



## **Briefing note for Local Government and Communities Committee**

### **Budget Bill 2017 – implications for local government budget and local authority allocations**

#### **Introduction**

At Stage 1 of the Budget Bill, [the Scottish Government published details of additional funding for enterprise, police and local government](#). Local government will receive an additional £160 million in 2017-18 compared to the allocations in Draft Budget 2017-18, made up of £130 million revenue funding and £30 million capital funding.

The Government states that the source of the additional funding is:

“£29 million of additional tax revenues and £191 million to be funded through use of the budget exchange mechanism, updated profile of the Scottish Government contribution required to bring the non-domestic rates pool into balance and a reduction in the anticipated cost of borrowing repayments next year.”

No further breakdown of the money that is being used to fund the new spending on local government, enterprise and the police has been provided.

This note provides the Local Government and Communities Committee with an update of the implications of the additional funding for the local government budget for 2017-18 and the allocations to individual local authorities.

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**03 February 2017**

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## Local government budget 2017-18 – updated after Stage 1 of Budget Bill

Table 1 below updates [Table 1 from the Committee's Report on the Draft Budget](#), showing the effect of adding £130m to the resource grant and £30m to the capital grant.

It is important to note that, when making year-on-year comparisons with the 2016-17 allocation for local government, the Scottish Government has stated that comparing 2016-17 Budget numbers with 2017-18 Draft Budget is misleading, as there are a number of funds that will be added to the local government settlement from other portfolios, after the Draft Budget is published. For consistency with [the SPICe Briefing on the Draft Budget](#) and the Committee's report, this note presents the range of figures produced from all of the different alternative methodologies that have been used by the Government and others.

Table 1 shows that, when comparing the revised 2017-18 Budget for local government to the 2016-17 Draft Budget, the "Total Local Government" budget line is now showing as essentially flat in real terms (-0.1%). The General Resource Grant + Non-Domestic Rates Income (GRG+NDRI) line is now showing as falling by 3.1% in real terms when compared to Draft Budget 2016-17.

When comparing to Budget 2016-17, the equivalent numbers are now -1.6% in real terms for the Total Local Government line, and -4.5% in real terms for the GRG+NDRI line. But, again, it is important to note that the Government states that this comparison is misleading, for the reasons outlined above.

Table 1 also shows the revised local government budget, when including the "other sources of support" line in the Draft Budget (£111m for council tax reform and £107m for health and social care integration) and the £70m for increasing Council Tax by 3%. Using this set of figures, and comparing to the 2016-17 Draft Budget, now results in a 2.6% real terms increase.

The final set of comparisons presented during the budget process has been between Local Government Finance Circulars. Adding the additional £160m to the Circular numbers now shows an overall real terms increase of 2.3%.

As noted in the SPICe Briefing, and the Committee's report, the money for Health and Social Care Integration is also presented in the Health budget totals (and is described in detail in the "What the budget does" section of the Health and Sport portfolio chapter), and therefore contributes to the real terms growth in the Health budget.

**Table 1 – Local Government funding, change from 2016-17 to 2017-18, updated following Budget Bill Stage 1**

Local Government funding 2017-18 - comparisons	2016-17 (£m)	2017-18 (cash) (£m)	Cash change (£m)	Cash change %	2017-18 (real) (£m)	Real change (£m)	Real change %
<b>Comparison to 2016-17 Draft Budget</b>							
General Resource Grant + Non-Domestic Rates Income	9,454.4	9,293.6	-160.8	-1.7%	9,160.5	-293.9	-3.1%
Total Local Government Level 2	10,152.3	10,291.1	138.8	1.4%	10,143.8	-8.5	-0.1%
Total LG level 2, inc. "other sources of support"	10,402.3	10,759.1	356.8	3.4%	10,605.1	202.8	1.9%
Total LG level 2, inc. "other sources of support" and £70m council tax income	10,402.3	10,829.1	426.8	4.1%	10,674.1	271.8	2.6%
<b>Comparison to 2016-17 Budget</b>							
General Resource Grant + Non-Domestic Rates Income	9,587.9	9,293.6	-294.3	-3.1%	9,160.5	-427.4	-4.5%
Total Local Government Level 2	10,313.1	10,291.1	-22.0	-0.2%	10,143.8	-169.3	-1.6%
Total LG level 2, inc. "other sources of support"	10,563.1	10,759.1	196.0	1.9%	10,605.1	42.0	0.4%
Total LG level 2, inc. "other sources of support" and £70m council tax income	10,563.1	10,829.1	266.0	2.5%	10,674.1	111.0	1.1%
<b>Comparison between Circulars 1/2016 and 9/2016</b>							
Total Funding	10,300.3	10,412.9	112.6	1.1%	10,263.8	-36.5	-0.4%
Total Funding, inc. "other sources of support" and £70m council tax income	10,550.3	10,950.9	400.6	3.8%	10,794.1	243.8	2.3%

**Local authority allocations – updated after Stage 1**

As for the local government budget, a number of different presentations of the allocations to local authorities were produced during Draft Budget scrutiny.

Therefore, this note updates the following two tables previously provided to the Committee, with the additional allocations for local government provided at Stage 1 of the Budget Bill.

First, Table 2 below updates the “like for like” figures for the provisional revenue allocations, as used in [the Budget Briefing for the Local Government and Communities Committee](#). To make the 2017-18 provisional revenue allocations comparable to the 2016-17 allocations, the Scottish Government has made various adjustments to both sets of figures. Note – these tables only include an adjusted version of the grant from the Scottish Government to local government, and not any “other sources of support”.

Second, Table 3 below updates the “total support for services” figures, [provided to the Committee](#) by the Scottish Government after [the evidence session on the Draft Budget in December](#). These figures include “other sources of support”, i.e. changes in council tax income and health and social care money. But, the same as in the Government’s presentation of these figures to the Committee, the revenue grant figures in table 3 are not adjusted to make them like for like as in Table 2.

**Table 2 - Adjusted, provisional, “like for like” revenue allocations, cash and real terms change, updated after Stage 1 of Budget Bill**

Local Authority - like for like comparison	2016-17 (cash) (adjusted) (£m)	Revised 2017-18 (cash) (adjusted)	Cash change (£m)	Cash change %	2017-18 (real) (£m)	Real change (£m)	Real change %
Aberdeen City	319.5	309.3	-10.2	-3.2%	304.9	-14.7	-4.6%
Aberdeenshire	402.5	396.5	-6.1	-1.5%	390.8	-11.7	-2.9%
Angus	192.5	189.9	-2.6	-1.4%	187.1	-5.4	-2.8%
Argyll & Bute	190.9	186.5	-4.4	-2.3%	183.8	-7.1	-3.7%
Clackmannanshire	89.7	88.2	-1.5	-1.6%	87.0	-2.7	-3.0%
Dumfries & Galloway	273.1	268.6	-4.5	-1.6%	264.8	-8.3	-3.0%
Dundee City	271.2	270.6	-0.6	-0.2%	266.7	-4.5	-1.6%
East Ayrshire	212.1	210.6	-1.5	-0.7%	207.6	-4.5	-2.1%
East Dunbartonshire	178.1	175.3	-2.8	-1.6%	172.8	-5.3	-3.0%
East Lothian	162.1	161.2	-0.9	-0.6%	158.9	-3.2	-2.0%
East Renfrewshire	172.5	170.7	-1.8	-1.0%	168.3	-4.2	-2.4%
Edinburgh, City of	688.2	669.3	-18.9	-2.7%	659.7	-28.4	-4.1%
Eilean Siar	95.9	93.1	-2.9	-3.0%	91.7	-4.2	-4.4%
Falkirk	263.7	261.2	-2.6	-1.0%	257.4	-6.3	-2.4%
Fife	600.3	597.1	-3.2	-0.5%	588.5	-11.8	-2.0%
Glasgow City	1,144.7	1,137.3	-7.4	-0.6%	1,121.0	-23.7	-2.1%
Highland	426.8	421.4	-5.3	-1.2%	415.4	-11.3	-2.7%
Inverclyde	156.2	153.8	-2.4	-1.5%	151.6	-4.6	-2.9%
Midlothian	145.5	145.2	-0.3	-0.2%	143.1	-2.4	-1.6%
Moray	152.2	149.9	-2.3	-1.5%	147.8	-4.4	-2.9%
North Ayrshire	254.1	253.1	-1.0	-0.4%	249.5	-4.6	-1.8%
North Lanarkshire	578.2	571.7	-6.5	-1.1%	563.5	-14.7	-2.5%
Orkney	66.9	66.1	-0.9	-1.3%	65.1	-1.8	-2.7%
Perth & Kinross	236.6	234.3	-2.3	-1.0%	231.0	-5.6	-2.4%
Renfrewshire	288.9	286.0	-3.0	-1.0%	281.9	-7.1	-2.4%
Scottish Borders	197.2	194.3	-2.9	-1.5%	191.6	-5.7	-2.9%
Shetland	81.7	79.3	-2.5	-3.0%	78.2	-3.6	-4.4%
South Ayrshire	188.7	186.4	-2.3	-1.2%	183.8	-4.9	-2.6%
South Lanarkshire	528.4	523.2	-5.3	-1.0%	515.7	-12.7	-2.4%
Stirling	158.7	158.0	-0.7	-0.5%	155.7	-3.0	-1.9%
West Dunbartonshire	173.6	172.8	-0.7	-0.4%	170.4	-3.2	-1.9%
West Lothian	293.9	293.0	-0.9	-0.3%	288.8	-5.1	-1.7%
<b>Scotland</b>	<b>9,185.0</b>	<b>9,073.9</b>	<b>-111.0</b>	<b>-1.2%</b>	<b>8,944.1</b>	<b>-240.9</b>	<b>-2.6%</b>

**Table 3 - SPICe analysis of Scottish Government figures for Committee – Total Local Government Funding Settlement 2017-18, updated after Stage 1 of Budget Bill**

Local Authority	2016-17 Capital and Revenue Distributable Funding (£m)	Revised 2017-18 Total Support for Services (£m)	Cash Change (£m)	Cash Change (%)	Revised 2017-18 Total Support for Services (real) (2016-17 prices)	Real change (£m)	Real change (%)
Aberdeen City	349.0	361.7	12.7	3.6%	356.5	7.5	2.2%
Aberdeenshire	433.1	454.7	21.7	5.0%	448.2	15.1	3.5%
Angus	208.4	214.0	5.6	2.7%	210.9	2.5	1.2%
Argyll & Bute	207.0	212.6	5.6	2.7%	209.6	2.5	1.2%
Clackmannanshire	98.1	101.2	3.1	3.1%	99.7	1.6	1.6%
Dumfries & Galloway	297.7	309.9	12.2	4.1%	305.5	7.8	2.6%
Dundee City	299.9	319.1	19.2	6.4%	314.6	14.6	4.9%
East Ayrshire	231.1	242.4	11.3	4.9%	238.9	7.8	3.4%
East Dunbartonshire	190.6	198.6	8.0	4.2%	195.7	5.1	2.7%
East Lothian	176.1	185.5	9.4	5.3%	182.9	6.7	3.8%
East Renfrewshire	182.3	189.5	7.2	4.0%	186.8	4.5	2.5%
Edinburgh, City of	786.3	817.1	30.9	3.9%	805.4	19.2	2.4%
Eilean Siar	104.2	105.2	1.0	1.0%	103.7	-0.5	-0.5%
Falkirk	284.9	297.0	12.2	4.3%	292.8	7.9	2.8%
Fife	650.8	677.2	26.4	4.1%	667.5	16.7	2.6%
Glasgow City	1,343.9	1,388.9	45.0	3.3%	1,369.0	25.1	1.9%
Highland	464.6	485.0	20.4	4.4%	478.0	13.4	2.9%
Inverclyde	170.3	175.1	4.8	2.8%	172.6	2.3	1.4%
Midlothian	158.7	165.4	6.8	4.3%	163.0	4.4	2.8%
Moray	164.7	167.3	2.5	1.5%	164.9	0.2	0.1%
North Ayrshire	279.4	306.1	26.7	9.6%	301.8	22.3	8.0%
North Lanarkshire	631.5	649.5	18.0	2.9%	640.3	8.7	1.4%
Orkney	73.0	74.9	1.8	2.5%	73.8	0.8	1.0%
Perth & Kinross	256.4	270.2	13.8	5.4%	266.3	10.0	3.9%
Renfrewshire	316.5	327.8	11.3	3.6%	323.1	6.6	2.1%
Scottish Borders	214.5	225.2	10.7	5.0%	222.0	7.5	3.5%
Shetland	88.0	88.3	0.3	0.3%	87.0	-1.0	-1.1%
South Ayrshire	207.0	214.7	7.8	3.8%	211.7	4.7	2.3%
South Lanarkshire	574.5	594.1	19.6	3.4%	585.6	11.1	1.9%
Stirling	171.2	181.3	10.1	5.9%	178.7	7.5	4.4%
West Dunbartonshire	191.7	197.5	5.8	3.0%	194.6	3.0	1.5%
West Lothian	317.4	329.1	11.8	3.7%	324.4	7.0	2.2%
Undistributed	177.5	178.7	1.2	0.7%	176.1	-1.4	-0.8%
<b>Scotland</b>	<b>10,300.3</b>	<b>10,705.1</b>	<b>404.7</b>	<b>3.9%</b>	<b>10,551.8</b>	<b>251.5</b>	<b>2.4%</b>

