

Scottish Executive

Local Government

**THE LOCAL
GOVERNMENT FINANCE
(SCOTLAND) ORDER 2006**

**Report by the Scottish Ministers under
paragraph 2(3) of Schedule 12 to the Local
Government Finance Act 1992**

Laid before the Scottish Parliament
by the Scottish Ministers
January 2006

PAYMENTS OF REVENUE SUPPORT GRANT AND THE DISTRIBUTABLE AMOUNT OF NON-DOMESTIC RATE INCOME FOR SCOTLAND FOR 2004-05, 2005-06 AND 2006-07

Introduction

1.1 In accordance with paragraph 1 of Schedule 12 to the Local Government Finance Act 1992 ("the 1992 Act"), Scottish Ministers have made the Local Government Finance (Scotland) Order 2006 ("the 2006 Order") specifying those local authorities to which Revenue Support Grant ("RSG") is payable for 2006-07 and determining the amount of RSG payable to each such authority for that year. The 2006 Order also specifies those authorities amongst whom the distributable amount of non-domestic rate income ("the distributable amount of NDRI") in respect of 2006-07 is being distributed and determines the amount being distributed to each authority for that year. Before making the 2006 Order, the Scottish Ministers consulted the Convention of Scottish Local Authorities (COSLA).

1.2 As well as determining the amount of RSG and distributable amount of NDRI payable to each authority for 2006-07, the 2006 Order redetermines the amount of RSG payable to each authority for 2004-05 and 2005-06. This will replace the amounts determined for these years by the Local Government Finance (Scotland) Order 2005 (SSI 2005/19) ("the 2005 Order").

1.3 The 2006 Order, together with this Report of the considerations which led to its provisions, are laid before the Scottish Parliament in accordance with paragraph 2(3) of Schedule 12 to the 1992 Act. That paragraph provides that the Order shall have no effect until it has been approved by a Resolution of the Scottish Parliament.

Aggregate External Finance for 2006-07

2.1 The Scottish Ministers have determined that Aggregate External Finance ("AEF") for 2006-07 should be set at a level of £8,313.636 million. AEF comprises (a) the amount which the Scottish Ministers have estimated will be payable to local authorities as specific grants in respect of their expenditure on certain services, (b) the distributable amount of NDRI and (c) RSG. Provision is made for specific grants where the Scottish Ministers are under statutory obligation to pay such grants or where they decide there are special factors which make it inappropriate to rely on general assistance through the distributable amount of NDRI and RSG.

Estimate of Specific Grants Payable for 2006-07

3.1 Out of the AEF total of £8,313.636 million, the Scottish Ministers have estimated that the sum of £775.578 million will be payable to local authorities as specific grants on certain services. Details of the specific grants as estimated for 2006-07 are given in Appendix A to this Report. Not all specific grants are included within AEF. The specific grant for police loan charges, which is estimated at £13.479 million for 2006-07, is outwith AEF.

Amount available for Distributable Amount of NDRI and RSG for 2006-07

4.1 After deducting from the AEF total of £8,313.636 million the estimated sum of £775.578 million for specific grants mentioned in paragraph 3.1 above, the Scottish Ministers have determined (a) £1,883.769 million as the distributable amount of NDRI in respect of 2006-07 and (b) £5,654.289 million as the amount available out of monies provided by the Scottish Parliament for the payment of RSG to local authorities for 2006-07. The distributable amount of NDRI is the amount which the Scottish Ministers have estimated under paragraph 9 of Schedule 12 to the 1992 Act as being the difference between the amounts to be credited to the non-domestic rating account under paragraph 9(1)(a) of Schedule 12 and the amounts to be debited to the account under paragraph 9(1)(b) of the same Schedule. The Scottish Ministers have estimated that the amounts credited to the rating pool under paragraph 9(1)(a) of Schedule 12 will consist of £1,904.000 million in provisional contributable amounts for 2006-07 and £107.573 million under paragraph 8(2)(b) (debit from 2005-06). The Scottish Ministers have further estimated that the amount to be credited to the rating pool under paragraph 9(1)(b) of Schedule 12 will consist solely of £87.342 million (specifically the net figure for payments to local authorities in respect of the difference between "provisional" and "notified" amounts of NDRI for 2005-06 under paragraph 11(8) and 11(9) of that Schedule).

Assessment of Total Estimated Expenditure

5.1 The first stage in calculating the allocation of AEF to authorities is the estimation of the Total Estimated Expenditure (TEE) for each local authority. The following paragraphs explain how the Scottish Ministers have estimated the TEE for the purposes of distributing AEF to each local authority for 2006-07.

5.2 The first step in determining TEE is to apportion among local authorities the amount of £8,978.944 million as being the estimated Grant Aided Expenditure (GAE) of all local authorities for 2006-07 in providing certain services. Most of the £8,978.944 million is apportioned to local authorities using the client group method; the balance by authorities' expenditure on particular services. This method has been developed over a number of years by the Scottish Executive in discussion with the Convention of Scottish Local Authorities (COSLA) and service specialists in individual local authorities. Appendix C to this Report provides more information about the client group method. The distribution takes account of certain changes as agreed with COSLA. Local authorities have been advised of the details of the amount so apportioned to each local authority for 2006-07.

5.3 The second step is to add the amounts of £28.081 million apportioned to the six local authorities who receive Special Islands Needs Allowance (SINA).

5.4 The third step is to add the amount of £50.000 million so apportioned to each local authority in respect of its Quality of Life allocation for 2006-07.

5.5 The fourth step is to add the total amount of £966.000 million so apportioned to each local authority in respect of loan and leasing charges (£904.571m) and Public Private Partnership (PPP) (£61.429m) support for 2006-07. The loan charges amount is calculated on the following basis. For each authority an amount of loan charges (representing the estimated costs of debt repayment, debt interest and debt servicing charges) and leasing

payments is calculated for 2006-07. This is done in different ways for different components of local authority debt.

5.6 For capital debt incurred prior to 31 March 1999 (termed historic debt) each authority has provided details of expected debt outstanding and repayments in each of the years in question. An all-Scotland interest rate and a loans fund expenses rate are applied to the debt outstanding figure in each year to give interest and debt servicing charges; these are added to reported repayments and leasing charges to give loan charges on historic debt.

5.7 The loan charges relating to capital debts incurred from 1 April 1999 to 31 March 2004 are calculated on the bases of the capital expenditure consents issued to councils for these five years under Section 94 of the Local Government (Scotland) Act 1973. From 2004-05 onwards, loan charges are calculated on estimated debt incurred by councils against a fixed annual supported borrowing allocation each year.

5.8 The interest and debt servicing amounts are calculated by applying (respectively) the all-Scotland average interest rate and the loans fund expenses rate to average notional debt outstanding during the year in question. An all-Scotland average redemption rate is applied to notional debt outstanding at the beginning of each year to calculate repayments. The loan charge calculations for 2006-07 is as set out in Finance Circular 8/2004.

5.9 Loan charges amounts for Joint Boards of Police and Fire are based on known Joint Board debt. For each joint board, the debt repayment rates used are the average rate at which the board redeemed debt in the three years 2001-02 to 2003-04 inclusive. The interest and debt servicing amounts are applied from calculating pooled Scotland rates. Joint board loan charges are then apportioned to local authorities according to agreed shares.

5.10 The amounts for historic, notional and joint board debt are summed to give total loan charge support. In the case of Orkney and Shetland Islands Councils, this methodology has been adapted. Orkney Islands Council has part of its historic loan charges amount calculated by applying the standard methodology to the actual debt: the remaining part is calculated on an amount of historic notional debt. New notional debt for those two authorities is treated in the same way as for all other authorities. Shetland Islands Council is completely debt free on the General Fund and has its loan charge support calculated as a fixed percentage share of the Scottish total.

5.11 The allowance for loan and leasing charges includes support for approved PPP initiative projects. The methodology for the calculation of PPP support is agreed for each project.

5.12 The fifth step is to add the “floor adjustment” which is required to provide each authority with a minimum increase in AEF between 2005-06 and 2006-07 (as detailed in Finance Circular 8/2005, Annex D). For the period 2006-07 and 2007-08 provisional AEF allocations were announced by the Minister for Finance and Public Service Reform on 23 November 2005. For the purpose of the calculation of the floor adjustment made to the AEF allocation of each local authority, the minimum level of AEF increase to apply between the allocations for 2005-06 and 2006-07 announced by the Minister on the 23 November 2005 was 2.0%. Resources allocated subsequently have not been taken into account for the purpose of the floor calculation.

5.13 The calculations described at paragraphs 5.2 to 5.12 result in a total estimated expenditure of £10,023.025 million. The distribution of this figure is shown in column 1 of Appendix B to this Report.

The Distribution of AEF

6.1 The following paragraphs explain how the actual amount of AEF to be distributed has been calculated and how this has been allocated between local authorities.

6.2 There is first added to the AEF total of £8,313.636 million mentioned in paragraph 2.1 the estimated amount of £13.479 million specific grant for police loan charges mentioned at paragraph 3.1 above. This amount is distributed along with AEF. A deduction is then made of the following amount: £5.000 million Specialist Provision Programme which is within AEF but undistributed. As detailed in the Local Government Finance Circular 8/2005, this deduction is necessary because a distribution decision has still to be taken. The resulting adjusted AEF total of £8,322.115 million for 2006-07 has been distributed between local authorities on the same basis as in previous years.

6.3 The purpose of the distribution of AEF is to provide local authorities with a level of grant support that would notionally allow all authorities to set the same level of council tax, for 2006-07, provided that their planned expenditure was the same as Scottish Ministers' estimate of their total service expenditure and they provided an equal standard of service with equal efficiency. This is achieved firstly by calculating the difference between the total estimated expenditure figure (TEE) of £10,023.025 million referred to in paragraph 5.13 and the adjusted AEF total of £8,322.115 million, which is £1,700.910 million. This figure of £1,700.910 million is the amount of local authority expenditure chargeable to council tax which would not be met by AEF, were authorities to spend at the Scottish Ministers' estimate of TEE.

6.4 The figure of £1,700.910 million is then apportioned between local authorities in proportion to the number of council tax units which have been estimated by the Scottish Ministers for each local authority area. For this purpose, the number of council tax units has been estimated:

- a) by taking a forecast of the number of properties within each council tax band (as defined in section 74(2) of the 1992 Act) based on returns supplied by authorities for each local authority area as at September 2004;
- b) by multiplying the number of properties in each band by a ratio equal to the amount of council tax in respect of a property in the band divided by the amount of council tax in respect of a property in Band D. The basis of these ratios is the proportion set out in section 74(1) of the 1992 Act. This gives the number of Band D equivalent properties within each band;
- c) by adding the number of Band D equivalent properties within each band to give the total number of Band D equivalent properties within each authority;

d) by making reductions to the estimated number of Band D equivalent properties within each authority to reflect the reduction in council tax from properties which are exempt from the council tax, or in respect of which discounts will be applicable. For the purpose of the calculation of RSG, second homes and long term empty properties are assumed to be in receipt of 50% discount, even although local authorities have the discretion to reduce this discount to a minimum of 10% from April 2005.

6.5 The estimated number of the council tax units for each local authority area is shown in column 2 of Appendix B to this Report and each local authority's share of the total of £1,700.910 million (excludes Teachers Pay Increase) described at paragraph 6.3 above is shown in column 3 of that Appendix.

6.6 For each authority, the figure shown at column 3 of Appendix B to this Report is then deducted from the adjusted TEE figure shown at column 1 of that Appendix, to give a figure for total AEF support to the authority. The resulting AEF for 2006-07 payable to each local authority is the amount shown for each local authority in column 4 of Appendix B to this Report. The figures shown at column 4 of that Appendix sum to the adjusted AEF total of £8,322.115 million.

The Distribution of NDRI and RSG for 2006-07

7.1 The following paragraphs explain how the distributable amount of NDRI of £1,883.769 million in respect of 2006-07 has been distributed among local authorities. They also explain how the allocation of RSG of £5,654.289 million to local authorities in respect of 2006-07 has been determined.

7.2 The amounts of relevant specific grants estimated by the Scottish Ministers to be payable to each local authority in 2006-07 are shown in column 5 of Appendix B to this Report. The reasons for this adjustment is set out in paragraph 6.2 above.

7.3 The distributable amount of NDRI in respect of 2006-07 has been distributed to each authority in proportion to its resident population as estimated by the Registrar General for Scotland at mid-year 2004. The amounts for each authority are shown at column 6 of Appendix B to this Report. These are the amounts which are specified in column 3 of Schedule 1 to the 2006 Order.

7.4 For all local authorities other than Aberdeenshire Council, Argyll & Bute Council, East Lothian Council, East Renfrewshire Council, North Lanarkshire Council and West Lothian Council, the RSG payable to each authority is calculated as the amount remaining after deducting from the AEF amount given in column 4 of Appendix B to this Report the amount of specific grants shown in column 5 and the amount of the distributable amount of NDRI given in column 6 of that Appendix. The RSG amounts so calculated are shown in column 7 of that Appendix.

7.5 For Aberdeenshire Council, Argyll & Bute Council, East Lothian Council, East Renfrewshire Council, North Lanarkshire Council and West Lothian Council, RSG is calculated in accordance with paragraph 7.4 above, with the addition of the sums of £3.400 million, £0.600 million, £2.920 million, £1.210 million, £0.360 million and £1.168 million respectively transferred to its revenue support allocation from its capital

allocation, which is shown at column 8 of Appendix B. The total RSG amount so calculated is shown at column 9 of that Appendix. This is the amount which is specified in column 2 of Schedule 1 to the 2006 Order.

Aggregate External Finance for 2005-06

8.1 The Scottish Ministers have decided:

- a) to increase both AEF and RSG for 2005-06 by £0.325 million additional funding for the Food Standards Agency to meet obligations under the Animal Feedstuffs Regulations.
- b) to increase both AEF and RSG for 2005-06 by £3.198 million additional funding for Choose Life to assist councils with the Suicide Prevention Strategy.
- c) to increase AEF and RSG for 2005-06 by £2.000 million additional funding to support costs linked to arrangements for delivery of the Mental Health (Care and Treatment) (Scotland) Act 2003.
- d) to increase AEF and RSG by £2.000 million for the National Pilot of Parenting Orders.
- e) to increase RSG for 2005-06 by £26.219 million additional funding for Community Safety Partnerships to tackle Anti-social Behaviour and, in particular, to put in place services for victims and witnesses including community wardens and neighbour mediation.
- f) to increase RSG for 2005-06 by £8.398 million additional funding for Capital to Revenue Transfers specifically for Aberdeenshire (£1.700m), Argyll and Bute (£0.600m), East Lothian (£4.230m), East Renfrewshire (£0.330m), Midlothian (£0.300m), North Lanarkshire (£0.070m) and West Lothian (£1.168m).
- g) to increase RSG for 2005-06 by £14.500 million additional funding for Youth Justice to support restorative justice, Local Action Fund (for Community Safety Partnerships), Programmes to support under 16s on Anti Social Behaviour Orders and Youth Justice National Standards/Targets and objectives post March 2006.
- h) to increase RSG for 2005-06 by £11.000 million additional funding for Educational Psychologists, Quality Improvement Officers and Scottish Qualification Authority charges.
- i) to increase RSG for 2005-06 by £4.844 million additional funding. for Strategic Waste Fund targeted specifically for Argyll and Bute (£1.653m) and Dumfries and Galloway (£3.191m).
- j) to increase RSG for 2005-06 by £10.000 million additional funding for Working with Families specifically for Dumfries and Galloway (£0.600m), Dundee (£1.000m), East Ayrshire (£0.600m), Glasgow (£2.500m), Highland (£0.600m), Inverclyde (£0.600m), North Ayrshire (£1.000m), North Lanarkshire (£1.500m), Renfrewshire (£1.000m) and West Dunbartonshire (£0.600m) to help parents in disadvantaged areas or groups access employment or training opportunities by ensuring that childcare is not a barrier.

- k) to increase RSG for 2005-06 by £5.942 million additional funding for Common Police Services.
- l) to increase RSG for 2005-06 by £3.335 million additional funding for the costs associated with the G8 Summit specifically for City of Edinburgh (£3.059m), Perth and Kinross (£0.261m) and Stirling (£0.015m).
- m) to increase RSG for 2005-06 by £2.550 million additional funding to assist councils to meet their obligations under the End of Life Vehicles Strategy.
- n) to increase RSG for 2005-06 by £2.100 million additional funding for Public and Private Partnerships specifically for Aberdeenshire (£1.700m), East Renfrewshire (£0.330m) and South Lanarkshire (£0.070m).
- o) to increase RSG for 2005-06 by £13.759 million additional funding for the third round of the Modernising Government Fund to ensure the customer comes first, with more public services being provided at first point of contact.
- p) to increase RSG for 2005-06 by £2.100 million for the Efficient Government Fund allocation for Glasgow City.
- q) to increase RSG for 2005-06 by £0.600 million for the Smoking Ban Enforcement.
- r) to increase RSG for 2005-06 by £0.035 additional funding for the transfer of management of Development Funding from Communities Scotland to Glasgow City Council.

8.2 In addition, Scottish Ministers have decided:

- a) to increase AEF and the Gaelic specific grant by £0.413 million.
- b) to increase AEF and the NPAF specific grant for School Support Staff by £7.500 million.

8.3 The total increase for the year is therefore £120.818 million. Of this sum, £15.436 million (£7.523 million for RSG and £7.913 million for specific grants) has been added to AEF, giving a revised total AEF of £8,102.083 million. The remaining £105.382 million has been added to RSG only giving a revised total RSG figure of £5,567.902 million.

8.4 In accordance with the decisions set out at paragraph 8.1 to 8.3 above, the Scottish Ministers have therefore redetermined the distribution of AEF and RSG for 2005-06. The estimate of the distributable amount of NDRI, in total and for each authority, as specified at paragraph 4.1 of the Report to the 2005 Order is unchanged. The RSG for each authority, redetermined by this Order, is the amount remaining after deducting from the redistributed AEF amount the unchanged distributable amount of NDRI.

8.5 Appendix D to this Report shows the revised calculation of AEF and RSG for 2005-06. The calculation shows:

- a) in column 1, the amount of adjusted TEE for the purposes of distributing AEF for each local authority for 2005-06 as shown in column 1 of Appendix B to the 2005 Report, with the adjustments set out at paragraph 8.1(a), (b), (c) and (d) and specific grants as mentioned in paragraph 8.2(a) and (b);
- b) in column 2, the number of council tax units for each local authority as shown in column 2 of Appendix B to the 2005 Report;
- c) in column 3, the amount of adjusted TEE not met by AEF;
- d) in column 4, amounts of AEF as redetermined;
- e) in column 5, the revised amounts of each local authority's estimate of specific grant as previously set in column 5 of Appendix B to the 2005 Report and adjusted as set out at paragraph 8.2;
- f) in column 6, the amounts of each local authority's apportionment of the distributable amount of NDRI as shown in column 6 of Appendix B to the 2005 Report;
- g) in column 7, the amounts of Revenue Support Grant now adjusted for 2005-06 redeterminations before the adjustments detailed in columns 8-21;
- h) in column 22, the amounts of RSG for 2005-06. These are the amounts which are specified in column 2 of Schedule 2 to the 2006 Order.

Aggregate External Finance for 2004-05

9.1 The Scottish Minister have decided:

(a) to reduce both AEF and RSG for 2004-05 by £1.010 million for loan charge support for slippage in the Dumfries and Galloway Council PPP Waste project (£1.270 million) and for additional consent issued to Midlothian Council (£0.260 million).

(b) to increase RSG for 2004-05 by £12.895 million for Common Police Services Revenue Support Grant reimbursement.

(c) to increase RSG by £5.594 million for 2004-05 for Common Police Services Specific Grant reimbursement for the Scottish Drugs Enforcement Agency.

(d) to increase RSG by £4.500 million for 2004-05 for Educational Psychologists and Quality Improvement Officers.

9.2 The total increase for the year is therefore £21.979 million. Of this sum, £1.010 million has been deducted from AEF and RSG, giving a revised total AEF of £7,737.381 million. The remaining £22.989 million has been added to RSG giving a revised total RSG figure of £5,288.033 million.

9.3 In accordance with the decisions set out at paragraph 9.1 and 9.2 above, the Scottish Ministers have therefore redetermined the distribution of AEF and RSG for 2004-05. The

estimate of the distributable amount of NDRI, in total and for each authority, as specified at paragraph 4.1 of the Report to the 2004 Order, is unchanged. The RSG for each authority, redetermined by this Order, is the amount remaining after deducting from the redistributed AEF amount the unchanged distributable amount of NDRI.

9.4 Appendix E to this Report shows the revised calculation of AEF and RSG for 2004-05. The calculation shows:

- a) in column 1, the amount of adjusted TEE for the purposes of distributing AEF for each local authority for 2004-05 as shown in column 1 of Appendix B to the 2004 Report, with the adjustments set out at paragraph 9.1(a);
- b) in column 2, the number of council tax units for each local authority as shown in column 2 of Appendix B to the 2004 Report;
- c) in column 3, the amount of adjusted TEE not met by AEF;
- d) in column 4, amounts of AEF as redetermined;
- e) in column 5, the amounts of each local authority's estimate of specific grant as previously set in column 5 of Appendix B to the 2004 Report;
- f) in column 6, the amounts of each local authority's apportionment of the distributable amount of NDRI as shown in column 6 of Appendix B to the 2004 Report;
- g) in column 7, the amounts of Revenue Support Grant now adjusted for 2004-05 redeterminations before the adjustments detailed in columns 8-23;
- h) in column 24, the amounts of RSG for 2004-05. These are the amounts which are specified in column 2 of Schedule 3 to the 2006 Order.

Appendix A

Aggregate External Finance 2006-07

		£m
(1)	Specific Grants	775.578
(2)	Revenue Support Grant	5,654.289
(3)	Distributable Amount of NDRI	1,883.769
	Total Aggregate External Finance	<u>8,313.636</u>
(4)	<i>plus</i> Police Loan Charge Specific Grant	13.479
(5)	<i>less</i> Specialist Provision Programme Specific Grant	5.000
	Distributable Aggregate External Finance	<u>8,322.115</u>

Breakdown of Specific Grants 2006-07

	£m
Police	542.576
Supported Employment	4.891
Gaelic	3.514
Mental Illness	14.000
Social Work Training	5.500
National Priorities Action Fund	213.576
	<u>784.057</u>

Appendix B

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Total Estimated Expenditure	Band D Properties Forecast (tax units)	Deduction for element of TEE not funded by AEF: allocated in proportion to tax units	Total AEF 2006-07	Specific Grants 2006-07	NDRI Distributable Amounts 2006-07	Revenue Support Grant 2006-07	Capital to Revenue	Revised Revenue Support Grant 2006-07
	£'s		£'s	£'s	£'s	£'s	£'s	£'s	£'s
Aberdeen City	365,545,428	85,106	74,511,588	291,033,000	31,877,000	75,467,000	183,689,000		183,689,000
Aberdeenshire	425,128,862	94,185	82,460,623	342,668,000	28,478,000	86,373,000	227,817,000	3,400,000	231,217,000
Angus	209,145,499	40,872	35,784,342	173,361,000	15,119,000	40,269,000	117,973,000		117,973,000
Argyll & Bute	208,343,834	37,963	33,236,918	175,107,000	14,737,000	33,826,000	126,544,000	600,000	127,144,000
Clackmannanshire	89,744,478	17,885	15,658,772	74,085,000	6,361,000	17,894,000	49,830,000		49,830,000
Dumfries & Galloway	301,042,499	57,129	50,017,513	251,025,000	22,354,000	54,873,000	173,798,000		173,798,000
Dundee City	294,772,327	47,629	41,699,773	253,072,000	25,687,000	52,625,000	174,760,000		174,760,000
East Ayrshire	227,917,880	39,838	34,878,932	193,039,000	17,565,000	44,409,000	131,065,000		131,065,000
East Dunbartonshire	192,908,168	46,338	40,569,509	152,338,000	12,974,000	39,523,000	99,841,000		99,841,000
East Lothian	168,251,499	38,219	33,461,054	134,791,000	12,305,000	33,971,000	88,515,000	2,920,000	91,435,000
East Renfrewshire	172,201,487	39,767	34,816,866	137,384,000	10,373,000	33,240,000	93,771,000	1,210,000	94,981,000
City of Edinburgh	800,889,447	195,317	171,003,412	629,886,000	70,659,000	168,283,000	390,944,000		390,944,000
Eilean Siar	104,821,352	9,233	8,083,491	96,738,000	5,451,000	9,741,000	81,546,000		81,546,000
Falkirk	272,667,612	53,640	46,962,367	225,706,000	19,825,000	54,698,000	151,183,000		151,183,000
Fife	650,742,435	130,206	113,997,618	536,744,000	48,000,000	131,534,000	357,210,000		357,210,000
Glasgow City	1,321,967,441	210,625	184,405,931	1,137,561,000	124,022,000	214,280,000	799,259,000		799,259,000
					0				
Highland	464,702,315	85,257	74,644,274	390,058,000	34,089,000	78,394,000	277,575,000		277,575,000
Inverclyde	170,999,894	28,681	25,110,855	145,889,000	13,996,000	30,576,000	101,317,000		101,317,000
Midlothian	153,436,747	29,584	25,901,259	127,536,000	11,564,000	29,530,000	86,442,000		86,442,000
Moray	164,930,708	30,903	27,055,807	137,875,000	11,878,000	32,539,000	93,458,000		93,458,000
North Ayrshire	265,081,556	48,865	42,782,455	222,300,000	19,747,000	50,455,000	152,098,000		152,098,000
North Lanarkshire	607,676,658	107,971	94,530,277	513,147,000	47,885,000	119,735,000	345,527,000	360,000	345,887,000
Orkney Islands	64,773,124	7,153	6,262,600	58,510,000	3,125,000	7,233,000	48,152,000		48,152,000
Perth & Kinross	257,445,919	58,534	51,247,681	206,198,000	18,207,000	51,011,000	136,980,000		136,980,000
Renfrewshire	330,545,803	66,135	57,902,373	272,644,000	26,561,000	63,286,000	182,797,000		182,797,000
Scottish Borders	219,778,221	43,350	37,953,446	181,825,000	16,803,000	40,532,000	124,490,000		124,490,000
Shetland Islands	86,274,890	7,668	6,713,450	79,562,000	3,868,000	8,138,000	67,556,000		67,556,000
South Ayrshire	209,105,574	46,461	40,677,088	168,429,000	15,924,000	41,489,000	111,016,000		111,016,000
South Lanarkshire	563,859,801	111,625	97,729,705	466,130,000	41,693,000	113,288,000	311,149,000		311,149,000
Stirling	169,866,152	35,602	31,170,154	138,696,000	12,416,000	32,038,000	94,242,000		94,242,000
West Dunbartonshire	193,296,544	33,618	29,433,283	163,864,000	18,231,000	34,115,000	111,518,000		111,518,000
West Lothian	295,162,420	57,391	50,246,652	244,915,000	22,284,000	60,404,000	162,227,000	1,168,000	163,395,000
Scotland	10,023,025,066	1,942,748	1,700,910,066	8,322,115,000	784,057,000	1,883,769,000	5,654,289,000	9,658,000	5,663,947,000
					0				

APPENDIX C
ASSESSMENT OF RELATIVE GRANT AIDED EXPENDITURE: THE CLIENT
GROUP APPROACH

1. The total relative GAE for a local authority is the sum of the separate GAE assessments for individual services. The GAE totals for each authority are used by the Scottish Executive as the basis for the distribution of AEF.
2. The Client Group Approach is an objective method used to estimate relative GAE for local authorities that takes into account variations in the demands for services and the costs of providing them to a similar standard and with a similar degree of efficiency. Those demand and cost factors which are outside the control of local authorities, which offer plausible explanations and which can be shown to be associated with inter-authority expenditure variation are then used in the formulae for calculating relative GAE.
3. The Client Group method of calculating relative GAEs consists of an allowance for a primary indicator and, where found to be justified, allowance for one or more secondary indicators. The primary indicator is considered to be the most significant single determinant of expenditure on a service (for example, the number of school pupils in relation to expenditure on school teaching staff). Composite primary indicators are single indicator expressions which encompass a number of factors, each considered to be plausibly associated with inter-authority variation in expenditure.
4. Secondary indicators are factors which plausibly affect either the demand for services or the unit cost of meeting that demand, over and above that accounted for by the primary indicator. They are selected after thorough discussion with local authorities and other service specialists. A secondary indicator is highly correlated with inter-authority variations in expenditure and is agreed to be a plausible and consistent explanation of demand or cost variation in expenditure. The size of the allowance for a secondary indicator is derived mathematically from the relationship between past expenditure and the secondary indicator and results in some redistribution of relative GAE. For instance, the GAE assessment for primary school teaching staff has been adjusted by a secondary indicator which takes account of the higher ratio of staff to pupils in rural areas.

Appendix D

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Total Estimated Expenditure	Band D Properties Forecast (tax units)	Deduction for element of TEE not funded by AEF: allocated in proportion to tax units	Total AEF 2005-06	Specific Grants 2005-06	NDRI Distributable Amounts 2005-06	Revenue Support Grant 2005-06	Anti-Social Behaviour (Community Safety Partnership)	Capital to Revenue	Strategic Waste Fund	Modernising Government Fund 3
	£'s		£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Aberdeen City	360,804,616	85,183	73,141,308	287,663,308	30,384,000	77,497,386	179,781,921	1,514,000	0	0	765,750
Aberdeenshire	403,930,905	91,472	78,541,286	325,389,619	26,684,000	86,023,599	212,682,020	276,000	1,700,000	0	491,750
Angus	200,500,678	40,004	34,348,406	166,152,272	14,313,000	40,331,650	111,507,622	409,000	0	0	331,250
Argyll & Bute	199,798,734	37,605	32,289,083	167,509,651	14,036,000	34,247,393	119,226,259	205,000	600,000	1,653,000	649,250
Clackmannanshire	86,784,952	17,062	14,650,101	72,134,851	5,994,000	17,885,166	48,255,684	409,000	0	0	556,750
Dumfries & Galloway	290,353,825	56,127	48,192,618	242,161,207	21,182,000	55,219,701	165,759,506	713,000	0	3,191,000	479,750
Dundee City	290,715,569	47,353	40,659,107	250,056,462	24,358,000	53,674,255	172,024,208	1,870,000	0	0	562,750
East Ayrshire	221,099,802	39,720	34,104,771	186,995,031	16,580,000	44,836,702	125,578,329	936,000	0	0	377,750
East Dunbartonshire	190,379,073	46,933	40,297,983	150,081,090	12,225,000	40,125,341	97,730,750	409,000	0	0	249,750
East Lothian	161,751,539	37,785	32,443,536	129,308,003	11,747,000	34,168,620	83,392,382	276,000	4,230,000	0	305,250
East Renfrewshire	165,222,277	40,257	34,566,428	130,655,849	9,729,000	33,639,717	87,287,132	409,000	330,000	0	198,750
City of Edinburgh	788,541,443	196,245	168,502,383	620,039,060	67,174,000	168,187,334	384,677,726	1,870,000	0	0	603,750
Eilean Siar	102,408,924	9,145	7,852,378	94,556,545	5,135,000	9,790,328	79,631,217	205,000	0	0	236,750
Falkirk	263,138,528	51,655	44,353,156	218,785,372	18,747,000	54,735,811	145,302,561	713,000	0	0	572,750
Fife	633,110,197	127,788	109,723,138	523,387,059	45,859,000	132,053,146	345,474,914	936,000	0	0	455,750
Glasgow City	1,299,391,865	209,315	179,724,694	1,119,667,171	117,494,000	216,471,281	785,701,890	2,761,000	0	0	451,750
Highland	446,304,922	83,518	71,711,443	374,593,480	32,167,000	78,427,655	263,998,825	409,000	0	0	374,750
Inverclyde	166,388,776	28,243	24,250,078	142,138,698	13,218,000	31,152,749	97,767,949	1,514,000	0	0	411,750
Midlothian	150,287,095	29,595	25,411,005	124,876,090	11,141,000	29,899,887	83,835,203	409,000	300,000	0	746,750
Moray	159,550,902	30,252	25,975,190	133,575,712	11,253,000	32,806,977	89,515,735	276,000	0	0	608,750
North Ayrshire	257,868,100	48,328	41,496,390	216,371,710	18,661,000	51,025,990	146,684,720	936,000	0	0	456,750
North Lanarkshire	589,185,486	106,935	91,818,247	497,367,240	45,129,000	120,717,371	331,520,869	1,870,000	70,000	0	685,750
Orkney Islands	61,077,919	7,037	6,041,802	55,036,117	2,885,000	7,243,342	44,907,774	205,000	0	0	100,750
Perth & Kinross	246,169,165	56,741	48,719,822	197,449,343	17,263,000	51,010,985	129,175,357	409,000	0	0	521,750
Renfrewshire	325,100,418	66,208	56,848,088	268,252,329	25,132,000	64,136,027	178,984,302	1,514,000	0	0	402,750
Scottish Borders	211,155,639	42,366	36,376,781	174,778,858	15,863,000	40,616,733	118,299,125	276,000	0	0	410,750
Shetland Islands	84,307,672	7,534	6,468,623	77,839,049	3,532,000	8,203,620	66,103,429	205,000	0	0	150,750
South Ayrshire	204,367,737	45,974	39,474,887	164,892,849	15,116,000	41,854,590	107,922,259	713,000	0	0	153,750
South Lanarkshire	550,683,938	109,091	93,669,510	457,014,427	39,361,000	113,661,583	303,991,844	936,000	0	0	539,750
Stirling	166,459,871	35,264	30,279,160	136,180,711	11,753,000	32,398,109	92,029,602	409,000	0	0	488,750
West	190,207,501	33,418	28,694,105	161,513,396	17,278,000	34,630,003	109,605,392	1,514,000	0	0	165,750
Dunbartonshire											
West Lothian	283,381,719	55,578	47,721,385	235,660,334	21,096,000	60,399,947	154,164,386	713,000	1,168,000	0	249,750
Scotland	9,750,429,892	1,919,731	1,648,346,892	8,102,083,000	742,490,000	1,897,073,000	5,462,520,000	26,219,000	8,398,000	4,844,000	13,758,500

Appendix D continued

	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	Working with Families	Youth Justice	Common Police Services	Educational Psychologists, Quality Improvement Officers and SQA charges	Efficient Government Fund	Smoking Ban Enforcement	Costs associated with G8	Development Funding	End of Life/Abandoned Vehicles	PPP	Revised Revenue Support Grant 2005-06
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Aberdeen City	0	484,000	283,237	370,930	0	22,104	0	0	87,000	0	183,308,943
Aberdeenshire	0	352,000	209,639	523,759	0	24,443	0	0	110,000	1,700,000	218,069,611
Angus	0	250,000	107,034	236,905	0	15,413	0	0	50,000	0	112,907,224
Argyll & Bute	0	194,000	111,446	199,040	0	15,547	0	0	70,000	0	122,923,541
Clackmannanshire	0	159,000	43,202	108,229	0	11,084	0	0	19,000	0	49,561,949
Dumfries & Galloway	600,000	319,000	150,058	328,471	0	18,960	0	0	72,000	0	171,631,745
Dundee City	1,000,000	566,000	199,152	294,429	0	17,247	0	0	58,000	0	176,591,785
East Ayrshire	600,000	378,000	129,406	266,211	0	15,872	0	0	50,000	0	128,331,568
East Dunbartonshire	0	178,000	84,210	262,740	0	14,780	0	0	44,000	0	98,973,229
East Lothian	0	215,000	88,765	194,945	0	14,070	0	0	38,000	0	88,754,413
East Renfrewshire	0	161,000	64,567	229,077	0	13,671	0	0	35,000	330,000	89,058,196
City of Edinburgh	0	1,136,000	581,198	763,018	0	38,542	3,059,000	0	188,000	0	392,917,235
Eilean Siar	0	64,000	20,717	73,726	0	10,210	0	0	162,000	0	80,403,621
Falkirk	0	396,000	141,359	309,350	0	17,343	0	0	58,000	0	147,510,363
Fife	0	939,000	411,548	761,288	0	30,869	0	0	143,000	0	349,152,369
Glasgow City	2,500,000	2,779,000	1,055,746	1,219,238	2,100,000	46,801	0	35,000	252,000	0	798,902,425
Highland	600,000	470,000	179,404	505,650	0	25,011	0	0	117,000	0	266,679,640
Inverclyde	600,000	306,000	108,070	184,674	0	13,300	0	0	34,000	0	100,939,743
Midlothian	0	222,000	83,547	186,857	0	13,168	0	0	33,000	0	85,829,526
Moray	0	169,000	95,981	195,396	0	14,104	0	0	38,000	0	90,912,966
North Ayrshire	1,000,000	480,000	145,127	308,741	0	16,906	0	0	66,000	0	150,094,245
North Lanarkshire	1,500,000	1,042,000	345,557	755,228	0	28,327	0	0	130,000	0	337,947,731
Orkney Islands	0	51,000	13,304	54,127	0	9,630	0	0	80,000	0	45,421,585
Perth & Kinross	0	268,000	132,477	278,295	0	18,032	261,000	0	64,000	0	131,127,911
Renfrewshire	1,000,000	538,000	200,146	392,022	0	19,008	0	0	71,000	0	183,121,228
Scottish Borders	0	206,000	125,533	234,161	0	15,768	0	0	51,000	0	119,618,337
Shetland Islands	0	54,000	16,782	67,063	0	9,793	0	0	113,000	0	66,719,817
South Ayrshire	0	270,000	117,903	239,016	0	15,759	0	0	50,000	0	109,481,687
South Lanarkshire	0	818,000	297,553	669,518	0	27,569	0	0	126,000	70,000	307,476,234
Stirling	0	203,000	88,864	194,903	0	14,326	15,000	0	40,000	0	93,483,445
West Dunbartonshire	600,000	381,000	147,367	220,844	0	13,853	0	0	38,000	0	112,686,206
West Lothian	0	452,000	163,117	372,146	0	18,489	0	0	63,000	0	157,363,888
Scotland	10,000,000	14,500,000	5,942,000	11,000,000	2,100,000	600,000	3,335,000	35,000	2,550,000	2,100,000	5,567,901,500

Appendix E

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Total Estimated Expenditure (TEE) 2004-05	Band D Properties 2000 (tax units)	Deduction for element of TEE not funded by AEF: allocated in proportion to tax units	Total AEF 2004-05	Specific Grants 2004-05	NDR1 Distributable Amounts 2004-05	Revenue Support Grant 2004-05	Anti-Social Behaviour	Capital to Revenue	Community Budgeting	Strategic Waste Fund
	£'s		£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Aberdeen City	346,237,795	84,834	69,444,885	276,792,910	28,335,489	78,492,437	169,964,984	1,364,000	0	14,251	0
Aberdeenshire	385,455,685	90,529	74,107,160	311,348,525	24,463,669	85,247,581	201,637,275	248,000	0	47,000	0
Angus	189,198,426	39,819	32,595,922	156,602,504	12,972,804	40,557,114	103,072,586	369,000	0	0	0
Argyll & Bute	190,707,020	37,412	30,625,216	160,081,804	12,183,096	34,143,291	113,755,416	184,000	600,000	0	826,000
Clackmannanshire	82,854,551	16,926	13,855,426	68,999,125	5,279,588	17,977,647	45,741,889	369,000	0	0	0
Dumfries & Galloway	275,956,597	55,842	45,711,936	230,244,661	19,257,071	55,252,645	155,734,945	642,000	0	0	2,281,000
Dundee City	279,307,357	47,460	38,850,859	240,456,498	22,131,842	54,078,653	164,246,004	1,685,000	0	0	0
East Ayrshire	210,565,543	39,582	32,401,678	178,163,866	14,857,833	44,911,762	118,394,271	843,000	0	0	0
East Dunbartonshire	180,688,612	46,452	38,025,803	142,662,809	10,733,579	40,249,051	91,680,180	369,000	0	0	0
East Lothian	152,879,594	37,257	30,498,935	122,380,659	10,402,517	34,038,270	77,939,872	248,000	2,830,000	0	0
East Renfrewshire	152,909,833	39,716	32,511,673	120,398,160	8,394,032	33,618,183	78,385,945	369,000	0	0	0
City of Edinburgh	753,626,736	193,857	158,690,869	594,935,867	62,853,957	168,064,660	364,017,249	1,685,000	0	16,000	0
Eilean Siar	98,473,992	9,091	7,442,132	91,031,860	4,731,291	9,827,027	76,473,542	184,000	0	0	0
Falkirk	249,468,221	51,220	41,928,247	207,539,974	16,972,136	54,596,259	135,971,578	642,000	0	0	0
Fife	600,466,944	126,676	103,696,708	496,770,236	40,641,751	131,539,627	324,588,858	843,000	0	232,000	0
Glasgow City	1,256,142,080	207,317	169,709,584	1,086,432,495	111,650,449	216,550,909	758,231,137	2,497,000	0	0	0
Highland	427,998,066	82,793	67,773,997	360,224,069	30,916,537	78,068,600	251,238,932	369,000	0	181,000	0
Inverclyde	159,696,261	28,183	23,070,687	136,625,573	12,393,489	31,356,567	92,875,518	1,364,000	0	0	0
Midlothian	142,913,052	29,251	23,944,959	118,968,093	9,675,294	30,193,727	79,099,071	369,000	300,000	0	0
Moray	152,024,969	30,112	24,649,729	127,375,240	10,186,663	32,534,210	84,654,368	248,000	0	0	0
North Ayrshire	244,237,079	47,925	39,231,680	205,005,399	16,327,105	50,879,243	137,799,051	843,000	0	0	0
North Lanarkshire	558,078,794	105,930	86,714,024	471,364,770	40,424,986	120,531,107	310,408,678	1,685,000	0	2,000	0
Orkney Islands	58,490,563	6,970	5,705,812	52,784,751	2,515,781	7,205,236	43,063,734	184,000	0	0	0
Perth & Kinross	233,927,634	56,299	46,086,495	187,841,138	15,663,707	50,695,455	121,481,977	369,000	0	0	0
Renfrewshire	308,118,738	65,807	53,869,189	254,249,549	22,529,020	64,490,800	167,229,729	1,364,000	0	0	0
Scottish Borders	201,157,671	42,004	34,384,272	166,773,399	14,368,290	40,283,308	112,121,801	248,000	0	0	0
Shetland Islands	81,401,729	7,478	6,121,615	75,280,115	3,206,950	8,229,197	63,843,968	184,000	0	0	0
South Ayrshire	192,724,612	45,734	37,437,910	155,286,702	12,495,048	41,884,888	100,906,766	642,000	0	57,000	0
South Lanarkshire	521,821,016	108,229	88,595,865	433,225,151	35,200,724	113,314,619	284,709,809	843,000	0	0	0
Stirling	157,940,236	34,779	28,470,138	129,470,099	10,504,662	32,312,914	86,652,523	369,000	0	0	0
West Dunbartonshire	180,994,234	33,246	27,215,196	153,779,039	15,595,138	34,818,431	103,365,470	1,364,000	0	0	0
West Lothian	269,074,598	54,714	44,789,202	224,285,396	18,892,874	59,997,373	145,395,149	642,000	1,168,000	0	0
Scotland	9,295,538,356	1,903,446	1,558,157,803	7,737,380,553	676,758,873	1,895,941,000	5,164,680,680	23,628,000	4,898,000	549,251	3,107,000

Appendix E continued

	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	Better Neighbourhood Services Fund	Modernising Government Fund	Highlands and Islands Fire Board	Abandoned Vehicles	Working with Families	Youth Justice	White Fish Hardship Relief	Housing Benefit/Council Tax Benefit Subsidy	Urban Regeneration	Educational Psychologists and Quality Improvement Officers	Common Police Services Specific Grant adjustment	National Priorities Action Fund adjustment	Revised Revenue Support Grant
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Aberdeen City	0	814,000	0	87,000	0	294,000	25,489	98,978	0	152,137	267,030	-9,075	173,072,794
Aberdeenshire	0	474,000	0	110,000	0	196,000	0	65,470	0	214,820	199,079	9,720	203,201,365
Angus	0	204,500	0	50,000	0	144,000	0	54,786	0	96,969	100,770	5,663	104,098,275
Argyll & Bute	900,000	416,500	0	70,000	0	110,000	0	48,262	0	82,505	98,442	7,482	117,098,607
Clackmannanshire	0	694,000	0	19,000	0	99,000	0	35,220	0	44,234	40,608	-5,810	47,037,142
Dumfries & Galloway	900,000	453,500	0	72,000	600,000	186,000	0	77,368	0	134,801	141,000	15,124	161,237,738
Dundee City	3,000,000	603,000	0	58,000	1,000,000	370,000	0	148,070	0	121,544	187,505	-8,140	171,410,983
East Ayrshire	2,250,000	388,000	0	50,000	600,000	310,000	0	75,837	0	109,311	120,212	-4,900	123,135,731
East Dunbartonshire	0	516,000	0	44,000	0	102,000	0	32,316	0	108,233	77,291	5,255	92,934,275
East Lothian	0	190,500	0	38,000	0	129,000	0	45,451	0	79,286	79,386	-3,353	81,576,143
East Renfrewshire	0	257,000	0	35,000	0	95,000	0	27,758	0	93,595	57,656	5,262	79,326,216
City of Edinburgh	0	662,000	0	188,000	0	842,000	0	263,791	6,800,000	310,066	560,293	-108,365	375,236,034
Eilean Siar	450,000	178,000	0	162,000	0	37,000	0	14,784	0	30,894	18,494	22,792	77,571,505
Falkirk	0	293,000	0	58,000	0	242,000	0	92,029	0	125,648	132,871	-4,951	137,552,176
Fife	0	805,000	0	143,000	0	575,000	0	218,938	0	311,840	389,000	-24,811	328,081,825
Glasgow City	10,200,000	714,000	0	252,000	2,500,000	1,823,000	0	716,060	0	497,590	1,042,453	-83,091	778,390,149
Highland	0	541,000	575,000	117,000	600,000	278,000	0	104,772	0	207,718	170,062	72,335	254,454,819
Inverclyde	3,000,000	304,000	0	34,000	600,000	193,000	0	67,632	0	75,921	106,441	-374	98,620,138
Midlothian	0	369,000	0	33,000	0	136,000	0	43,651	0	76,446	73,677	-125	80,499,721
Moray	0	257,000	0	38,000	0	102,000	0	41,694	0	79,996	89,878	-523	85,510,413
North Ayrshire	2,250,000	309,000	0	66,000	1,000,000	300,000	0	93,989	0	126,832	128,383	15,314	142,931,569
North Lanarkshire	2,250,000	695,000	0	130,000	1,500,000	716,000	0	248,183	0	307,324	321,674	17,804	318,281,663
Orkney Islands	0	15,000	0	80,000	0	35,000	0	7,745	0	22,598	11,397	12,271	43,431,745
Perth & Kinross	0	244,000	0	64,000	0	155,000	0	56,786	0	113,534	124,725	-5,726	122,603,296
Renfrewshire	1,500,000	713,000	0	71,000	1,000,000	414,000	0	126,611	0	159,991	185,649	13,503	172,777,483
Scottish Borders	0	205,000	0	51,000	0	117,000	601	55,218	0	95,420	116,673	10,295	113,021,008
Shetland Islands	0	115,000	0	113,000	0	36,000	1,966	6,625	0	27,957	15,047	16,145	64,359,708
South Ayrshire	0	217,000	0	50,000	0	158,000	0	61,190	0	97,982	95,378	20,432	102,305,748
South Lanarkshire	1,500,000	686,000	0	126,000	0	493,000	0	201,677	0	273,920	271,306	28,308	289,133,020
Stirling	0	2,277,000	0	40,000	0	126,000	0	39,804	2,000,000	79,069	83,520	-508	91,666,408
West Dunbartonshire	3,000,000	100,000	0	38,000	600,000	250,000	0	84,243	0	90,481	137,105	7,854	109,037,151
West Lothian	0	516,000	0	63,000	0	281,000	0	98,038	0	151,337	150,959	-25,805	148,439,677
Scotland	31,200,000	15,226,500	575,000	2,550,000	10,000,000	9,344,000	28,000	3,353,000	8,800,000	4,500,000	5,594,000	0,000	5,288,033,431