

Local Government Finance Settlement

In spite of the UK Government's cuts to the Scottish budget, the Government has delivered a fair settlement to local government, with total support of over £9.9 billion.

For 2012-15 local government's revenue funding would be maintained and their share would still be higher in 2014-15 than it was in 2007-08.

- In 2013-14 the Scottish departmental expenditure limit will decrease in cash terms compared to the previous year by £163 million – the equivalent of a 3% real terms cut.
- A straight like-for-like comparison of local government budgets is not possible because police and fire reform has meant these budgets are transferred to the justice budget.
- However, taking this into account, local governments revenue funding will be maintained for 2012-15 and their share on a like-for-like basis will still be higher in 2013-15 than it was in 2007-08.

The outcome of Spending Review 2011 confirmed that for 2012-15 local government's capital funding share would be maintained.

- Stage 3 of the 2012-13 Budget Bill increased overall local government capital allocations by £34.7m and £47.6m over the period 2013-15 and delivered on the Government's commitment to maintain local government's share of the total capital budget at 28% (on a like-with-like basis following police and fire reform).

The Scottish Government has fully funded the council tax freeze for the last five years and is committed to continuing the freeze for the lifetime of this Parliament.

- By comparison, council tax has been increased by 9.3% in England for the period 2008-13.
- As part of the settlement councils have agreed to freeze council tax as well as maintaining teacher numbers in line with public numbers and securing places for all probationers under the teacher induction scheme.

The Small Business Bonus Scheme is part of a comprehensive relief package worth over £500 million a year.

- 89,087 businesses (or 2 in 5 businesses overall) are in receipt of the rate relief scheme in 2012/13, up almost 4,000 from last year.

Relief Schemes (all figures 5 year period 2010-2015)			
Small Business Bonus	£711m	Charities	£777m
Empty property relief	£733m	Disabled persons	£277m
Renewables rates relief	£23m	Rural rates	£22m
Religious property	£122m	Sports clubs	£62m
Enterprise Areas	£20m	Fresh Start	£4m

- The SNP government has maintained their commitment to match the English rate poundage – 45p in 2012-13.
- In 2000 Scottish poundage was 45.8p – over 4p (10%) higher than in England and under the previous administration, the Scottish Poundage was, on average, 6.5% higher than England.
- **The Cabinet Secretary also announced a postponement of next rates revaluation and publication of the Business Rates Consultation.**
- 2015 Revaluation is postponed until 2017 to allow us to maintain parity with English poundage.
- 18 October UK Government announced it was going to postpone its revaluation until 2017
- The Scottish Government will use this time to conduct a thorough and comprehensive review of business rates. Business Rates Consultation was published on 27 November 2012.

Full details of the allocation broken down by local authority are available here ([Local Government Finance Circular No. 5/2012](#)) and the Scottish Government press release can be found [here](#).

**LOCAL GOVERNMENT FINANCE SETTLEMENT 2012-14: REVENUE
BREAKDOWN BY LOCAL AUTHORITY**

Local Authority	2012-13 Adjusted*	2013-14 Settlement
	£ million	£ million
Aberdeen City	309.121	311.359
Aberdeenshire	388.052	390.786
Angus	192.024	193.006
Argyll & Bute	201.100	199.748
Clackmannanshire	88.844	89.846
Dumfries & Galloway	279.635	279.922
Dundee City	271.196	273.731
East Ayrshire	211.981	213.356
East Dunbartonshire	173.231	173.391
East Lothian	159.689	160.900
East Renfrewshire	168.882	168.239
Edinburgh, City of	704.911	707.458
Eilean Siar	103.333	102.458
Falkirk	261.638	264.219
Fife	595.607	601.118
Glasgow City	1178.639	1178.368
Highland	433.470	435.673
Inverclyde	159.701	159.179
Midlothian	142.808	143.779
Moray	148.205	148.170
North Ayrshire	252.537	252.880
North Lanarkshire	591.068	590.275
Orkney	67.008	67.286
Perth & Kinross	233.570	236.245
Renfrewshire	295.105	294.031
Scottish Borders	196.873	197.740
Shetland	88.012	87.216
South Ayrshire	188.585	189.700
South Lanarkshire	533.479	537.083
Stirling	158.122	158.281
West Dunbartonshire	179.372	178.177
West Lothian	285.914	288.712
Scotland	9,241.711	9,272.331

Undistributed

Teachers Induction Scheme	37.600	37.600
Criminal Justice Social Work	86.450	86.450

Total Revenue **9,365.761** **9,396.381**

*The 2012-13 figures have been adjusted to enable a like for like comparison to be made. The following adjustments have been made to the 2012-13 figures Police Transfer (£958.254m); Fire Transfer (£276.774m); and Teachers Induction Scheme (£10m).