GRF) provided to councils is guaranteed by the Scottish Government, any reduction in the amount of NDR collected is compensated for by a corresponding increase in GRF and vice versa. Any surpluses or deficits are paid out or recovered from Councils in the calculation of future years distributable business rates totals. The DA is based upon a forecast of the NDR income and prior year adjustments, and is therefore not guaranteed to match the total contributions to the pool for that year.

The calculation of the distributable amount for 2011-12 is given in Annex F and the 2011-12 distributable amount per Local Authority is shown in Table 2.15.

**Table 2.15 – Non-Domestic Rates Distributable Amount by Local Authority, 2011-12**

	<b>Non-Domestic Rate Income (£ thousands)</b>
<b>Scotland</b>	<b>2,182,000</b>
Aberdeen City	161,429
Aberdeenshire	68,670
Angus	23,391
Argyll & Bute	25,582
Clackmannanshire	12,284
Dumfries & Galloway	38,488
Dundee City	61,315
East Ayrshire	25,318
East Dunbartonshire	20,346
East Lothian	19,319
East Renfrewshire	11,976
Edinburgh, City of	297,442
Eilean Siar	5,983
Falkirk	55,518
Fife	135,006
Glasgow City	303,146
Highland	95,372
Inverclyde	18,700
Midlothian	23,254
Moray	27,053
North Ayrshire	33,082
North Lanarkshire	96,759
Orkney	7,722
Perth & Kinross	45,285
Renfrewshire	85,237
Scottish Borders	23,948
Shetland	14,308
South Ayrshire	34,835
South Lanarkshire	243,978
Stirling	31,891
West Dunbartonshire	65,977
West Lothian	69,386

Source: Finance Circular [4/2011](#)

### 2.4.3 Sales, Rents, Fees and Charges

Local Authorities receive income from sales, rents, fees and charges as a result of providing services. These services are wide ranging in nature, as is the amount of income associated with each service, as detailed in Table 2.16 below.

**Table 2.16 – Sales, Rents, Fees and Charges**

£ thousand

	2007-08	2008-09	2009-10	2010-11	2011-12
Education	93,255	85,691	87,115	95,006	115,017
Cultural & Related Services	78,879	78,621	85,516	81,521	77,479
Social Work	256,018	259,061	246,014	251,167	268,101
Police, Fire & Emergency Planning	44,162	77,760	82,492	31,704	63,554
Roads & Transport	145,226	146,605	165,941	146,068	171,674
Environmental Services	117,585	117,873	123,164	120,400	117,767
Planning & Economic Development	141,791	112,644	120,146	97,897	118,518
Non-HRA Housing	124,893	232,028	189,150	164,339	179,116
Central Services	130,075	141,455	144,819	113,862	143,521
Trading Services	56,544	70,810	66,992	66,852	63,526
<b>Total GF Sales, Rents, Fees and Charges</b>	<b>1,199,830</b>	<b>1,333,345</b>	<b>1,321,900</b>	<b>1,192,210</b>	<b>1,321,294</b>
HRA <sup>1</sup>	909,126	920,146	955,710	979,571	965,920
Common Good Fund	7,342	8,324	9,073	7,168	10,809
Road Bridges	13,618	162	133	89	82
<b>Total Sales, Rents, Fees and Charges</b>	<b>2,129,916</b>	<b>2,261,977</b>	<b>2,286,816</b>	<b>2,179,038</b>	<b>2,298,105</b>

1. The Housing Revenue Account (HRA) records income and expenditure relating to Local Authority housing stock

Source: Local Financial Returns (LFRs)

### 3. Local Government Capital Expenditure and Financing

#### 3.1 Total Capital Expenditure and Financing

Capital expenditure undertaken by Local Authorities is mainly for purchasing, constructing or enhancing physical assets, such as buildings (e.g. police or fire stations and schools), land (e.g. playing fields), infrastructure (e.g. roads), and vehicles, plant and machinery. Capital expenditure also includes expenditure that the Scottish Ministers have permitted the local authorities to treat as capital expenditure and is met from capital resources.

Capital expenditure is financed by one or more of the following types of income:

- Capital grants and contributions
- Borrowing/Finance leases
- Contributions from revenue funds
- Capital receipts from asset sales

Prior to 1 April 2004, Local Authorities were only permitted to incur liability to fund capital expenditure with the consent of Scottish Ministers. These capital consents were issued by Ministers under section 94 of the Local Government (Scotland) Act 1973. Following the introduction of the Local Government in Scotland Act 2003, Local Authorities are permitted to finance capital expenditure by borrowing without securing Government approval. Local Authorities have a statutory duty to set their own maximum capital expenditure limits. These limits must be set with regard to the CIPFA Prudential Code, which requires that capital expenditure undertaken by Local Authorities must be affordable, prudent and sustainable. Detailed breakdowns of Capital Expenditure can be found in Annexes G and H.

**Table 3.1 – Total Capital Expenditure and Financing, 2011-12**

£ thousands

	General Fund Services	Housing Revenue Account	Total
Acquisition of land, leases, existing buildings or works	80,360	56,972	137,332
New construction, conversions & enhancement to existing buildings	1,639,155	503,138	2,142,293
Vehicles, machinery & equipment	155,462	39,374	194,836
Intangible assets	5,918	134	6,052
<b>Total Gross Capital Expenditure</b>	<b>1,880,895</b>	<b>599,618</b>	<b>2,480,513</b>
Revenue Expenditure funded from Capital Resources	181,021	0	181,021
<b>Total Expenditure to be met from Capital Resources</b>	<b>2,061,916</b>	<b>599,618</b>	<b>2,661,534</b>
Scottish Government General Capital Grant	565,541	0	565,541
Scottish Government Specific Capital Grants	191,143	43,222	234,365
Grants from Scottish Government Agencies and NDPBs	78,209	4,555	82,764
Other Grants and Contributions	75,489	10,225	85,714
Borrowing from Loans fund	918,890	342,578	1,261,468
Capital receipts used from asset sales/disposals	50,296	43,724	94,020
Capital Fund applied	21,653	0	21,653
Capital funded from current revenue	53,807	155,315	209,122
Assets acquired under credit arrangements (e.g. finance leases, PPP/PFI)	106,888	0	106,888
<b>Total Financing</b>	<b>2,061,916</b>	<b>599,618</b>	<b>2,661,534</b>

Source: Capital Returns (CR Final)

In 2011-12 total gross capital expenditure was £2.48 billion. In addition to this, local authorities had £180 million of revenue expenditure from their capital resources – this was mostly funding third party capital projects in non-HRA housing. This means that total expenditure funded from capital resources was £2.66 billion in 2011-12 ( £0.60 billion in the housing revenue account and £2.06 in the General Fund), compared to £2.35 billion in 2010-11 – an increase of £313m. The majority of capital expenditure went on New construction, conversions and enhancements to existing buildings, this category accounted for over 80% of expenditure.

The largest source of financing for capital expenditure in 2011-12 was borrowing. Local authorities borrowed £1.26 billion to fund capital expenditure (£918 million for the general fund and £343 million for the HRA). The second most significant source of financing were grants from the Scottish Government and its Agencies these funded a further £883 million of capital expenditure.

The capital data for 2009-10 (and subsequent years) include the changes arising from the introduction of International Financial Reporting Standards (IFRS). Under the new accounting arrangements the criteria for asset recognition moved from risk and reward to the control of service provision and control of the residual value of the asset. Based on the new tests most local authorities identified that they do have control of service provision and the residual interest in the PFI assets, such as schools. These assets are now recognised as assets of the local authority (on-balance sheet) which they were not under the previous arrangements and now form part of the capital regime. Any expenditure on their construction or enhancement will be capital expenditure. The associated financing of the arrangement is a type of debt which is known as a finance lease or credit arrangement.

**Table 3.2 – Total Capital Expenditure and Financing, 2007-08 to 2011-12**

£ thousands

	2007-08	2008-09	2009-10	2010-11	2011-12
Acquisition of land, leases, existing buildings or works	76,370	284,120	477,203	98,730	137,332
New construction, conversions & enhancement to existing buildings	1,897,118	1,808,204	2,385,906	1,876,692	2,142,293
Vehicles, machinery & equipment	157,491	189,280	183,013	156,289	194,836
Intangible assets	51,530	50,373	11,197	5,042	6,052
<b>Total Gross Capital Expenditure</b>	<b>2,182,509</b>	<b>2,331,977</b>	<b>3,057,319</b>	<b>2,136,753</b>	<b>2,480,513</b>
Revenue Expenditure funded from Capital Resources	1,838	200,164	214,040	211,409	181,021
<b>Total Expenditure to be met from Capital Resources</b>	<b>2,184,347</b>	<b>2,532,141</b>	<b>3,271,359</b>	<b>2,348,162</b>	<b>2,661,534</b>
Scottish Government General Capital Grant	nc	364,039	462,640	352,652	565,541
Scottish Government Specific Capital Grants	nc	262,093	268,370	228,865	234,365
Grants from Scottish Government Agencies and NDPBs	94,655	141,590	160,281	115,726	82,764
Grants from Scottish Government Directorates	627,516	nc	nc	nc	nc
Other Grants and Contributions	132,287	115,871	104,575	94,486	85,714
Borrowing from Loans fund	710,474	1,206,318	1,091,548	1,113,929	1,261,468
Capital receipts used from asset sales/disposals	406,547	204,048	164,746	114,722	94,020
Capital Fund applied	34,440	40,609	28,616	14,916	21,653
Capital funded from current revenue	173,668	196,836	166,141	208,894	209,122
Assets acquired under credit arrangements (e.g. finance leases, PPP/PFI)	4,760	737	824,442	103,972	106,888
<b>Total Financing</b>	<b>2,184,347</b>	<b>2,532,141</b>	<b>3,271,359</b>	<b>2,348,162</b>	<b>2,661,534</b>

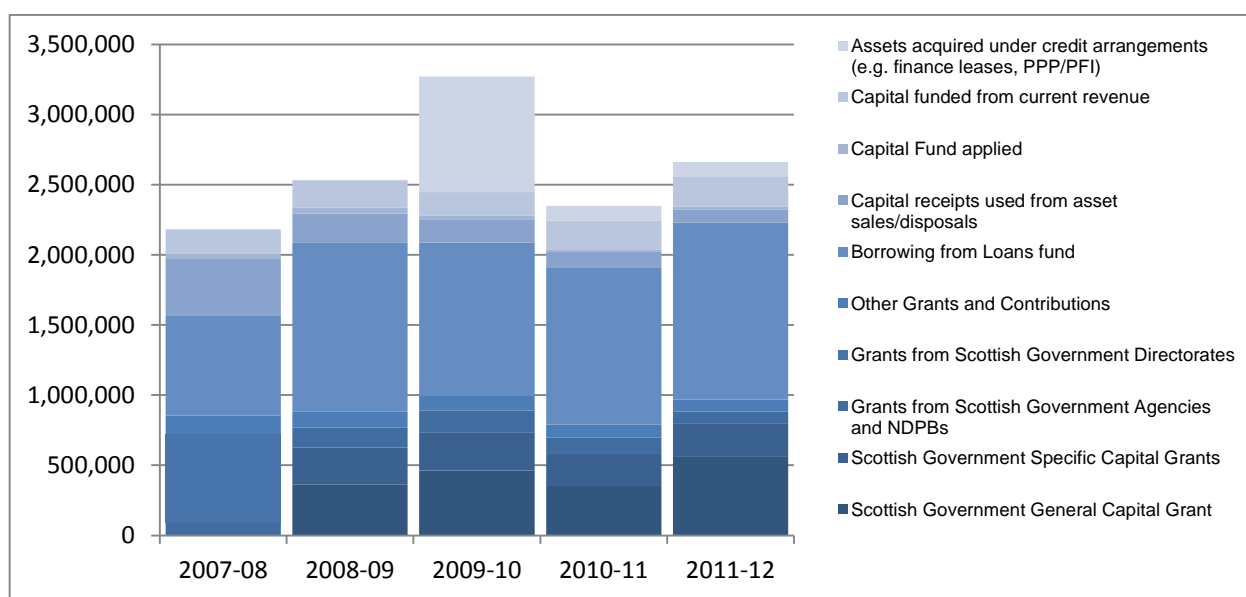
1. From 2009-10 onwards assets acquired through PPP/PFI are included. In addition, figures for 2009-10 include assets acquired through PPP/PFI for past years. ( more information on the changes can be found here -

<http://www.scotland.gov.uk/Topics/Government/local-government/17999/LACapital/CapExReport200910>)

Source: Capital Returns (CR Final)

Because of the changes in accounting practice noted above it is difficult to draw conclusions about changes in capital expenditure and financing over the time period presented in Table 3.2 and Chart 3.1. In particular the figures for 2009-10 include all of the expenditure financed by PPP/PFI in the years up to then that would be counted as expenditure under the new regime – this is illustrated by the spike in capital expenditure financing for 2009-10 shown in chart 3.1. However, despite this, it is possible to conclude that there have been some changes in the way capital expenditure has been financed over recent years. As revenue from capital receipts has fallen they play an increasingly small part in financing expenditure, with other forms of financing (for example borrowing from the loans fund) increasing their proportion of total capital financing.

**Chart 3.1 – Capital Expenditure Financing**



Source: Capital Returns (CR Final)

### 3.2 General Fund Capital Expenditure

General fund capital expenditure in 2011-12 was £2,062 million. The service with the highest capital expenditure was education with £692 million; around a third (34%) of local government capital expenditure went on education. It is difficult to make comparisons with past data for education expenditure because of the changes made to accounting for PPP/PFI from 2009-10 onwards. It should be noted expenditure for 2009-10 includes a large amount of expenditure funded by PPP/PFI for past years and this disproportionately affects education expenditure. In total, local authorities recorded their past years' PPP/PFI funded expenditure as £867 million and of this, £830 million was in education.

The next biggest service for capital expenditure is roads and transport which had expenditure of £483 million (23% of general fund expenditure). Expenditure on roads and transport by City of Edinburgh Council in 2011-12 was £135 million (28% of total roads and transport expenditure). In the period 2007-08 to 2011-12 City of Edinburgh Council's expenditure on roads and transport was £609 million out of a total of £2,317 million in Scotland this represents 25% of total roads and transport expenditure. This high share of expenditure includes expenditure related to the construction of the Edinburgh Trams.



**Table 3.3 – Capital Expenditure by Service, 2007-08 to 2011-12**

£ thousands

	2007-08	2008-09	2009-10 <sup>1</sup>	2010-11	2011-12
Education	464,827	479,258	1,248,645	508,691	691,878
Social Work	65,449	63,233	66,379	51,256	46,487
Police	42,115	45,673	37,744	25,241	30,188
Fire	26,565	33,449	24,759	30,983	43,856
Cultural & Related Services	166,636	207,088	216,345	196,014	245,371
Environmental Services	101,341	121,267	121,769	102,458	105,036
Roads & Transport	484,669	479,769	471,795	399,084	482,554
Central Services	179,887	274,923	212,250	180,486	143,678
Planning & Economic Development	122,754	124,060	171,613	120,742	113,476
Non-HRA Housing	54,806	180,099	182,808	174,404	149,002
Trading Services	22,179	22,764	21,935	12,687	10,390
<b>Total General Fund Capital Expenditure</b>	<b>1,731,228</b>	<b>2,031,583</b>	<b>2,776,042</b>	<b>1,802,046</b>	<b>2,061,916</b>
Housing Revenue Account	453,119	500,558	495,317	546,116	599,618
<b>Total Capital Expenditure</b>	<b>2,184,347</b>	<b>2,532,141</b>	<b>3,271,359</b>	<b>2,348,162</b>	<b>2,661,534</b>

1. From 2009-10 onwards assets acquired through PPP/PFI are included. In addition, figures for 2009-10 include assets acquired through PPP/PFI for past years. ( more information on the changes can be found here -

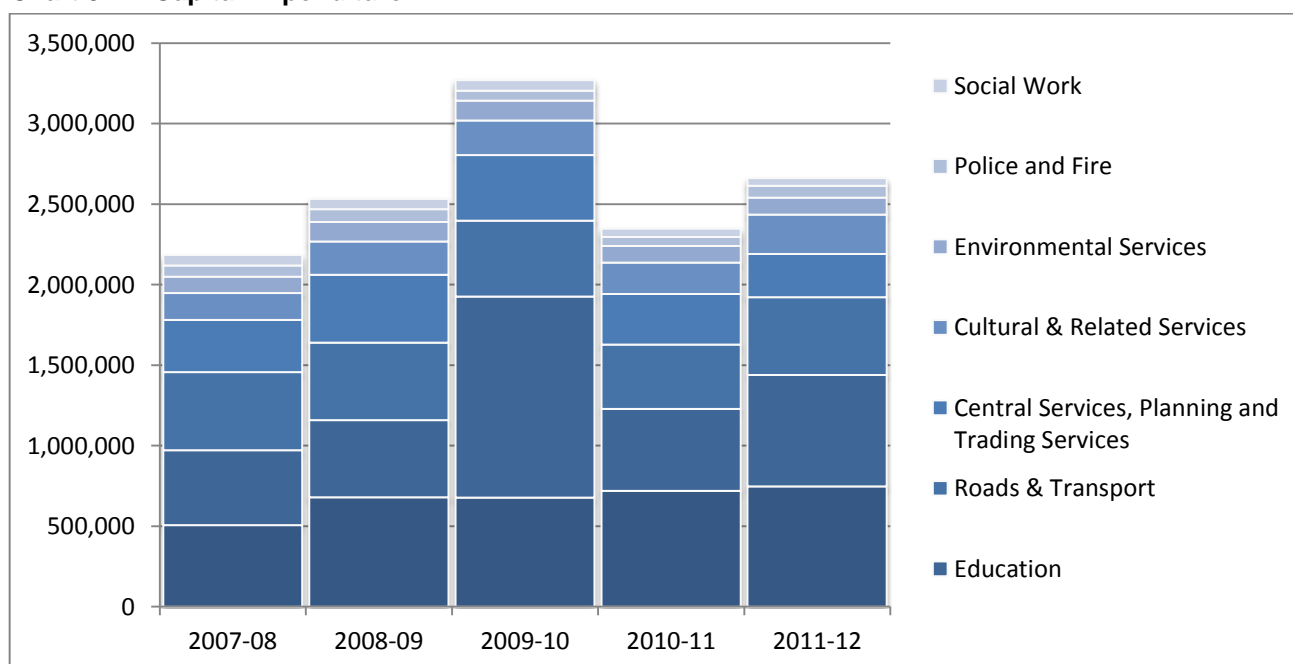
<http://www.scotland.gov.uk/Topics/Government/local-government/17999/LACapital/CapExReport200910>)

Source: Local Financial Returns – LFR 00

The next largest spending service is cultural and related services (which includes recreation and sports facilities) with expenditure of £245 million (12% of total general fund expenditure). Glasgow City Council had capital expenditure on cultural and related services of £81 million (33% of total cultural and related services expenditure).

In the period 2007-08 to 2011-12 Glasgow City Council’s expenditure on cultural and related services was £288 million out of a total of £1,031 million in Scotland. This represents 28% of cultural and related services expenditure. This high share of expenditure includes some expenditure related to the Commonwealth Games.

**Chart 3.2 – Capital Expenditure**

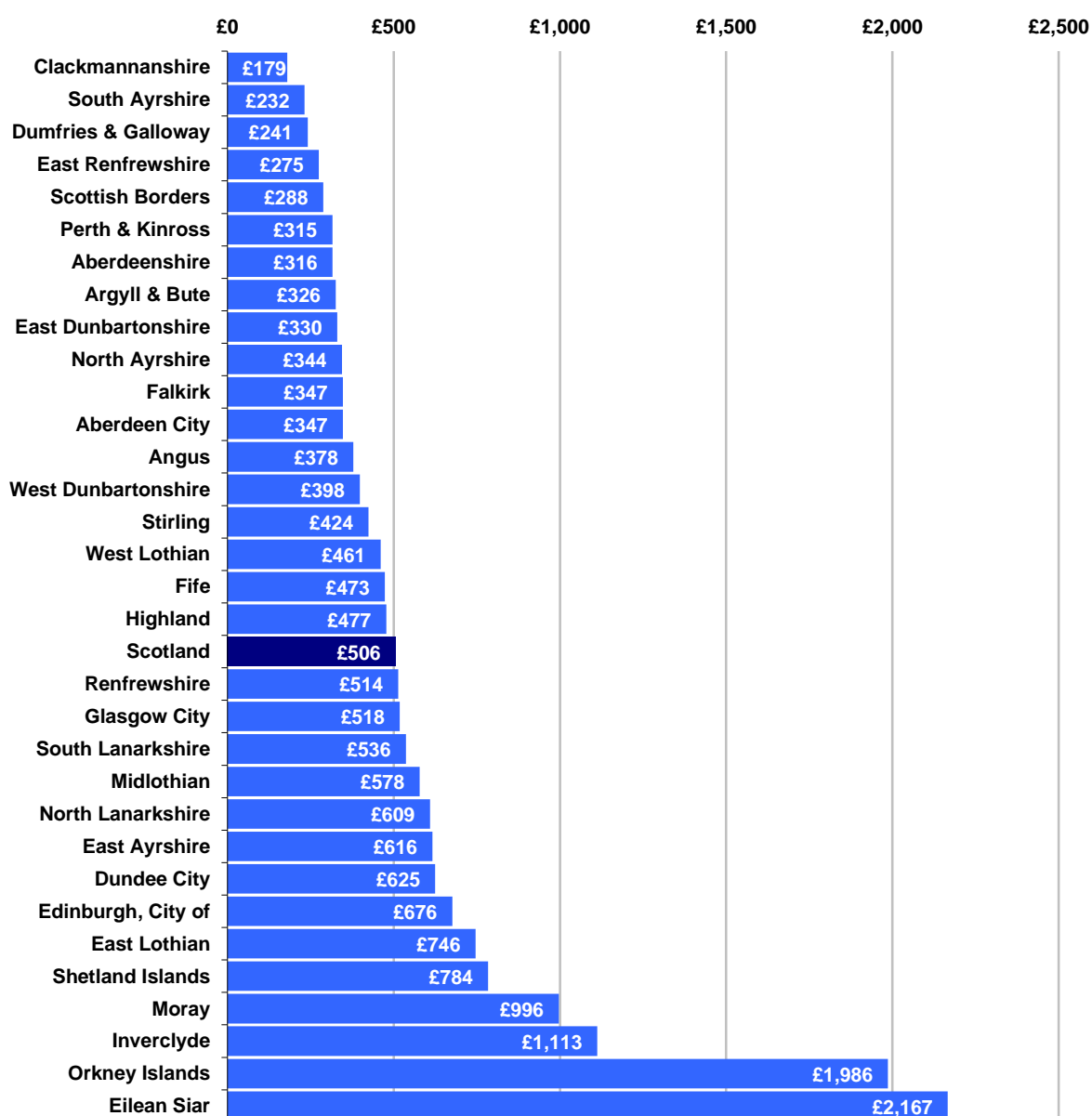




In any given year capital expenditure per capita varies substantially between local authority areas. This will in part reflect the different priorities of local authorities however it also reflects differences in the timing of capital projects. For example in 2011-12 Inverclyde has the third highest expenditure per head but in 2010-11 it had the third lowest expenditure. This is mostly due to large expenditure on education recorded in 2011-12 by Inverclyde Council.

On the other hand, in Clackmannanshire expenditure per head in 2011-12 was £179, which ranks 32<sup>nd</sup>, however two years earlier Clackmannanshire had the 8<sup>th</sup> highest expenditure per head of £764. This again relates to large expenditure on education in 2009-10. Expenditure on capital projects is uneven and expenditure per head in local authority areas will move (possibly substantially) from year to year.

**Chart 3.3 – Gross Capital Expenditure per Capita by Local Authority Area 2011-12**



### 3.3 General Fund Capital Financing

#### 3.3.1 Capital Grants

Capital grants are grants provided to local authorities to fund capital investment. The Scottish Government provides two types of grant funding to local authorities – a General Capital Grant and a number of ring-fenced grants. Scottish Government Agencies, such as Transport Scotland, and Non-Departmental Bodies, such as Sportscotland may also award grant for projects. Other grants and contributions include grants from other local authorities, European Structural Funds, contributions from private developers or persons, and grants from the National Lottery. Table 3.4 details capital grants by source, and type of local authority.

**Table 3.4 – Capital Grants, 2011-12<sup>1, 2</sup>**

£thousands

	Scotland	Unitary Authorities	Police Boards	Fire Boards	Regional Transport Partnerships	Bridge Authorities	Valuation Boards
Grants from Scottish Government Agencies and NDPBs	724,402	647,870	6,494	11,527	40,588	17,923	0
Grants from other Local Authorities/Joint Boards	30,483	8,413	18,913	0	3,122	0	35
European Union Structural Funds	5,788	5,788	0	0	0	0	0
Contributions from private developers or persons	13,148	13,148	0	0	0	0	0
Grants from the National Lottery	3,007	3,007	0	0	0	0	0
Other grants/ contributions	43,020	41,636	250	442	638	0	54
<b>Total Grants</b>	<b>819,848</b>	<b>719,862</b>	<b>25,657</b>	<b>11,969</b>	<b>44,348</b>	<b>17,923</b>	<b>89</b>

1. These figures are those reported by local authorities in their 2011-12 Final Capital Return for Income. They will not, therefore, match the figures for financing in Table 3.2

2. Figures include Housing Revenue Account

Source: Capital Returns (CR Final)

#### 3.3.2 Capital Receipts

'Capital receipts' is the term used to recognise income from the sale or disposal of a fixed asset, such as land or council housing. Under statute capital receipts may only be used to fund capital expenditure or for the repayment of the principal of loans.

Table 3.5 details capital receipts categorised by service from 2007-08 to 2011-12. In order to reflect the corporate nature of assets and to promote good asset management practices local authorities commonly move assets to "Central Services" (which forms part of the "Other Services" categorisation in this table) when they become identified as surplus for disposal. This can be seen from the table where in recent years for General Fund services, the greatest value of capital receipts has generally been reported against "Other Services". From 2009-10, Local authorities have been required to report Capital Receipts against the service with which the asset was last in use. A detailed breakdown of Capital Receipts by Service for 2011-12 can be found in Annex J.

Capital receipts can be used to finance capital expenditure and repay debt (principal but not interest). These receipts are generated through the sale or disposal of assets, such as a council house or other local authority land/building. Revenue raised from capital receipts has been falling for a number of years but because of the changes in recording practice it is difficult to attribute this fall to a particular service.

**Table 3.5 – Capital Receipts Raised by Service, 2007-08 to 2011-12**

£ thousands

	2007-08	2008-09	2009-10	2010-11	2011-12
Education	62,563	30,489	4,089	18,822	20,177
Culture & Related Services	12,697	2,594	2,243	12,013	746
Social Work	3,473	715	285	2,026	3,477
Police & Fire	4,112	4,908	3,709	3,834	4,926
Roads & Transport	5,849	1,928	742	913	6,087
Environmental Services	644	793	1,113	799	611
Planning & Economic Development	26,421	9,120	8,996	17,901	13,962
Trading Services	243	6	133	1,082	1
Other Services	168,348	43,557	142,394	18,613	15,663
Non-HRA Housing	454	211	602	453	344
<b>Total General Fund Services</b>	<b>284,804</b>	<b>94,321</b>	<b>164,306</b>	<b>76,456</b>	<b>65,994</b>
Housing Revenue Account	229,109	135,657	65,091	65,515	46,326
<b>Total Services</b>	<b>513,913</b>	<b>229,978</b>	<b>229,397</b>	<b>141,971</b>	<b>112,320</b>

Source: Capital Returns (CR Final)

**Table 3.6 – Capital receipts summary, 2011-12**

£ thousands

	General Fund	Housing Revenue Account	TOTAL
Capital Receipts brought forward at 1 April 2011	63,525	10,435	<b>73,960</b>
Capital receipts from the sale/ disposal of tangible fixed assets	65,924	43,072	<b>108,996</b>
Capital receipts from the sale/ disposal of intangible fixed assets	70	3,254	<b>3,324</b>
<b>Total capital receipts available for use</b>	<b>129,519</b>	<b>56,761</b>	<b>186,280</b>
Capital receipts used from asset sales/disposals	50,296	43,724	<b>94,020</b>
Capital receipts used to repay debt	2,912	7,420	<b>10,332</b>
Capital receipts transferred to Capital Fund	16,634	0	<b>16,634</b>
<b>Capital receipts held 31 March 2012</b>	<b>59,677</b>	<b>5,618</b>	<b>65,295</b>

Source: Capital Returns (CR Final)

Table 3.6 shows the impact capital receipts raised and used have on the capital receipts brought forward at 1 April 2011 (£74.0m), resulting in capital receipts held at 31 March 2012 of £65.3m.

### 3.3.3 Borrowing

Local Authorities have the statutory power to borrow under Schedule 3 of the Local Government (Scotland) Act 1975. Local Authorities may borrow for the purposes of:

- Acquiring land
- Construction of buildings

- Undertaking permanent work or provision of plant and machinery
- Lending to relevant authorities or Community Councils
- Any other purpose for which the authority is authorised under any enactment to borrow

Borrowing is a major component of the funding of capital expenditure, whose proportion in terms of capital expenditure financing increased greatly from 2007-08 to 2008-09, as shown in Table 3.7.

The Scottish Government provides loan charge support as part of local authority revenue funding, which covers the debt charges on a notional amount of capital expenditure each year. This is known as *supported borrowing*. Borrowing over and above the level of supported borrowing is classified as *self-financed* borrowing, and is financed by the local authority itself.

Local authorities are required by legislation to operate a loans fund. All amounts of money borrowed by local authorities must be paid into this loans fund, which then makes advances to service accounts to fund capital expenditure. The Scottish Government monitors the value of debt recorded in the loans fund (rather than the level of external debt) because it is this amount of debt that is charged to services over a period of time. It is not expected, however, that the levels of loan pool debt and external debt will be significantly different in value.

**Table 3.7 – Loans Fund Borrowing to Finance Capital Expenditure**

	£ thousands				
	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Scotland</b>	<b>710,474</b>	<b>1,206,318</b>	<b>1,091,548</b>	<b>1,113,929</b>	<b>1,261,468</b>
Unitary Authorities	706,643	1,194,867	1,086,559	1,110,056	1,245,898
Fire	-	5,674	-	3,873	15,570
Police	3,831	5,777	4,989	-	-
Valuation Boards <sup>1</sup>	nc	nc	nc	-	-
Regional Transport Partnerships	-	-	-	-	-
Bridge Authorities	-	-	-	-	-

1. Data from Valuation Boards was collected for the first time in 2010-11

Source: Capital Returns (CR Final)

The costs of servicing debt on Local Authority trading services (e.g piers and harbours) are mainly met through the charges made for these services, while the costs of servicing Housing Revenue Account (HRA) debt are met principally through income from rents and from Housing Support Grant. The costs of servicing debt are detailed in Table 2.1 (page 18) which shows interest paid and the cost of repayments can be seen in Annex B (Statutory Repayment of Debt).

## 4. Local Government Reserves, Fixed Assets and Debt

### 4.1 Reserves

Reserves are generated by accumulating surplus income, which is generally then used to finance future spending on services. The calculation of surplus of deficit on provision of service is laid out in Table 2.1; in order to be consistent with that table income is shown as negative and expenditure as positive in the following tables however Road Bridges are included in the General Fund.

On 1 April 2011 local authorities had total revenue reserves of £1.56 billion; over the course of the year this rose by £0.19 billion (12%) to stand at £1.75 billion on 31<sup>st</sup> March 2012. Similarly capital reserves grew by £0.06 billion (12%), from £0.51 billion to £0.57 billion.

**Table 4.1 – Movements in Reserves by Account, 2011-12**

£ thousand

	Revenue Reserves					Total Revenue Reserves
	General Fund	Housing Revenue Account	Renewal and Repairs	Insurance Fund	Other Statutory Funds	
Surplus or Deficit on provision of services	371,490	252,782				624,272
Statutory Adjustments	-556,118	-260,653				-816,771
<b>Total after Statutory Adjustments</b>	<b>-199,876</b>	<b>-7,871</b>				<b>-207,747</b>
Movement between Accounts	20,614	-1,915	16,337	-796	-15,139	19,101
Capital receipts for the year	0	0	0	0	0	0
Capital Expenditure funded from Reserves	0	0	2,448	0	0	2,448
Other Movements in Reserves	-11,405	-912	5,277	-54	0	-7,094
<b>Movement in Reserves</b>	<b>9,209</b>	<b>-2,827</b>	<b>24,062</b>	<b>-850</b>	<b>-15,139</b>	<b>14,455</b>
<b>Level of Reserves held 1 April 2011</b>	<b>-891,950</b>	<b>-100,823</b>	<b>-216,348</b>	<b>-76,485</b>	<b>-271,548</b>	<b>-1,557,154</b>
Movement in Year	-190,667	-10,698	24,062	-850	-15,139	-193,292
<b>Level of Reserves held 31 March 2012</b>	<b>-1,082,617</b>	<b>-111,521</b>	<b>-192,286</b>	<b>-77,335</b>	<b>-286,687</b>	<b>-1,750,446</b>

£ thousand

	Capital Reserves			Total Capital Reserves
	Capital Fund	Capital Receipts	Capital Grants Unapplied	
Surplus or Deficit on provision of services				
Statutory Adjustments			-21,678	-21,678
<b>Total after Statutory Adjustments</b>			<b>-21,678</b>	<b>-21,678</b>
Movement between Accounts	-26,305	7,204	0	-19,101
Capital receipts for the year	-1,728	-81,683	0	-83,411
Capital Expenditure funded from Reserves	13,238	66,219	-18,481	60,976
Other Movements in Reserves	3,384	646	0	4,030
<b>Movement in Reserves</b>	<b>-11,411</b>	<b>-7,614</b>	<b>-18,481</b>	<b>-37,506</b>
<b>Level of Reserves held 1 April 2011</b>	<b>-418,857</b>	<b>-69,124</b>	<b>-21,979</b>	<b>-509,960</b>
Movement in Year	-11,411	-7,614	-40,159	-59,184
<b>Level of Reserves held 31 March 2012</b>	<b>-430,268</b>	<b>-76,738</b>	<b>-62,138</b>	<b>-569,144</b>

Source: Local Financial Returns (LFR 00)

## 4.2 Fixed Assets

As a result of borrowing to finance capital expenditure Local Authorities create assets but also a liability to repay the debt. The value of Local Authority fixed assets is shown in Table 4.2 below, and the levels of outstanding debt are shown in Table 4.3.

**Table 4.2 – Value of Fixed Assets, 2008–2012**

£ thousands

	Value of fixed assets as at 31 March 2008	Value of fixed assets as at 31 March 2009	Value of fixed assets as at 31 March 2010	Value of fixed assets as at 31 March 2011	Value of fixed assets as at 31 March 2012 <sup>1</sup>
<b>Operational Assets</b>					
Council dwellings	7,953,481	8,739,347	9,140,999	9,780,140	9,475,119
Other land and buildings	12,522,596	13,383,489	18,182,691	19,132,148	18,955,480
Vehicles, plant and machinery	646,958	719,015	769,104	928,814	937,152
Infrastructure assets	3,287,842	3,640,832	3,941,374	4,335,085	4,432,109
Community assets	150,566	170,045	172,117	177,755	165,502
Heritage Assets	nc	nc	nc	nc	417,174
<b>Total operational assets</b>	<b>24,561,443</b>	<b>26,652,728</b>	<b>32,206,285</b>	<b>34,353,942</b>	<b>34,382,536</b>
<b>Non-operational assets</b>					
Assets under construction	897,459	1,019,265	983,249	1,275,873	1,456,501
Surplus assets held for disposal	546,398	540,592	583,577	492,701	397,053
Investment properties	1,238,439	1,130,689	702,732	209,196	205,613
<b>Total non-operational assets</b>	<b>2,682,296</b>	<b>2,690,546</b>	<b>2,269,558</b>	<b>1,977,770</b>	<b>2,059,167</b>
<b>Intangible Assets</b>	<b>46,977</b>	<b>43,305</b>	<b>42,756</b>	<b>18,052</b>	<b>77,184</b>
<b>TOTAL ASSETS</b>	<b>27,290,716</b>	<b>29,386,579</b>	<b>34,518,599</b>	<b>36,349,764</b>	<b>37,168,112</b>

1. Total Assets for 2011-12 includes £649,225,000 for South Ayrshire Council that couldn't be broken down into the above categories.

Source: Capital Returns (CR Final)

## 4.3 Debt

Total Loans fund debt at 31<sup>st</sup> March 2012 was £12.13 billion (of which £9.51 billion was general fund debt and £2.62 billion was HRA debt). Loans fund debt has risen steadily over the past five years from £9.57 billion at 31<sup>st</sup> March 2008, a rise of £2.57 billion (27%).

At 31<sup>st</sup> March 2012, general fund loans fund debt was equal to £1,810 per person and HRA loans fund debt was equal to £8,284 per HRA dwelling.

**Table 4.3 – General Fund and HRA Loans Fund Debt, 2007-08 – 2011-12**

	2007-08	2008-09	2009-10	2010-11	2011-12
<b>General Fund</b>					
Total Loans Fund Debt (£ thousands)	7,703,178	8,293,563	8,701,375	9,107,360	9,513,353
Per Head (£)	1,497	1,605	1,675	1,744	1,810
<b>Housing Revenue Account</b>					
Total Loans Fund Debt (£ thousands)	1,862,912	1,993,493	2,209,731	2,383,441	2,621,205
Per HRA dwelling (£)	5,637	6,149	6,896	7,502	8,284

Source: Capital Returns (CR Final)

**Table 4.4 – Outstanding Loans Fund Debt for each Local Authority, 2011-12**

	General Fund Services <sup>1</sup>		Housing Revenue Account		Total All Debt (£000s)
	Total Debt (£000s)	Per Head (£)	Total Debt (£000s)	Per HRA dwelling (£)	
<b>Scotland</b>	<b>9,513,353</b>	<b>1,810</b>	<b>2,621,205</b>	<b>8,284</b>	<b>12,134,558</b>
Aberdeen City	425.517	1.930	193.225	8.510	618.742
Aberdeenshire	315.991	1.276	129.494	10.021	445.485
Angus	130.136	1.176	32.089	4.129	162.225
Argyll & Bute <sup>2</sup>	177.279	1.979	0	0	177.279
Clackmannanshire	88.132	1.736	30.835	6.206	118.967
Dumfries & Galloway <sup>2</sup>	243.370	1.644	0	0	243.370
Dundee City	255.364	1.754	168.202	12.677	423.566
East Ayrshire	199.370	1.659	76.014	5.931	275.384
East Dunbartonshire	138.013	1.320	19.289	5.396	157.302
East Lothian	209.707	2.136	106.827	12.966	316.534
East Renfrewshire	91.436	1.018	26.377	8.902	117.813
Edinburgh, City of	992.850	2.004	352.296	17.429	1,345.146
Eilean Siar <sup>2</sup>	155.510	5.963	0	0	155.510
Falkirk	183.393	1.188	54.016	3.413	237.409
Fife	549.477	1.496	173.376	5.782	722.853
Glasgow City <sup>2</sup>	1,546.489	2.583	0	0	1,546.489
Highland	507.405	2.282	145.908	10.817	653.313
Inverclyde <sup>2</sup>	196.552	2.481	0	0	196.552
Midlothian	100.849	1.224	125.447	18.772	226.296
Moray	123.992	1.421	48.189	8.334	172.181
North Ayrshire	155.885	1.154	90.467	6.838	246.352
North Lanarkshire	538.747	1.649	163.083	4.458	701.830
Orkney Islands	15.852	786	10.821	14.438	26.673
Perth & Kinross	179.649	1.202	44.188	6.167	223.837
Renfrewshire	203.796	1.194	109.538	8.681	313.334
Scottish Borders <sup>2</sup>	195.976	1.732	0	0	195.976
Shetland Islands	13.304	591	40.496	22.808	53.800
South Ayrshire	127.576	1.144	59.563	7.305	187.139
South Lanarkshire	661.511	2.116	180.646	7.109	842.157
Stirling	138.138	1.522	25.053	4.725	163.191
West Dunbartonshire	111.558	1.235	110.680	9.784	222.238
West Lothian	359.018	2.075	105.086	8.137	464.104
Central Scotland Fire	5.846	20	.	.	5.846
Dumfries & Galloway Fire	0	0	.	.	0
Fife Fire and Rescue Service	0	0	.	.	0
Grampian Fire	9.436	17	.	.	9.436
Highlands & Islands Fire	10.139	35	.	.	10.139
Lothian and Borders Fire	7.249	8	.	.	7.249
Strathclyde Fire	43.340	19	.	.	43.340
Tayside Fire	5.886	15	.	.	5.886
Central Scotland Police	8.990	30	.	.	8.990
Dumfries & Galloway Police	0	0	.	.	0
Fife Constabulary	0	0	.	.	0
Grampian Police	5.185	9	.	.	5.185
Lothian & Borders Police	24.501	25	.	.	24.501
Northern Police	17.231	59	.	.	17.231
Strathclyde Police	34.216	15	.	.	34.216
Tayside Police	9.492	23	.	.	9.492
Forth Estuary Transport	0	0	.	.	0
Tay Road Bridge	0	0	.	.	0
HITRANS	0	0	.	.	0
NESTRANS	0	0	.	.	0
SESTRAN	0	0	.	.	0
SWESTRANS	0	0	.	.	0
SPT	0	0	.	.	0
TACTRAN	0	0	.	.	0
ZetTrans	0	0	.	.	0

1. Includes Trading Services

2. These councils have transferred their housing stock to Registered Social Landlords

Source: Capital Returns (CR Final)

## 5. Local Government Pensions

### 5.1 Local Government Pensions

Local Government Pension Funds are operated as separate funds to other accounts. In accordance with regulation 4 of the Local Government Pension Scheme (Benefits, Membership and Contributions)(Scotland) Regulations 2008, and regulation 35 of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008, employer and employee contributions are paid into the fund, along with income from investments, and pensions and lump sum benefits are paid out of the fund. The income and expenditure from these funds are therefore separate from the income and expenditure of the Authorities that administer the funds.

**Table 5.1 – Local Government Pension Funds Expenditure**

£ thousands

	2007-08	2008-09	2009-10	2010-11	2011-12
Total Benefits <sup>1</sup>	558,964	605,687	777,991	908,186	954,673
Payments under Pensions (Increase) Acts	116,036	131,641	63,035	61,537	66,469
Transfer Values	48,119	41,942	69,848	46,244	33,839
Premiums	967	4,775	1,442	1,359	1,741
Losses on Realisation of Investments	469,236	1,881,387	162,579	90,977	153,455
Refunds of Contributions	3,068	3,054	2,760	2,896	3,856
Adjustments	-1,900	-2,002	-2,434	-2,982	0
Other	66,597	61,695	60,086	63,336	63,628
<b>TOTAL EXPENDITURE</b>	<b>1,261,087</b>	<b>2,728,179</b>	<b>1,135,307</b>	<b>1,171,553</b>	<b>1,277,661</b>

1 - See table 5.2 for breakdown.

Source: Local Financial Returns – LFR 24

**Table 5.2 – Local Government Pension Funds Expenditure on Benefits**

£ thousands

	Pensions	Lump Sums	Other Benefits	Total Benefits
2007-08	410,955	145,942	2,067	558,964
2008-09	429,290	174,095	2,302	605,687
2009-10	544,814	230,477	2,700	777,991
2010-11	574,929	330,251	3,006	908,186
2011-12	651,085	300,705	2,883	954,673

Source: Local Financial Returns – LFR 24

Table 5.1 details the total expenditure of the Local Government Pension funds in Scotland in 2011-12.

The most variable component of the expenditure is Losses on Realisation of Investments which reflects the investment conditions at the time and is therefore dependent on economic factors. It should be noted that table 5.3 shows profits on Realisation of Investments, hence the net gain is the losses in table 5.1 subtracted from the profits in table 5.3. The variability of this net profit/loss is illustrated by the fact that a net loss in 2008-09 is followed by a large net gain in 2009-10.



Total Benefits comprises of Pensions, Lump Sums and Other Benefits and a further breakdown of this category is shown in Table 5.2. An underlying increase in the number of retirements is likely to be a key factor in the increase seen in Total Benefits. For example, increases in the number of early retirements will impact the Lump Sum expenditure in Table 5.2 as well as the Pensions costs.

Payments under the Pensions (Increase) Act 1971 relate to costs associated with uprating of pensions, and Transfer Values are due to scheme members transferring to other pension schemes (for example where a scheme member has moved to a different employer).

'Other Expenditure' includes administration costs (for example in relation to managing funds).

**Table 5.3 – Local Government Pension Funds Income**

		£ thousands				
		2007-08	2008-09	2009-10	2010-11	2011-12
Contributions (including those from other employing authorities)	Employees	236,844	247,052	273,280	276,179	262,811
	Employers	696,104	759,185	866,785	958,045	1,029,493
Investment income (gross)		509,036	490,948	384,189	384,353	nc
Transfer Values		77,799	62,040	72,152	74,838	nc
Profits on Realisation of Investments		1,221,797	294,685	3,586,281	1,167,140	378,715
Other Income		2,364	2,051	2,001	2,977	291,107
<b>TOTAL INCOME</b>		<b>2,743,944</b>	<b>1,855,961</b>	<b>5,184,688</b>	<b>2,863,533</b>	<b>1,962,126</b>

Source: Local Financial Returns – LFR 24 (note – as part of work to reduce the burden on data providers, the categories Investment Income (gross) and Transfer Values were combined with 'Other Income' for the 2011-12 data collection)

Table 5.3 shows changes in Local Government Pension Funds Income over time. As discussed above, Profits on Realisation of Investments is the most variable component and should be viewed in conjunction with Losses on Realisation of Investments from table 5.1.

Contributions from Employees are fixed at a set percentage of pay, depending on level of salary and the total is therefore relatively flat over time. The figure is dependent on the number of contributing employees (full time and part-time). Contribution rates from employers are variable and are reviewed on a triennial basis, with actuaries determining the contribution rates for the following three years. Increases in employer contribution rates are reflected in increasing pension fund income.

Transfer Values represent income to pension funds from employees transferring previous pensionable service into the Local Government Pension Scheme.

## **6. Sources**

### **Scottish Government**

#### **Scottish Government Local Government Finance Statistics Collections From Local Authorities**

Empty data collection forms, which illustrate what is collected can be viewed on the Scottish Government website [Local Government Finance – Data Supplier Area](#) pages.

#### **Local Financial Returns (LFR)**

Final outturn expenditure statistics relating to each Local Authority, Joint Board and Regional Transport Partnership are collected on an annual basis in this series of detailed returns.

#### **Council Tax Receipts Return (CTRR)**

The CTRR return monitors councils collection levels relating to council tax and community charge. Information is collected relating to the amounts billed and received and the year to which the payment refers.

#### **Council Tax Base (CTAXBASE)**

The CTAXBASE figures give the number of properties in each council tax band in each local authority area, including those with exemptions and discounts.

#### **Council Tax Assumptions (CTAS)**

The CTAS form asks councils to set out the assumptions used in setting their Band D council tax levels, and discounts provided for second homes and long term empty properties.

#### **Non Domestic Rates Income Returns (NDRI)**

The Non-Domestic Rates Returns (NDRI returns) collect data on the amount of NDR income each year. For this there is a cycle of 4 returns to collect estimates and then final amounts of NDR income – The Provisional Contributable Amount, Mid-year Estimate, Notified and Audited (Certified) Returns.

#### **Capital Expenditure Returns (CR 1, 2, 3, 4 and Final)**

The capital returns collect forecast and outturn income and expenditure statistics relating to capital income and expenditure for each local authority and joint boards.

#### *Data sources and Suitability*

A “Data Sources and Suitability” section of the local government finance statistics website is under currently development and will be available soon via the above link. The section will provide key information on Local Government Finance data sources including the use made of the data, decisions they inform and the quality and reliability of data.

### **Rural Statistics**

#### **Urban Rural Classification**

The Scottish Government Urban Rural Classification provides a standard definition of rural areas in Scotland. This classification is updated every two years to incorporate the most

recent Small Area Population Estimates (SAPE) produced by National Records of Scotland (NRS) and Royal Mail Postcode Address File (PAF).

NRS Small Area Population Estimates (SAPE) together with information from the Royal Mail Postcode Address File (PAF) were used to classify 2010 postcode units as high or low density. This information was then used to identify areas of contiguous high density postcodes with a population of 500 or more that make up a Settlement.

<http://www.gro-scotland.gov.uk/statistics/theme/population/estimates/special-area/sape/index.html>

<http://www.scotland.gov.uk/Topics/Statistics/About/Methodology/UrbanRuralClassification>

### Small Area Statistics

#### **Scottish Index of Multiple Deprivation (SIMD)**

The Scottish Index of Multiple Deprivation (SIMD) is the Scottish Government's official tool for identifying those places in Scotland suffering from deprivation. It incorporates several different aspects of deprivation, combining them into a single index. It divides Scotland into 6,505 small areas, called datazones, each containing around 350 households. The Index provides a relative ranking for each datazone, from 1 (most deprived) to 6,505 (least deprived). By identifying small areas where there are concentrations of multiple deprivation, the SIMD can be used to target policies and resources at the places with greatest need.

<http://simd.scotland.gov.uk/publication-2012/>

### **National Records of Scotland**

#### **Mid Year Population Estimates**

<http://www.gro-scotland.gov.uk/statistics/theme/population/estimates/mid-year/2011/tables.html>

## 7. Glossary

Revenue expenditure covers the costs of maintaining local services and primarily consists of *employee costs* and *operating costs*. The benefits of revenue expenditure are received within one financial year. All revenue expenditure, except expenditure on Local Authority housing, is accounted for through the General Fund.

*Employee costs* include salaries and wages, national insurance and superannuation contributions, cash allowances paid to employees, redundancy and severance payments and other employee costs.

*Operating costs* include property costs, supplies and services costs, transport (including car allowances) and plant costs, payments to agencies and other bodies, and direct administration costs (including training).

*Support Service costs* are those paid for services that support the provision of services to the public, e.g. IT, Human Resources, Legal Services, Procurement Services and Corporate Services.

*Transfer payments* are those made to individuals for which no goods or services are received in return by the local authority.

*Revenue Contributions to Capital (RCC)* are the revenue contributions towards capital expenditure on capital assets which were met directly from the service revenue within the current year. RCC can also be referred to as capital funded from current revenue (CFCR) in discussions of Capital accounts.

*Adjustment for inter-account and inter-authority transfers* is an adjustment made for the contributions made by one authority to another, i.e. inter-authority transfers, and the recharges, or income from other accounts within an authority, i.e. inter-account transfers. The adjustment is equal to the total of inter-authority transfers and the total of inter-account transfers.

*Grants to third parties funded by General Capital Grant (GCG)* come under both revenue and capital expenditure. The General Capital Grant was introduced for the first time in 2008-09. It is a Scottish Government grant paid to the 32 Local Authorities. The grant may be used to fund the capital expenditure of the local authority. With certain limitations, the grant may also be used to fund third party capital expenditure (either through direct spend or the provision of grant). Where the GCG is used to finance the capital expenditure of the council, this expenditure is considered strictly as capital expenditure. Where the GCG is used to fund third party capital projects the GCG is treated as revenue income and the corresponding third-party grant or direct payment is treated as revenue expenditure.

*Gross revenue expenditure* is the total expenditure on Local Authority services within a financial year less inter-authority and inter-account transfers.

*Net revenue expenditure* is gross revenue expenditure, less other government grants, sales, fees and charges, grants to third parties funded by General Capital Grant, and other grants, reimbursements and contributions. It is therefore the net revenue expenditure that is to be financed from General Revenue Funding, non-domestic rates, council tax and balances.

*Common Good Fund* income and expenditure is recorded in a separate set of accounts. Some property held within a Local Authority's Common Good Fund can be sold, while some must be maintained in trust for the community. The fund is used for projects that are for the common good of all residents.

*The Housing Revenue Account* (HRA) records income and expenditure relating to Local Authority housing stock. Whilst most other Local Authority services are funded through a combination of non domestic rates and council tax income plus Government grants, the HRA is a ring-fenced account, and expenditure is funded by housing rents and Government subsidies.

## **8. Annexes**

### **Local Government Revenue Expenditure and Income**

Annex A – Service Analysis of General Fund Revenue Expenditure and Income, 2011-12

Annex B – Subjective Analysis of General Fund Revenue Expenditure and Income, 2011-12

Annex C – General Fund Net Revenue Expenditure by Local Authority and Service, 2011-12

Annex D – General Fund Net Revenue Expenditure by Local Authority, 2007-08 to 2011-12

Annex E – Revenue Income by Local Authority and Service, 2011-12

Annex F – Calculation of the Distributable Amount of Non-Domestic Rates Income, 2011-12

### **Local Government Capital Expenditure and Financing**

Annex G – Capital Expenditure by Local Authority and Service, 2011-12

Annex H – Capital Expenditure by Service and Type of Expenditure, 2011-12

Annex I – Capital Income by Local Authority and Type, 2011-12

Annex J – Capital Receipts by Service, 2011-12

# ANNEX A – Service Analysis of General Fund Revenue Expenditure and Income, 2011-12

£ thousands

	Revenue Contributions to Capital	Support Service Costs	All other Expenditure	Adjustment for Inter Account and Inter Authority Transfers	Total Expenditure	Total Income	Net Revenue Expenditure
<b>Education</b>	<b>9,111</b>	<b>168,331</b>	<b>4,590,203</b>	<b>-29,730</b>	<b>4,737,915</b>	<b>190,354</b>	<b>4,547,561</b>
Pre-primary education	166	10,748	293,006	-885	303,035	11,720	291,315
Primary education	4,474	64,972	1,750,018	-8,948	1,810,516	61,024	1,749,492
Secondary education	3,955	65,196	1,871,008	-10,344	1,929,815	79,557	1,850,258
Special education	264	14,096	505,170	-6,946	512,584	13,092	499,492
Community Learning	111	7,538	134,092	-1,498	140,243	17,662	122,581
Other non-school funding	141	5,781	36,909	-1,109	41,722	7,299	34,423
<b>Cultural and related services</b>	<b>4,899</b>	<b>42,077</b>	<b>707,596</b>	<b>-41,947</b>	<b>712,625</b>	<b>94,753</b>	<b>617,872</b>
Museums and galleries	234	2,696	44,237	-238	46,929	3,447	43,482
Other cultural and heritage services	25	5,046	62,463	-995	66,539	11,042	55,497
Library service	189	8,943	109,695	-458	118,369	4,928	113,441
Tourism	5	745	28,505	-67	29,188	5,533	23,655
Countryside recreation and management	23	1,576	25,163	-446	26,316	3,337	22,979
Sport facilities	261	8,669	194,748	-2,191	201,487	37,298	164,189
Community parks and open spaces	1,866	11,205	177,096	-35,153	155,014	16,219	138,795
Other recreation and sport	2,296	3,197	65,689	-2,399	68,783	12,949	55,834
<b>Social work</b>	<b>1,828</b>	<b>198,375</b>	<b>3,506,909</b>	<b>-42,110</b>	<b>3,665,002</b>	<b>792,246</b>	<b>2,872,756</b>
Service Strategy	138	2,751	28,029	-1,087	29,831	3,130	26,701
Children's Panel	0	503	2,193	-237	2,459	206	2,253
Children and families	213	36,613	763,753	-7,817	792,762	19,506	773,256
Older persons	872	93,408	1,556,211	-16,996	1,633,495	369,159	1,264,336
Adults with physical or sensory disabilities	29	12,501	202,105	-3,760	210,875	28,370	182,505
Adults with learning disabilities	368	33,017	641,702	-7,999	667,088	183,412	483,676
Adults with mental health needs	6	8,395	148,236	-1,074	155,563	61,286	94,277
Adults with addictions/substance misuse	109	2,989	57,532	-549	60,081	21,469	38,612
HIV/AIDS	0	246	1,751	-3	1,994	773	1,221
Service to asylum seekers and refugees	0	75	383	-3	455	135	320
Criminal justice social work services	93	7,877	105,014	-2,585	110,399	104,800	5,599
<b>Police<sup>2</sup></b>	<b>1,916</b>	<b>52,793</b>	<b>1,166,797</b>	<b>-10,918</b>	<b>1,210,588</b>	<b>690,799</b>	<b>519,789</b>
Local Policing	737	31,940	692,184	-10,480	714,381	518,530	195,851
Dealing with the Public	90	3,885	86,175	-69	90,081	16,096	73,985
Criminal Justice Arrangements	80	3,350	80,438	-80	83,788	14,582	69,206
Road Policing	652	2,659	57,073	-68	60,316	19,196	41,120
Specialist Operations	63	1,891	44,884	-23	46,815	21,581	25,234
Intelligence	51	2,284	49,153	-31	51,457	11,049	40,408
Specialist Investigations	80	4,423	93,701	-65	98,139	26,063	72,076
Investigative Support	5	239	4,758	-8	4,994	1,156	3,838
National Policing	158	2,122	58,431	-94	60,617	62,546	-1,929
<b>Fire<sup>2</sup></b>	<b>5,737</b>	<b>29,340</b>	<b>303,343</b>	<b>-5,035</b>	<b>333,385</b>	<b>47,253</b>	<b>286,132</b>
Fire fighting and rescue	5,424	26,773	223,807	-547	255,457	8,768	246,689
Community fire safety	313	2,537	20,220	-220	22,850	3,049	19,801
Fire fighters' pensions	0	0	57,849	-4,267	53,582	35,432	18,150
Fire service emergency planning	0	30	1,467	-1	1,496	4	1,492
<b>Roads and transport<sup>3</sup></b>	<b>5,614</b>	<b>49,431</b>	<b>722,364</b>	<b>-105,556</b>	<b>671,853</b>	<b>194,625</b>	<b>477,228</b>
Road construction	372	461	7,582	-1,038	7,377	2,725	4,652
Winter maintenance	107	1,965	60,112	-271	61,913	2,377	59,536
Maintenance & repairs	3,532	22,577	267,888	-39,835	254,162	57,672	196,490
Road lighting	48	3,619	74,518	-3,524	74,661	8,539	66,122
School crossing patrols	0	542	13,774	-98	14,218	235	13,983
Other network and traffic management	152	9,407	56,354	-10,865	55,048	15,283	39,765
Parking	1,063	2,867	29,577	-507	33,000	57,727	-24,727
Non-LA PT: Concessionary fares	0	210	6,839	-10	7,039	939	6,100
Non-LA PT: Support to operators	0	1,743	94,412	-8,416	87,739	5,255	82,484
Non-LA PT: Co-ordination	340	4,202	76,221	-34,077	46,686	37,363	9,323
GF Contributions to Trading Services	0	0	0	0	0	0	0
Local authority Transport	0	1,838	35,087	-6,915	30,010	6,510	23,500

# ANNEX A – Service Analysis of General Fund Revenue Expenditure and Income, 2011-12

£ thousands

	Revenue Contributions to Capital	Support Service Costs	All other Expenditure	Adjustment for Inter Account and Inter Authority Transfers	Total Expenditure	Total Income	Net Revenue Expenditure
<b>Environmental services</b>	<b>9,274</b>	<b>57,996</b>	<b>747,007</b>	<b>-28,976</b>	<b>785,301</b>	<b>129,767</b>	<b>655,534</b>
Cemetery, cremation and mortuary services	1	4,052	34,726	-777	38,002	27,719	10,283
Coast protection	0	83	1,449	-20	1,512	641	871
Flood defence and land drainage	177	685	7,118	-59	7,921	380	7,541
Environmental Health	82	14,850	94,382	-5,065	104,249	17,047	87,202
Trading Standards	11	3,442	26,998	-1,274	29,177	1,726	27,451
Waste Collection	1,955	14,632	205,551	-7,823	214,315	43,793	170,522
Waste Disposal	6,166	9,482	263,646	-6,928	272,366	35,453	236,913
Other waste management	882	10,770	113,137	-7,030	117,759	3,008	114,751
<b>Planning and economic development</b>	<b>2,666</b>	<b>55,305</b>	<b>427,389</b>	<b>-12,281</b>	<b>473,079</b>	<b>180,961</b>	<b>292,118</b>
Planning: Building control	0	6,802	47,164	-797	53,169	28,438	24,731
Planning: Development control	23	10,388	40,660	-820	50,251	32,219	18,032
Planning: Policy	226	7,610	38,878	-2,948	43,766	7,672	36,094
Planning: Environmental initiatives	204	2,841	21,765	-461	24,349	10,608	13,741
Economic development	2,213	27,664	278,922	-7,255	301,544	102,024	199,520
<b>Non-HRA Housing</b>	<b>922</b>	<b>28,459</b>	<b>2,319,579</b>	<b>-21,601</b>	<b>2,327,359</b>	<b>2,003,261</b>	<b>324,098</b>
Private sector housing renewal	220	9,717	161,550	-739	170,748	142,888	27,860
Housing benefits: Rent allowances	0	0	1,043,806	0	1,043,806	1,012,731	31,075
Housing benefits: Rent rebate	0	0	593,307	0	593,307	616,493	-23,186
Homelessness	265	5,955	204,407	-3,749	206,878	141,084	65,794
Welfare Services	5	43	5,302	-115	5,235	1,059	4,176
Administration of housing advances	0	121	7,357	-17	7,461	513	6,948
Housing Support Services	0	3,201	168,445	-715	170,931	5,780	165,151
Other non-HRA housing (excl admin of Housing Benefits)	432	9,422	135,405	-16,266	128,993	82,713	46,280
<b>Central Services<sup>4</sup></b>	<b>14,764</b>	<b>180,883</b>	<b>704,856</b>	<b>-218,169</b>	<b>682,334</b>	<b>263,683</b>	<b>418,651</b>
Council tax collection	3	24,746	64,099	-779	88,069	54,299	33,770
Council tax benefit administration	6	10,882	25,111	-3,270	32,729	20,792	11,937
Non-domestic rates collection	0	4,325	6,707	-90	10,942	2,742	8,200
Housing benefit administration	0	14,838	29,581	-2,462	41,957	26,605	15,352
Registration of births, deaths and marriages	0	4,091	10,740	-304	14,527	8,749	5,778
Emergency Planning (non Police or Fire)	0	748	4,255	-262	4,741	547	4,194
Licensing	0	5,222	14,827	-458	19,591	20,131	-540
Conducting Elections	0	1,097	6,779	-814	7,062	3,355	3,707
Registration of electors	7	1,330	9,128	-526	9,939	399	9,540
Council tax valuation	11	688	10,144	-311	10,532	71	10,461
Non-domestic lands valuation	30	1,436	16,181	-759	16,888	181	16,707
Local Land Charges	0	4	303	0	307	22	285
Non-road lighting	0	134	10,950	-26	11,058	3,407	7,651
General grants, bequests and donations	-166	429	9,001	-25	9,239	2,183	7,056
Corporate and democratic core costs	147	115,846	77,993	-22,227	171,759	3,094	168,665
Non-distributed costs	4,547	-10,389	166,007	-23,313	136,852	25,942	110,910
Other	10,179	5,456	243,050	-162,543	96,142	91,164	4,978
<b>Trading Services</b>	<b>834</b>	<b>1,394</b>	<b>57,205</b>	<b>-8,132</b>	<b>51,301</b>	<b>63,555</b>	<b>-12,254</b>
<b>Add Ring Fenced Grants Back In</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>0</b>	<b>-510,664</b>	<b>510,664</b>
<b>General fund contributions to HRA<sup>2</sup></b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Interest and investment income</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>676,735</b>	<b>57,571</b>	<b>619,164</b>
<b>Surplus/deficit from Significant Trading Operations</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>-24,722</b>	<b>0</b>	<b>-24,722</b>
<b>Statutory repayment of debt</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>592,031</b>	<b>.</b>	<b>592,031</b>
<b>All services</b>	<b>57,565</b>	<b>864,384</b>	<b>15,253,248</b>	<b>-524,455</b>	<b>16,894,786</b>	<b>4,198,164</b>	<b>12,696,622</b>

2. Police and fire expenditure is apportioned to councils using the amount that the Joint Boards requisition from them

3. Regional Transport Partnerships expenditure is apportioned to councils by population (GRO 2010 mid year estimates)

4. Expenditure on council tax and non-domestic valuation and registration of electors is apportioned to councils using the amount that the Valuation Joint Boards requisition from them



## ANNEX B – Subjective Analysis of General Fund Revenue Expenditure and Income, 2011-12

£ thousands

	Education Services	Culture and Related Services	Social Work Services	Police Service	Fire Service	Roads and Transport	Environmental Services	Planning and Development Services	Central Services	Housing Services (Non-HRA)	Trading with the Public	Total General Fund Services	HRA Housing Services	Total General Fund Services (inc HRA)
<b>EXPENDITURE</b>														
<u>Employee Costs</u>														
Teachers	2,402,301											2,402,301		2,402,301
All other Employees	861,891	253,752	1,279,579	1,006,180	258,994	172,943	293,620	149,275	374,400	90,677	16,802	4,758,113	135,154	4,893,267
<b>Total Employee Costs</b>	<b>3,264,192</b>	<b>253,752</b>	<b>1,279,579</b>	<b>1,006,180</b>	<b>258,994</b>	<b>172,943</b>	<b>293,620</b>	<b>149,275</b>	<b>374,400</b>	<b>90,677</b>	<b>16,802</b>	<b>7,160,414</b>	<b>135,154</b>	<b>7,295,568</b>
<u>Operating Costs</u>														
Premises Related Costs	465,376	92,782	69,747	42,542	16,923	62,313	35,705	33,328	46,552	68,077	5,537	938,882	376,605	1,315,487
Transport Related Expenditure	163,757	20,332	57,656	22,050	7,965	59,239	100,228	2,811	12,042	2,069	19,303	467,452	4,722	472,174
Supplies and Services	395,726	118,022	150,769	55,691	16,992	148,513	178,487	62,658	171,461	66,440	9,031	1,373,790	58,532	1,432,322
Third Party Payments	274,402	205,099	1,887,732	35,103	2,469	269,209	132,631	138,187	97,318	271,198	6,308	3,319,656	24,367	3,344,023
Joint authorities	390	0	4,351	486	0	26,455	14,661	6,368	1,258	88	0	54,057	0	54,057
Other local authorities	12,995	212	11,552	545	739	5,310	1,374	695	23,032	306	0	56,760	1	56,761
Health authorities	21,061	0	17,287	301	81	641	0	513	0	75	0	39,959	0	39,959
All Other Third Party Payments	239,956	204,887	1,854,542	33,771	1,649	236,803	116,596	130,611	73,028	270,729	6,308	3,168,880	24,366	3,193,246
<b>Total Operating Costs</b>	<b>1,299,261</b>	<b>436,235</b>	<b>2,165,904</b>	<b>155,386</b>	<b>44,349</b>	<b>539,274</b>	<b>447,051</b>	<b>236,984</b>	<b>327,373</b>	<b>407,784</b>	<b>40,179</b>	<b>6,099,780</b>	<b>464,226</b>	<b>6,564,006</b>
<u>Transfer Payments</u>														
School Children and students	20,744											20,744		20,744
Social Work Clients			53,229									53,229		53,229
Housing benefits										1,658,842		1,658,842		1,658,842
Debits resulting from soft loans to clients etc.	0	0	0	0	0	0	0	15	0	0	0	15	0	15
Other Transfer Payments	6,006	17,609	8,197	5,231	0	10,147	6,336	41,115	3,083	162,276	224	260,224	3,141	263,365
<b>Total Transfer Payments</b>	<b>26,750</b>	<b>17,609</b>	<b>61,426</b>	<b>5,231</b>	<b>0</b>	<b>10,147</b>	<b>6,336</b>	<b>41,130</b>	<b>3,083</b>	<b>1,821,118</b>	<b>224</b>	<b>1,993,054</b>	<b>3,141</b>	<b>1,996,195</b>
<u>Support Services</u>														
<b>Total Support Services</b>	<b>168,331</b>	<b>42,077</b>	<b>198,375</b>	<b>52,793</b>	<b>29,340</b>	<b>49,431</b>	<b>57,996</b>	<b>55,305</b>	<b>180,883</b>	<b>28,459</b>	<b>1,394</b>	<b>864,384</b>	<b>69,916</b>	<b>934,300</b>
<u>Revenue Contribution to Capital</u>														
<b>Total Revenue Contribution to Capital</b>	<b>9,111</b>	<b>4,899</b>	<b>1,828</b>	<b>1,916</b>	<b>5,737</b>	<b>5,614</b>	<b>9,274</b>	<b>2,666</b>	<b>14,764</b>	<b>922</b>	<b>834</b>	<b>57,565</b>	<b>157,907</b>	<b>215,472</b>
<u>Adjustment for Inter Account and Inter Authority Transfers</u>														
Contributions from other local authorities	-8,140	-273	-10,493	-10,786	-407	-31,053	-1,468	-612	-4,603	-75	0	-67,910	0	-67,910
Recharges (income from other accounts within the authority)	-21,590	-41,674	-31,617	-132	-4,628	-74,503	-27,508	-11,669	-213,566	-21,526	-8,132	-456,545	-25,995	-482,540
<b>Total Adjustment for Inter Account and Inter Authority Transfers</b>	<b>-29,730</b>	<b>-41,947</b>	<b>-42,110</b>	<b>-10,918</b>	<b>-5,035</b>	<b>-105,556</b>	<b>-28,976</b>	<b>-12,281</b>	<b>-218,169</b>	<b>-21,601</b>	<b>-8,132</b>	<b>-524,455</b>	<b>-25,995</b>	<b>-550,450</b>
<b>Gross Expenditure</b>	<b>4,737,915</b>	<b>712,625</b>	<b>3,665,002</b>	<b>1,210,588</b>	<b>333,385</b>	<b>671,853</b>	<b>785,301</b>	<b>473,079</b>	<b>682,334</b>	<b>2,327,359</b>	<b>51,301</b>	<b>15,650,742</b>	<b>804,349</b>	<b>16,455,091</b>

## ANNEX B – Subjective Analysis of General Fund Revenue Expenditure and Income, 2011-12

£ thousands

	Education Services	Culture and Related Services	Social Work Services	Police Service	Fire Service	Roads and Transport	Environmental Services	Planning and Development Services	Central Services	Housing Services (Non-HRA)	Trading with the Public	Total General Fund Services	HRA Housing Services	Total General Fund Services (inc HRA)
<b>INCOME</b>														
<u>Government Grants</u>														
Ring-fenced Revenue Grants	5,104	0	0	498,493	0	0	0	0	0	7,067	0	510,664	3,507	514,171
General Capital Grant used to fund grants to third parties	646	598	628	16,666	0	1,925	164	10,715	16,683	137,085	0	185,110	38,683	223,793
Other Central Government Grants (excl GRG)	30,937	3,296	102,927	107,833	18,902	9,431	3,274	17,263	73,595	1,436,939	1	1,804,398	10,242	1,814,640
<b>Total Government Grants</b>	<b>36,687</b>	<b>3,894</b>	<b>103,555</b>	<b>622,992</b>	<b>18,902</b>	<b>11,356</b>	<b>3,438</b>	<b>27,978</b>	<b>90,278</b>	<b>1,581,091</b>	<b>1</b>	<b>2,500,172</b>	<b>52,432</b>	<b>2,552,604</b>
<u>Other Grants reimbursements and Contributions</u>														
Contributions from Health Authorities			375,368									375,368		375,368
All other grants, reimbursements and contributions	38,650	13,369	45,219	4,253	25,330	11,595	8,562	34,464	29,884	243,054	28	454,408	17,168	471,576
<b>Total Other Grants reimbursements and Contributions</b>	<b>38,650</b>	<b>13,369</b>	<b>420,587</b>	<b>4,253</b>	<b>25,330</b>	<b>11,595</b>	<b>8,562</b>	<b>34,464</b>	<b>29,884</b>	<b>243,054</b>	<b>28</b>	<b>829,776</b>	<b>17,168</b>	<b>846,944</b>
<u>Customer and Client Receipts</u>														
Income from charges to service users	51,613	40,153	237,881	21,930	88	86,534	54,257	19,214	30,766	20,335	15,570	578,341	19,528	597,869
Rent Income	1,099	5,443	6,353	4,121	154	12,006	1,636	45,427	12,554	101,087	947	190,827	880,274	1,071,101
Other Sales, Fees and Charges	62,305	31,883	23,867	37,503	2,779	73,134	61,874	53,877	100,201	57,694	47,009	552,126	66,118	618,244
<b>Total Customer and Client Receipts</b>	<b>115,017</b>	<b>77,479</b>	<b>268,101</b>	<b>63,554</b>	<b>3,021</b>	<b>171,674</b>	<b>117,767</b>	<b>118,518</b>	<b>143,521</b>	<b>179,116</b>	<b>63,526</b>	<b>1,321,294</b>	<b>965,920</b>	<b>2,287,214</b>
Credits resulting from soft loans	0	11	3	0	0	0	0	1	0	0	0	15	0	15
<b>Total Income</b>	<b>190,354</b>	<b>94,753</b>	<b>792,246</b>	<b>690,799</b>	<b>47,253</b>	<b>194,625</b>	<b>129,767</b>	<b>180,961</b>	<b>263,683</b>	<b>2,003,261</b>	<b>63,555</b>	<b>4,651,257</b>	<b>1,035,520</b>	<b>5,686,777</b>
<b>Net Revenue Expenditure</b>	<b>4,547,561</b>	<b>617,872</b>	<b>2,872,756</b>	<b>519,789</b>	<b>286,132</b>	<b>477,228</b>	<b>655,534</b>	<b>292,118</b>	<b>418,651</b>	<b>324,098</b>	<b>-12,254</b>	<b>10,999,485</b>	<b>-231,171</b>	<b>10,768,314</b>
<b>Net Revenue Expenditure (with Ring Fenced Grants Added Back In)</b>	<b>4,552,665</b>	<b>617,872</b>	<b>2,872,756</b>	<b>1,018,282</b>	<b>286,132</b>	<b>477,228</b>	<b>655,534</b>	<b>292,118</b>	<b>418,651</b>	<b>331,165</b>	<b>-12,254</b>	<b>11,510,149</b>	<b>-227,664</b>	<b>11,282,485</b>
<b>General fund contributions to Housing Revenue Account</b>												<b>0</b>	<b>0</b>	<b>0</b>
<b>Interest and investment income</b>												<b>619,164</b>	<b>111,755</b>	<b>730,919</b>
<b>Surplus/deficit from Significant Trading Operations</b>												<b>-24,722</b>	<b>0</b>	<b>-24,722</b>
<b>Statutory repayment of debt</b>												<b>592,031</b>	<b>106,606</b>	<b>698,637</b>
<b>Net Revenue Expenditure (After Debt, Interest and Contributions from the HRA)</b>												<b>12,696,622</b>	<b>-9,303</b>	<b>12,687,319</b>

## ANNEX C – General Fund Net Revenue Expenditure by Local Authority and Service, 2011-12

£ thousands

	Education	Cultural and related services	Social work	Police <sup>1</sup>	Fire <sup>1</sup>	Roads and transport <sup>2,3</sup>	Environmental services	Planning and economic development	Non-HRA Housing	Central services <sup>4</sup>	Trading services	Interest and Investment Income	Statutory Repayment of Debt	Contributions to/from HRA	Surplus/deficit from Significant Trading Operations	Total net revenue expenditure
<b>Scotland</b>	<b>4,552,665</b>	<b>617,872</b>	<b>2,872,756</b>	<b>1,018,282</b>	<b>286,132</b>	<b>477,228</b>	<b>655,534</b>	<b>292,118</b>	<b>331,165</b>	<b>418,651</b>	<b>-12,254</b>	<b>619,164</b>	<b>592,031</b>	<b>0</b>	<b>-24,722</b>	<b>12,696,622</b>
Aberdeen City	147,065	23,628	123,612	42,335	9,210	11,077	26,720	8,987	7,537	33,989	0	15,538	18,278	0	0	467,976
Aberdeenshire	230,484	20,005	118,140	31,336	6,216	25,663	26,966	5,351	7,252	14,847	513	18,224	12,761	0	-94	517,664
Angus	97,315	10,736	56,702	15,855	4,450	12,565	11,990	3,444	7,706	14,188	-10	13,060	10,383	0	-317	258,067
Argyll & Bute	90,438	8,244	54,561	18,643	5,739	16,153	16,534	4,611	4,045	12,709	408	18,230	21,504	0	0	271,820
Clackmannanshire	43,083	5,273	26,055	7,501	2,488	2,846	5,331	1,709	3,429	2,474	0	9,268	6,209	0	-372	115,294
Dumfries & Galloway	138,097	17,322	78,216	36,794	8,315	18,408	16,802	7,585	15,241	13,265	-194	19,381	14,086	0	-23	383,295
Dundee City	125,979	19,982	92,106	30,015	12,152	7,794	18,549	13,590	14,462	11,172	0	15,513	14,681	0	-687	375,307
East Ayrshire	107,341	11,642	67,998	19,615	7,027	13,215	11,805	4,850	8,096	7,339	0	13,024	13,120	0	0	285,072
East Dunbartonshire	104,675	9,626	50,943	13,435	5,886	8,579	14,709	2,600	1,125	8,705	0	15,471	11,322	0	0	247,076
East Lothian	85,829	18,735	53,335	17,562	2,590	6,332	10,346	2,415	10,019	1,236	0	10,780	8,972	0	0	228,150
East Renfrewshire	101,324	9,485	42,539	12,437	4,076	10,846	8,128	3,025	874	6,704	0	9,852	9,812	0	0	219,104
Edinburgh, City of	286,880	40,092	281,789	113,744	18,254	13,930	67,420	30,905	27,290	15,796	0	65,065	64,484	0	-5,501	1,020,148
Eilean Siar	40,997	4,444	22,133	4,530	2,267	7,447	5,806	2,869	1,889	5,218	261	10,917	9,264	0	-800	117,242
Falkirk	131,715	15,602	76,332	24,007	7,309	12,275	15,584	7,342	11,040	11,946	78	20,590	25,241	0	-1,310	357,750
Fife	304,080	46,143	188,050	60,197	17,727	35,874	42,686	14,918	17,735	22,612	286	27,895	29,594	0	-1,832	805,965
Glasgow City	451,930	109,247	390,683	171,876	49,048	29,077	81,690	80,938	60,687	56,706	74	92,462	83,520	0	-2,051	1,655,888
Highland	239,268	22,281	119,681	47,744	15,915	31,944	39,981	7,123	18,330	20,187	-1,261	34,580	13,305	0	0	609,078
Inverclyde	72,614	8,626	44,991	16,260	7,676	4,461	8,175	8,822	5,445	9,195	0	12,724	10,010	0	-682	208,317
Midlothian	77,436	7,551	46,073	16,117	2,039	8,036	7,507	4,076	7,160	4,664	0	9,054	6,481	0	-286	195,907
Moray	80,123	8,369	47,288	14,107	3,037	7,973	9,972	1,916	6,933	7,226	362	5,791	6,250	0	-1,348	197,999
North Ayrshire	128,831	15,614	79,833	23,843	9,531	11,298	16,161	7,143	11,387	11,962	131	12,788	13,394	0	-467	341,450
North Lanarkshire	328,035	37,313	152,457	56,020	15,769	25,792	40,189	12,540	9,156	20,149	0	31,979	29,714	0	468	759,581
Orkney Islands	27,225	4,213	16,215	2,891	1,911	12,448	3,136	2,419	1,061	5,832	1,320	-5,572	17,188	0	0	90,288
Perth & Kinross	127,238	18,946	71,118	19,704	6,791	13,021	18,289	4,601	12,875	10,275	127	14,575	12,596	0	-356	329,799
Renfrewshire	139,843	16,837	83,754	32,701	10,386	12,128	19,321	4,141	4,150	21,731	0	21,149	47,676	0	0	413,817
Scottish Borders	100,754	14,200	68,233	24,441	6,438	13,161	13,096	2,158	3,782	1,434	0	12,391	12,679	0	-98	272,669
Shetland Islands	42,968	6,954	30,955	3,396	2,136	25,749	4,702	7,428	5,312	8,028	-14,525	-6,087	-39	0	0	116,977
South Ayrshire	97,116	10,291	69,174	18,563	6,999	10,869	14,130	3,117	4,089	11,483	176	10,653	8,213	0	873	265,745
South Lanarkshire	266,910	35,974	147,552	49,325	15,432	35,890	36,706	17,131	16,133	23,325	0	46,285	31,608	0	-3,995	718,276
Stirling	85,581	9,693	43,282	15,433	4,179	10,801	12,328	2,761	7,713	10,785	0	12,137	9,985	0	-173	224,505
West Dunbartonshire	91,888	13,363	57,318	21,897	9,503	6,254	9,692	4,054	7,919	7,552	0	13,146	10,992	0	-2,994	250,583
West Lothian	159,603	17,441	71,638	35,957	5,638	15,320	21,083	7,549	11,293	5,916	0	18,301	8,751	0	-2,677	375,813

1. Police and fire expenditure is apportioned to councils using the amount that the Joint Boards requisition from them

2. Regional Transport Partnerships expenditure is apportioned to councils by population (GROS 2011 mid year estimates)

3. Including general fund contributions to transport (LA and non LA).

4. Expenditure on council tax and non-domestic valuation and registration of electors is apportioned to councils using the amount that the Valuation Joint Boards requisition from them.

## ANNEX D – General Fund Net Revenue Expenditure by Local Authority<sup>1,2,3,4</sup>, 2007-08 to 2011-12

	£ thousands				
	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Scotland</b>	<b>11,138,183</b>	<b>12,438,832</b>	<b>13,135,364</b>	<b>13,004,704</b>	<b>12,696,622</b>
Aberdeen City	430,113	459,816	476,745	474,970	467,976
Aberdeenshire	477,821	520,170	563,930	559,274	517,664
Angus	233,507	253,499	273,770	268,725	258,067
Argyll & Bute	235,142	269,427	280,508	288,822	271,820
Clackmannanshire	106,064	114,486	125,068	115,770	115,294
Dumfries & Galloway	328,073	355,130	383,793	393,388	383,295
Dundee City	321,723	360,182	376,558	377,742	375,307
East Ayrshire	247,026	288,861	291,184	287,481	285,072
East Dunbartonshire	212,108	233,862	278,628	263,655	247,076
East Lothian	194,427	211,803	223,503	223,133	228,150
East Renfrewshire	192,964	207,691	204,679	209,905	219,104
Edinburgh City	888,602	1,018,028	1,072,200	1,049,051	1,020,148
Eilean Siar	113,810	119,898	122,858	122,909	117,242
Falkirk	304,020	331,993	347,758	368,566	357,750
Fife	720,695	799,984	828,951	833,306	805,965
Glasgow City	1,440,926	1,693,735	1,826,870	1,697,626	1,655,888
Highland	514,387	570,135	584,545	597,698	609,078
Inverclyde	190,442	206,404	217,303	213,813	208,317
Midlothian	177,754	203,770	197,673	200,513	195,907
Moray	182,754	200,504	209,253	202,541	197,999
North Ayrshire	301,725	329,257	345,723	345,636	341,450
North Lanarkshire	664,783	763,245	799,254	798,396	759,581
Orkney Islands	71,751	84,111	84,045	85,726	90,288
Perth & Kinross	282,849	320,542	335,180	343,026	329,799
Renfrewshire	367,659	395,792	425,857	413,024	413,817
Scottish Borders	242,773	264,841	280,663	291,322	272,669
Shetland Islands	104,711	94,386	115,890	125,637	116,977
South Ayrshire	228,404	253,985	265,187	266,716	265,745
South Lanarkshire	627,570	701,682	747,893	711,593	718,276
Stirling	185,181	206,628	208,856	222,726	224,505
West Dunbartonshire	213,559	239,552	254,407	250,165	250,583
West Lothian	334,860	365,433	386,631	401,849	375,813

1. Net expenditure financed from grants, non domestic rates, council taxes and balances.
2. Expenditure by Police, Fire and Valuation Boards is apportioned to councils by the amount that the Boards requisition from them.
3. Expenditure by Regional Transport Partnerships is apportioned to councils on a population basis.
4. Figures include Trading Services and non-HRA Housing.

## ANNEX E – Revenue Income by Local Authority and Service, 2011-12

£ thousands

	Education	Cultural and related services	Social work	Police	Fire	Roads and transport	Environmental services	Planning and economic development	Non-HRA Housing	Central services	Trading Services	Interest and Investment Income	Total General Fund Income
<b>Scotland</b>	<b>185,250</b>	<b>94,753</b>	<b>792,246</b>	<b>192,306</b>	<b>47,253</b>	<b>194,625</b>	<b>129,767</b>	<b>180,961</b>	<b>1,996,194</b>	<b>263,683</b>	<b>63,555</b>	<b>57,571</b>	<b>4,198,164</b>
Aberdeen City	7,677	2,673	33,756	13,793	693	10,572	5,288	4,466	61,249	11,342	0	11,220	162,729
Aberdeenshire	4,181	5,360	24,287	9,600	468	11,584	6,232	11,522	39,159	1,263	428	906	114,990
Angus	4,632	6,328	17,003	5,223	1,245	772	2,993	4,785	28,099	5,675	241	1,396	78,392
Argyll & Bute	3,703	1,960	8,049	739	864	2,265	4,164	5,529	25,821	2,528	4,255	365	60,242
Clackmannanshire	1,170	1,214	9,146	2,506	334	882	596	706	21,705	1,299	0	717	40,275
Dumfries & Galloway	5,620	5,164	28,959	1,458	2,839	1,453	3,475	4,685	43,463	2,919	3,748	371	104,154
Dundee City	5,260	1,505	25,695	9,673	3,399	4,843	3,995	8,997	72,166	21,979	0	1,020	158,532
East Ayrshire	3,715	2,072	17,294	401	1,058	3,983	2,541	4,873	43,494	3,520	0	1,129	84,080
East Dunbartonshire	2,343	179	21,838	649	886	1,388	1,424	3,080	18,998	3,007	0	106	53,898
East Lothian	4,152	1,470	7,940	5,678	385	372	1,126	2,213	27,102	4,727	0	766	55,931
East Renfrewshire	3,695	3,935	11,126	548	614	1,755	1,150	1,475	15,252	2,373	0	1,011	42,933
Edinburgh, City of	16,463	8,232	55,611	36,411	2,712	39,928	13,874	19,193	254,359	23,730	0	4,807	475,320
Eilean Siar	2,557	1,930	4,843	1,056	234	1,179	2,256	3,133	5,711	570	1,829	340	25,638
Falkirk	4,708	5,341	25,727	8,532	980	1,788	3,197	8,180	43,959	2,972	620	518	106,521
Fife	11,929	4,642	52,598	16,343	4,975	10,981	13,045	8,273	125,068	8,953	231	983	258,022
Glasgow City	26,931	4,840	145,115	8,462	7,386	32,578	15,874	13,906	505,568	47,909	0	3,001	811,569
Highland	9,139	5,768	24,135	10,619	1,641	7,110	6,128	7,034	10,461	4,735	19,412	531	106,714
Inverclyde	2,873	1,340	18,059	632	1,156	1,808	1,487	2,923	37,243	2,924	0	1,615	72,060
Midlothian	3,068	5,002	12,061	5,181	303	290	1,675	3,468	28,328	1,569	0	1,030	61,975
Moray	910	1,773	11,024	4,601	228	1,332	3,039	3,548	18,029	1,132	469	400	46,485
North Ayrshire	4,547	791	26,625	991	1,435	2,220	2,577	3,771	54,988	4,662	0	666	103,273
North Lanarkshire	6,815	3,669	33,458	1,145	2,375	6,798	4,371	17,957	112,195	37,491	0	796	227,070
Orkney Islands	1,129	998	4,819	595	197	2,938	892	2,608	4,078	365	6,635	6,655	31,909
Perth & Kinross	5,513	1,010	16,133	5,985	1,899	5,538	3,546	4,654	36,109	2,827	99	716	84,029
Renfrewshire	3,451	1,830	32,764	1,306	1,564	3,497	2,109	3,521	64,874	20,701	0	1,654	137,271
Scottish Borders	7,055	1,844	15,342	7,839	957	2,661	2,347	2,879	29,156	2,734	11,629	352	84,795
Shetland Islands	7,563	878	7,245	765	220	12,998	3,228	1,382	2,955	2,237	13,797	6,185	59,453
South Ayrshire	3,067	4,019	18,020	831	1,054	1,935	2,455	2,654	37,864	3,956	162	889	76,906
South Lanarkshire	6,504	2,333	43,328	2,156	2,324	11,770	4,036	12,455	101,747	20,795	0	1,362	208,810
Stirling	7,285	1,832	11,821	5,558	560	5,597	6,537	1,612	24,083	2,468	0	1,759	69,113
West Dunbartonshire	3,149	2,132	14,933	11,482	1,431	1,434	2,370	1,093	47,423	6,529	0	381	92,356
West Lothian	4,446	2,689	13,492	11,546	838	378	1,740	4,386	55,488	3,793	0	3,922	102,718

## ANNEX F – Calculation of the Distributable Amount of Non-Domestic Rates Income, 2011-12

£ thousands

2011-12 DISTRIBUTABLE AMOUNT					
NDRI Balance Sheet to 31/3/2011					
	£m	£m	£m	£m	£m
1	Balance brought forward 31/3/2010 as per Non Domestic rating account 2010-11				-34.393
2	Closing Balance				-34.393
<b>Final Balance brought forward 31/3/2010</b>					
3	Opening Balance				-34.393
4	Add: Provisional Contributable Amount 2010-11				2,165.191
5	Less: Distributable Amount 2010-11				<u>2,068.200</u>
					96.991
6	Reconciliation of 2009-10				62.598
7	Add: Notified Amount 2009-10				2,016.235
8	Less: Notified Provisional Contributable Amount 2009-10				<u>2,056.709</u>
9					-40.474
10	Reconciliation of 2008-09				22.124
11	Add: Audited Amount 2008-09				1,923.772
12	Less: Notified Amount 2008-09				<u>1,931.979</u>
13					-8.207
14	<b>Closing Balance for 2010-11</b>				13.917
15	<b>Balance brought forward 31/3/2011</b>				13.917
16	Opening Balance				
17	Add: estimated Provisional Contributable Amount 2011-12				2,168.083
18	Add: Mid Year Estimate 2010-11				2,165.191
19	Less: Provisional Contributable Amount 2010-11				2,165.191
20	Add/less: Estimated reconciliation of 2010-11				0.000
21	Estimated movement on Pool 2011-12				2,168.083
22	Estimated movement on Pool 2011-12				2,168.083
23	Net Balance on 2010-11 Pool including brought forward at 31/3/10				2,182.000
24	Less: Distributable Amount for 2011-12				-2,182.000
25	Estimated balance at 31/3/2012				0.000

## ANNEX G – Capital Expenditure by Local Authority and Service, 2011-12

	£ thousands											Housing Revenue Account	
	Education	Cultural and related services	Social work	Police & Fire	Roads and transport	Environmental services	Planning and economic development	Trading Services	Non-HRA Housing	Other Services	All General Fund Services		Housing Revenue Account
<b>Scotland</b>	<b>691,878</b>	<b>245,371</b>	<b>46,487</b>	<b>74,044</b>	<b>482,554</b>	<b>105,036</b>	<b>113,476</b>	<b>10,390</b>	<b>149,002</b>	<b>143,678</b>	<b>2,061,916</b>		<b>599,618</b>
Aberdeen City	3,695	508	498	0	8,162	3,482	1,053	0	2,011	11,594	31,003		42,023
Aberdeenshire	10,765	4,852	3,810	0	17,351	2,730	383	168	830	9,400	50,289		24,998
Angus	1,203	4,391	3,781	0	12,008	2,972	1,986	117	419	1,897	28,774		12,114
Argyll & Bute	4,926	567	578	0	11,451	2,136	574	2,647	1,517	2,696	27,092		0
Clackmannanshire	1,013	425	59	0	1,975	397	203	0	0	1,714	5,786		2,851
Dumfries & Galloway	10,301	1,056	1,105	0	10,226	801	1,094	0	1,258	7,251	33,092		0
Dundee City	17,957	15,719	1,637	0	21,071	2,013	1,471	0	937	5,889	66,694		22,071
East Ayrshire	25,287	11,323	801	0	6,344	1,953	7,357	0	484	1,787	55,336		15,274
East Dunbartonshire	2,077	592	752	0	8,205	1,073	4,790	0	464	5,314	23,267		8,334
East Lothian	17,597	8,717	302	354	8,375	287	0	0	619	2,988	39,239		33,232
East Renfrewshire	14,763	241	44	0	1,431	23	523	0	0	2,194	19,219		3,248
Edinburgh, City of	28,956	34,424	5,252	0	134,926	12,949	24,408	0	33,919	7,247	282,081		47,628
Eilean Siar	39,681	2,116	2,538	0	4,184	2,628	1,825	0	1,480	1,620	56,072		0
Falkirk	9,299	1,032	634	0	5,198	770	4,345	0	390	3,081	24,749		27,359
Fife	39,952	18,834	1,607	0	14,965	9,505	3,627	0	1,945	17,574	108,009		62,352
Glasgow City	28,048	81,004	6,529	0	40,590	6,451	28,801	0	90,413	6,139	287,975		0
Highland	35,923	5,032	2,196	0	23,005	8,273	1,559	502	2,546	141	79,177		23,619
Inverclyde	69,473	7,036	492	0	2,682	577	530	0	348	3,995	85,133		0
Midlothian	9,187	84	760	0	6,113	271	1,393	0	265	3,478	21,551		25,343
Moray	41,543	422	829	0	6,029	18,323	313	136	718	6,037	74,350		11,880
North Ayrshire	5,652	1,716	1,902	0	4,014	1,718	1,305	0	290	2,742	19,339		22,886
North Lanarkshire	97,121	9,147	2,840	0	14,198	7,518	7,841	0	0	3,445	142,110		48,018
Orkney Islands	18,852	376	504	0	1,718	31	0	2,856	596	3,706	28,639		11,060
Perth & Kinross	15,710	857	720	0	11,259	4,998	399	0	1,223	2,335	37,501		8,324
Renfrewshire	25,383	16,583	1,329	0	7,166	944	486	0	1,059	1,999	54,949		27,585
Scottish Borders	7,038	1,582	696	0	11,924	3,252	580	0	427	5,687	31,186		0
Shetland Islands	1,267	0	1,020	0	3,589	832	2,379	3,964	584	860	14,495		2,753
South Ayrshire	6,322	688	33	0	1,432	348	14	0	527	1,394	10,758		11,818
South Lanarkshire	84,798	11,232	1,254	0	14,683	1,358	5,491	0	0	3,396	122,212		37,148
Stirling	4,012	1,022	416	0	7,918	3,606	2,189	0	2,529	3,642	25,334		12,341
West Dunbartonshire	3,250	102	1,056	0	2,473	432	5,207	0	472	2,345	15,337		16,899
West Lothian	10,827	3,691	513	0	10,133	2,385	1,350	0	732	9,966	39,597		38,460

## ANNEX G – Capital Expenditure by Local Authority and Service, 2011-12

	£ thousands											Housing Revenue Account
	Education	Cultural and related services	Social work	Police & Fire	Roads and transport	Environmental services	Planning and economic development	Trading Services	Non-HRA Housing	Other Services	All General Fund Services	
<b>Scotland</b>	<b>691,878</b>	<b>245,371</b>	<b>46,487</b>	<b>74,044</b>	<b>482,554</b>	<b>105,036</b>	<b>113,476</b>	<b>10,390</b>	<b>149,002</b>	<b>143,678</b>	<b>2,061,916</b>	<b>599,618</b>
Central Scotland Joint Fire	0	0	0	1,208	0	0	0	0	0	0	1,208	0
Dumfries & Galloway Fire	0	0	0	1,040	0	0	0	0	0	0	1,040	0
Fife Fire and Rescue Service	0	0	0	1,021	0	0	0	0	0	0	1,021	0
Grampian Fire	0	0	0	1,867	0	0	0	0	0	0	1,867	0
Highlands & Islands Fire	0	0	0	3,288	0	0	0	0	0	0	3,288	0
Lothian & Borders Fire & Rescue	0	0	0	3,425	0	0	0	0	0	0	3,425	0
Strathclyde Fire	0	0	0	29,677	0	0	0	0	0	0	29,677	0
Tayside Fire & Rescue	0	0	0	2,330	0	0	0	0	0	0	2,330	0
Central Scotland Police	0	0	0	1,286	0	0	0	0	0	0	1,286	0
Dumfries & Galloway Police	0	0	0	967	0	0	0	0	0	0	967	0
Fife Constabulary	0	0	0	2,177	0	0	0	0	0	0	2,177	0
Grampian Police	0	0	0	2,588	0	0	0	0	0	0	2,588	0
Lothian & Borders Police	0	0	0	5,291	0	0	0	0	0	0	5,291	0
Northern Police	0	0	0	1,239	0	0	0	0	0	0	1,239	0
Strathclyde Police	0	0	0	14,159	0	0	0	0	0	0	14,159	0
Tayside Police	0	0	0	2,127	0	0	0	0	0	0	2,127	0
Ayrshire VJB	0	0	0	0	0	0	0	0	0	6	6	0
Central VJB	0	0	0	0	0	0	0	0	0	0	0	0
Dunbartonshire&Argyll& Bute VJB	0	0	0	0	0	0	0	0	0	43	43	0
Grampian VJB	0	0	0	0	0	0	0	0	0	0	0	0
Highland and Western Isles VJB	0	0	0	0	0	0	0	0	0	0	0	0
Lanarkshire VJB	0	0	0	0	0	0	0	0	0	0	0	0
Lothian VJB	0	0	0	0	0	0	0	0	30	30	30	0
Orkney & Shetland VJB	0	0	0	0	0	0	0	0	0	0	0	0
Renfrewshire VJB	0	0	0	0	0	0	0	0	11	11	11	0
Tayside VJB	0	0	0	0	0	0	0	0	35	35	35	0
Forth Estuary Transport	0	0	0	0	11,261	0	0	0	0	0	11,261	0
Tay Road Bridge	0	0	0	0	6,122	0	0	0	0	0	6,122	0
HITRANS	0	0	0	0	0	0	0	0	0	0	0	0
NESTRANS	0	0	0	0	2,674	0	0	0	0	0	2,674	0
SESTRAN	0	0	0	0	1,305	0	0	0	0	0	1,305	0
SWESTRANS	0	0	0	0	616	0	0	0	0	0	616	0
SPT	0	0	0	0	25,778	0	0	0	0	0	25,778	0
TACTRAN	0	0	0	0	0	0	0	0	0	0	0	0
ZetTrans	0	0	0	0	0	0	0	0	0	0	0	0



## ANNEX H – Capital Expenditure by Service and Type of Expenditure, 2011-12

£ thousands

	Acquisition of land, leases, existing buildings or works	New construction, conversions, enhancement to existing buildings	Vehicles, Machinery, Equipment	Intangible Assets	Total Gross Capital Expenditure	Revenue Expenditure funded from Capital Resources	Total Expenditure to be met from Capital Resources
<b>Education</b>	<b>26,899</b>	<b>650,420</b>	<b>13,701</b>	<b>212</b>	<b>691,232</b>	<b>646</b>	<b>691,878</b>
Pre-primary education	66	5,431	210	0	5,707	0	5,707
Primary education	11,943	314,693	5,523	187	332,346	254	332,600
Secondary education	14,870	300,562	6,988	23	322,443	392	322,835
Special education	0	13,512	859	2	14,373	0	14,373
Community learning	20	16,222	121	0	16,363	0	16,363
<b>Cultural and related services</b>	<b>2,342</b>	<b>233,794</b>	<b>8,488</b>	<b>0</b>	<b>244,624</b>	<b>747</b>	<b>245,371</b>
Tourism	0	649	0	0	649	130	779
Recreation and Sport	2,336	192,387	5,996	0	200,719	269	200,988
Libraries	0	7,060	1,683	0	8,743	0	8,743
Museums and art galleries	0	13,805	106	0	13,911	0	13,911
Other culture and heritage	6	19,893	703	0	20,602	348	20,950
<b>Social work</b>	<b>2,190</b>	<b>39,936</b>	<b>3,712</b>	<b>21</b>	<b>45,859</b>	<b>628</b>	<b>46,487</b>
Children	796	5,769	161	0	6,726	0	6,726
Older people	271	24,268	1,213	21	25,773	0	25,773
Adults with mental health needs	350	1,141	245	0	1,736	0	1,736
Adults with learning disabilities	285	1,820	350	0	2,455	447	2,902
Other Adults Services	488	6,938	1,743	0	9,169	181	9,350
<b>Police and fire</b>	<b>645</b>	<b>42,719</b>	<b>30,302</b>	<b>378</b>	<b>74,044</b>	<b>19,467</b>	<b>74,044</b>
Police	297	11,627	17,952	312	30,188	19,467	30,188
Fire	348	31,092	12,350	66	43,856	0	43,856
<b>Roads and transport</b>	<b>23,726</b>	<b>410,780</b>	<b>22,245</b>	<b>207</b>	<b>456,958</b>	<b>25,596</b>	<b>482,554</b>
Roads	11,244	227,899	11,800	16	250,959	4,475	255,434
Network and traffic management	1,188	27,811	680	0	29,679	1,172	30,851
Bridges	3,014	29,214	126	53	32,407	2,148	34,555
Parking Services	584	6,746	106	0	7,436	0	7,436
Public Transport - Rail	6,217	499	0	0	6,716	0	6,716
Other Public Transport	1,479	118,611	9,533	138	129,761	17,801	147,562
<b>Environmental services</b>	<b>2,922</b>	<b>86,990</b>	<b>14,392</b>	<b>31</b>	<b>104,335</b>	<b>701</b>	<b>105,036</b>
Crematoria and burial grounds	798	7,448	153	0	8,399	62	8,461
Coast protection	1,064	2,637	0	0	3,701	0	3,701
Flood prevention	8	48,033	62	0	48,103	0	48,103
Environmental Health	431	2,641	116	0	3,188	637	3,825
Waste collection and disposal	621	26,231	14,061	31	40,944	2	40,946
<b>Planning and economic development</b>	<b>10,236</b>	<b>95,461</b>	<b>749</b>	<b>121</b>	<b>106,567</b>	<b>6,909</b>	<b>113,476</b>
Planning	0	957	48	121	1,126	0	1,126
Environmental Initiatives	304	8,525	6	0	8,835	5,182	14,017
Economic development	9,932	85,979	695	0	96,606	1,727	98,333
<b>Trading Services</b>	<b>3,698</b>	<b>6,386</b>	<b>306</b>	<b>0</b>	<b>10,390</b>	<b>0</b>	<b>10,390</b>
Fishery Harbours, Markets, Commercial Ports, Piers & Harbours	3,492	3,752	259	0	7,503	0	7,503
Shipping, Airports, Transport Piers & Ferry Terminals	206	2,634	47	0	2,887	0	2,887
Toll Bridges	0	0	0	0	0	0	0
<b>Other Services</b>	<b>7,385</b>	<b>67,522</b>	<b>61,432</b>	<b>4,948</b>	<b>141,287</b>	<b>2,391</b>	<b>143,678</b>
<b>Non-HRA Housing</b>	<b>317</b>	<b>5,147</b>	<b>135</b>	<b>0</b>	<b>5,599</b>	<b>143,403</b>	<b>149,002</b>
<b>Total General Fund Services</b>	<b>80,360</b>	<b>1,639,155</b>	<b>155,462</b>	<b>5,918</b>	<b>1,880,895</b>	<b>200,488</b>	<b>2,061,916</b>
<b>Housing Revenue Account</b>	<b>56,972</b>	<b>503,138</b>	<b>39,374</b>	<b>134</b>	<b>599,618</b>	<b>0</b>	<b>599,618</b>
<b>All services</b>	<b>137,332</b>	<b>2,142,293</b>	<b>194,836</b>	<b>6,052</b>	<b>2,480,513</b>	<b>181,021</b>	<b>2,661,534</b>

## ANNEX I – Capital Income by Local Authority and Type, 2011-12

£ thousands

	Capital Receipts		Grants from Scottish Government and NDPBs	Grants from other local authorities <sup>1</sup>	European Union Structural Funds	Contributions from private developers or persons	Grants from the National Lottery	Other Grants/ Contributions	Total Capital Income
	From sale of tangible fixed assets	From the sale of intangible fixed assets							
<b>Scotland</b>	<b>108,996</b>	<b>3,324</b>	<b>724,402</b>	<b>30,483</b>	<b>5,788</b>	<b>13,148</b>	<b>3,007</b>	<b>43,020</b>	<b>932,168</b>
Aberdeen City	10,823	0	19,104	0	0	0	135	2,373	32,435
Aberdeenshire	2,708	70	21,325	0	0	16	0	2,984	27,103
Angus	2,344	0	11,426	43	0	30	0	401	14,244
Argyll & Bute	313	0	11,065	0	414	0	0	0	11,792
Clackmannanshire	772	0	0	0	0	0	0	0	772
Dumfries & Galloway	248	0	16,711	0	0	0	0	321	17,280
Dundee City	3,702	0	26,256	334	119	59	0	72	30,542
East Ayrshire	2,725	0	13,054	1,347	0	0	0	501	17,627
East Dunbartonshire	8,592	0	8,916	835	0	684	0	57	19,084
East Lothian	0	0	15,530	0	0	1,125	0	934	17,589
East Renfrewshire	554	0	10,766	0	0	371	0	190	11,881
Edinburgh, City of	8,421	0	89,141	118	0	2,467	111	978	101,236
Eilean Siar	145	0	30,573	0	1,130	0	0	430	32,278
Falkirk	2,623	0	19,098	0	0	1,994	1,200	1,656	26,571
Fife	9,759	0	34,955	0	479	1,248	410	6,315	53,166
Glasgow City	8,412	0	70,953	4,255	0	0	0	8,175	91,795
Highland	705	3,254	0	0	0	0	0	0	3,959
Inverclyde	186	0	8,872	0	0	0	0	153	9,211
Midlothian	1,754	0	15,551	0	0	1,533	0	1,946	20,784
Moray	2,234	0	25,386	0	132	120	0	194	28,066
North Ayrshire	2,429	0	12,902	700	0	0	0	585	16,616
North Lanarkshire	5,584	0	26,016	781	0	906	302	1,102	34,691
Orkney Islands	1,189	0	25,109	0	2,318	0	0	293	28,909
Perth & Kinross	1,424	0	12,548	0	0	371	278	15	14,636
Renfrewshire	6,456	0	15,104	0	0	0	0	519	22,079
Scottish Borders	447	0	18,760	0	0	410	0	926	20,543
Shetland Islands	0	0	7,450	0	489	0	0	0	7,939
South Ayrshire	1,756	0	11,621	0	0	0	0	1,860	15,237
South Lanarkshire	12,623	0	27,578	0	707	131	571	2,483	44,093
Stirling	1,192	0	10,764	0	0	0	0	1,437	13,393
West Dunbartonshire	1,153	0	8,838	0	0	10	0	3,728	13,729
West Lothian	2,701	0	22,498	0	0	1,673	0	1,008	27,880

## ANNEX I – Capital Income by Local Authority and Type, 2011-12

£ thousands

	Capital Receipts		Grants from Scottish Government and NDPBs	Grants from other local authorities <sup>1</sup>	European Union Structural Funds	Contributions from private developers or persons	Grants from the National Lottery	Other Grants/ Contributions	Total Capital Income
	From sale of tangible fixed assets	From the sale of intangible fixed assets							
<b>Scotland</b>	<b>108,996</b>	<b>3,324</b>	<b>724,402</b>	<b>30,483</b>	<b>5,788</b>	<b>13,148</b>	<b>3,007</b>	<b>43,020</b>	<b>932,168</b>
Central Scotland Joint Fire	3	0	927	0	0	0	0	0	930
Dumfries & Galloway Fire	4	0	1,036	0	0	0	0	0	1,040
Fife Fire and Rescue Service	914	0	979	0	0	0	0	0	1,893
Grampian Fire	54	0	1,730	0	0	0	0	0	1,784
Highlands & Islands Fire	33	0	2,527	0	0	0	0	21	2,581
Lothian & Borders Fire & Rescue	33	0	2,971	0	0	0	0	421	3,425
Strathclyde Fire	171	0	0	0	0	0	0	0	171
Tayside Fire & Rescue	182	0	1,357	0	0	0	0	0	1,539
Central Scotland Police	178	0	0	0	0	0	0	0	178
Dumfries & Galloway Police	91	0	864	0	0	0	0	4	959
Fife Constabulary	206	0	1,578	0	0	0	0	167	1,951
Grampian Police	577	0	46	1,774	0	0	0	0	2,397
Lothian & Borders Police	0	0	999	3,615	0	0	0	0	4,614
Northern Police	943	0	64	1,000	0	0	0	0	2,007
Strathclyde Police	1,463	0	2,666	10,994	0	0	0	0	15,123
Tayside Police	74	0	277	1,530	0	0	0	79	1,960
Ayrshire VJB	0	0	0	0	0	0	0	0	0
Central VJB	0	0	0	0	0	0	0	0	0
Dunbartonshire & Argyll & Bute VJB	0	0	0	0	0	0	0	24	24
Grampian VJB	0	0	0	0	0	0	0	0	0
Highland & Western Isles VJB	0	0	0	0	0	0	0	0	0
Lanarkshire VJB	0	0	0	0	0	0	0	0	0
Lothian VJB	0	0	0	0	0	0	0	30	30
Orkney & Shetland VJB	0	0	0	0	0	0	0	0	0
Renfrewshire VJB	0	0	0	0	0	0	0	0	0
Tayside VJB	0	0	0	35	0	0	0	0	35
Forth Estuary Transport	0	0	11,804	0	0	0	0	0	11,804
Tay Road Bridge	3	0	6,119	0	0	0	0	0	6,122
HITRANS	0	0	0	0	0	0	0	0	0
NESTRANS	0	0	0	2,583	0	0	0	91	2,674
SESTRAN	0	0	0	0	0	0	0	0	0
SWESTRANS	0	0	77	539	0	0	0	0	616
SPT	93	0	40,511	0	0	0	0	547	41,151
TACTRAN	0	0	0	0	0	0	0	0	0
ZetTrans	0	0	0	0	0	0	0	0	0

## ANNEX J – Capital Receipts by Service, 2011-12

£ thousands

	Sale & Disposal of fixed assets
<b>Education</b>	<b>20,177</b>
Pre-primary education	487
Primary education	3,130
Secondary education	12,550
Special education	3,961
Community Learning	49
<b>Cultural and related services</b>	<b>746</b>
Tourism	3
Recreation and Sport	592
Libraries	137
Museums and art galleries	0
Other culture and heritage	14
<b>Social work</b>	<b>3,477</b>
Children	768
Older people	1,869
Adults with learning disabilities	0
Adults with mental health needs	621
Other Adults Services	219
<b>Police and fire</b>	<b>4,926</b>
Police	3,532
Fire	1,394
<b>Roads and transport</b>	<b>6,087</b>
Roads	808
Network and traffic management	68
Bridges	36
Parking Services	5,078
Rail	0
Other Public Transport	97
<b>Environmental services</b>	<b>611</b>
Crematoria and burial grounds	95
Coast protection	0
Flood prevention	16
Environmental Health	131
Waste collection and disposal	369
<b>Planning and economic development</b>	<b>13,962</b>
Planning	5,164
Environmental Initiatives	8
Economic development	8,790
<b>Non-HRA Housing</b>	<b>344</b>
<b>Trading Services</b>	<b>1</b>
Fishery Harbours, Markets, Commercial Ports, Piers & Harbours	1
Shipping, Airports, Transport Piers & Ferry Terminals	0
Toll Bridges	0
<b>Other Services</b>	<b>15,663</b>
<b>Total General Fund Services</b>	<b>65,994</b>
<b>Housing Revenue Account</b>	<b>46,326</b>
<b>All services</b>	<b>112,320</b>

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