



Scottish Government
Riaghaltas na h-Alba
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A National Statistics publication for Scotland

SG/2021/88

PUBLIC SERVICES AND GOVERNMENT

Scottish Local Government Finance Statistics 2019-20

How much did local authorities spend on services in 2019-20?

Revenue expenditure is the cost of delivering services each year.

Gross **service expenditure** is total expenditure on services in year minus internal transfers.

Gross **service income** is total income authorities receive from services, such as service specific grants or income generated through fees, etc.

Net revenue expenditure is gross service expenditure minus gross service income. It reflects the amount of service expenditure to be funded by general funding or reserves.

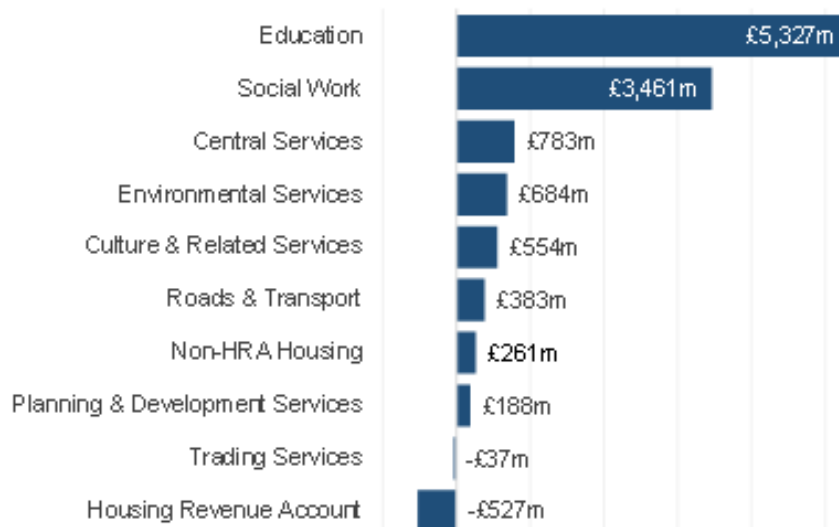
How did local authorities fund services in 2019-20?

General funding is largely made up of the **General Revenue Grant (GRG)**, **Non-Domestic Rates (NDR)** and **Council Tax**.

Local authorities use general funding to meet their net revenue expenditure on services and any other revenue expenditure that is not directly related to services, such as repayment of debt.

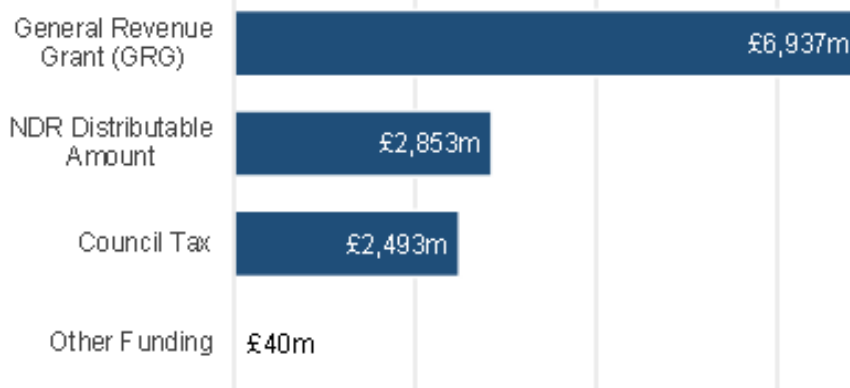
In 2019-20, local authorities' expenditure exceeded their general funding. This **deficit** was funded from local authorities' reserves.

Net Revenue Expenditure in 2019-20 by service, £ millions



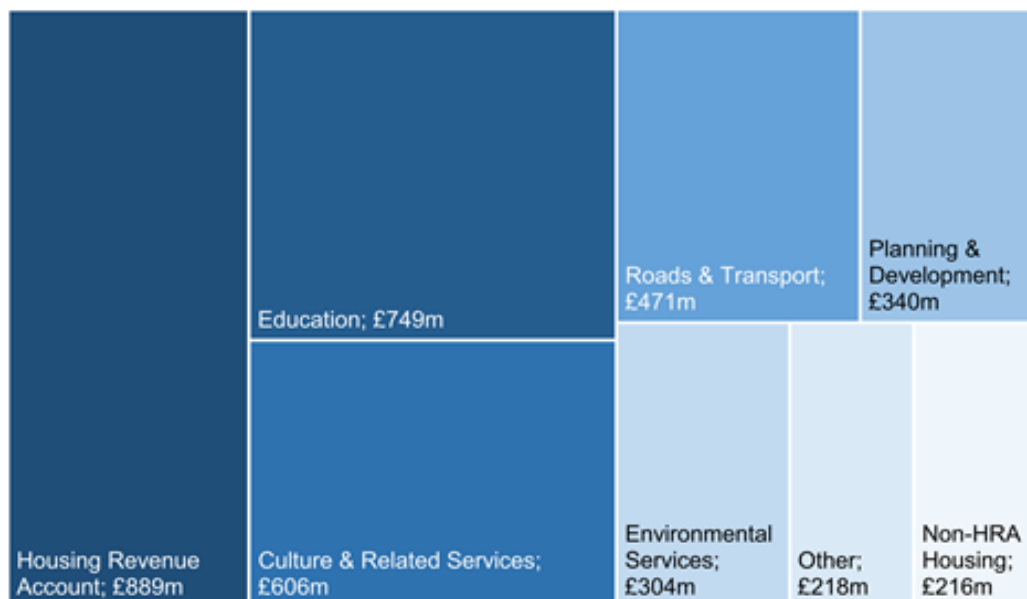
Gross Service Expenditure	£20,108 million
- Gross Service Income	- £9,031 million
Net Revenue Expenditure	£11,077 million

General Funding in 2019-20 by source, £ millions



Net Revenue Expenditure	£11,077 million
+ Non-Service Expenditure	+ £1,666 million
- General Funding	- £12,323 million
Deficit met from Reserves	£420 million

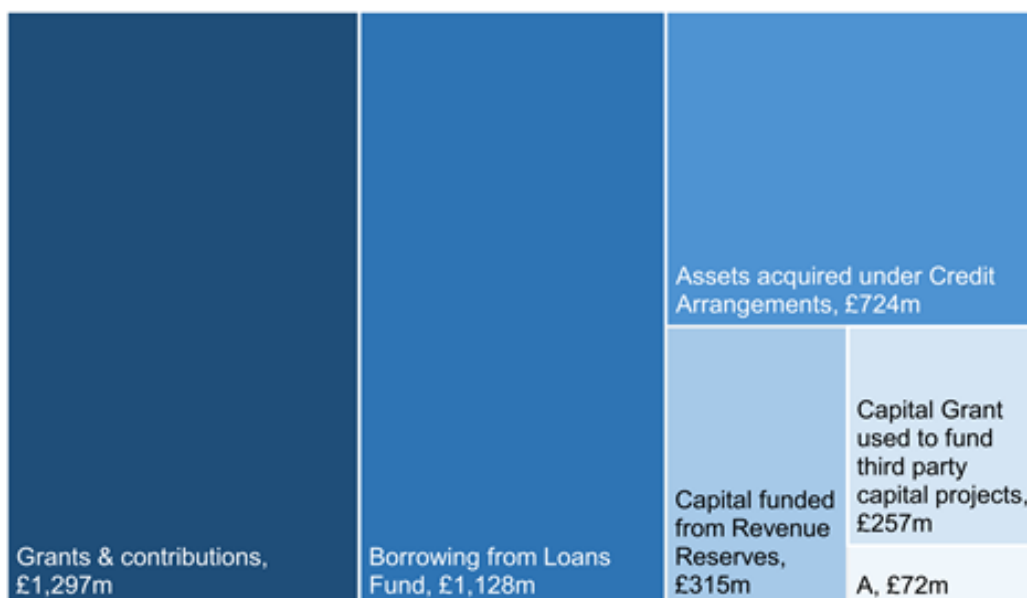
Capital Expenditure in 2019-20 by service, £ millions



Note: 'Other' includes Social Work, Central Services and Trading Services

Total Capital Expenditure = £3,794 million

Financing of Capital Expenditure in 2019-20 by source, £ millions



Note: A = Capital Fund & Capital Receipts

What was the value of capital investment in 2019-20?

Capital expenditure is expenditure that **creates** the **buildings and infrastructure** necessary to provide services, such as schools, flood defence, roads and vehicles.

Capital expenditure also includes **capital grants or loans to third parties** funded from borrowing.

How did local authorities finance the £3,794 million of capital expenditure incurred in 2019-20?

Local authorities can finance their total capital expenditure in a number of ways. The main sources of financing are:

- **Grants & contributions**, including those from the Scottish Government;
- **Borrowing** or entering into **credit arrangements**, such as a finance lease or service concession arrangement;
- Using **revenue reserves**.

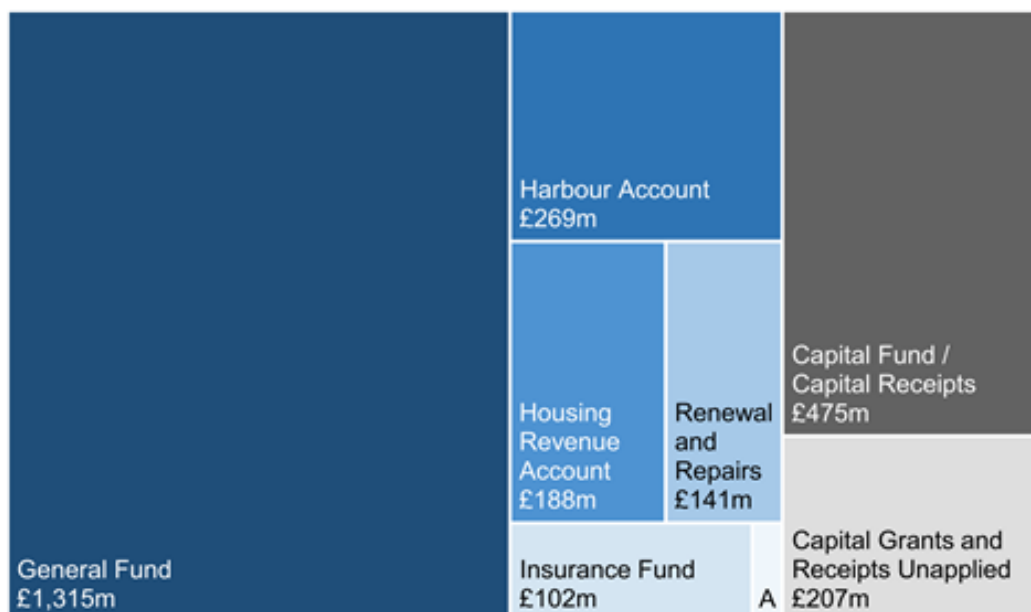
What reserves did local authorities have at 31 March 2020?

Usable reserves are local authorities' surplus income from previous years. This can be used to finance future revenue or capital expenditure.

The **General Fund** is the main usable **revenue** reserve, although there are other reserves that authorities may be able to use.

There are also two usable **capital** reserves.

Usable Reserves at 31 March 2020. £ millions



Note: A = Other Statutory Funds, £13m

Total Usable Reserves = £2,708 million

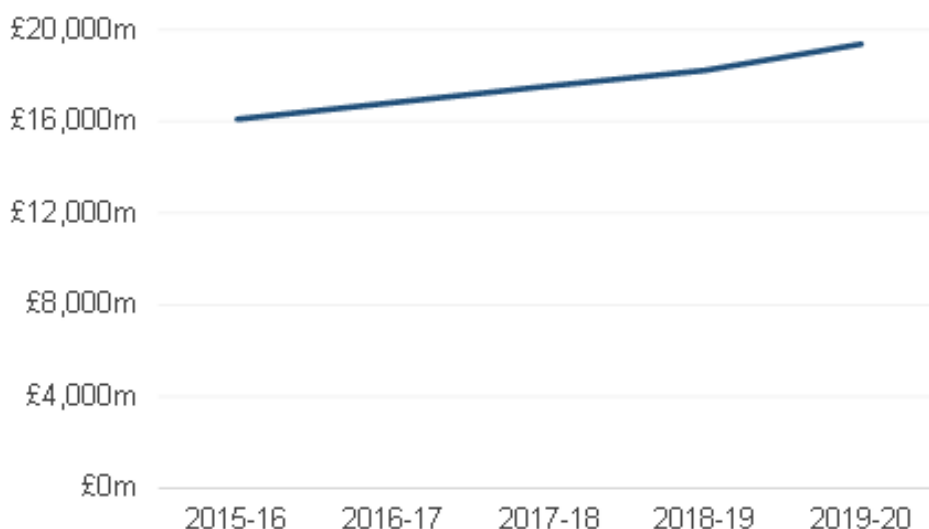
What debt did local authorities have at 31 March 2020?

When a local authority borrows money or uses a credit arrangement to finance capital expenditure, a **debt** is created.

Local authorities have to repay this debt from future revenues.

In 2019-20, local authorities **repaid** £624 million of debt.

Total Debt at 31 March from 2015-16 to 2019-20, £ millions



Total Debt in 2019-20 = £19,377 million

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1. Introduction

Local authorities are responsible for delivering a wide range of services, including education, social work, transport, housing, environmental services and cultural services. In Scotland, local government primarily comprises of **32 councils**, the boundaries of which are shown in Annex A. There are also:

- **ten Valuation Joint Boards (VJBs)**, who provide valuation services to councils. Primarily, VJBs maintain the valuation roll for non-domestic properties and the Council Tax valuation list for domestic dwellings. These are then used as the basis for local taxation billing liability.
- **seven Regional Transport Partnerships (RTPs)**, which were established by the Transport (Scotland) Act 2005 to lead on regional transport strategy and delivery.
- **the Tay Road Bridge Joint Board**, which is responsible for the operation, management and maintenance of the Tay Road Bridge.

Most of these additional boards are the collective responsibility of two or more councils – a list of local authority joint board membership is provided at Annex B. The Tay Road Bridge Joint Board comprises councillors from Dundee City, Fife and Angus, however finance is provided directly from the Scottish Government.

This publication provides a comprehensive **overview of the financial activity across the 50 local authorities described above**. It covers revenue expenditure and income, including local taxation; capital expenditure and financing; reserves and fixed assets; debt and prudential indicators; and pensions.

Expenditure and income figures are presented on a **funding basis** in this publication. This means local authorities have made adjustments to remove certain accounting transactions that have been charged to services, such as depreciation and pension costs. Local authorities will consider funding basis figures when making financial decisions, such as setting budgets or increases in Council Tax.

Please note, throughout the publication:

- all years refer to the relevant **financial year**, for example 2019-20 refers to activity from 1 April 2019 to 31 March 2020;
- figures within tables / charts may not sum to the total exactly due to rounding;
- absolute zeroes are presented as a '-'; figures which round to zero are presented as '0'.
- all figures are presented in **cash terms**: this means they have **not** been adjusted for inflation;
- expenditure and income figures are presented as positive figures, however **net** expenditure figures may be presented as negative where gross income has exceeded gross expenditure and so the net position relates to income.

Figures included in this publication for years prior to 2019-20 have been revised where necessary to ensure comparability to 2019-20 data or to correct any minor errors identified since the last publication. This means that figures may not match to those previously published. Please note that this publication will **only** be updated to reflect revisions which have a significant impact on the key figures or commentary. Minor revisions to source data files made after publication that have no material impact on the Scotland figures or key messages will **not** be made to this publication, but will be reflected in the 2020-21 SLGFS publication.

Under the Public Bodies (Joint Working) (Scotland) Act 2014, **30 Integration Joint Boards (IJBs)** have been established in Scotland. IJBs are responsible for the planning of integrated arrangements and onward service delivery of health and social care for their constituent councils and health boards. This publication only includes expenditure that is recognised in council's financial data, that is:

- local authorities' transfer payments to IJBs, with the total payment amount in year recorded as gross service expenditure against Social Work services;
- income local authorities receive from IJBs to commission services, recorded as gross service income against the relevant service;
- the expenditure that local authorities incur to commission those services, recorded as gross service expenditure against the relevant service.

Local authorities are also required to undertake community planning in partnership with other agencies responsible for public service delivery in an area, such as Health Boards, and Police and Fire bodies. However, the financial activity of these other agencies is not included in this publication.

More information on this publication, including associated data available for download, can be found at www.gov.scot/collections/local-government-finance-statistics/#scottishlocalgovernmentfinancialstatistics.

More information on local government in Scotland is available at www.gov.scot/policies/local-government/.

2. Revenue Expenditure and Income

Revenue expenditure is the cost of delivering services each year and includes both service operating costs and overheads. These costs might include salaries, rent, building maintenance, supplies and services. The benefits from revenue expenditure are mainly received within the financial year.

Any additional expenditure incurred by services in relation to the Covid-19 pandemic will also be included within their revenue expenditure figures. As this publication only covers expenditure to 31 March 2020, the amount of additional Covid-19 expenditure included is not significant (relating to less than 0.05 per cent of gross service expenditure) and so is not discussed in further detail.

Revenue expenditure also includes costs that cannot be directly attributed to a service, such as the repayment of debt and where a local authority has used revenue resources to fund capital investment (Chapter 2.2).

All local authorities are required to have a **General Fund** which is used to account for all revenue activity, except that relating to local authority housing. The General Fund is the principle revenue reserve of the local authority.

Where a council has housing stock, it is required to record expenditure and income relating to the direct provision of housing in their **Housing Revenue Account (HRA)**. HRAs are generally self-financing, that is the income received is sufficient to cover expenditure incurred. Of the 32 councils, 26 have an HRA.

The Orkney County Council Act 1974 and the Zetland County Council Act 1974 require Orkney and Shetland to also hold a **Harbour Account**, a separate account and reserve fund specifically for harbour undertakings. Orkney and Shetland are also able to transfer money between their General Fund and their Harbour Accounts. For the purposes of this publication, expenditure and income relating to Harbour Accounts is included in General Fund figures unless otherwise stated.

Revenue expenditure is principally funded through service income (Chapter 2.1.4) and general funding (Chapter 2.3). Any **deficit (+)** in a local authority's revenue account is met from their reserves, and any **surplus (-)** is added to a local authority's reserves and carried forward to the next year (Chapter 2.4).

2.1 Expenditure and Income on Services

Net Revenue Expenditure, also known as the net cost of services, is the element of service expenditure that is funded by general funding or reserves. It is calculated as gross service expenditure minus gross service income. As shown in **Table 2.1**, the net revenue expenditure on local authority services, including HRA, was £11,077 million in 2019-20, an increase of 8.1 per cent, or £827 million, from 2018-19.

Table 2.1: Net Revenue Expenditure on Services in 2019-20, £ millions

	General Fund ¹	HRA	Total
Gross Service Expenditure	19,355	753	20,108
Gross Service Income	7,751	1,280	9,031
Net Revenue Expenditure	11,604	-527	11,077

Source: LFR 00

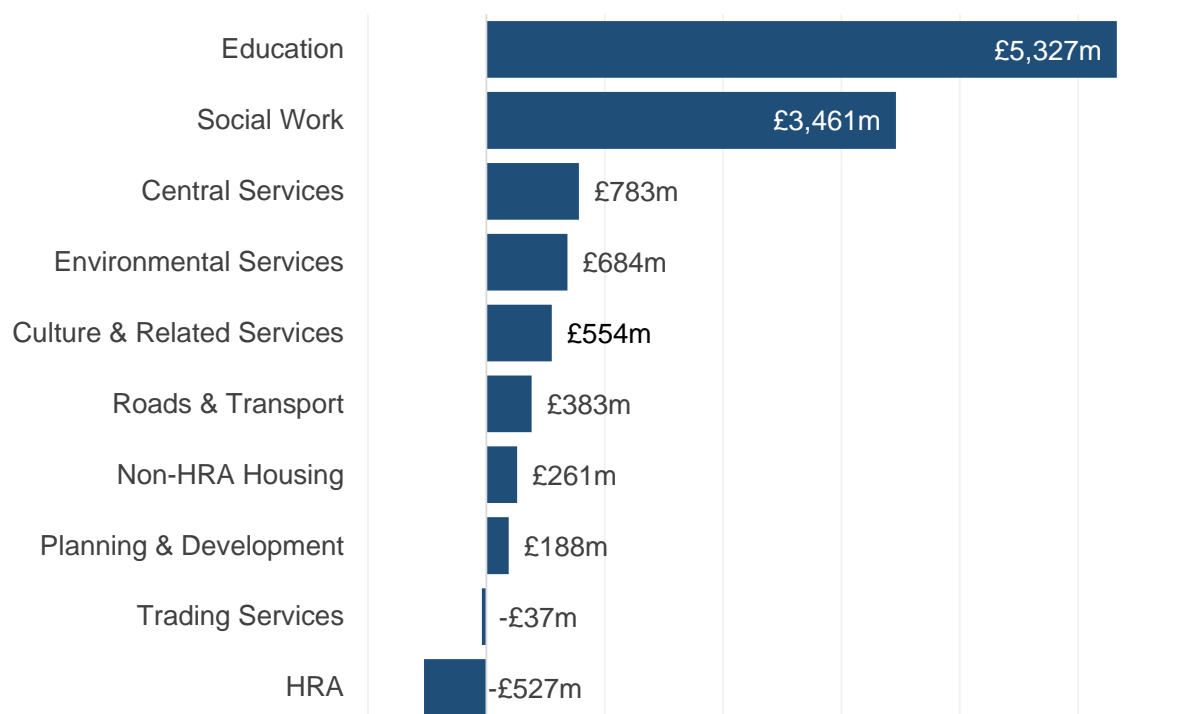
Notes

¹ General Fund figures include amounts relating to Harbour Accounts for Orkney and Shetland.

2.1.1 Net Revenue Expenditure by Service

Chart 2.1 shows net revenue expenditure on services in Scotland in 2019-20. Education has the highest net revenue expenditure at £5,327 million followed by Social Work which has a net revenue expenditure of £3,461 million.

Chart 2.1: Net Revenue Expenditure in 2019-20 by Service, £ millions



Source: LFR 00

Notes

'Roads & Transport' includes Road Bridges

Table 2.2 shows how net revenue expenditure by service has changed between 2015-16 and 2019-20.

Table 2.2: Net Revenue Expenditure from 2015-16 to 2019-20 by Service, £ millions

	2015-16	2016-17	2017-18	2018-19	2019-20	% change between 2018-19 & 2019-20
Education	4,735	4,828	4,839	5,054	5,327	5.4%
Culture & Related Services	598	576	560	575	554	-3.7%
Social Work	3,178	3,207	3,198	3,312	3,461	4.5%
Roads & Transport ¹	422	399	432	384	383	-0.2%
Environmental Services	684	679	688	678	684	1.0%
Planning & Development	243	234	213	206	188	-8.6%
Central Services	464	389	448	346	783	126.6%
Non-HRA Housing	288	231	258	254	261	2.7%
Trading Services	-17	-27	-30	-35	-37	-6.5%
General Fund Net Revenue Expenditure	10,595	10,517	10,605	10,774	11,604	7.7%
HRA	-491	-504	-517	-524	-527	-0.6%
Total GF & HRA Net Revenue Expenditure	10,104	10,012	10,088	10,250	11,077	8.1%

Source: LFR 00

Notes

¹ Including Road Bridges.

Net revenue expenditure on **Education** has increased by 5.4 per cent, or £273 million, in 2019-20. In particular, expenditure on staffing costs within Education has increased significantly in 2019-20 which reflects the teacher pay deal agreed in 2019-20, and may also reflect an increase in staff numbers as part of the continued expansion of Early Learning Childcare provision.

Culture and Related Services saw a decrease of 3.7 per cent, or £21 million, in net revenue expenditure in 2019-20. This decrease predominantly relates to expenditure for the Euro Championships which was incurred in 2018-19, but not in 2019-20.

Net revenue expenditure on **Social Work** increased by 4.5 per cent, or £149 million, in 2019-20. Whilst both the cost of providing Social Work services and the income received from these services have increased at a similar rate compared to 2018-19, the value of the increase in expenditure incurred is larger than that for income received, leading to an overall increase in net revenue expenditure.

Net revenue expenditure on **Roads & Transport** has remained broadly consistent between 2018-19 and 2019-20, with a decrease of only 0.2 per cent, or £1 million. This service area has fluctuated over the five year period shown in **Table 2.2**. Some of this variation will relate to weather conditions in each particular year, with worse weather requiring increased expenditure on maintenance in year.

Environmental Services and **Non-HRA Housing** have shown small increases in net revenue expenditure from 2018-19, 1.0 per cent (£7 million) and 2.7 per cent (£7 million) respectively.

Planning and Development saw a decrease of 8.6 per cent, or £18 million, in net revenue expenditure in 2019-20. This decrease is caused by income received for this service increasing by more than the expenditure incurred to provide the service.

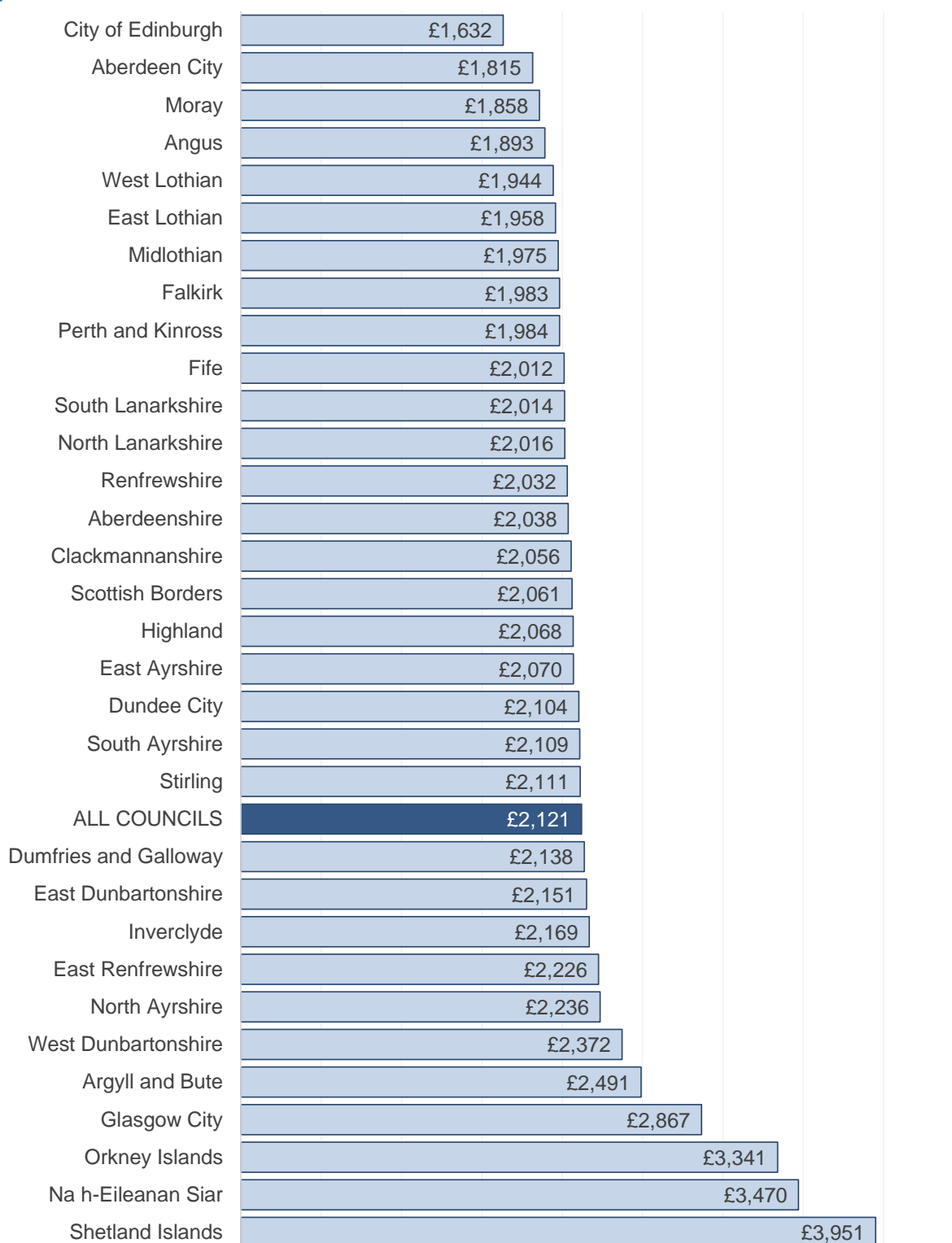
Net revenue expenditure on **Central Services** has increased by 126.6 per cent, or £437 million, between 2018-19 and 2019-20. This significant increase relates to an equal pay settlement made by Glasgow City Council in 2019-20.

HRA and **Trading Services** both have negative net revenue expenditure, which means that the service income received for these services was **more** than the expenditure incurred to provide these services. As such, negative net revenue expenditure can be considered as net income. Over the last five years, net revenue expenditure for these services has steadily decreased – that is the overall net income that local authorities have received from these services has increased.

2.1.2 General Fund Net Revenue Expenditure by Council

Chart 2.2 shows net revenue expenditure on General Fund services per person by council. On average, councils' in Scotland spent £2,121 per person in 2019-20, an increase from £1,980 per person in 2018-19. This varied across councils, from £1,632 per person in Edinburgh to £3,951 per person in Shetland.

Chart 2.2: General Fund¹ Net Revenue Expenditure in 2019-20 by Council, £ per person



Source: LFR 00, Mid-Year Population Estimates

Notes

¹ General Fund figures include amounts relating to Harbour Accounts for Orkney and Shetland.

2.1.3 Gross Service Expenditure

Gross Service Expenditure is the total expenditure on local authority services within a financial year, adjusted for any intra / inter-authority transfers. In 2019-20, gross service expenditure was £20,108 million, an increase of 6.6 per cent, or £1,243 million, from 2018-19. **Table 2.3** shows gross service expenditure by type of expenditure from 2015-16 to 2019-20.

Table 2.3: Gross Service Expenditure from 2015-16 to 2019-20 by Expenditure Type, £ millions

	2015-16	2016-17	2017-18	2018-19	2019-20	% change between 2018-19 & 2019-20
Employee Costs	6,283	6,713	6,864	7,196	8,259	14.8%
Operating Costs	6,720	6,828	7,090	7,467	7,552	1.1%
Transfer Payments	2,410	4,394	4,378	4,743	4,786	0.9%
Support Services	867	824	743	735	738	0.5%
Adjustment for Intra / Inter Authority Transfers	-617	-994	-1,005	-1,275	-1,227	-3.8%
Gross Service Expenditure	15,663	17,765	18,070	18,866	20,108	6.6%

Source: LFR 00

In 2019-20, **employee costs** were the largest element of gross service expenditure, accounting for £8,259 million. These costs relate to salaries and wages, national insurance and superannuation contributions, cash allowances paid to employees, redundancy and severance payments and any other costs relating to employees. Employee costs have increased by 14.8 per cent, or £1,063 million, from 2018-19, and by 31.5 per cent, or £1,976 million, over the last five years.

Operating costs was the second largest expenditure type in 2019-20, accounting for £7,552 million, an increase of 1.1 per cent, or £85 million, from 2018-19. This expenditure includes property costs, supplies and services costs, transport and plan costs, payments to agencies and other bodies and direct administration costs.

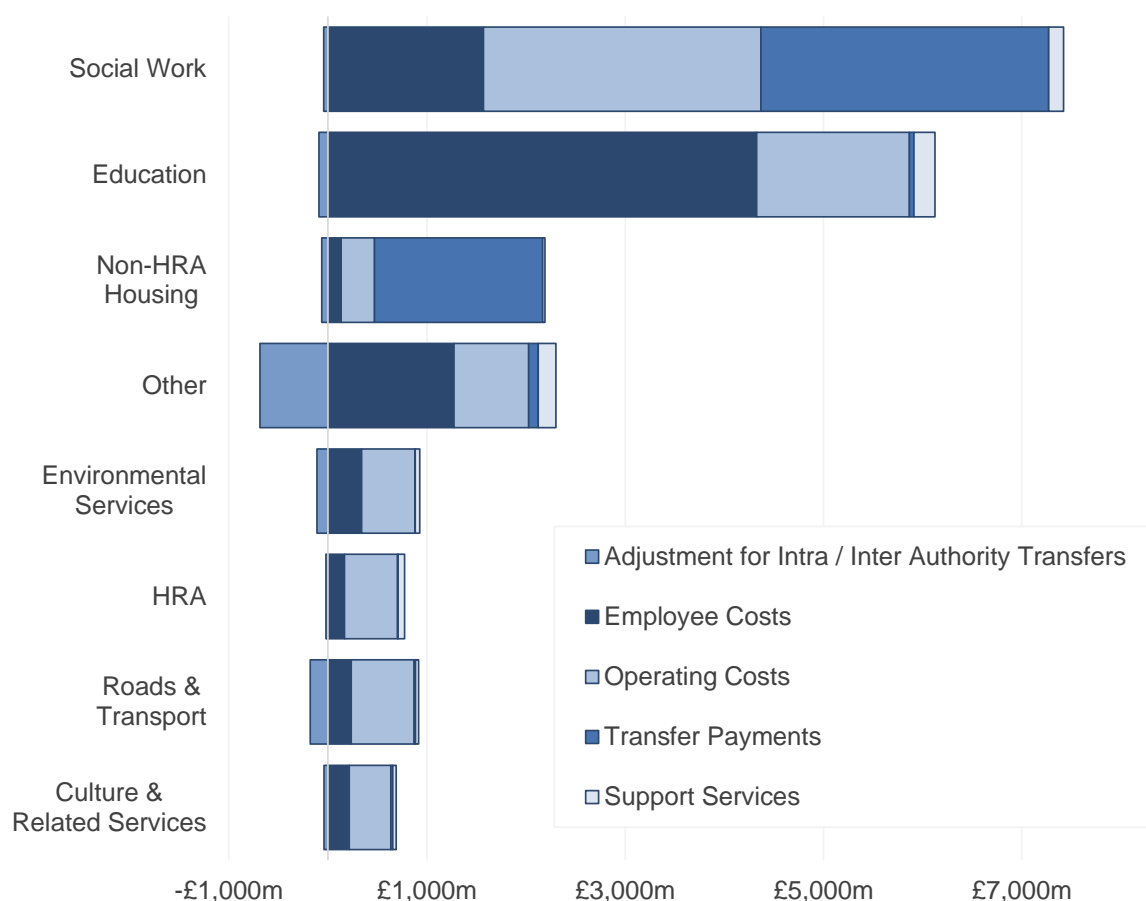
Transfer payments accounted for £4,786 million of gross service expenditure in 2019-20, an increase of 0.9 per cent, or £43 million, from 2018-19. This expenditure relates to payments made to individuals for which no goods or services are received in return by the local authority, such as payment of Housing Benefit. This figure also includes amounts that councils have transferred to IJBs – the significant increase in transfer payments between 2015-16 and 2016-17 reflects when payments to IJBs were first included in the LFRs following the introduction of IJBs.

Support services costs are the smallest component of gross service expenditure, accounting for only £738 million. This is consistent with expenditure on support services in 2018-19 which accounted for £735 million. These are costs that are paid for services that support the provision of services to the public, such as IT, Human Resources, Legal services, Procurement services and Corporate services.

An **adjustment for intra / inter-authority transfers** of -£1,227 million has been made to the aggregate gross service expenditure figure. This is to prevent double counting of expenditure caused by transfers between different services within an authority and between different local authorities. The adjustment removes the total recharge income from other services, contributions from other local authorities' and requisition income for VJBs or RTPs. Following the adjustment, expenditure is only reported against the authority or service area that commissioned the service.

Chart 2.3 shows the breakdown of gross service expenditure by service and by expenditure type. Education has a higher proportion of employee costs than other services – this is due to the higher number of staff employed within Education, in particular teachers. Social Work and Non-HRA Housing have high proportions of transfer payments which relates to amounts transferred to IJBs and the payment of Housing Benefits respectively. Other has the largest adjustment for intra / inter authority transfers which is due to Central Services and Trading Services having particularly high amounts of recharge income from other services.

Chart 2.3: Gross Service Expenditure in 2019-20 by Service and Expenditure Type, £ millions



Source: LFR 00

Notes

'Roads & Transport' includes Road Bridges.

'Other' consists of Planning & Development Services, Central Services and Trading Services.

2.1.4 Gross Service Income

Gross Service Income is the total income a local authority receives directly in relation to services they provide. In 2019-20, local authorities received £9,031 million in service income, an increase of 4.8 per cent, or £416 million, from 2018-19.

Local authorities receive service income from a variety of sources. [Table 2.4](#) shows gross service income by type of income from 2015-16 to 2019-20.

Table 2.4: Gross Service Income from 2015-16 to 2019-20 by Income Type, £ millions

	2015-16	2016-17	2017-18	2018-19	2019-20	% change between 2018-19 & 2019-20
Government Grants (excluding GRG)	2,036	2,138	2,206	2,380	2,559	7.5%
Other Grants, Reimbursements and Contributions	1,101	3,077	3,240	3,638	3,790	4.2%
Customer and Client Receipts ¹	2,423	2,537	2,537	2,598	2,683	3.3%
Gross Service Income	5,559	7,752	7,982	8,616	9,031	4.8%

Source: LFR 00

Notes

¹ Customer and Client Receipts from 2015-16 to 2019-20 broken down by service is available in Table 2.4a in the 'SLGFS 2019-20 - Publication Tables' Excel file.

Government grants, excluding General Revenue Grant (GRG), accounts for £2,559 million, an increase of 7.5 per cent, or £179 million, from 2018-19. Unlike GRG, these government grants are provided to support specific services, such as Ring-Fenced Revenue Grants (RFRGs) and grants from the DWP for Housing Benefit payments. Government grants have increased steadily over the last five years, with an overall increase of 25.7 per cent, or £523 million, since 2015-16.

Other grants, reimbursements and contributions accounted for £3,790 million of local authorities' service income in 2019-20 – an increase of 4.2 per cent, or £152 million, from 2018-19. This income type includes payments that councils receive from IJBs to support provision of social care services – the significant increase in this type of service income between 2015-16 and 2016-17 reflects the introduction of IJBs and when councils started to receive these payments.

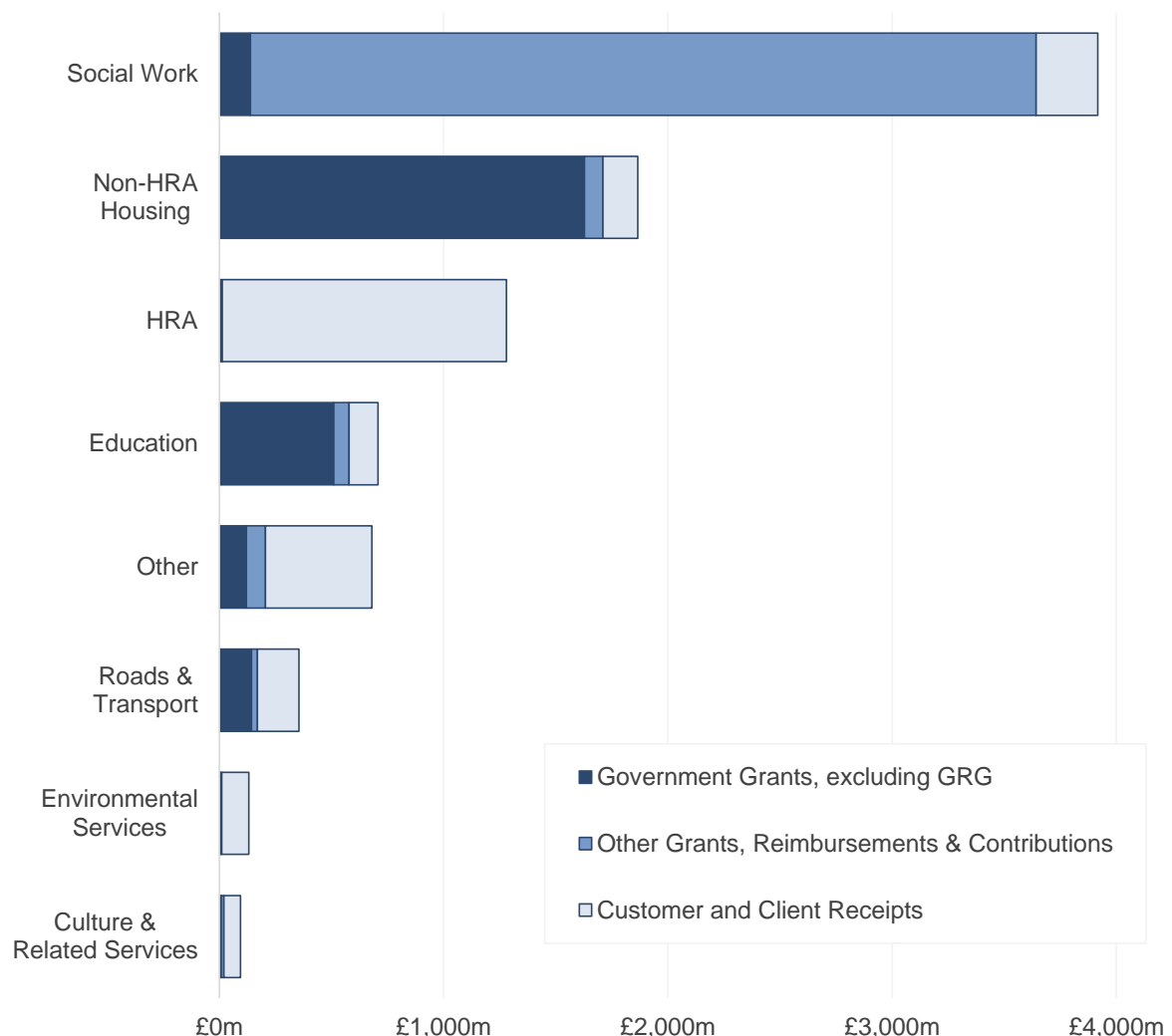
Customer and client receipts is income local authorities have received for sales, rents, fees and charges for services they provide. In 2019-20, this accounted for £2,683 million of service income, an increase of 3.3 per cent, or £85 million, from 2018-19. Customer and client receipts have increased steadily between 2015-16 and 2019-20, with an overall increase of 10.7 per cent, or £260 million, over this period.

Chart 2.4 shows the breakdown of gross service income by service and income type. Social Work has the largest amount of service income, the majority of which is from other grants, reimbursements and contributions. This relates to amounts received from IJBs to commission social care services, as well as contributions received from NHS Boards.

Both Non-HRA Housing and Education have high proportions of service income from government grants. For Non-HRA Housing, this relates to grants from the ~~DWP~~ to fund Housing Benefit payments. For Education, this amount reflects various Education RFRGs that local authorities received from Scottish Government.

Service income for the HRA is almost entirely made up of customer and client receipts which will relate to rent payments received for local authority housing.

Chart 2.4: Gross Service Income in 2019-20 by Service and Income Type, £ millions



Source: LFR 00

Notes

'Roads & Transport' includes Road Bridges

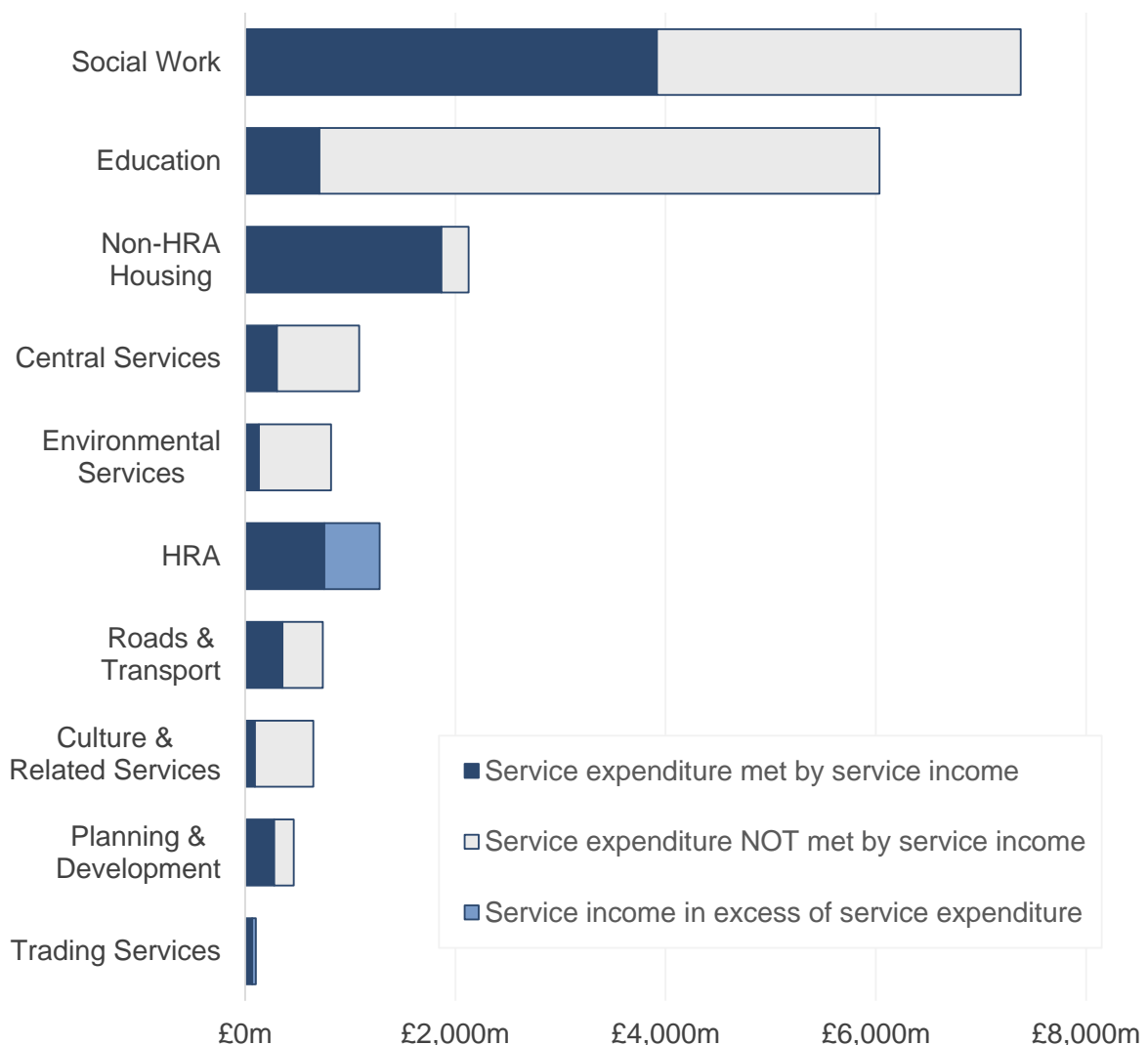
'Other' consists of Planning & Development Services, Central Services and Trading Services

In 2019-20, 42.1 per cent of service expenditure was met by service income. **Chart 2.5** shows the proportion of service expenditure met by service income for each service. This varies significantly between services as they each receive different levels of grants and contributions, and services have differing abilities to generate service income in the form of customer and client receipts.

Service income **exceeded** service expenditure for the HRA and Trading Services, generating surplus income for both services.

Service income was **less than** service expenditure for all other services, with the amount of service expenditure being funded by service income ranging from 11.7 per cent for Education to 87.7 per cent for Non-HRA Housing.

Chart 2.5: Service Expenditure met by Service Income in 2019-20 by Service, £ millions



Source: LFR 00

Notes

'Roads & Transport' includes Road Bridges

2.2 Other Expenditure and Income

Local authorities will also incur some revenue expenditure and income that is not attributable to specific services, such as interest paid or received, statutory repayment of debts, contributions to capital expenditure, proceeds of trading operations and any other operating expenditure.

In 2019-20, local authorities incurred £1,666 million of **other expenditure and income**. **Table 2.5** provides a breakdown of this figure, split by the General Fund and HRA. Interest paid and repayment of debts made up the majority of other expenditure, accounting for £860 million and £624 million respectively.

Table 2.5: Other Expenditure and Income ¹ in 2019-20, £ millions

	General Fund ²	HRA	Total
Interest Payable and Similar Charges	712	148	860
Interest Receivable and Similar Income ³	-110	4	-106
Statutory Repayment of Debt	494	131	624
Capital Expenditure Funded from Revenue	84	231	315
Surplus (-) or Deficit (+) from Trading Operations	-10	-	-10
Other Operating Expenditure	-16	0	-16
Total Other Expenditure and Income	1,153	513	1,666

Source: LFR A0

Notes

¹ Income figures are presented as negatives in this table to distinguish them from expenditure figures.

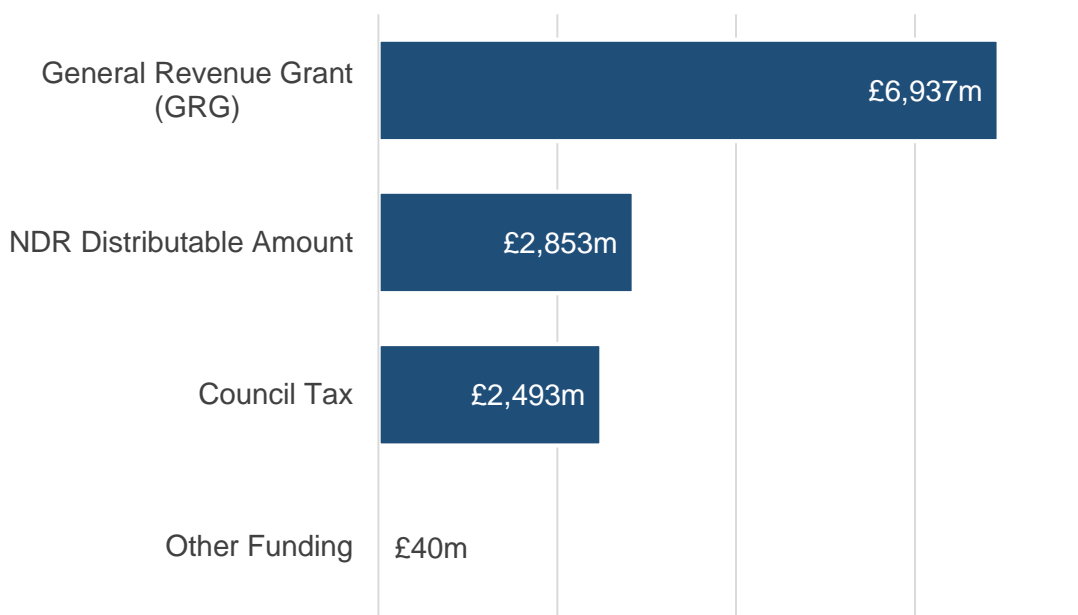
² General Fund figures include amounts relating to Harbour Accounts for Orkney and Shetland.

³ This includes losses arising from derecognition of financial assets and recognition of credit losses on financial assets.

2.3 General Funding

General funding principally consists of the General Revenue Grant (GRG) and local taxation, specifically Non-Domestic Rates (NDR) and Council Tax. Within local authorities' accounts, this income is referred to as 'taxation and non-specific grant income'. Total general funding available to authorities in 2019-20 was £12,323 million, an increase of 3.5 per cent, or £413 million, from 2018-19. **Chart 2.6** shows the total general funding available to local authorities in 2019-20 by type of funding.

Chart 2.6: General Funding in 2019-20 by Source, £ millions



Source: LFR A0

Notes

'Other Funding' includes government grants paid to joint boards and income received through NDR TIF and BRIS schemes.

GRG is grant paid to local authorities by the Scottish Government and includes monies from the UK Government payable to a local authority. This is the main source of funding for local authorities, accounting for £6,937 million, or 56.3 per cent, of general funding in 2019-20.

NDR and **Council Tax** make up £2,853 million, 23.2 per cent, and £2,493 million, 20.2 per cent, of general funding respectively. More information on Council Tax and NDR is provided in Chapters 2.3.1 and 2.3.2 respectively.

The Scottish Government guarantees the combined sum of GRG and NDR funding for local authorities in each financial year. More information on the process to determine local government funding from the Scottish Government is available in the [Local Government Funding: Process Overview publications](#).

Table 2.6 shows the breakdown of general funding figures between 2015-16 and 2019-20. GRG has increased by 0.8 per cent, or £52 million, from 2018-19 (see Table 2.6, Note 1), but has decreased by 2.9 per cent, or £210 million, since 2015-16. NDR has increased by 8.2 per cent, or £217 million, from 2018-19, and by 2.3 per cent, or £65 million, from 2015-16. Council Tax has increased by 4.9 per cent, or £117 million, from 2018-19, and by 21.3 per cent, or £438 million, since 2015-16.

Table 2.6: General Funding from 2015-16 to 2019-20, £ millions

	2015-16	2016-17	2017-18	2018-19	2019-20	% change between 2018-19 & 2019-20
General Revenue Grant ¹	7,147	6,839	6,799	6,885	6,937	0.8%
NDR Distributable Amount	2,789	2,769	2,666	2,636	2,853	8.2%
Council Tax	2,055	2,091	2,278	2,376	2,493	4.9%
Other Funding ²	16	10	9	13	40	199.5%
Total General Funding	12,007	11,708	11,751	11,910	12,323	3.5%

Source: LFR A0

Notes

¹ The 2018-19 and 2019-20 GRG figures will differ to those in the corresponding Finance Circular due to the treatment of the element of 2019-20 GRG that related to £10 million for Teacher's Pay. Local authorities were advised that, although it was part of the 2019-20 Local Government Finance Settlement, they should accrue this element of GRG in their 2018-19 accounts. This amount is therefore included in the 2018-19 GRG figures within the LFRs and SLGFS, rather than the 2019-20 GRG figure.

² Includes government grants paid to VJBs / RTPs and income from NDR TIF & BRIS schemes.

2.3.1 Council Tax

Council Tax was introduced in Scotland on the 1 April 1993 to replace the Community Charge. It is a tax system based on dwellings and is a component of general funding for local authorities.

There are three factors that determine the amount of Council Tax that a dwelling is liable for:

1. **The market value of the dwelling as at the 1 April 1991.** Each dwelling is placed into one of eight bands from A to H, with Band A dwellings liable for the lowest rates of Council Tax and Band H attracting the highest.
2. **The Band D rate** which is set by the local authority, with other bands calculated as a ratio to Band D. The ratios determining the charges for properties in bands E to H were revised in 2017-18.
3. **A range of exemptions, discounts and reductions and increases** that are available in certain circumstances, or in some cases an increase in Council Tax due to the application of a levy.

The valuation range and ratio for each Council Tax band is given in [Table 2.7](#).

Table 2.7: Valuation Range and Ratios by Council Tax Band

	Valuation Band Ranges as at 1st April 1991	Ratio to Band D ¹	No. of Chargeable Dwellings as at September 2019	Proportion of Chargeable dwellings
Band A	Under £27,000	6/9	500,127	20.0%
Band B	£27,001 to £35,000	7/9	573,544	22.9%
Band C	£35,001 to £45,000	8/9	405,430	16.2%
Band D	£45,001 to £58,000	9/9	341,710	13.6%
Band E	£58,001 to £80,000	473/360	341,644	13.6%
Band F	£80,001 to £106,000	585/360	199,994	8.0%
Band G	£106,001 to £212,000	705/360	128,893	5.1%
Band H	Over £212,000	882/360	13,591	0.5%
Total			2,504,933	100.0%

Source: CTaxbase

Notes

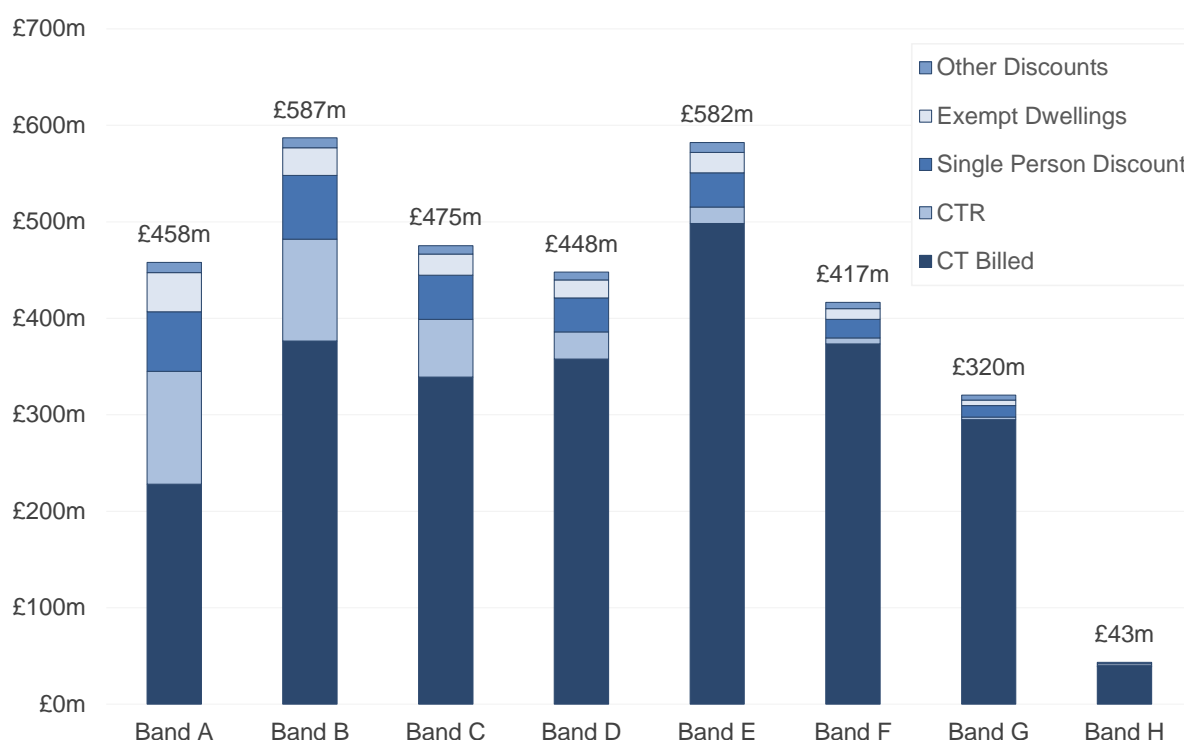
¹ These are the ratios from 2017-18 onwards.

2.3.1.1 Collection and Yield of Council Tax

Local authorities are responsible for billing and collecting Council Tax. Before the start of each financial year, local authorities issue Council Tax bills to householders in each dwelling. Each bill is calculated by applying the appropriate band rate for the local authority, then applying any discounts, exemptions, reductions or increases – further details are provided in **Tables 2.12** and **2.13**.

Chart 2.7 illustrates the gross Council Tax potential yield broken down into the Council Tax billed and the amounts not billed due to discounts and exemptions or where the Council Tax Reduction (CTR) scheme has reduced a household's Council Tax liability.

Chart 2.7: Council Tax Potential Yield in 2019-20, £ millions ¹



Source: CTaxbase and CTRR

Notes

¹ The Council Tax yield if all dwellings paid full rate for their relevant Band and Local Authority.

Local authorities collect Council Tax relating to these bills over the year, and also continue to collect late amounts from previous billing years. The provisional in-year Council Tax collection rate in Scotland for 2019-20 was 95.8 per cent, this is the proportion of Council Tax billed for 2019-20 that was collected by 31 March 2020. The total, audited amount of Council Tax collected for Scotland, after CTR and including late payments of bills from prior years, was £2,493 million.

Table 2.8 shows the audited amount of Council Tax collected by each local authority in 2019-20. More information about bills issued in 2019-20 and the provisional amounts collected are available in the [Council Tax Collection Statistics, 2019-20](#) publication.

Table 2.8: Council Tax Income after CTR in 2019-20 by Local Authority, £ thousands ¹

Local Authority	Net Council Tax Income
Aberdeen City	122,817
Aberdeenshire	143,734
Angus	49,783
Argyll and Bute	52,533
City of Edinburgh	271,044
Clackmannanshire	22,804
Dumfries and Galloway	67,323
Dundee City	54,505
East Ayrshire	50,321
East Dunbartonshire	63,200
East Lothian	55,238
East Renfrewshire	52,170
Falkirk	66,217
Fife	163,282
Glasgow City	231,668
Highland	124,870
Inverclyde	32,248
Midlothian	46,380
Moray	43,723
Na h-Eileanan Siar	11,138
North Ayrshire	57,011
North Lanarkshire	119,797
Orkney Islands	9,481
Perth and Kinross	83,548
Renfrewshire	78,685
Scottish Borders	57,763
Shetland Islands	9,643
South Ayrshire	57,406
South Lanarkshire	136,268
Stirling	50,025
West Dunbartonshire	35,296
West Lothian	73,055
Scotland	2,492,976

Source: LFR A0

Notes

¹ Figures relate to income collected in financial year 2019-20, which may include amounts that were billed in previous years.

2.3.1.2 Chargeable Dwellings

Table 2.9 shows the number of dwellings in Scotland for each September from 2015-16 to 2019-20. There were a total of 2.637 million dwellings in Scotland in 2019-20, of which 131,706 were exempt for Council Tax purposes. This gave 2.505 million chargeable dwellings in 2019-20, an increase of around 2.6 per cent, or around 64,400 dwellings, since 2015-16.

Table 2.9: Total Number of Dwellings from 2015-16 to 2019-20

	Total Dwellings	Exempt Dwellings	Chargeable Dwellings
2015-16	2,557,365	116,847	2,440,518
2016-17	2,575,495	120,089	2,455,406
2017-18	2,594,821	121,324	2,473,497
2018-19	2,614,957	127,856	2,487,101
2019-20	2,636,639	131,706	2,504,933

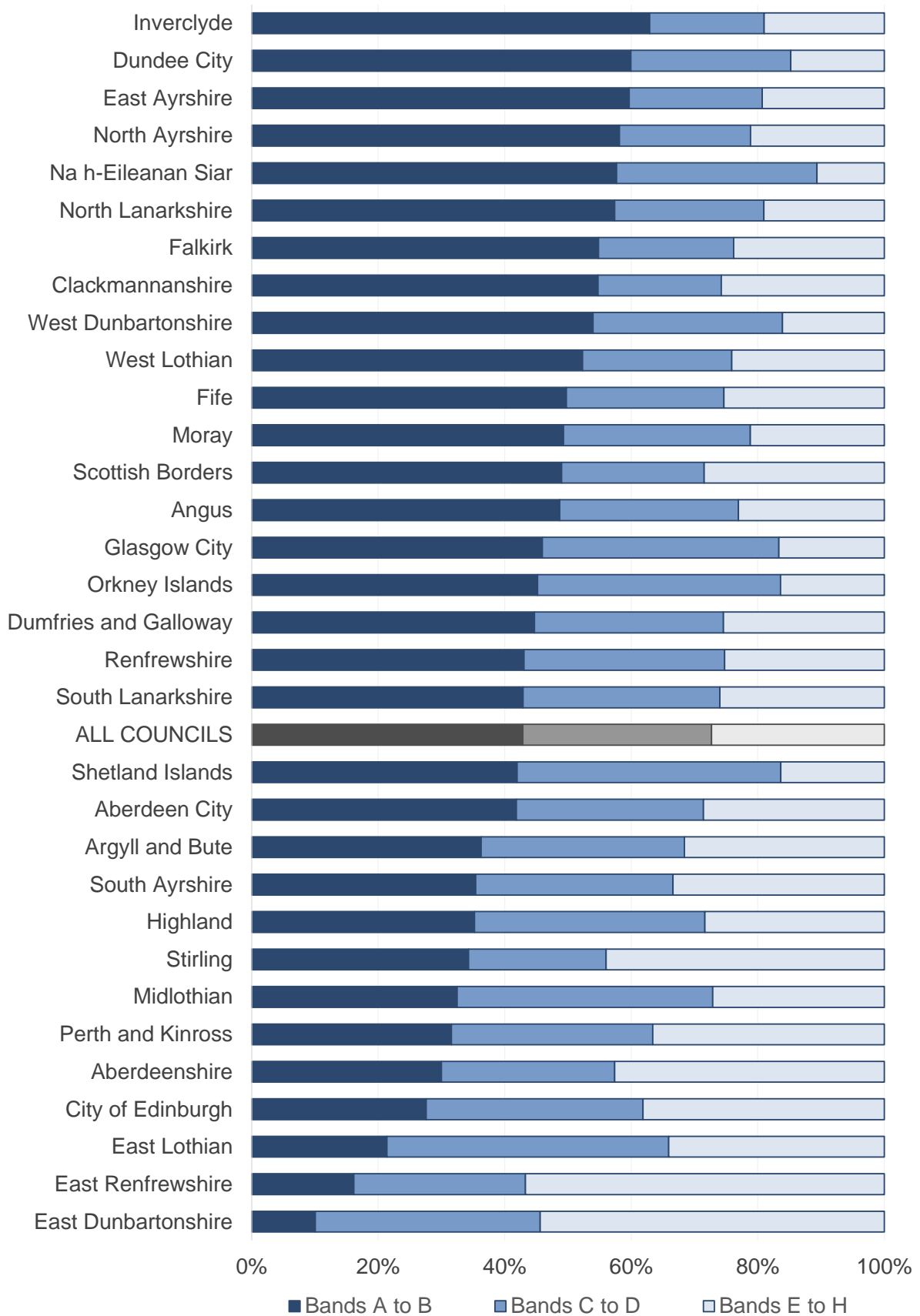
Source: CTaxbase

Chart 2.8 shows the distribution of chargeable dwellings across Council Tax bands in each local authority. Across Scotland, just under three-quarters of all chargeable dwellings are in Bands A to D. The distribution varies across local authorities due to variations in property market values. Na h-Eileanan Siar has the largest proportion of dwellings in Bands A to D at 89 per cent, whereas East Renfrewshire has the lowest proportion in Bands A to D at 43 per cent.

The ratios for Bands E to H, as shown in **Table 2.7**, were revised in 2017-18 and so dwellings in these bands, which make up just over a quarter of total dwellings, are subject to higher charges.

The three local authorities with the highest number of chargeable dwellings were Glasgow City, City of Edinburgh and Fife, making up over a quarter of the chargeable dwellings in Scotland between them. Further data on the number of chargeable dwellings by local authority and Council Tax band can be found in the supplementary tables at www.gov.scot/collections/local-government-finance-statistics/#counciltax.

Chart 2.8: Proportion of Chargeable Dwellings at September 2019 by Local Authority and Council Tax Band



Source: CTaxbase

2.3.1.3 Council Tax Rates and Average Bills

Each local authority determines their own Band D rate of Council Tax as part of their budget setting process. The rate for other bands is then calculated as a set ratio of the Band D rate, see [Table 2.7](#), and so each local authority has different Council Tax rates. The 2019-20 Band D Council Tax rates for each local authority are shown in [Chart 2.9](#) ranging from £1,138 in Na h-Eileanan Siar to £1,344 in Midlothian.

Chart 2.9: Band D Council Tax Rate in 2019-20 by Local Authority

Na h-Eileanan Siar	£1,138
Shetland Islands	£1,151
Orkney Islands	£1,153
North Lanarkshire	£1,165
Dumfries and Galloway	£1,166
South Lanarkshire	£1,168
Falkirk	£1,169
Angus	£1,171
Scottish Borders	£1,196
West Lothian	£1,217
Fife	£1,222
East Renfrewshire	£1,230
West Dunbartonshire	£1,234
Aberdeenshire	£1,241
East Lothian	£1,242
ALL COUNCILS	£1,251
Renfrewshire	£1,257
East Dunbartonshire	£1,259
Moray	£1,262
Perth and Kinross	£1,264
Clackmannanshire	£1,267
Highland	£1,271
City of Edinburgh	£1,277
North Ayrshire	£1,281
Stirling	£1,282
South Ayrshire	£1,283
Inverclyde	£1,293
Argyll and Bute	£1,309
East Ayrshire	£1,312
Dundee City	£1,316
Aberdeen City	£1,324
Glasgow City	£1,325
Midlothian	£1,344

Source: CTAS

From 2007-08 to 2016-17, the Scottish Government and local government worked in partnership to freeze Council Tax rates each year. The one exception is Stirling, who reduced their Band D rate from £1,223 in 2007-08 to £1,209 in 2008-09, and subsequently to £1,197 in 2012-13. The Council Tax freeze caused the Scotland average Band D Council Tax rate to remain steady at £1,149 from 2007-08 to 2016-17 – a fall in real terms.

After nine years of the Council Tax freeze, the Scottish Government secured the agreement of local authorities to cap locally determined Council Tax increases to three per cent in cash terms in both 2017-18 and 2018-19. This continued into 2019-20, when local government agreed Council Tax increases to be capped at three per cent in real terms, which was 4.79 per cent in cash terms. In 2019-20, 13 local authorities increased their Band D Council Tax rate by three per cent; 12 by 4.79 per cent; 5 by 4.0 per cent and the remaining two by 3.95 per cent and 4.5 per cent.

The average Council Tax bill per dwelling in 2019-20 was £1,147. This differs from the average Band D rate due to the distribution of dwellings across Council Tax bands, as can be seen in [Table 2.7](#) and [Chart 2.7](#), and the application of discounts. [Table 2.10](#) shows how the average Council Tax bill for Scotland has changed each year from 2015-16.

Table 2.10: Average Council Tax Bill per Dwelling from 2015-16 to 2019-20

Average Council Tax bill per Dwelling		
	Before CTR	After CTR
2015-16 ^a	£991	£856
2016-17 ^a	£997	£867
2017-18	£1,069	£936
2018-19	£1,106	£973
2019-20	£1,147	£1,013

Source: CTAS, CTaxbase and LFR 12

Notes

^a The minor change from year to year is due to a number of factors, such as the distribution of dwellings across bands; discounts and exemptions; new constructions and removal of demolished housing from the roll.

2.3.1.4 Council Tax Reduction (CTR)

Scotland's Council Tax Reduction (CTR) scheme was introduced in 2013 following the UK Government's abolition of Council Tax Benefit (CTB), with responsibility for Council Tax reduction schemes given to local government in England and the Scottish and Welsh Governments.

The CTR scheme reduces the Council Tax liability of lower income households in Scotland, and takes into account a household's earnings, composition and characteristics. The impact of CTR on the average Council Tax bill is also shown in [Table 2.10](#). After taking these reductions in liability into account, the average bill per dwelling for 2019-20 reduced by £134 from £1,147 to £1,013. These figures are averages and it is important to note that not everyone who pays Council Tax will be eligible for CTR; and that CTR levels will be different depending on individual household circumstances and characteristics.

The Scottish Government provides funding to local authorities to compensate them for the loss in tax receipts associated with the CTR scheme. In 2019-20, CTR funding totalled £351 million.

The amounts distributed to each local authority and the final, audited reduction in liability are shown in [Table 2.11](#). The final, audited reduction in liability due to the CTR scheme was around £335 million across Scotland in 2019-20. This figure is £16.0 million less than the £351 million funding provided by the Scottish Government. The three local authorities with the largest CTR liability are Glasgow City, City of Edinburgh and North Lanarkshire.

Table 2.11: CTR Funding and Final, Audited Liability in 2019-20 by Local Authority, £ thousands

Local Authority	SG Funding	Final total reduction in liability
Aberdeen City	10,472	9,950
Aberdeenshire	8,325	7,947
Angus	5,651	5,324
Argyll and Bute	5,498	5,305
City of Edinburgh	26,319	24,598
Clackmannanshire	3,536	3,502
Dumfries and Galloway	9,027	8,773
Dundee City	12,711	12,049
East Ayrshire	9,267	9,035
East Dunbartonshire	4,550	4,560
East Lothian	5,206	5,107
East Renfrewshire	3,824	3,567
Falkirk	8,505	7,965
Fife	21,835	20,475
Glasgow City	70,909	68,038
Highland	13,044	11,993
Inverclyde	6,780	6,586
Midlothian	5,224	4,810
Moray	4,006	3,762
Na h-Eileanan Siar	1,405	1,331
North Ayrshire	12,006	11,609
North Lanarkshire	23,768	22,914
Orkney Islands	789	781
Perth and Kinross	6,634	6,157
Renfrewshire	13,135	12,749
Scottish Borders	5,547	5,201
Shetland Islands	688	676
South Ayrshire	8,599	8,163
South Lanarkshire	20,438	19,760
Stirling	4,209	4,117
West Dunbartonshire	9,107	8,418
West Lothian	9,986	9,776
Scotland	351,000	334,998

Source: CTR Extracts and LFR 12

2.3.1.5 Changes to Council Tax Liabilities

Not all dwellings are liable to pay the full rate of Council Tax. Discounts, exemptions and increased rates can be charged for certain types of dwellings, and the CTR scheme is available to support lower income households in meeting their Council Tax liabilities.

Table 2.12 summarises the range of discounts, exemptions and reductions available and the change in liability that applies to each type. Please note that, in some cases, more than one type of discount, exemption or reduction may apply. The examples given in **Table 2.12** are typical but not exhaustive. For a full explanation of Council Tax discounts and exemptions, go to www.gov.scot/policies/local-government/council-tax/.

Table 2.12: Council Tax Discounts, Exemptions, Reductions and Increases

Type of Support	Typical dwellings that are eligible	Reduction in liability
Discounts		
Single Person Discount	Chargeable dwellings in which there is only one resident or only one resident is not disregarded.	25% discount
Second Homes	Chargeable dwellings which are no one's sole or main residence, but are furnished and lived in for at least 25 days during any 12 month period.	10 - 50% discount or discount removed ¹
Long Term Empty – Less than 12 months (or 24 months for properties for sale or let)	Empty properties not meeting the criteria of a second home, or subject to a separate exemption.	10 - 50% discount ¹
Long Term Empty – More than 12 months (or 24 months for properties for sale or let)	Empty properties not meeting the criteria of a second home, or subject to a separate exemption.	Up to 50% discount or an increase of up to 100% ¹
Occupied entirely by disregarded adults	Chargeable dwellings occupied entirely by residents who are disregarded for a discount.	50% discount
Exemptions		
Occupied	Dwellings occupied solely by any combination of students, care leavers, those with a severe mental impairment, school leavers or persons under the age of 18.	100% reduction
Unoccupied	Dwellings which are; empty and unfurnished for less than 6 months or empty and under repair for less than 12 months. Dwellings which are empty because their former residents have moved out for the purposes of receiving personal care by reason of old age, disablement or illness.	100% reduction
Reductions		
Disability reduction	Homes that have been adapted for a disabled person.	One CT Band ² or, in the case of Band A properties, 5/9 of the Band D charge.
CTR (Passported)	In receipt of Pension Credit (Guarantee), Jobseeker's Allowance (income based), Employment and Support Allowance (income related) or Income Support.	100% reduction
CTR (Not passported)	Low income household.	Up to 100% reduction ³

Notes

¹ The actual change in liability depends on local authority policy. In 2013-14, local authorities gained the discretionary power to remove the empty properties discount or set a Council Tax increase of 100 per cent on properties which have been empty for more than 12 months.

² For example, a Band D rate property that was eligible for the disability reduction would be charged the Band C rate.

³ The exact change in liability is dependent on a means-test.

Table 2.13 shows the number of dwellings eligible for Council Tax discounts and reductions. Of the 2.505 million chargeable dwellings in Scotland, around one million were eligible for a discount in 2019-20. The most common type of discount was the Single Person Discount, with around two-fifths of chargeable dwellings entitled to the discount in 2019-20. The CTR scheme supports almost half a million dwellings, or around one-fifth of chargeable dwellings, in meeting their Council Tax liability.

Around 65,000 dwellings are classified as second homes or long-term empty properties. Further statistics on these are available via [Housing Statistics Quarterly Update: December 2020](#).

Table 2.13: Number of Dwellings ¹ in Receipt of Council Tax Discounts and Reductions at September from 2015-16 to 2019-20

Type of Support	2015-16	2016-17	2017-18	2018-19	2019-20
All chargeable dwellings	2,440,518	2,455,406	2,473,497	2,487,101	2,504,933
Disability reduction	13,505	13,463	13,705	13,903	14,048
Single Person Discount	955,505	963,297	972,537	978,504	988,720
Second Homes ²	27,317	26,140	22,101	24,828	24,314
Long Term Empty – Less than 6 months	36,419	36,236	37,135	39,110	40,963
Occupied entirely by disregarded adults	1,378	1,411	1,352	1,374	1,517
Dwellings not subject to discount	1,419,899	1,428,322	1,440,372	1,443,285	1,449,419
CTR recipients	512,340	495,660	489,560	481,100	471,790

Source: CTaxbase and CTR Extract

Notes

¹ Some dwellings may be eligible for more than one type of support, in these cases the dwelling will be counted under each type of support it is eligible for.

² It is not possible for some local authorities to separately identify second homes and long-term empty dwellings. For these local authorities, the total number of second homes and long-term empty dwellings has been recorded under Second Homes.

2.3.2 Non-Domestic Rates (NDR)

Non-Domestic Rates (NDR) are a property tax for which the occupier of a non-domestic property is statutorily liable. A non-domestic property is an individual property used for non-domestic purposes, such as business premises and third and public sector properties.

The principles of NDR were established in the Lands Valuation (Scotland) Act 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.

As at 1 April 2019, there were over 250,000 non-domestic properties on the Valuation Roll (see [Table 2.15](#)) which generated a net income of £2,761 million, as shown in [Table 2.14](#). This is the total **contributable amount**¹ of income.

Each local authority reports to the Scottish Government their contributable amount which is included in the annual NDR Account and published as part of the overall Scottish Government’s annual accounts. The amount to be distributed to each authority as part of the annual local government finance settlement is known as the **distributable amount** and is set by the Scottish Government before the start of the financial year. In 2019-20, the distributable amount was set at £2,853 million – see [Chart 2.6](#) and [Table 2.14](#). [Annex C](#) sets out the calculation of the distributable amount for 2019-20.

Table 2.14: NDR Contributable and Distributable Amounts from 2015-16 to 2019-20, £ millions ¹

	2015-16	2016-17	2017-18	2018-19	2019-20 ^a
NDR contributable amount ²	2,579	2,731	2,762	2,847	2,761
NDR distributable amount	2,789	2,769	2,666	2,636	2,853

Source: NDRI Audited Returns and Local Government Finance Circulars

Notes

¹ Local authority level breakdowns of the 2019-20 figures are provided in Table 2.14a in the ‘SLGFS 2019-20 - Publication Tables’ Excel file.

² These are the final, audited income figures, collected by the local authorities. They are net of reliefs paid for by the Scottish Government, but not net of any relief costs covered by local authorities.

^a At the time of publication, one local authority was unable to return the Audited figures for 2019-20 as Covid-19 restrictions prevented access to council offices. The provisional outturn (Notified) figure is used for this local authority instead.

From 1 April 2011, the local government funding distribution methodology sees local authorities retain all of the NDR income (NDRI) collected in their area; the previous policy saw NDRI redistributed on the basis of population shares. As the combined total of NDRI and GRG provided to local authorities is guaranteed by the Scottish Government, any decrease in the amount of NDRI collected is compensated for by a corresponding increase in GRG and vice versa. Any changes from the assumed collection amount in any year is paid out or recovered from local authorities in the calculation of future years’ distributable amount.

The distributable amount is based upon an estimate of the NDRI made prior to the year start, and includes prior year adjustments. It will not therefore match exactly the NDRI received in any year, as shown in [Table 2.14](#), nor the total eventual contributions to the pool for any year².

¹ The contributable amount is equivalent to the gross amount paid by bill payers, net of any reliefs which are funded by the Scottish Government. Note that it is **not** net of any reliefs funded by local authorities themselves, so it differs from the collectable amount (the total amount collected from ratepayers).

² Final contributions to the pool are based on councils’ provisional estimates of their contributable amount at the start of the year (their PCA) plus any increases in the previous year’s outturn compared to the previous year’s PCA. Final contributions to the pool (and distributions to councils) are set out in the [Non-Domestic Rating Account](#) and the resultant reconciliation figures are shown in Annex C.

2.3.2.1 Rateable Values (RVs)

NDR bills are based on the **Rateable Value (RV)** of a property. The RV is based on a legally defined valuation and broadly corresponds to the notional rental value the property could achieve in the open market if it were vacant and available to let, taking account of the type and nature of the property. As such, it is not necessarily a reflection of the profitability, turnover, or output of the ratepayer.

RVs are generally initially established when a non-domestic property comes into existence. Non-domestic properties and their corresponding RVs are listed on the Valuation Roll, which is maintained by the Scottish Assessors. RVs are periodically updated at non-domestic revaluations. The Scottish Assessors undertook the last revaluation in 2017, assigning updated RVs to all non-domestic properties in Scotland.³ Revaluations have typically taken place on a five year cycle⁴, but from the next revaluation in 2023 will take place every three years.

Table 2.15 shows the composition of properties, and associated RV, on the Valuation Roll by property type. As at 1 April 2019⁵, there were 254,733 properties on the Valuation Roll, with a total RV of £7,462 million. Shops and industrial subjects were the most prevalent types of property on the Valuation Roll, each making up 21 per cent of the number of properties, and 22 per cent and 17 per cent of the total RV respectively. Offices are the next largest category in terms of numbers and RV. Together, these three categories accounted for 60 per cent of properties on the Valuation Roll, and 53 per cent of total RV.

³ An analysis of changes in the RV of non-domestic properties in Scotland following the 2017 revaluation can be found at <https://www.gov.scot/publications/revaluation-2017-scotland/>

⁴ An exception to this was the seven year cycle following the 2010 revaluation. The next revaluation having been delayed due to COVID, the current cycle will be six years with the next revaluation scheduled for 2023. Following that, revaluations will take place every three years.

⁵ The Valuation Roll is continually updated and the NDRI for 2019-20 won't be based solely on the snapshot of the Roll at April 2019. The composition of the Roll as at April 2020 is also shown in Table 2.14b, Table 2.15a, and Chart 2.10a in the associated Excel file. The latest Valuation Roll statistics are available at <https://www.saa.gov.uk/general-statistics/>.

Table 2.15: NDR Properties at 1 April 2019 by Classification ¹

Category	Number of properties ²	% of Properties on Valuation Roll	Rateable Value, £ thousands	% of RV on Valuation Roll
Advertising	1,802	0.7%	10,372	0.1%
Care Facilities	2,953	1.2%	121,158	1.6%
Communications	359	0.1%	24,861	0.3%
Cultural	1,423	0.6%	58,098	0.8%
Education and Training	3,683	1.4%	579,238	7.8%
Garages and Petrol Stations	4,199	1.6%	75,153	1.0%
Health and Medical	3,212	1.3%	236,313	3.2%
Hotels	5,912	2.3%	291,323	3.9%
Industrial Subjects	53,896	21.2%	1,281,314	17.2%
Leisure, Entertainment, Caravans etc.	24,479	9.6%	290,172	3.9%
Offices	45,223	17.8%	1,069,170	14.3%
Other	16,981	6.7%	146,821	2.0%
Petrochemical	140	0.1%	121,808	1.6%
Public Houses	3,623	1.4%	127,350	1.7%
Public Service Subjects	9,948	3.9%	357,921	4.8%
Quarries, Mines, etc.	660	0.3%	16,873	0.2%
Religious	6,067	2.4%	56,729	0.8%
Shops	53,843	21.1%	1,610,162	21.6%
Sporting Subjects	15,119	5.9%	36,550	0.5%
Statutory Undertaking	1,211	0.5%	950,753	12.7%
All Non-Domestic Properties	254,733	100.0%	7,462,137	100.0%

Source: Scottish Assessors Valuation Roll

Notes

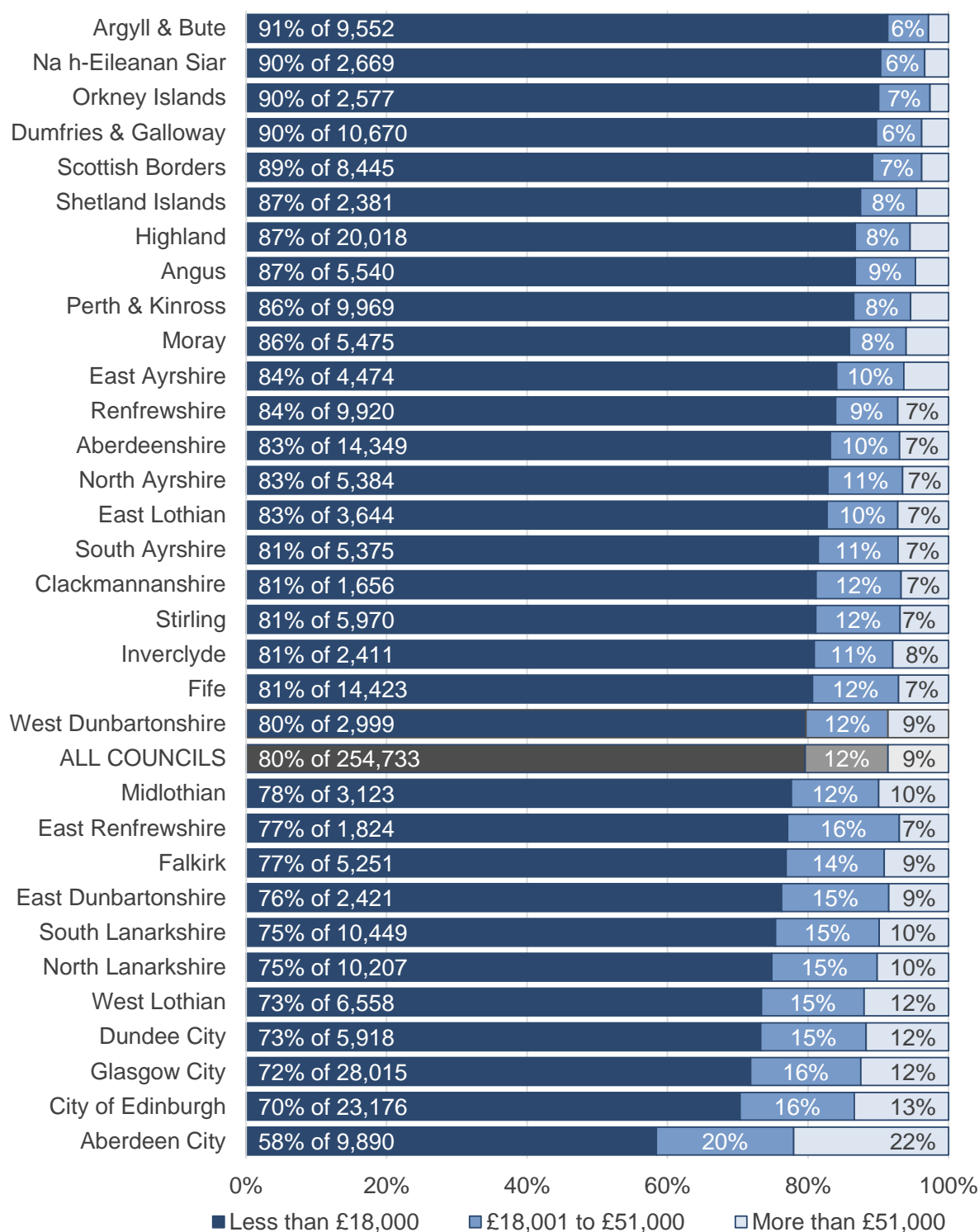
¹ Figures at 1 April 2020 are provided in Table 2.15a in the 'SLGFS 2019-20 - Publication Tables' Excel file.

² Includes properties with a zero rateable value.

Chart 2.10 provides a breakdown of properties on the Valuation Roll by local authority and RV band: up to £18,000; between £18,000 and £51,000; and above £51,000. These RV bands were significant in 2019-20 as £18,000 was the cut-off for businesses being eligible for the Small Business Bonus Scheme (SBBS), see Chapter 2.3.2.4, and £51,000 was the threshold above which the Large Business Supplement (LBS) was applied, see Chapter 2.3.2.2.

Across Scotland, 80 per cent of non-domestic properties had a RV of less than £18,000. Twelve per cent had a RV between £18,000 and £51,000, and nine per cent had a RV higher than £51,000.

Chart 2.10: Proportion of NDR Properties at 1 April 2019 by Local Authority and Rateable Value Band ^{1, 2, 3}



Source: Scottish Assessors Valuation Roll

Notes

¹ Includes properties with a zero rateable value.

² Figures at 1 April 2020 are provided in the Chart 2.10a tab of the 'SLGFS 2019-20 - Publication Tables' Excel file.

³ Some percentages are not displayed for presentational purposes. Percentages for all bands by local authority are available in the 'Chart 2.10' tab of the 'SLGFS 2019-20 - Publication Tables' Excel file.

In Argyll & Bute, 91 per cent of properties had a RV of less than £18,000, compared to 58 per cent of properties in Aberdeen City. Conversely, Aberdeen City had the highest proportion of properties with a RV of more than £51,000, at 22 per cent, while this figure was lowest in Argyll and Bute, Orkney and Na h-Eileanan Siar at three per cent.

2.3.2.2 NDR Bills

NDR bills are calculated using the RV of the property, multiplied by a poundage set nationally by Scottish Ministers⁶, less any relief or exemption entitlement.

$$(\text{NDR Bill})_{\text{Property}} = (\text{RV})_{\text{Property}} \times (\text{Poundage})_{\text{National}} - (\text{Reliefs})_{\text{Property}}$$

In 2019-20 the Large Business Supplement (LBS) was applied to properties with an RV greater than £51,000 (the LBS threshold), in addition to the poundage, effectively increasing the poundage on these properties. The LBS was 2.6p in 2019-20⁷.

As NDR bills in Scotland are directly related to the RV of individual non-domestic properties, changes in the total RV occurring within a revaluation cycle, i.e. between revaluation years, impact on the amount of NDR available for collection, as shown in **Table 2.16**.

Since the last revaluation in 2017, the total RV has increased from £7,358 million at 1 April 2017 to £7,462 million at 1 April 2019. **Table 2.16** also shows that before the 2017 revaluation, the total RV had increased from £6,719 million in April 2015 to £6,796 million in April 2016. This was due to the net impact of several factors, including increases in the tax base from new properties or extensions of existing properties; and decreases as demolished properties are deleted from the Valuation Roll or as the RV is reduced as a result of appeals⁸.

Inflation, however, is a key driver of growth in NDRI as changes in the poundage rate had previously typically been tied to the Retail Price Index (RPI)⁹, other than in the first year of a revaluation. For 2018-19, the poundage was increased by the Consumer Price Index (CPI)¹⁰ to give a poundage of 48.0p, and for 2019-20 Scottish Ministers set the poundage at 49.0p, a below inflation increase from the year before.

⁶ Since 2007-08, Scottish Ministers have committed to equalisation of the Scottish poundage rate with that in England, although in 2019-20 the poundage is 49.0p, which is around 0.1p less than for England.

⁷ In 2020-21 the LBS was replaced with two new rates – the Intermediate Property Rate (IPR), set at 1.3p with RV threshold of £51,000, and the Higher Property Rate (HPR), set at 2.6p with an RV threshold of £95,000.

⁸ Statistics on the revaluation appeals are published quarterly in the [NDR Revaluation Appeals Statistics publication](#).

⁹ For 2020-21 the poundage was increased below inflation to give a poundage of 49.8p, although the increase was offset by a 1.6% universal relief automatically applied to all properties effectively delivering a poundage freeze.

¹⁰ The change from RPI to CPI in 2018-19 was in line with demand from businesses and supported by the independent Barclay Review of non-domestic rates which reported in 2017. The UK Government committed from 2020-21 to using CPI to uprate the equivalent of the poundage, although The Scottish Government is not legislatively bound to this upper limit.

At a revaluation, the poundage is reset by the Scottish Government, bearing in mind the resulting total RV change and the amount of revaluation appeals anticipated over the forthcoming cycle. In England, revenue-neutral revaluations are a statutory requirement, with the poundage generally decreasing in line with average RV increases, or vice versa. This is not the case in Scotland, with the 2017 revaluation and poundage actually leading to a decrease in anticipated revenue over the following cycle.

Table 2.16 shows the RV increased from £6,796 million to £7,358 million between April 2016 and April 2017 – mainly as a result of revaluation, with a corresponding decrease in the poundage from 48.4p to 46.6p.

Exempt properties, which do not pay rates, and relief schemes, such as the SBBS, can significantly reduce the amount paid in NDR bills, and therefore the NDRI, see Chapter 2.3.2.4.

Table 2.16: NDR Income, Total Rateable Value and Poundage from 2015-16 to 2019-20

	2015-16	2016-17	2017-18 ^a	2018-19	2019-20 ^b
NDRI, £ millions ¹	2,579	2,731	2,762	2,847	2,761
Total RV, £ millions ²	6,719	6,796	7,358	7,439	7,462
Poundage, pence	48.0	48.4	46.6	48.0	49.0
LBS, pence ³	1.3	2.6	2.6	2.6	2.6
LBS threshold, £ ³	35,000	35,000	51,000	51,000	51,000

Source: NDRI Audited Returns and Scottish Assessors Valuation Roll

Notes

^a The last revaluation occurred in 2017.

^b At the time of publication, one local authority was unable to return the Audited figures for 2019-20 as Covid-19 restrictions prevented access to council offices. The provisional outturn (Notified) figure is used for this local authority instead.

¹ Income figures are contributable amounts and, as such, are net of reliefs awarded by the Scottish Government, but gross of any local reliefs, or top-ups to discretionary reliefs that the local authorities award themselves.

² As at the start of each financial year.

³ The LBS is applied in addition to the poundage for properties with an RV over the LBS threshold (£51,000 in recent years).

2.3.2.3 Rates Retention Schemes

There are currently two policy initiatives that directly link to the amount of NDR collected: the **Business Rate Incentivisation Scheme (BRIS)** and **Tax Incremental Financing (TIF)**.

BRIS was introduced from April 2012 to incentivise local authorities to maximise existing NDRI and attract new economic growth. BRIS allows all local authorities that exceed their annual NDR buoyancy target, the target percentage increase in their tax base, to benefit from receiving additional grant, equal to 50 per cent of any additional NDRI. In effect, this means that only 50 per cent of the additional NDRI attributable to the increased buoyancy is deducted from the GRG.

This increased funding is carried forward between revaluation years, with each year's increased funding being carried forward to the next year and added to any new retention awarded, assuming the previous year's income is maintained. In 2019-20, the amount of additional funding received under this scheme¹¹ was £13 million.

The Scottish Government is also piloting **TIF** which allows local authorities to fund public sector infrastructure, which unlocks private sector investment, contributing to sustainable and inclusive economic growth. This growth is funded from future incremental NDRI that is expected to be generated as a result of attracting more businesses into the area thanks to the upfront public sector enabling investment.

TIF is currently being piloted through secondary legislation under existing provisions of the Local Government Finance Act (1992) in four local authorities: Argyll & Bute, Falkirk, Fife and Glasgow. Of these four pilots, only Argyll & Bute and Falkirk reported TIF income in 2018-19. They retained a total of £1.8 million NDRI in 2019-20, compared to £1.7 million in 2018-19.

¹¹ Figures as reported via local authorities' NDRI Audited Returns.

2.3.2.4 NDR Reliefs

There are a number of types of NDR relief that reduce the NDR bill for qualifying properties¹². **Table 2.17** shows the amount of relief provided for the main types of relief available for each year between 2015-16 to 2019-20. Local reliefs and the elements of discretionary reliefs funded by local authorities are not included.

The gross amount of relief provided has increased substantially from £626 million in 2015-16 to £763 million in 2019-20. Key reasons for this increase in total relief costs include:

- changes to the poundage;
- changes to the tax base due to recent growth in overall RV and increase in overall RV at revaluation;
- changes in relief entitlement;
- an increased awareness of relief schemes; and
- the introduction of new reliefs.

For example, the SBBS has been expanded in recent years and awareness of the scheme has increased, both of which will have contributed to the rise in cost of SBBS.

Following the 2017 revaluation, a transitional relief scheme was introduced for pubs, hotels and restaurants¹³, and for offices in Aberdeen City and Aberdeenshire. A relief for day nurseries and the Business Growth Accelerator relief for new and improved properties were both introduced in 2018-19.

¹² More information on NDR reliefs in 2019-20 can be found at www.gov.scot/publications/local-government-finance-circular-5-2019-non-domestic-rates-relief-for-2019-2020/. Annual NDR Reliefs publications are available at www.gov.scot/publications/Non-domestic-rates-relief-statistics/, with the 2019 publication showing details of relief awards as at 31 May 2019.

¹³ From 2018-19 this was capped at a rateable value threshold of £1.5 million.

Table 2.17: Amount of NDR Relief Provided from 2015-16 to 2019-20 by Relief Type, £ thousands ^{1, 2}

	2015-16	2016-17	2017-18	2018-19	2019-20 ^a
Empty Property Relief	141,604	93,682	93,988	90,937	85,424
Charity Relief	189,312	201,215	214,418	218,977	224,813
Sports Club Relief	13,852	13,851	13,620	15,739	15,747
Disabled Rates Relief	60,599	61,498	61,511	64,354	64,778
SBBS	179,544	187,029	240,663	261,684	278,055
Religious Exemptions	26,625	27,014	26,303	27,129	27,581
Rural Relief	4,235	4,114	3,988	3,946	3,914
Renewable Energy Relief	9,545	647	1,279	7,399	7,266
New Start Relief	188	398	497	447	172
Fresh Start Relief	573	607	436	1,690	3,812
Transitional Relief	n/a	n/a	26,330	11,899	5,243
Day Nursery Relief ³	n/a	n/a	n/a	9,604	9,788
BGA - Unoccupied New Build ³	n/a	n/a	n/a	5,660	3,468
BGA - New Occupied & Improved ³	n/a	n/a	n/a	11,207	31,713
Other ⁴	422	730	1,104	1,161	1,211
Gross Amount	626,497	590,784	684,137	731,835	762,985

Source: NDRI Audited Returns

Notes

¹ Figures include mandatory and discretionary elements of relief where applicable, but exclude backdated payments of relief and local authorities' own contributions to reliefs.

² A breakdown of NDR reliefs provided in 2019-20 by local authority is provided in Table 2.17a in the 'SLGFS 2019-20 - Publication Tables' Excel file.

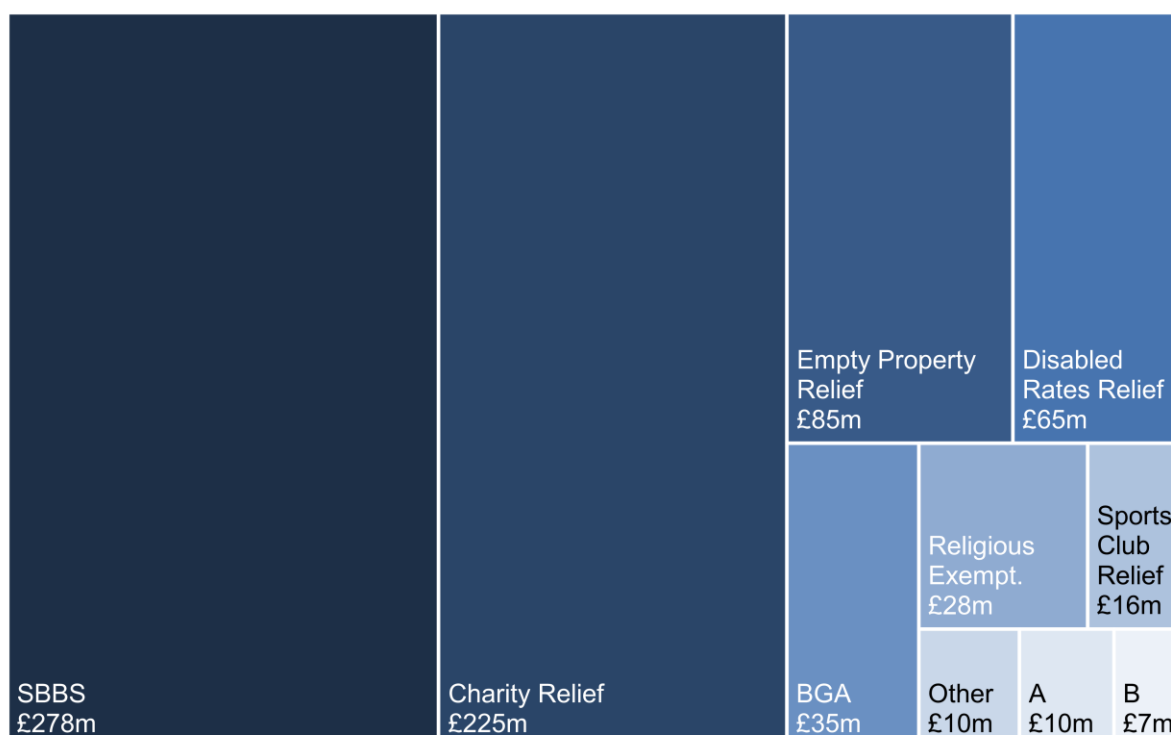
³ Day Nursery and Business Growth Accelerator (BGA) Reliefs were introduced in 2018-19.

⁴ Other reliefs include Hardship Relief, Enterprise Areas and District Heating Relief, from 2018-19 also Mobile Mast Relief and New Fibre Relief, and from 2019-20 Lighthouse relief (previously recorded as a deduction).

^a At the time of publication, one local authority was unable to return the Audited figures for 2019-20 as Covid-19 restrictions prevented access to council offices. The provisional outturn (Notified) figure is used for this local authority instead.

Chart 2.11 shows the values of reliefs awarded during 2019-20. The SBBS and Charity relief, including the mandatory reliefs and the parts of the discretionary reliefs which are funded by the Scottish Government, together accounted for £503 million, or around two-thirds of the total amount of reliefs awarded.

Chart 2.11: Value of NDR Reliefs in 2019-20, £ millions



Source: NDRI Audited Returns

Notes

A = Day Nursery Relief

B = Renewable Energy Relief

'Other' includes Hardship Relief, Enterprise Area Relief and District Heating Relief, Lighthouse Relief, New Fibre Relief, Mobile Mast Relief, Rural Relief, Fresh Start Relief, New Start Relief, and Transitional Relief.

2.4 Surplus / Deficit to be met from Reserves

A **surplus (-)** occurs when a local authority's revenue expenditure is **lower** than the amount of service income and general funding available to them. A surplus is added to a local authority's reserves and carried forward to the next year.

A **deficit (+)** occurs when a local authority's revenue expenditure is **higher** than the amount of service income and general funding available to them. Any deficit must be met from a local authority's reserves.

The HRA reserve is not permitted to show a deficit at the end of the financial year and if this occurs, local authorities are required to transfer funds from the General Fund to cover this deficit.

Table 2.18 sets out the movement in the General Fund and HRA reserves in 2019-20. At 1 April 2019, local authorities held a total of £1,672 million in their General Fund and HRA reserves. In year:

- local authorities' revenue expenditure exceeded its income and this resulted in a **deficit** of £420 million;
- local authorities transferred a total of £472 million into the General Fund and HRA from other reserves held;
- local authorities' IFRS 9 unrealised gains¹⁴ decreased by £49 million, reducing the amount that is excluded from the revenue reserve balance.

This meant that, overall, the General Fund and HRA increased by £100 million in year, giving a total balance of £1,771 million at 31 March 2020. More information on local authorities' reserves is provided in Chapter 4.1.

Table 2.18: Movement in Reserves in 2019-20, £ millions

	General Fund ¹	HRA	Total
Balance as at 1 April ²	1,495	177	1,672
Add: Surplus (+) or Deficit (-) on provision of services <u>after</u> statutory adjustments	-440	19	-420
Add: Movements between reserves ³	480	-8	472
Less: Increase (+) or decrease (-) in IFRS 9 unrealised gains	-49	0	-49
Balance as at 31 March	1,584	188	1,771

Source: LFR 23

Notes

¹ General Fund figures include amounts relating to Harbour Accounts for Orkney and Shetland.

² Excludes amounts relating to unrealised gains as at 31 March 2019 that have been included in revenue reserves applying under IFRS 9: Financial Instruments.

³ Net movements **in** are shown as a positive; net movements **out** are shown as a negative.

¹⁴ 'IFRS 9 unrealised gains' relates to the difference between the fair value of investments at 31 March, compared with their original cost. This net gain is 'unrealised' because the underlying investments have not yet been sold. More information on this is provided in Chapter 4.1.

3. Capital Expenditure and Financing

Capital expenditure is expenditure that creates an asset, it includes the initial costs of acquisition and construction, and costs incurred subsequently to add to, replace part of, or service the asset. Subsequent costs arising from day-to-day services of an asset, known as repairs and maintenance, is **not** capital expenditure. Capital expenditure purchases or constructs the buildings and infrastructure necessary to provide services, such as schools, care homes, flood defences, roads, vehicles, plant and machinery. Capital expenditure also includes:

- grants a local authority provides to a third party to fund capital expenditure of the third party;
- direct expenditure on a third parties' assets; and
- loans to third parties to support capital investment of a third party.

Due to the nature of capital expenditure, it can fluctuate substantially between years.

Capital expenditure can be financed by one or more of the following:

- capital grants and contributions;
- borrowing or credit arrangements;
- contributions from capital or revenue reserve funds;
- capital receipts from the sale of assets.

Chapter 4.1 provides more information on local authorities' capital reserve funds.

3.1 Capital Expenditure

In 2019-20, total capital expenditure was £3,794 million, an increase of 27.4 per cent, or £817 million, from 2018-19. Capital expenditure of local authorities can be grouped into four categories:

- acquisition of land, existing buildings or works;
- new construction, conversions and enhancement to existing buildings;
- vehicles, machinery and equipment;
- intangible assets (see Chapter 4.2).

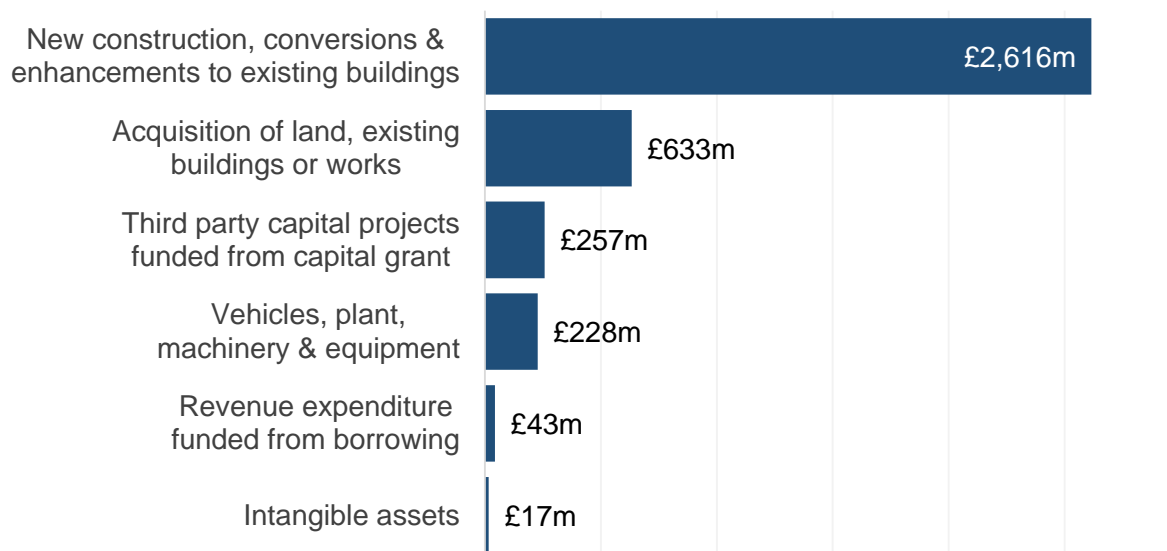
For the purposes of this publication, two further categories are used to reflect revenue expenditure that is funded by either capital grants or borrowing:

- third party capital projects funded from capital grant;
- revenue expenditure funded from borrowing.

The expenditure noted against these two categories will also be reflected in local authorities' revenue expenditure figures.

Chart 3.1 shows the split of capital expenditure into these six categories in 2019-20. The majority of capital expenditure, £2,616 million or 69 per cent, related to new construction, conversions & enhancements to existing buildings.

Chart 3.1: Capital Expenditure in 2019-20 by Expenditure Type, £ millions



Source: LFR CR

Table 3.1 shows the breakdown of capital expenditure between 2015-16 and 2019-20. New construction, conversions and enhancements to existing building has consistently accounted for the majority of capital expenditure over this period.

Table 3.1: Capital Expenditure from 2015-16 to 2019-20 by Expenditure Type, £ millions ¹

	2015-16	2016-17	2017-18	2018-19	2019-20
Acquisition of land, existing buildings or works	58	233	363	169	633
New construction, conversions & enhancements to existing buildings	2,097	2,358	2,255	2,317	2,616
Vehicles, plant, machinery & equipment	183	193	185	225	228
Intangible assets	6	10	5	5	17
Revenue expenditure funded from capital grant and borrowing ²	192	168	177	262	301
Total Capital Expenditure	2,535	2,962	2,984	2,977	3,794

Source: LFR CR for 2019-20 and CR Final for all other years

Notes

¹ The 2019-20 figures split by General Fund and HRA are available in tab Chart 3.1 of the 'SLGFS 2019-20 - Publication Tables' Excel file.

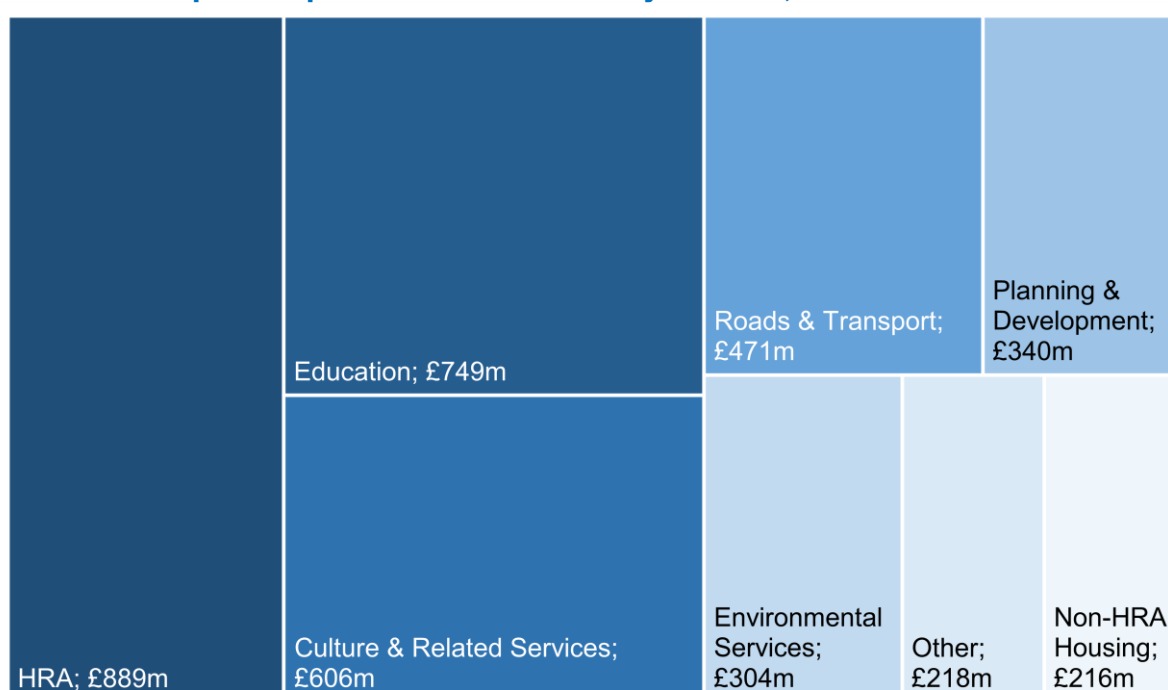
² The 2019-20 figures split by revenue expenditure funded from borrowing and third party capital projects funded from capital grants are available in the 'Chart 3.1' tab of the 'SLGFS 2019-20 - Publication Tables' Excel file. This split is not available for years' prior to 2019-20.

Expenditure on acquisition of land, existing buildings or works has more than tripled between 2018-19 and 2019-20, an increase of £464 million. This increase can be attributed to sale and leaseback transactions by Glasgow City Council in relation to Culture and Related Services. A sale and leaseback transaction is where the owner of an asset sells it to a third party and then leases the same asset back from the new owner. The original owner, in this case Glasgow City Council, will then recognise the leased asset as capital expenditure incurred, whilst also recording income from the capital receipts generated by the sale of the asset. Further information on capital receipts is provided in Chapter 3.2.3.

3.3.1 Capital Expenditure by Service

Chart 3.2 shows capital expenditure in 2019-20 by service. HRA had the largest share of expenditure at £889 million, followed by Education with £749 million.

Chart 3.2: Capital Expenditure in 2019-20 by Service, £ millions



Source: LFR CR

Notes

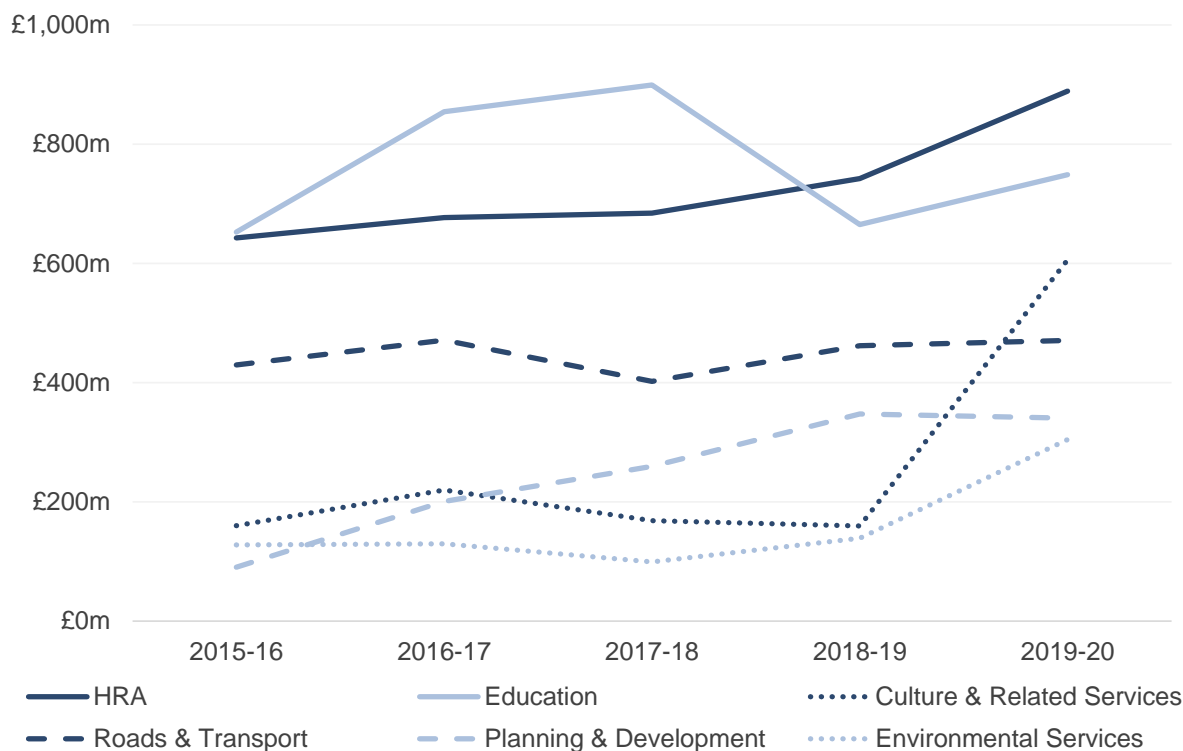
'Other' includes Social Work, Central Services and Trading Services

Chart 3.3 shows capital expenditure for 2015-16 to 2019-20 for each service that accounts for more than seven per cent of total capital expenditure. Expenditure on both HRA and Environmental services has continued to increase in 2019-20; whilst expenditure on Roads & Transport and Planning & Development has remained stable over the last year.

Culture and Related Services has shown a significant increase in capital expenditure in 2019-20 – as noted in Chapter 3.1, this increase can be attributed to sale and leaseback transactions by Glasgow City Council.

Capital expenditure on Education has started to increase again, following a significant decrease in 2018-19. This likely reflects the end of a programme of capital investment in Education in 2018-19, with new investment starting in 2019-20.

Chart 3.3: Capital Expenditure from 2015-16 to 2019-20 by Service, £ millions ¹



Source: LFR CR for 2019-20 and CR Final for all other years

Notes:

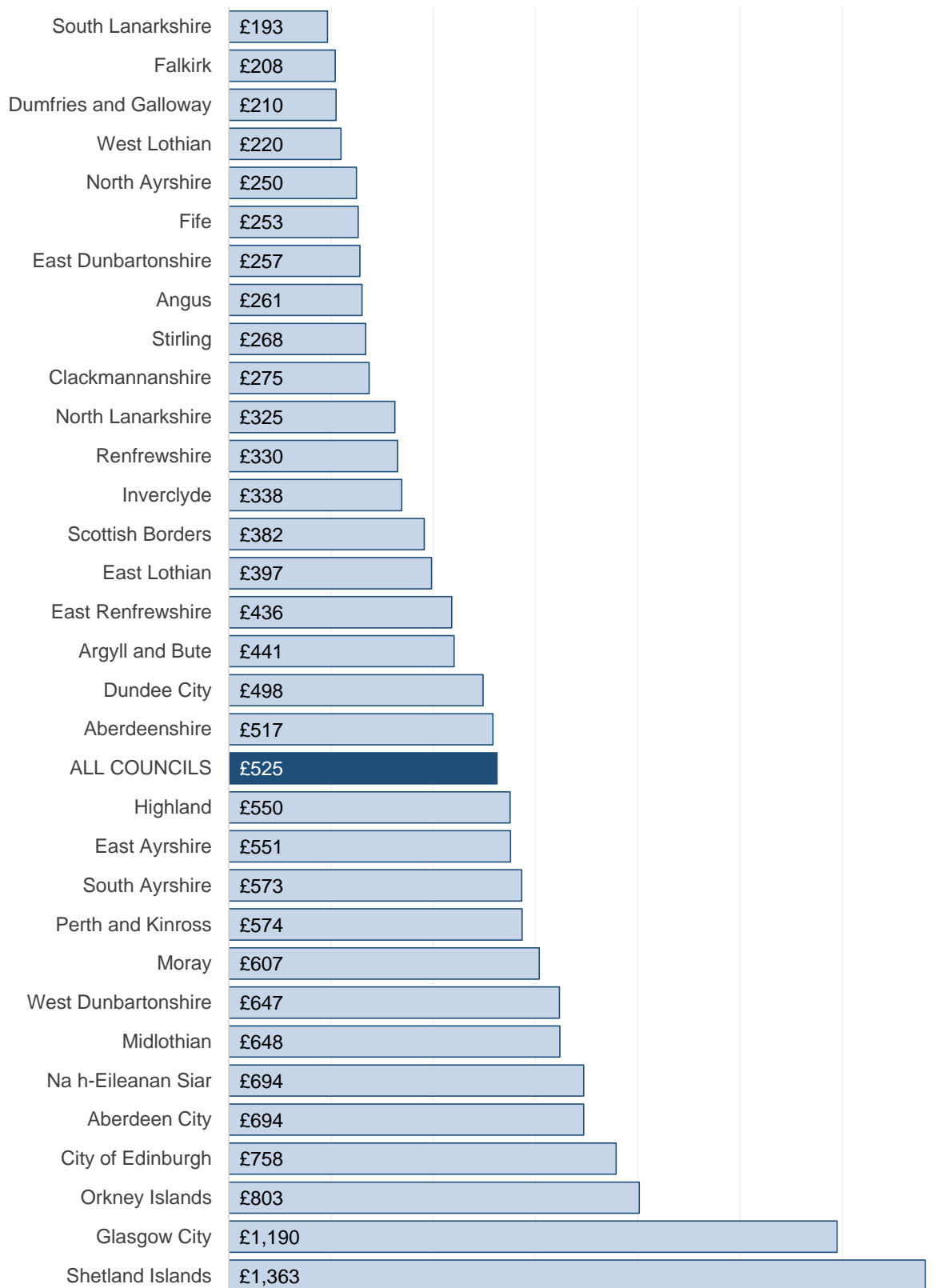
¹ This chart excludes expenditure relating to Social Work, Non-HRA Housing, Trading Services and Other Services as they each make up less than seven per cent of the total capital expenditure in 2019-20. Figures for these services are available in the 'Chart 3.3' tab of the 'SLGFS 2019-20 - Publication Tables' Excel file.

3.1.2 General Fund Capital Expenditure by Council

In any given year, capital expenditure per person 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. Expenditure on capital projects can be highly variable as some projects can be high-value and infrequent, and expenditure per head in local authority areas will move, possibly substantially, from year to year as projects begin or wind down.

Chart 3.4 shows capital expenditure on General Fund services per person by council. In 2019-20, the average capital expenditure per person across all councils was £525, an increase from £400 per person in 2018-19. Spend per person ranged from £193 per person in South Lanarkshire to £1,363 per person in Shetland.

Chart 3.4: General Fund Capital Expenditure in 2019-20 by Council, £ per person



Source: LFR CR, Mid-Year Population Estimates

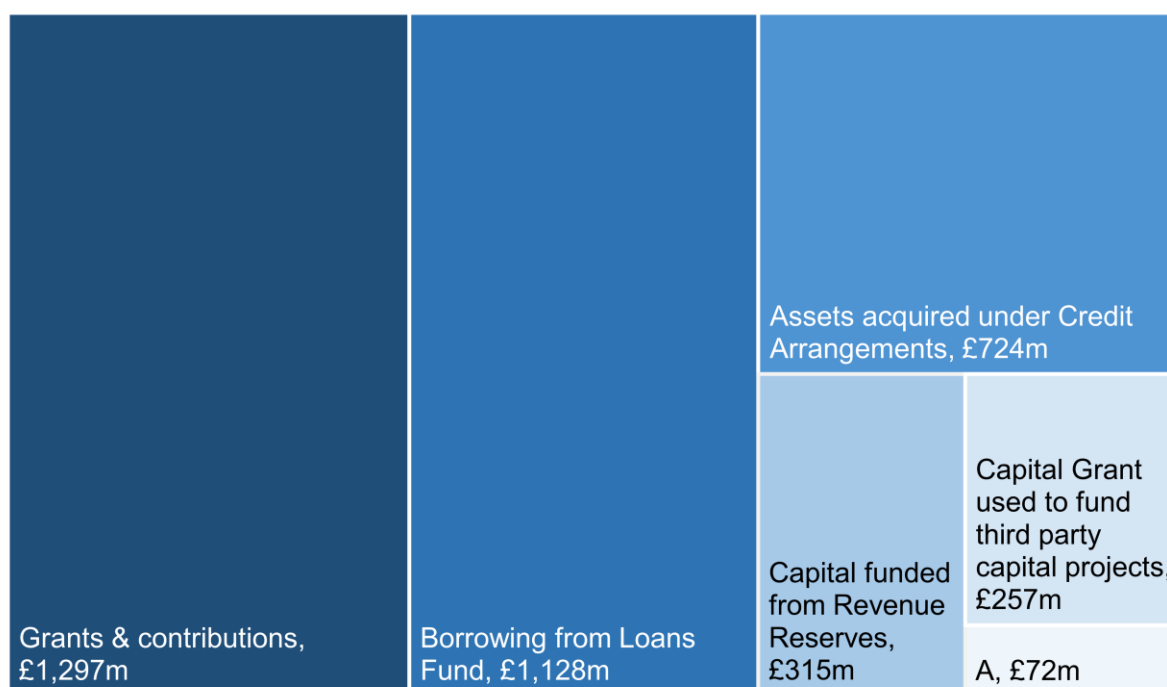
3.2 Capital Financing

Chart 3.5 shows how local authorities financed their capital expenditure in 2019-20. The two main sources of financing were grants & contributions, £1,297 million, and borrowing from the Loans Fund, £1,128 million, which together accounted for almost two-thirds of all capital financing (63.9 per cent) in 2019-20.

Capital grants are grants provided to local authorities to fund capital investment. Capital grants from the Scottish Government¹⁵ are the main component of **grants & contributions**, making up almost three-quarters of grants & contributions (73.7 per cent, or £956 million) in 2019-20. This category also includes capital grants received from the UK Government; other government agencies and Non-Departmental Public Bodies (NDPBs); other local authorities; and private developers.

More information on **borrowing** is provided in Chapter 3.2.1.

Chart 3.5: Capital Financing in 2019-20 by Source, £ millions ¹



Source: LFR CR

Notes:

A = Capital Fund & Capital Receipts

¹ 'Borrowing from Loans Fund' includes borrowing used to fund grants to third party capital projects. This, along with 'Capital Grant used to fund third party capital projects' will also be counted under revenue income.

¹⁵ The Scottish Government provides two types of capital grant funding to local authorities – a General Capital Grant (GCG) and a number of specific or ring-fenced grants.

Chart 3.6 shows capital financing by type from 2015-16 to 2019-20. Grants & contributions and borrowing have consistently been the main sources of capital financing across this period. The fluctuations in borrowing reflect the nature of capital and can be influenced by the type of expenditure being undertaken in each year.

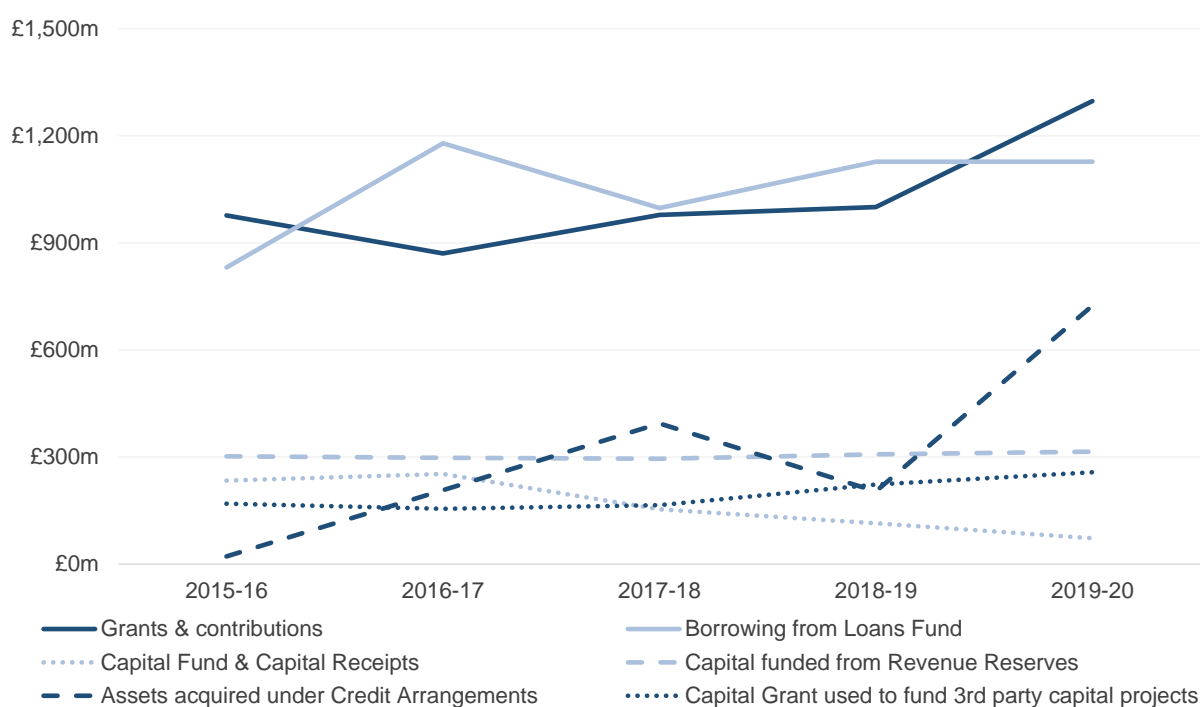
Changes in grants & contributions over this period have largely been driven by changes in capital grants from the Scottish Government. In particular, reallocation of capital funding payments from one financial year to another, as agreed between the Scottish Government and COSLA¹⁶, has impacted the following figures:

- an additional £94.2 million included in 2015-16, reallocated from 2013-14;
- the 2016-17 figure excludes £150 million that has been reallocated and included in the 2019-20 capital settlement.

Financing from assets acquired under credit arrangements has shown a significant increase in 2019-20 – as noted in Chapter 3.1, this can be attributed to sale and leaseback transactions for Culture and Related Services by Glasgow City Council.

Use of Capital Fund and Capital Receipts to finance capital expenditure has continued to decrease in 2019-20; whilst the use of capital grants to fund third party capital projects has continued to increase. Capital funded from revenue reserves has remained stable over this period.

Chart 3.6: Capital Financing from 2015-16 to 2019-20 by Source, £ millions ¹



Source: LFR CR for 2019-20 and CR Final for all other years

Notes

¹ 'Borrowing from Loans Fund' includes borrowing used to fund grants to third party capital projects. This, along with 'Capital Grant used to fund third party capital projects' will also be counted under revenue income.

¹⁶ Convention of Scottish Local Authorities

3.2.1 Borrowing and Credit Arrangements

Local authorities can borrow to fund capital expenditure, either through the borrowing of money or by way of a credit arrangement, such as a lease. The cost of repaying debt, including the interest costs, is expenditure to the revenue accounts. The costs of servicing debt in 2019-20 are provided in [Table 2.5](#), which shows the cost of repayments and interest payable.

The Local Government (Scotland) Act 1973 provides councils with a general power to borrow money. Other local authorities' powers are set out in legislation specific to that authority. The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 sets out the purposes for which a local authority may borrow.

[Table 3.2](#) provides a summary of borrowing and credit arrangements in 2019-20. Local authorities determined they would fund £1,128 million of capital expenditure from borrowing in 2019-20, this is consistent with the amount of borrowing local authorities used to fund capital expenditure in 2018-19.

In 2019-20, local authorities also entered into credit arrangements, recognising debt of £724 million, an increase of £520 million from 2018-19. This increase can be attributed to sale and leaseback transactions for Culture and Related Services by Glasgow City Council, as noted in Chapter 3.1.

Table 3.2: Borrowing and Credit Arrangement Summary for 2019-20, £ million ¹

	General Fund ²	HRA	Total
Advances for Capital Expenditure ³	639	460	1,100
Advances for Consented Borrowing	28	-	28
Total Loans Fund Borrowing	667	460	1,128
Credit Arrangements	724	-	724
Total Borrowing and Credit Arrangements	1,391	460	1,852

Source: LFR CR

Notes

¹ Figures for 2015-16 to 2019-20 are available in Table 3.2a in the 'SLGFS 2019-20 - Publication Tables' Excel file.

² General Fund figures include amounts relating to Harbour Accounts for Orkney and Shetland.

³ Advances for Capital Expenditure includes borrowing from the loans fund used to fund grants to third party capital projects. Local authorities will also have included this within their revenue figures.

Trends for borrowing from the Loans Fund and credit arrangements between 2015-16 and 2019-20 are shown in [Chart 3.6](#) and discussed in Chapter 3.2.

3.3 Capital Receipts

Capital receipts is the term used to recognise income from the sale or disposal of an asset, such as land or council housing. Capital receipts may only be used to fund capital expenditure or for a purpose specified by statute, or statutory guidance.

Local authorities can also hold capital receipts in a capital reserve for future use. This means the value of capital receipts received in year may not equal the amount used in year. **Table 3.3** provides a summary of capital receipts for 2019-20.

Table 3.3: Capital Receipts Summary for 2019-20, £ thousands ¹

	General Fund ²	HRA	Total
Capital Receipts made available for use in year			
Capital Receipts from the sale / disposal of fixed assets	536,679	4,717	541,396
Less: Capital Receipts set aside in the Capital Grants and Receipts Unapplied Account	4,849	140	4,989
Add: Transfer of excess capital receipts to the Capital Fund / Capital Receipts Reserve	-	1,081	1,081
Total capital receipts made available for use in year	531,830	5,658	537,488
Capital Receipts used in year to...			
Fund capital expenditure	37,869	5,186	43,055
Repay debt	505,828	655	506,483
Fund premiums incurred on refinancing	-	-	-
Fund deferred premiums	497	-	497
Fund equal pay settlements	-	-	-
Fund transformation projects	1,388	-	1,388
Total capital receipts used in year	545,582	5,841	551,423

Source: LFR CR

Notes

¹ A breakdown of capital receipts held at 31 March from 2015-16 to 2019-20 by service is available in Table 3.3a in the 'SLGFS 2019-20 - Publication Tables' Excel file.

² General Fund figures include amounts relating to Harbour Accounts for Orkney and Shetland.

In 2019-20, local authorities generated £541 million in capital receipts. This was an increase of £430 million compared to the capital receipts generated in 2018-19, however, as noted in Chapter 3.1, this increase can be attributed to sale and leaseback transactions for Culture and Related Services by Glasgow City Council. After accounting for any movements of capital receipts between reserves in year, local authorities had £537 million capital receipts available for use in 2019-20.

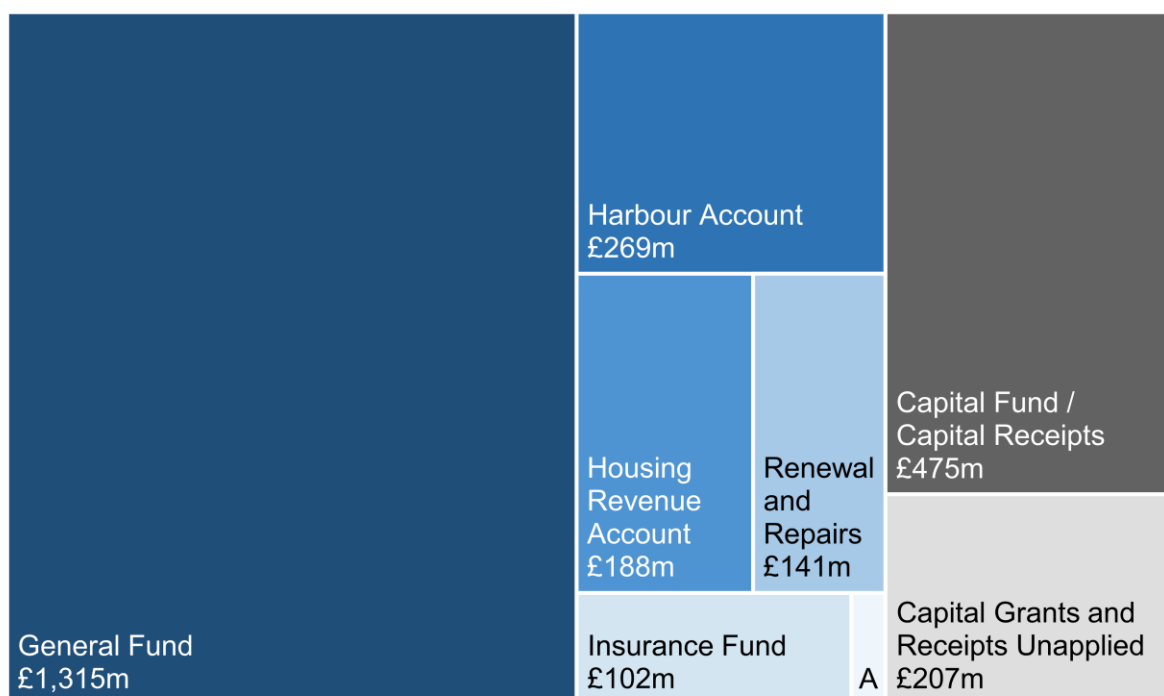
Local authorities used a total of £551 million capital receipts in 2019-20. The majority of these (92 per cent) were used to fund the repayment of debt – in particular, this figure includes the use of the capital receipts that Glasgow City Council generated through their sale and leaseback transactions. Local authorities used capital receipts to fund £43 million of capital expenditure in 2019-20.

4. Reserves and Fixed Assets

4.1 Reserves

Usable reserves reflect a local authority's accumulation of surplus income that can be used to finance future revenue or capital expenditure on services. **Chart 4.1** shows the total usable reserves at 31 March 2020, by fund.

Chart 4.1: Usable Reserves at 31 March 2020, £ millions



Source: LFR 23

Notes

A = Other Statutory Funds, £13m

The **General Fund** is the principle usable revenue reserve of the local authority. Any **deficit** in a local authorities' revenue accounts is met from their General Fund, and any **surplus** is added to the General Fund reserve. The General Fund therefore reflects a local authority's accumulation of surplus income that can be used to finance future revenue expenditure on services or to fund future capital expenditure.

The Orkney County Council Act 1974 and the Zetland County Council Act 1974 require Orkney and Shetland to also hold a **Harbour Account**, a separate account and reserve fund specifically for harbour undertakings. Orkney and Shetland are also able to transfer money between their General Fund and their Harbour Accounts. In this chapter Harbour Account figures are presented separately, however they are included within General Fund figures in other chapters within this publication.

Where a council has housing stock, the accumulation of surplus income relating to housing is separately identified in their **Housing Revenue Account (HRA)**.

In addition to the General Fund a local authority may also hold other statutory usable revenue reserves, such as a **Renewal and Repairs Fund**, an **Insurance Fund**, or other reserves specific to a local authority as permitted by legislation. Amounts will be transferred to and from the General Fund to these reserves.

Local authorities hold two **capital reserves** – the Capital Fund / Capital Receipts Reserve and a Capital Grants and Receipts Unapplied Account.

The Capital Fund and Capital Receipts Reserve were previously identified separately but are now treated as a single reserve. The **Capital Fund / Capital Receipts Reserve** 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.

The **Capital Grants Unapplied Account** holds capital grant that has been received but not yet used to fund capital expenditure, or capital receipts held pending their funding of specific expenditure as permitted by Scottish Ministers.

Local authorities also hold a number of **unusable reserves**, that is reserves which are not backed by cash resources and cannot be used to fund services. Unusable reserves include a Revaluation Reserve, where increases in the value of fixed assets are recorded. This reserve is not usable as an increase in value of an asset will not be realised until the asset is sold. Other unusable reserves include sums deferred or set aside as statutory adjustments which are used to ensure the Annual Accounts of a local authority reconcile to statutory requirements. As these are unusable reserves, they are not discussed in this publication. However this data is collected as part of the Local Financial Returns and is available in the published LFR 23 workbook.

A change in accounting practice in 2018-19 (IFRS 9) resulted in unrealised gains in the value of investments held by local authorities being included in the General Fund / HRA / Harbour reserve balances, rather than in an unusable reserve as before. This gain is unrealised as the investment is still held and any gain will only be realised if the investment is sold. The unrealised gain is therefore required to be earmarked and is not available to fund future revenue expenditure or to fund capital investment. The value of usable reserves presented in this publication therefore **exclude** any IFRS 9 unrealised gains held as part of the General Fund / HRA balances.

Table 4.1 sets out the movements across all reserves in 2019-20. Figures relating to the General Fund (including Harbour Account figures) and HRA were also presented in Chapter 2.4.

Local authorities had an increase of £114 million in their revenue reserves, and an increase of £8 million in their capital reserves in 2019-20. This means local authorities' usable reserves increased by £123 million overall, from £2,586 million at 1 April 2019 to £2,708 million at 31 March 2020.

Table 4.1: Movements in Usable Reserves in 2019-20, £ millions ¹

	Level of reserves held at 1 April	Net increase (+) or decrease (-) in year	Level of reserves held at 31 March
Revenue Reserves			
General Fund	1,211	104	1,315
Housing Revenue Account	177	11	188
Harbour Account	284	-15	269
Renewal and Repairs	138	2	141
Insurance Fund	90	12	102
Other Statutory Funds	12	0	13
Total Revenue Reserves	1,913	114	2,027
Capital Reserves			
Capital Fund / Capital Receipts	494	-20	475
Capital Grants and Receipts Unapplied	179	28	207
Total Capital Reserves	673	8	681
Total Usable Reserves	2,586	123	2,708

Source: LFR 23

Notes

¹ Excludes amounts relating to unrealised gains as at 31 March 2019 that have been included in revenue reserves applying under IFRS 9: Financial Instruments.

Table 4.2 sets out the level of reserves held by all local authorities in Scotland at 31 March from 2015-16 to 2019-20. Usable reserves have been broadly stable over this period, with some fluctuations between years. Over this five year period, the most significant change in total usable reserves is between 2018-19 and 2019-20.

Table 4.2: Level of Usable Reserves held at 31 March from 2015-16 to 2019-20, £ millions

	2015-16	2016-17	2017-18	2018-19 ^{a, b}	2019-20 ^b
Revenue Reserves					
General Fund	1,193	1,178	1,153	1,143	1,315
HRA	142	169	177	177	188
Harbour Account ¹	n/a	312	312	314	269
Renewal and Repairs	201	171	172	138	141
Insurance Fund	85	84	88	90	102
Other Statutory Funds ¹	282	20	32	12	13
Total Revenue Reserves	1,903	1,934	1,935	1,874	2,027
Capital Reserves					
Capital Fund / Capital Receipts	578	522	491	491	475
Capital Grants and Receipts Unapplied	50	45	147	180	207
Total Capital Reserves	628	567	638	671	681
Total Usable Reserves	2,531	2,501	2,573	2,546	2,708

Source: LFR 23

Notes

^a Figures may not match the 1 April figures in Table 4.1 due to restatements in local authorities' accounts between years. In particular, the significant change in General Fund reserve relates to an adjustment by SPT to move £66 million of balance sheet creditors to General Fund reserves in line with the Transport (Scotland) Act 2019.

^b Excludes amounts relating to unrealised gains that are included in revenue reserves in statutory Annual Accounts applying IFRS 9: Financial Instruments.

¹ Figures for Harbour Accounts were not collected separately in returns prior to 2016-17, they were instead included in the Other Statutory Fund figures.

4.2 Fixed Assets

Capital expenditure creates local authority assets. In 2019-20, the value of local authority fixed assets was £48,315 million, an increase of 4.6 per cent, or £2,132 million, from 2018-19. The value of local authority fixed assets from 2015-16 to 2019-20 is shown in [Table 4.3](#).

Table 4.3: Value of Fixed Assets at 31 March from 2015-16 to 2019-20, £ millions ¹

	2015-16	2016-17	2017-18	2018-19	2019-20	% change between 2018-19 & 2019-20
Operational assets	39,116	40,258	41,620	44,242	46,110	4.2%
Non-operational assets	1,523	1,810	1,780	1,875	2,139	14.1%
Intangible assets	48	51	56	65	65	-1.3%
Total Assets	40,687	42,120	43,456	46,182	48,315	4.6%

Source: LFR CR for 2019-20 and CR Final for all other years

Notes

¹ A more detailed breakdown of fixed asset values between 2015-16 and 2019-20 is provided in Table 4.3a in the 'SLGFS 2019-20 - Publication Tables' Excel file.

Operational assets are assets a local authority can use when providing services, such as a school, council houses, vehicles etc. Almost all of local authorities' fixed assets are operational assets and the value of these has increased each year since 2015-16, with a total increase of 17.9 per cent, or £6,994 million, over this period.

Non-operational assets are assets that a local authority cannot currently utilise, for example an asset that is still under construction or an asset that is being held for disposal. **Intangible assets** are non-physical assets, such as computer software. Both non-operational assets and intangible assets account for a very small proportion of local authorities' fixed assets.

5. Debt and Prudential Indicators

5.1 Debt

When a local authority borrows money or uses a credit arrangement to finance capital expenditure a debt liability is created that the local authority has to repay from future revenues. A local authority is required to make loans fund advances in respect of capital expenditure it has determined should be met from borrowing. Loans fund advances are repaid in future years.

Table 5.1 provides a summary of local authorities' debt at 31 March 2020. **Total debt** across local authorities at 31 March 2020 was £19,377 million, an increase of 6.3 per cent, or £1,153 million, from 31 March 2019.

Table 5.1: Total Debt at 31 March 2020, £ millions ¹

	General Fund ²	HRA	Total
Loans Fund Advances outstanding	11,564	4,082	15,646
Credit Arrangements	3,729	2	3,731
Total Debt	15,293	4,084	19,377

Source: LFR CR

Notes

¹ Total debt for General Fund and HRA between 2015-16 to 2019-20, including £ per person figures, is provided in Table 5.1a in the 'SLGFS 2019-20 - Publication Tables' Excel file.

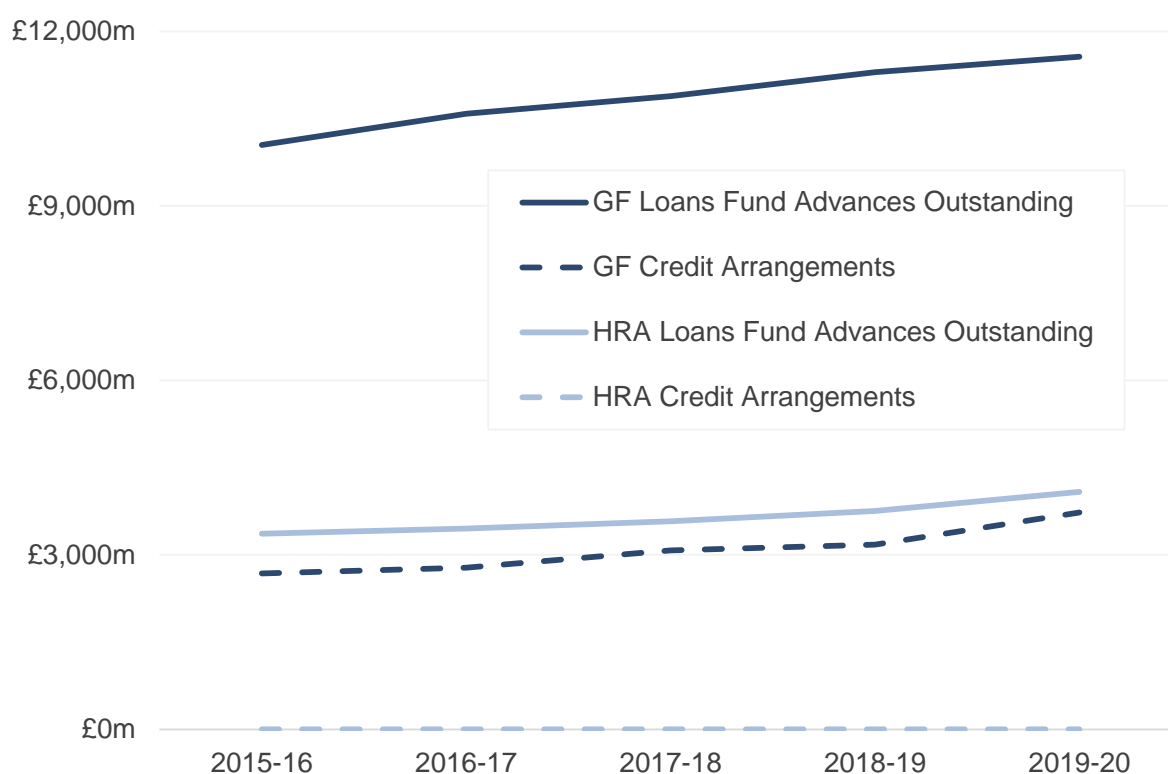
² General Fund figures include amounts relating to Harbour Accounts for Orkney and Shetland.

Total General Fund debt equated to £2,799 per person, an increase of £139 from £2,660 per person at 31 March 2019. Total HRA debt equated to £13,086 per HRA dwelling, an increase of £1,016 from £12,070 per HRA dwelling at 31 March 2019.

Chart 5.1 shows total debt at 31 March from 2015-16 to 2019-20 by type of debt and split by General Fund and HRA. Total debt has increased by 20.4 per cent, or £3,286 million, over this period. The split of total debt across the four categories shown has remained fairly consistent across this period with General Fund borrowing accounting for around three-fifths of total debt; HRA borrowing accounting for just over one-fifth; and General Fund credit arrangements accounting for just under one-fifth of total debt.

More information on the Loans Fund and credit arrangements, as shown in **Table 5.1** and **Chart 5.1**, are provided in Chapters 5.1.1 and 5.1.2.

Chart 5.1: Total Debt at 31 March from 2015-16 to 2019-20, £ millions ¹



Source: LFR CR for 2019-20 and CR Final for all other years

Notes

¹ General Fund figures include amounts relating to Harbour Accounts for Orkney and Shetland.

5.1.1 Loans Fund

The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 require a local authority to maintain a Loans Fund. Advances are made from the Loans Fund to record the amount of expenditure a local authority has determined should be met from borrowing, as permitted by legislation. The repayments made to the Loans Fund are the amount to be met in each financial year from a local authorities’ revenue accounts.

The value of a Loans Fund will **increase** whenever an advance is made for expenditure incurred, or loans made, in any financial year. The value of a Loans Fund will **decrease** when Loans Fund Advances are repaid by making a charge to the General Fund or HRA. The balance on a Loans Fund at 31 March each year represents the amount of past expenditure a local authority has liability to fund from its future revenue budgets.

A local authority will borrow externally to fund the advances made from the Loans Fund. The balance on the Loans Fund should be similar to the value of external borrowing but there may be legitimate differences between the two values. Local authorities may borrow internally, that is use cash reserves, rather than borrowing externally, or may borrow in advance of incurring the actual expenditure to take advantage of favourable interest rates.

Table 5.2 provides a summary of local authorities' Loans Funds in 2019-20. The overall value of the Loans Fund across all local authorities at 31 March 2020 was £15,646 million, an increase of 4.3 per cent, or £640 million, from 1 April 2019.

Table 5.2: Loans Funds Advances Outstanding in 2019-20, £ millions ¹

	General Fund ²	HRA	Total
Loans Fund Advances outstanding at 1 April	11,254	3,752	15,006
Add: New advances from the Loans Fund	667	460	1,128
Less: Repayments made in year	357	131	488
Transfer in (+) or out (-) of assets between funds	-0	0	-
Loans Fund Advances outstanding at 31 March	11,564	4,082	15,646

Source: LFR CR

Notes

¹ More detailed breakdowns of Loans Fund advances outstanding between 2015-16 and 2019-20 are provided in Tables 5.2a & b in the 'SLGFS 2019-20 - Publication Tables' Excel file.

² General Fund figures include amounts relating to Harbour Accounts for Orkney and Shetland.

5.1.2 Credit Arrangements

Credit arrangements, such as finance leases, Private Finance Initiatives (PFI) and Public Private Partnerships (PPP)¹⁷ are not charged to the Loans Fund, but are a form of borrowing and so are included in the total debt figures. **Table 5.3** provides a summary of local authorities' credit arrangements in 2019-20. The overall value of credit arrangements outstanding across all local authorities at 31 March 2020 was £3,731 million, an increase of 18.9 per cent, or £592 million, from 1 April 2019. As noted in Chapter 3.1, the significant increase in new credit arrangements in 2019-20 can be attributed to sale and leaseback transactions for Culture and Related Services by Glasgow City Council.

Table 5.3: Credit Arrangements in 2019-20, £ millions ¹

	General Fund ²	HRA	Total
Credit Arrangements brought forward at 1 April	3,136	2	3,139
Add: New Credit Arrangements in year	724	-	724
Less: Repayments made in year	131	0	131
Credit Arrangements outstanding at 31 March	3,729	2	3,731

Source: LFR CR

Notes

¹ More detailed breakdowns of Loans Fund advances outstanding between 2015-16 and 2019-20 are provided in Tables 5.3a & b in the 'SLGFS 2019-20 - Publication Tables' Excel file.

² General Fund figures include amounts relating to Harbour Accounts for Orkney and Shetland.

¹⁷ Including the Scottish Non Profit Distributing (NPD) model

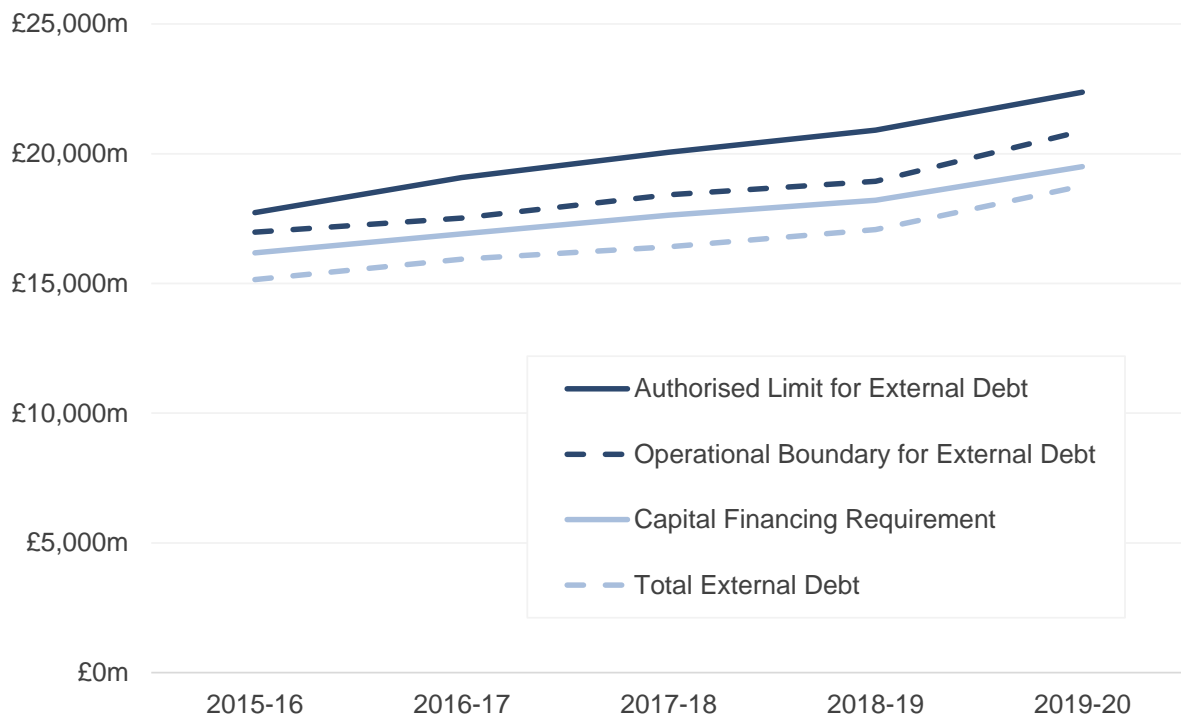
5.2 Prudential Indicators

The Chartered Institute of Public Finance & Accountancy (CIPFA) Prudential Code sets out a framework for a local authority to demonstrate its capital investment plans are affordable, prudent and sustainable. A number of prudential indicators are set and monitored against three year capital expenditure plans. Further, the Local Government in Scotland Act 2003 places a local authority under a statutory duty to set their own maximum capital expenditure limits and they must be set with regard to the Prudential Code. The key prudential indicators are:

- Capital Financing Requirement
- Total External Debt
- Operational Boundary
- Authorised Limit

Chart 5.2 shows the change in prudential indicators between 2015-16 and 2019-20. All four indicators have increased at similar rates over this period. More information on the individual indicators is provided in the remainder of this chapter.

Chart 5.2: Prudential Indicators at 31 March from 2015-16 to 2019-20, £ millions



Source: LFR CR for 2019-20 and CR Final for all other years

5.2.1 Capital Financing Requirement (CFR)

The **Capital Financing Requirement (CFR)** represents the amount of capital expenditure a local authority has determined should be met from borrowing or funded from a credit arrangement, with the repayment of the debt met from future local authority budgets.

The CFR will increase each year by the amount of new capital expenditure to be financed by borrowing or credit arrangements, and will decrease by the amounts repaid. The CFR represents an authority's underlying need to borrow money.

Table 5.4 shows the CFR calculation for 2019-20. The CFR increased from £18,280 million at 1 April 2019 to £19,508 million at 31 March 2020. This means that local authorities had a higher amount of new capital expenditure to be financed by borrowing than amounts repaid in 2019-20. This increase in CFR was reflected across both the General Fund and HRA.

Table 5.4: Capital Financing Requirement in 2019-20, £ millions ¹

	General Fund ²	HRA	Total
Capital Financing Requirement at 1 April	14,433	3,847	18,280
Add: Capital exp. to be financed by borrowing	667	460	1,128
Add: Capital exp. to be financed by credit arrangements	724	-	724
Less: Loans Fund repayments	362	131	493
Less: Credit Arrangements repayments	131	0	131
Capital Financing Requirement at 31 March	15,331	4,177	19,508

Source: LFR CR

Notes

¹ The total CFR calculation between 2015-16 and 2019-20 is provided in Table 5.4a in the 'SLGFS 2019-20 - Publication Tables' Excel file.

² General Fund figures include amounts relating to Harbour Accounts for Orkney and Shetland.

Chart 5.2 shows that local authorities' CFR has increased over the last five years which reflects the increase in local authority borrowing over this period.

5.2.2 Total External Debt

Total External Debt reflects local authorities' gross external borrowing and other long term liabilities. This may be **less than the CFR** where an authority has chosen to utilise cash reserves rather than borrow externally. Total External Debt may be **more than the CFR** where a local authority has chosen to borrow in advance of actual capital expenditure; however the Prudential Code limits borrowing in advance to the CFR amount plus up to two years planned capital expenditure to be funded from borrowing.

Table 5.5 shows that total external debt at 31 March 2020 was £18,767 million. Around four-fifths of total external debt (80.1 per cent or £15,035 million) related to external borrowing, with the remainder relating to credit arrangements outstanding.

Table 5.5: Total External Debt at 31 March 2020, £ millions¹

	Total
Actual external borrowing	15,035
Credit arrangements outstanding	3,731
Total External Debt	18,767

Source: LFR CR

Notes

¹ A detailed breakdown of Total External Debt between 2015-16 and 2019-20, including as a percentage of CFR, is provided in Table 5.5a in the 'SLGFS 2019-20 - Publication Tables' Excel file.

As shown in **Chart 5.2**, the CFR has remained above total external debt between 2015-16 and 2019-20. This means that local authorities continue to be under-borrowed, that is they are utilising internal cash reserves rather than borrowing externally. At 31 March 2020, total external debt was 96.2 per cent of the CFR, which is broadly consistent with prior years.

5.2.3 Operational Boundary and Authorised Limit

The **Operational Boundary** is based on local authorities' capital spending plans and should reflect the most likely, or prudent, but not worst case scenario for borrowing. In general, it is not significant if an authority breaches the operational boundary for a short period, however a sustained or regular trend above would be significant. At 31 March, the Operational Boundary across all local authorities was £20,879 million.

The **Authorised Limit** represents the maximum amount that the authority may borrow and is set at a level that reflects capital expenditure plans but includes headroom to allow for unusual cash movements, i.e. treasury management. The Authorised Limit across all local authorities was £22,379 million at 31 March 2020.

As shown in **Chart 5.2**, neither the operational boundary nor the authorised limit have been breached in the last five years. This means that local authorities' borrowing has consistently remained below these limits.

6. Pensions

Expenditure and income from local authority pension funds are entirely separate from the expenditure and income of the authorities' themselves. In accordance with regulations 9 and 65 of the Local Government Pension Scheme (Scotland) Regulations 2014, expenditure on pensions, lump sums and the costs of managing the pension are paid from the Pension Fund. Income from employer and employee contributions is paid into this fund, which then generates investment income.

Expenditure and income figures should not be used to gauge the health of a pension fund, as the ratio of expenditure to income will depend on a number of factors, including age of the fund and whether it is open or closed to new members. The relative financial health of the pension scheme is gauged through the three-yearly actuarial valuations carried out on each of the funds.

6.1 Pension Fund Expenditure

Table 6.1 shows the expenditure for local government pension schemes in 2019-20 – these expenditure figures represent payments of previously accrued pension rights. Total expenditure on pension scheme funds in 2019-20 was £1,545 million, an increase of 5.8 per cent, or £85 million, from £1,460 million in 2018-19.

Table 6.1: Pension Fund Expenditure in 2019-20, £ millions ¹

	2019-20
Pensions ²	863
Lump Sums ²	367
Other Benefits ²	-
Payments under Pensions (Increase) Acts ²	254
Total Benefits	1,485
Transfer Values ³	40
Other ⁴	21
Total Expenditure	1,545

Source: LFR 24

Notes

¹ A detailed breakdown of Pension Fund Expenditure between 2015-16 and 2019-20 is provided in Table 6.1a in the 'SLGFS 2019-20 - Publication Tables' Excel file.

² Payments under the Pensions (Increase) Act 1971 relate to costs associated with uprating of pensions. In some cases, local authorities were unable to separately identify this cost and included it within pensions, lump sums and other benefits.

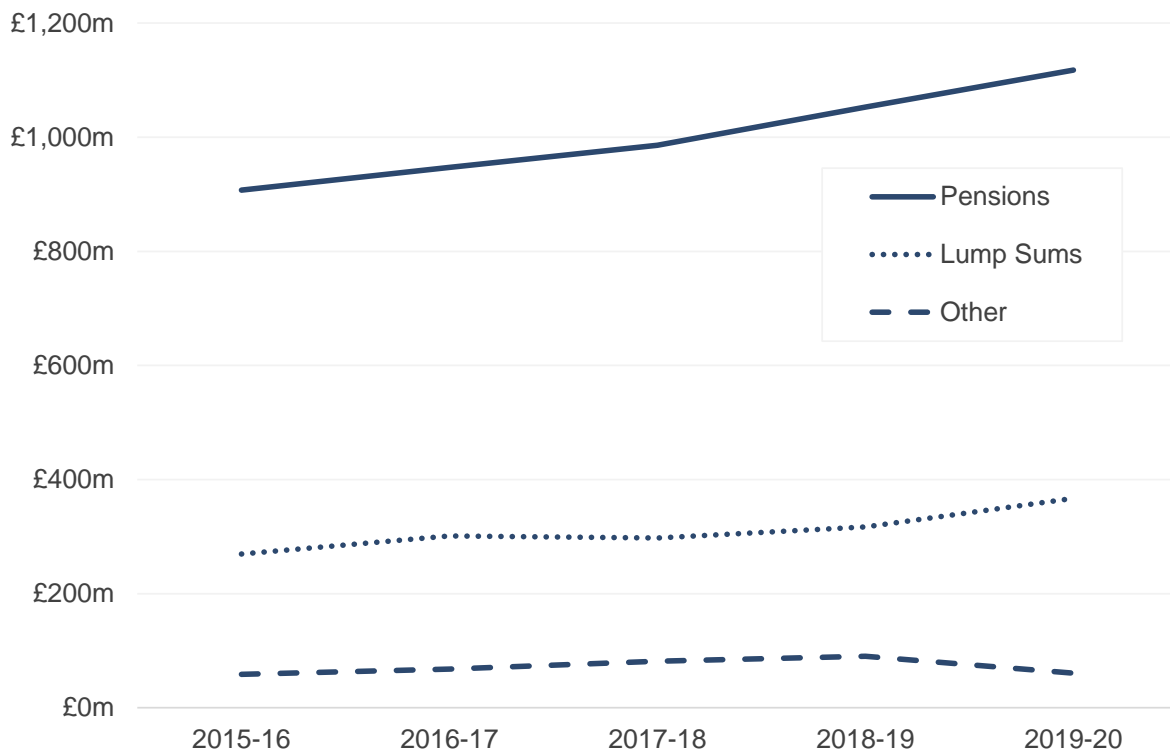
³ 'Transfer Values' relates to scheme members transferring to other pension schemes, for example where a scheme member has moved employer. In 2019-20, this figure also includes the **net** transfer value of Strathclyde Transport Fund Assets from Glasgow City Council to Aberdeen City Council.

⁴ 'Other' includes fund administration and management costs; refunds of contributions; adjustments; and premiums. Fund administration and management costs are the largest component of this.

Just over half of expenditure, 55.9 per cent or £863 million, is on **pensions**, and **lump sums** account for just under a quarter of expenditure, 23.7 per cent or £367 million. Non-benefit related expenditure only accounted for 3.9 per cent, or £61 million, of total expenditure on pension schemes in 2019-20.

Chart 6.1 shows the changes in expenditure on pensions between 2015-16 and 2019-20. Pension fund expenditure has increased by 25.1 per cent over this time period. This increase has largely been driven by increases in expenditure on pensions which has increased by 23.2 per cent, or £210 million, since 2015-16.

Chart 6.1: Pension Fund Expenditure from 2015-16 to 2019-20 by Expenditure Type, £ millions



Source: LFR 24

6.2 Pension Fund Income

Pension fund income is made up of two key components: employee and employer contributions; and income from investments. **Table 6.2** shows the income for local government pension schemes in 2019-20 for each of these components.

Table 6.2: Pension Fund Income in 2019-20, £ millions

	2019-20
Employees Contributions ¹	326
Employers Contributions ¹	1,116
Total Contributions	1,442
Net Investments and Other Income	-2,046
Total Income	-605

Source: LFR 24

Notes

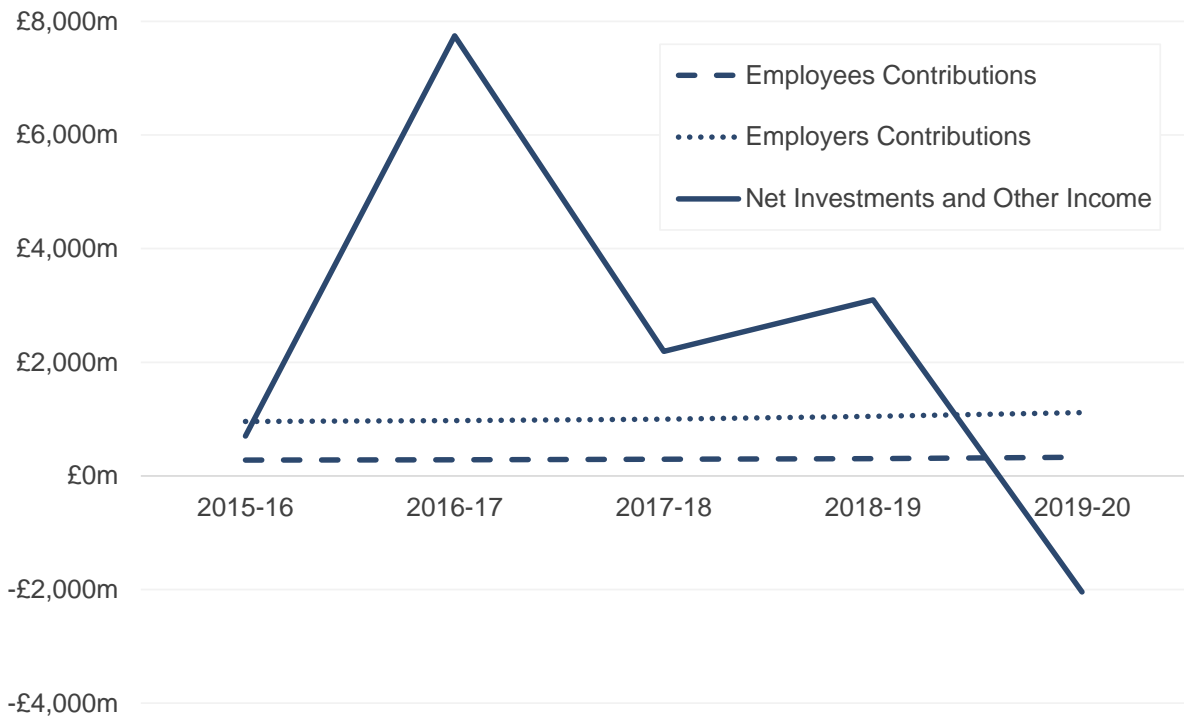
¹ This includes contributions from other employing authorities.

Income from **contributions from employees and employers** represent payments for pensionable service accrued during the year which will be paid out as part of an overall pension at a future date. In 2019-20, total contributions provided £1,442 million of income, an increase of 6.7 per cent, from £1,351 million in 2018-19.

Contributions income is dependent on the number of contributing employees, both full time and part time, and contributions from employees are fixed at a set percentage of pay, depending on level of salary. Contribution rates from employers are variable and are reviewed on a triennial basis, with actuaries determining the contribution rates for the following three years. This means contributions from employees and employers tends to remain stable over time, as shown in **Chart 6.2**.

Net investment and other income is volatile, as shown in **Chart 6.2**, and is heavily influenced by investment conditions, for example changes in the stock market. In 2019-20, net investment and other income was -£2,046 million, a decrease of £5,143 million from 2018-19. This negative income figure reflects the decrease in the market value of pension investments across all local authorities as a result of the impact of the Covid-19 pandemic on the financial market at the start of 2020.

Chart 6.2: Pension Fund Income from 2015-16 to 2019-20 by Income Type, £ millions



Source: LFR 24

7. Data Sources

This publication contains data from a range of sources. Information on these data sources is provided in this chapter along with links to relevant web pages for further information.

Local Financial Returns (LFRs)

The **LFRs** are a series of detailed returns that collect final, audited expenditure, income, reserves and pension figures for all local authorities in Scotland on an annual basis. The LFRs are the main data source for this publication.

More information on the LFRs, including a blank copy of the latest return and associated guidance, is available at www.gov.scot/publications/local-financial-return/.

Prior to 2019-20, final, audited capital figures were collected in a separate return, the CR Final. In 2019-20, the CR Final was integrated into the LFR as LFR CR.

The full 2019-20 LFR workbooks, which provide all the source data by local authority, have been made available alongside this publication.

Council Tax Receipts Return (CTRR)

The CTRR monitors collection levels relating to council tax and community charge from all councils in Scotland on an annual basis. It collects information on the amounts billed and received, and to which year the payment refers. More information on CTRR is available at www.gov.scot/publications/council-tax-receipts-and-returns/.

Council Tax Base (CTaxbase)

The CTaxbase figures give the number of properties in each council tax band in each council area, including those with exemptions and discounts. More information on CTaxbase is available at www.gov.scot/publications/council-tax-base/.

Council Tax Assumptions (CTAS)

The CTAS return 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. More information on CTAS is available at www.gov.scot/publications/council-tax-assumptions/.

Council Tax Reduction (CTR) Extracts

Local authorities are asked to provide individual CTR record level extracts on a monthly basis. Local authorities are asked to extract their data on a specified date which means the extract provides a snapshot for each month. More information on the CTR Extracts is available at www.gov.scot/publications/council-tax-reduction/.

Non-Domestic Rates Income (NDRI) Returns

The NDRI returns collect data on the amount of NDR income each year. For this there is a cycle of four returns to collect estimates and then final amounts of NDRI – the Provisional Contributable Amount (PCA); Mid-Year Estimates (MYE); Notified; and Audited. More information on the NDRI returns is available at www.gov.scot/collections/local-government-finance-statistics-information-for-data-suppliers/#non-domesticrates.

Scottish Assessors Valuation Roll

The Scottish Assessors Valuation Roll is a public document that contains an entry for all non-domestic properties except those specifically excluded by law. More information on the Valuation Roll is available at www.saa.gov.uk/non-domestic-valuation/the-valuation-roll/.

Local Government Finance Circulars

These provide financial advice and guidance to local government, including details of local government settlements. Copies of local government finance circulars are available at www.gov.scot/collections/local-government-finance-circulars/.

Mid-Year Population Estimates

Mid-year population estimates for Scotland are produced by National Records for Scotland (NRS) on an annual basis. More information on the mid-year population estimates is available at www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-estimates/mid-year-population-estimates.

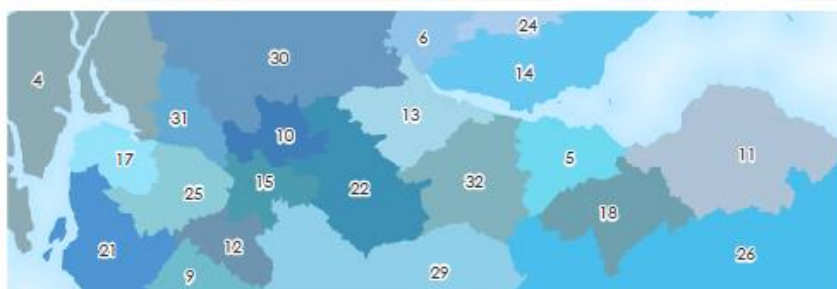
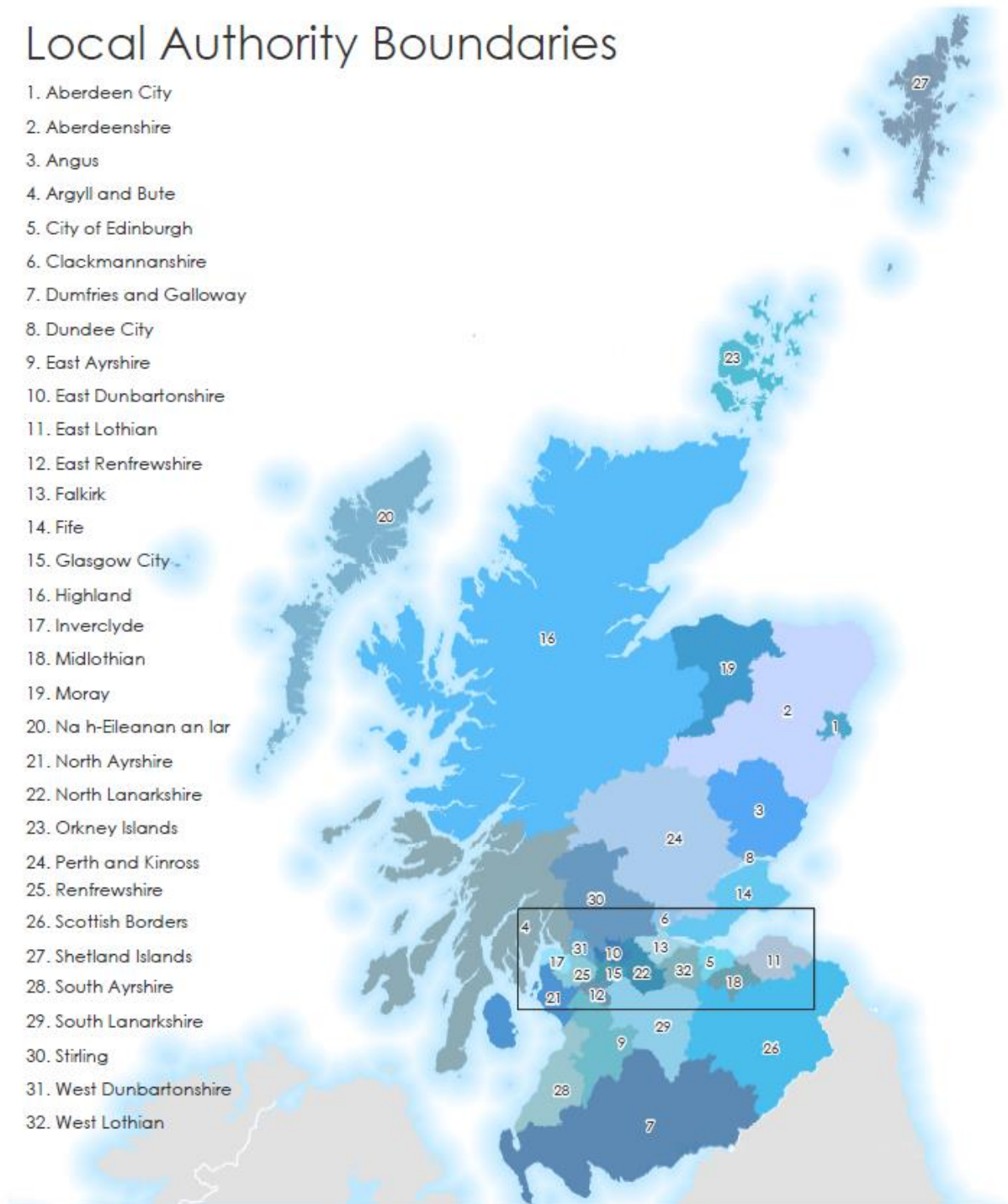
Housing Revenue Account (HRA) Statistics

An estimate of the number of HRA dwellings is taken from the annual Scottish Government HRA Statistics publication. More information on the HRA Statistics publication is available at www.gov.scot/publications/housing-revenue-account-hra-statistics-scottish-local-authority-housing-income-expenditure-1997-98-2019-20-near-actuals-2020-21-budgeted-estimates/.

Annex A: Local Authority Boundaries

Local Authority Boundaries

1. Aberdeen City
2. Aberdeenshire
3. Angus
4. Argyll and Bute
5. City of Edinburgh
6. Clackmannanshire
7. Dumfries and Galloway
8. Dundee City
9. East Ayrshire
10. East Dunbartonshire
11. East Lothian
12. East Renfrewshire
13. Falkirk
14. Fife
15. Glasgow City
16. Highland
17. Inverclyde
18. Midlothian
19. Moray
20. Na h-Eileanan Siar
21. North Ayrshire
22. North Lanarkshire
23. Orkney Islands
24. Perth and 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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Scale: 1:2,910,000

Scottish Government GI Science & Analysis Team,
March 2019. job6061sl



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Annex B: Local Authority Joint Board Membership

Council	Valuation Joint Board (VJB)	Regional Transport Partnership (RTP)
Aberdeen City	Grampian	NESTRANS
Aberdeenshire	Grampian	NESTRANS
Angus	Tayside	TACTRAN
Argyll & Bute	Dunbartonshire & Argyll & Bute	SPT / HITRANS ¹
City of Edinburgh	Lothian	SESTRAN
Clackmannanshire	Central	SESTRAN
Dumfries & Galloway	Dumfries & Galloway	SWESTRANS
Dundee City	Tayside	TACTRAN
East Ayrshire	Ayrshire	SPT
East Dunbartonshire	Dunbartonshire & Argyll & Bute	SPT
East Lothian	Lothian	SESTRAN
East Renfrewshire	Renfrewshire	SPT
Falkirk	Central	SESTRAN
Fife	Fife	SESTRAN
Glasgow City	Glasgow	SPT
Highland	Highland & Western Isles	HITRANS
Inverclyde	Renfrewshire	SPT
Midlothian	Lothian	SESTRAN
Moray	Grampian	HITRANS
Na h-Eileanan Siar	Highland & Western Isles	HITRANS
North Ayrshire	Ayrshire	SPT
North Lanarkshire	Lanarkshire	SPT
Orkney Islands	Orkney & Shetland	HITRANS
Perth & Kinross	Tayside	TACTRAN
Renfrewshire	Renfrewshire	SPT
Scottish Borders	Borders	SESTRAN
Shetland Islands	Orkney & Shetland	ZETRANS
South Ayrshire	Ayrshire	SPT
South Lanarkshire	Lanarkshire	SPT
Stirling	Central	TACTRAN
West Dunbartonshire	Dunbartonshire & Argyll & Bute	SPT
West Lothian	Lothian	SESTRAN

Notes

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

Annex C: Calculation of the 2019-20 NDR Distributable Amount, £ millions

Balance brought forward 31/03/2018 as per Non Domestic Rating Account 2017-18		-141,136
Closing Balance		-141,136
Final Balance brought forward 31/03/2018		
Opening Balance		-141,136
Add: PCA 2018-19 (actual)	2,882,664	
Less: Distributable Amount 2018-19	2,636,000	
	<u>246,664</u>	
		105,528
Reconciliation of 2017-18		
Add: Audited Amount 2017-18 (actual)	2,762,249	
Less: Notified PCA 2017-18 (actual)	2,843,956	
	<u>-81,707</u>	
		23,821
Reconciliation of 2016-17		
Add: Audited Amount 2016-17 (in 2017-18 account)	-	
Less: Notified Amount 2016-17 (in 2017-18 account)	-	
	<u>-</u>	
		23,821
Closing Balance for 2018-19		23,821
Balance brought forward 31/03/2019		
Opening Balance		23,821
Add: Estimated PCA 2019-20 (SFC)		2,785,113
Add: Mid-Year Estimate 2018-19 (SFC)	2,826,514	
Less: PCA 2018-19 (actual)	2,882,664	
Estimated reconciliation of 2018-19	<u>-56,150</u>	
Estimated movement on Pool 2019-20		2,728,964
Net balance on 2018-19 Pool inc. brought forward at 31/03/2019		2,752,785
Less: Distributable Amount for 2019-20		2,853,000
Estimated balance at 31/03/2020		-100,215

Notes

PCA = Provisional Contributable Amount
SFC = Scottish Fiscal Commission

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ISBN 978-1-80004-941-3

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Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh
PPDAS858086 (04/21)