

REPORT TO: POLICY AND RESOURCES COMMITTEE - 9 JANUARY 2023

REPORT ON: LOCAL GOVERNMENT FINANCE SETTLEMENT 2023/24 AND FINANCIAL IMPLICATIONS FOR THE CITY COUNCIL

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 7-2023

1 PURPOSE OF REPORT

1.1 To provide details of the 2023/24 Local Government Settlement, its implications for Dundee City Council and to recommend procedures for setting the Council Tax and budget for 2023/24

2 RECOMMENDATIONS

2.1 It is recommended that the Committee:

- (a) notes the 2023-24 Local Government Settlement and correspondence attached at Appendix B;
- (b) notes the implications of the settlement for the Council's Revenue Budget and Capital Plan as detailed in the Report;
- (c) notes that the financial information included in this Report will be updated as necessary and included in the Revenue Budget and Council Tax 2023/24 Report to be submitted to the Policy and Resources Committee on 23 February 2023; and
- (d) agrees the procedures to be followed for setting the 2023/24 Revenue Budget and Council Tax, as set out in Section 7 and Appendix A of this Report.

3 FINANCIAL IMPLICATIONS

Revenue Budget

3.1 The Council's Medium-Term Financial Strategy (MTFS), agreed by the Policy and Resources Committee on 26 September 2022 (Article IX refers) set out an estimate of a budget shortfall £17.9m (before any Council Tax increase) for 2023/24.

3.2 Since then, additional information and review have identified the following revisions to these estimates that amount to additional costs of £1.1m:

- Non-Domestic rates revaluation £1.3m
- other inflationary pressures £0.9m
- additional income (£0.6m)
- savings on NI rate reversal (£1.4m)
- adjustment for pay provisions (£1.8m)
- estimated energy and PFI/PPP costs £3.8m
- slippage on loan charges (£1.1m)

3.3 Together with the £17.9m projected deficit this amounts to a revised deficit of £19.0m before taking account of the 2023/24 settlement.

3.4 The total Revenue funding for 2023/24 included in the draft circular is £359.9m an increase in £5.5m from 2022/23. However, allowing for the fact that £2.5m of Discretionary Housing Payments (DHP) funding has not been distributed this is an increase of £8.0m.

3.5 The settlement includes specific net funding of £11m made up as follows:

- additional funding for the 2022/23 pay award £4.0m
- additional general funding £2.0m

• adjustment for child bridging payment	(£1.7m)
• devolution of empty property relief	£0.5m
• whole family wellbeing fund	£0.9m
• expansion of free school meals	£0.5m
• adjustment for interim care funding	(£0.6m)
• free personal care	£0.2m
• living wage in adult social care	£2.9m
• homelessness support	£0.2m
• additional adult social workers	£0.6m
• other funding initiatives	£0.6m
• adjustment for teacher pay award (21/22)	£0.9m

- 3.6 Alongside this £11m of new monies changes in the distribution have reduced funding by £3m. This comprises loan charge support (reduced by £0.2m), ring-fenced grants (an increase of £0.1m in pupil equity funding and a reduction of £0.3m in early years funding), former ring-fenced grants (a net reduction of £0.3m) and the changes in the needs-based distributions, partly offset by the floor (£2.3m).
- 3.7 The Council provided for £1.7m net reduction in funding in the MTFs and (excluding ring fenced funding) the reduction is therefore £2.8m or £1.1m more than this. However, after making provision for the new items listed in 3.5 above the Council will be better off than projected by £0.9m (£2m of additional general funding less the £1.1m reduction).
- 3.8 Based on current assumptions, and noting that the settlement is still provisional, the Council will require to identify budget savings totalling around £18.1 million to achieve a balanced budget in 2023/24.
- 3.9 In the concurrent Revenue Monitoring Report (3-2023) it is recommended that the Council set aside £3.8m to help meet inflationary pressures in 2023/24. This would reduce the savings needed to £14.3m.
- 3.10 This is before considering any additional income from an increase in the Council Tax level. For 2023/24 Councils will have full flexibility to set the Council Tax rate that is appropriate for their local area. Application of the 3% planning assumption in the MTFs would reduce the savings requirement to £12.5m.

Capital Budget

- 3.11 The 2023/24 Local Government Settlement includes £18.865m for Dundee City Council. Of this £18.220m is General Capital Grant and £0.645m is specific grant (for cycling, walking and safer streets).
- 3.12 The General Capital Grant portion includes £1.697m for works to support the expansion of free school meals and £3.444m of funding for the 2022/23 pay award. This leaves £13.079m available to support the wider capital plan compared with projected funding of £13.723m giving a shortfall of £0.644m.
- 3.13 This shortfall could be met from the contingency within the Capital Plan. However, in line with the decision of the Policy and Resources Committee, when the Capital Plan was agreed on 21 November 2022 (article VIII of the minute of this Committee refers), a further report on the Capital Plan will be presented to the Committee once the outturn position for 2022/23 is known.

4 BACKGROUND

- 4.1 On 26 September 2022 the Policy and Resources Committee agreed its Medium-Term Financial Strategy (Article IX of the meeting of this Committee refers). This was based on the Scottish Government's [Resource Spending Review](#) published on 31 May 2022, which together with assumptions on inflation and pay enabled the Council to set out scenarios for future costs and funding and the actions it would take to manage these.
- 4.2 The Chancellor of the Exchequer presented his [Autumn Statement](#) on 17 November 2022. This set out UK wide spending plans for 2023/24 and 2024/25.

- 4.3 The [Scottish Budget](#) was published on 15 December 2022, setting out the Scottish Government's plans for 2023/24 and was accompanied by the following documents:
- Scottish Budget 2023-24: equality and Fairer Scotland statement;
 - Scottish Budget 2023-24: public attitudes to tax and stakeholder roundtable summary;
 - Scottish Income Tax 2023-24: factsheet;
 - Scottish Rate Resolution 2023-24: draft motion and explanatory note; and
 - Scottish Budget 2023-24: high level carbon assessment

5 LOCAL GOVERNMENT FINANCE SETTLEMENT 2022/23

- 5.1 The Local Government Settlement was published as Local Government Finance Circular No. 11/2022 on 20 December 2022 and is attached at Appendix B, together with a letter from the Deputy First Minister sent to the COSLA President on 15 December.
- 5.2 It should be noted that the figures are provisional at this stage and are subject to consultation between the Scottish Government and COSLA. The draft 2023/24 Scottish Budget will be debated by the Scottish Parliament in January 2023, with the Local Government Finance (Scotland) Order 2023 due to be presented to the Scottish Parliament in early February 2023.
- 5.3 Important points to note from the Deputy First Minister's letter are:
- freedom to set a local Council Tax appropriate to local circumstances;
 - the abolishment of empty property relief so that unoccupied properties are liable for full rates from 1 April 2023 unless provided under a local scheme;
 - a requirement that the funding provided to integration authorities should be additional to each Council's 2022/23 recurring budgets; and
 - that £100m is being provided to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services;

- 5.4 Section 3.9 of this Report sets out how the implications of the settlement, together with the impact of inflation mean that without any Council Tax rise the Council has a budget shortfall of £14.83m

6 PROVISIONAL REVENUE BUDGET 2022-2025

- 6.1 Over the past few months Officers have been preparing a Provisional Revenue Budget for 2023-26. This has involved rolling forward the Final 2022/23 Revenue Budget and adding in provision for anticipated inflationary pressures, including pay awards. Recurring cost pressures and savings that have been identified through the 2022/23 revenue monitoring process have also been reflected, together with new cost pressures that will emerge in the period 2023-26. This is an on-going process, with clarity still emerging around certain elements of the funding package. The Provisional 2023-26 Revenue Budget volume (including Review of Charges) is scheduled to be issued by 27 January 2023.
- 6.2 It should be noted that Officers are still examining the details of the grant settlement and refining the assumptions and figures in the Provisional 2023/24 Revenue Budget. The financial information included in this report will be updated as necessary and included in the Council Tax proposals to be submitted to the Policy and Resources Committee on 23 February 2023.

7 PROCEDURE FOR SETTING REVENUE BUDGET AND COUNCIL TAX 2023/24

- 7.1 The proposed procedure for setting the 2023/24 Revenue Budget and Council Tax is as follows.
- 7.2 All services proposals, budget proposals and review of charges proposals by any Group must be submitted to the Chief Executive by 5pm on Monday 20 February 2023 for their competence and accuracy to be checked. Proposals received after that deadline will not be considered at the Revenue Budget and Council Tax setting meeting on 23 February 2023.

- 7.3 If there are any further technical adjustments required to the 2023/24 Provisional Revenue Budget or grant settlement figures then these will be included in the separate report by the Executive Director of Corporate Services which will be issued along with the agenda for the meeting on 23 February 2023. The Executive Director of Corporate Services will also make recommendations in that report regarding the use of balances in the setting of the Council Tax level.
- 7.4 A timetable showing the procedure for setting the 2023/24 Revenue Budget and Council Tax level on 23 February 2023 is attached at Appendix A.

8 POLICY IMPLICATIONS

- 8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

9 CONSULTATIONS

- 9.1 The Council Leadership Team have been consulted on the content of this report.

10 BACKGROUND PAPERS

- 10.1 None

ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

4 JANUARY 2023

PROCEDURE FOR POLICY AND RESOURCES COMMITTEE – 23 February 2023

Date and Time

Action

23 February 2023

Time to be confirmed

Revenue Budget and Council Tax

The Special Policy and Resources Committee will consider the Council's 2023/24 Revenue Budget, as submitted in the Provisional Revenue Budget volume, along with the report by the Executive Director of Corporate Services.

All proposals for Council Tax and review of charges must be tabled at the start of the meeting to be checked for legality and competence. A short recess may be required to enable these to be checked. The senior Councillor with responsibility for Finance will then move the Administration's Council Tax and Review of Charges proposals. Thereafter, the Labour Group, Liberal Democrat Group and Conservative Member will move any amendments.

The Committee will then commence the debate and approval of the Final Revenue Budget and Council Tax for 2023/24.

This page is intentionally left blank



Email: Bill.Stitt@gov.scot

Local Government Finance Circular No. 11/2022

Chief Executives and Directors of Finance of
Scottish Local Authorities

Chief Executive, Convention of Scottish Local
Authorities (COSLA)

Our ref: A39577141
20 December 2022

Dear Chief Executive/Director of Finance

1. LOCAL GOVERNMENT FINANCE SETTLEMENT 2023-24 **2. NON-DOMESTIC RATES**

1. This Local Government Finance Circular provides details of the provisional total revenue and capital funding allocations for 2023-24, as well as the latest information on current known redeterminations for 2022-23. This Circular also provides details on a range of Non-Domestic Rates measures, including the proposed 2023-24 poundage and changes to certain reliefs.
2. The provisional total funding allocations form the basis for the annual consultation between the Scottish Government and COSLA ahead of the Local Government Finance (Scotland) Order 2023 being presented to the Scottish Parliament. This is currently scheduled for early February 2023.
3. We expect local authorities to inform COSLA, and for COSLA in turn to inform the Scottish Government by no later than 20 January 2023, if they think there are any discrepancies or changes required to these provisional allocations. Redistribution(s) to address any agreed discrepancies or changes will be undertaken within the total settlement allocations set out in this Circular and not through the provision of any additional resources by the Scottish Government. The allocations are therefore provisional only at this stage, with the final allocations not being confirmed until after the end of the consultation period and the publication of the Local Government Finance Circular which will follow the approval of the Local Government Finance (Scotland) Order 2023.
4. The Deputy First Minister wrote to the COSLA President, copied to all Council Leaders on 15 December 2022, confirming the package of measures that make up the settlement to be provided to local government. This Circular should be read in conjunction with that letter. The terms of this settlement have been discussed with COSLA on behalf of all 32 of its member councils.

5. The Scottish Government will work in partnership with local government to implement the budget and the joint priorities in return for the full funding package worth over £13.2 billion and includes:
 - £260 million to support the local government pay deal and also delivers additional funding to ensure that payment of SSSC fees for the Local Government workforce which will continue to be made on a recurring basis;
 - £72.5 million increase to the General Revenue Grant;
 - £105 million to give effect to the devolution of Non-Domestic Rates Empty Property Relief;
 - Maintained key in-year transfers worth over £1 billion and added a further net £102 million of resource to protect key shared priorities particularly around education and social care;
 - £50 million capital to help with the expansion of the Free School Meals policy;
 - Additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services; and
 - Consolidation of £30.5 million for the homelessness prevention fund.
6. In addition to the funding set out in this Circular it should be noted that there are a number of further revenue and capital funding streams outwith the local government finance settlement for particular policy initiatives which deliver on shared priorities and benefit local government services. Table 5.17 in the Scottish Government's "Budget Document: 2023-24", which was published on 15 December 2022, provides provisional details of these funding streams.
7. The allocations have been arrived at using the standard agreed needs-based distribution methodology and updated indicators. Any undistributed sums will be allocated in the standard way following consideration by the Settlement and Distribution Group. We have shared a separate note with COSLA providing a full reconciliation of the changes between the 2022-23 and 2023-24 Budgets and between the 2023-24 Budget and the figures in this Circular. We have also provided full details of all the revenue and capital allocations.
8. The various parts and annexes to this Circular, listed below, provide more of the detail behind the calculations.

- Part A: Local Government Finance Settlement – Revenue: 2023-24 and changes in 2022-23;
Part B: Local Government Finance Settlement – Capital: 2023-24;
Part C: Non-Domestic Rates for 2023-24.

The various Annexes included in this Circular are as follows:

- Annex A: All Scotland Aggregated Funding Totals 2022-24;
Annex B: Individual Revenue Allocations for 2023-24;
Annex C: Revised Individual Revenue Allocations for 2022-23;
Annex D: Explanatory Notes on the Revenue Distribution;
Annex E: Estimates of Ring-Fenced Grant Revenue Funding for 2023-24;
Annex F: Floor calculation for 2023-24;
Annex G: Redeterminations of Individual Revenue funding for 2022-23;
Annex H: 2008-24 Changes Column;
Annex I: General Capital Grant and Specific Capital Grants 2023-24;
Annex J: General Capital Grant – Flood Allocations Per Local Authority 2023-24; and
Annex K: Total Local Government Funding Settlement 2023-24.

Part A: Local Government Finance Settlement - Revenue: 2023-24 and changes in 2022-23

9. This Finance Circular sets out the provisional distribution of revenue funding allocations for 2023-24. **Annex A** of this Circular sets out the all-Scotland aggregate totals for 2022-24.

10. **Annexes B and C** set out the distribution of the total revenue funding allocation between councils and the allocation of the different elements (General Revenue Grant Funding, Non-Domestic Rate Income and Ring-Fenced Revenue Grants) for each council for 2023-24 and 2022-23. The basis behind the grant distribution methodology is as recommended in the report from the Settlement and Distribution Group (SDG). The explanatory notes contained in **Annex D** explain the basis behind the calculation of the individual council grant allocations.
11. **Annex E** gives a breakdown of the provisional individual council shares of all the ring-fenced revenue grant allocations for 2023-24.
12. The calculation and effects of the main floor adjustment for 2023-24, which provided councils with a minimum increase in the funding used in the calculation of the main floor of 0.64%, is set out in **Annex F** of this Circular. The setting of the floor is in line with the revised arrangements agreed following the SDG review of the floor methodology during 2018.
13. This Circular confirms the continuation of the **85% funding floor** for 2023-24. The methodology compares total revenue funding plus local authorities' assumed council tax income and any council whose total support under this method falls below 85% will be topped up to ensure that all councils receive 85% of the Scottish average total revenue support per head. As all 32 local authorities now exceed 85% of the Scottish average, no additional funding has been provided.
14. This Local Government Finance Circular provides details of current known 2022-23 redeterminations at **Annex G** for the General Revenue Grant.
15. **Annex H** summarises the column within the settlement titled 2008-24 Changes Column.

Part B: Local Government Finance Settlement – Capital Grants 2023-24

16. In 2023-24 the Local Government Settlement provides capital grants totalling £826.6 million. This is made up of General Capital Grant totalling £687.5 million and Specific Capital Grants totalling £139.1 million.
17. **Annex I** sets out the provisional distribution of the Settlement for capital per local authority for 2023-24. The methodologies used to calculate these provisional allocations have been agreed with COSLA. Capital grants which remain undistributed are identified as such.
18. The provisional distribution for the General Capital Grant includes allocations for flood schemes. The allocations for these schemes is set out in **Annex J**. Where schemes have slipped and the grant paid in a prior year exceeds the grant due the scheme will show a negative value which will reduce the total General Capital Grant payable to that Council.
19. **Annex K** summarises the Local Government Finance Settlement for 2023-24.

Part C: Non-Domestic Rates for 2023-24

20. The Distributable Amount of Non-Domestic Rates Income for 2023-24 has been provisionally set at £3,047 million. This figure uses the latest forecast of net income from non-domestic rates in 2023-24 and also draws on council estimates of the amounts they will contribute to the Non-Domestic Rating Account (the 'Pool') in 2022-23. The figure incorporates the Scottish Fiscal Commission's estimate of the contributable amount and includes a calculation of gross income; expected losses from appeals; estimated expenditure on mandatory and other reliefs; write-offs and provision of bad debt together; and estimated changes due to prior year adjustments. The distribution of Non-Domestic Rates Income for 2023-24 has been based on the amount each Council estimates that it will collect (based on the 2022-23 mid-year estimates provided by councils). General Revenue Grant provides the guaranteed balance of funding. This method of allocation provides a clear presentation of the Non-Domestic Rates Income per council and transparency in the make-up of council funding.
21. The 2023-24 Non-Domestic Basic Property Rate ('poundage') is provisionally set at 49.8 pence, the same rate as last year. Two additional rates are levied on properties with a rateable value over £51,000 (51.1 pence – the Intermediate Property Rate) and £100,000 (52.4 pence – the Higher Property rate), up from £95,000 in 2022-23.
22. The Scottish Budget 2023-24 announced the following changes to existing reliefs:
- The Small Business Bonus Scheme will be reformed: 100% relief will be available for properties with a rateable value of up to £12,000 and the upper rateable value for individual properties to qualify for SBBS relief will be extended from £18,000 to £20,000. To improve the design of the scheme, we are tapering SBBS relief for properties with a rateable value between £12,001 and £20,000: relief will taper from 100% to 25% for properties with rateable values between £12,001 to £15,000; and from 25% to 0% for properties with rateable values between £15,001 to £20,000. The cumulative rateable value threshold will remain at £35,000. Car parks, car spaces, advertisements and betting shops will be excluded from eligibility for SBBS from 1 April 2023.
 - Business Growth Accelerator relief: properties receiving improvements relief for 2022-23 can continue to receive the same percentage of relief for the duration of the award in 2023-24.
 - Eligibility for Fresh Start relief will be expanded by raising the rateable value threshold to which properties qualify from £95,000 to £100,000. In addition, properties receiving Fresh Start relief for 2022-23 can continue to receive it for the duration of the award in 2023-24, irrespective of their rateable value.
 - Enterprise Areas relief will be extended for one year to 31 March 2024.
23. The Scottish Budget 2023-24 also introduces the following transitional reliefs for the 2023 revaluation:

- A Revaluation Transitional Relief to protect those most affected by revaluation with bills capped as per the table below.

Year-on-year Scottish Transitional Relief caps (%)

Rateable Value	2023-24	2024-25	2025-26
Small (up to £20,000)	12.5	25	37.5
Medium (£20,001 to £100,000)	25	50	75
Large (Over £100,000)	37.5	75	112.5

- A Small Business Transitional Relief: those losing or seeing a reduction in these reliefs (including due to the eligibility changes introduced for Small Business Bonus Scheme relief) on 1 April 2023 the maximum increase in the rates liability relative to 31 March

2023 will be capped at £600 in 2023-24, rising to £1,200 in 2024-25 and £1,800 in 2025-26.

24. The following reliefs will be maintained: charitable rates relief, day nursery relief (no longer time-limited), disabled rates relief, district heating relief, hardship relief, hydro relief, mobile masts relief, new fibre relief, renewable energy relief, renewable heat networks relief, reverse vending machine relief, rural relief, sports club relief and stud farms relief.
25. Empty Property Relief will be devolved to local authorities on 1 April 2023 covering all relief and rates exemptions for fully unoccupied properties including listed buildings, properties where the owner is in administration, etc. Partly unoccupied properties that the council requests be apportioned by the assessor will be liable for rates on the occupied portion only. Councils may offer their own local reliefs under the Community Empowerment (Scotland) Act 2015 including to empty properties.
26. NDR reliefs, like other subsidy or support measures, may be subject to the Subsidy Control Act 2022.
27. We will also lay legislation to help local authorities better tackle known avoidance tactics.
28. In addition, a non-domestic rating exemption will be introduced for prescribed plant and machinery used in onsite renewable energy generation and storage from 1 April 2023 until 31 March 2035.
29. Information on the Business Rates Incentivisation Scheme (BRIS) will be set out later.

Enquiries relating to this Circular

30. It should be noted that figures in this Circular may be marginally different from final allocations due to roundings. Local authorities should note that if they have any substantive specific enquiries relating to this Circular these should, in the first instance, be addressed through COSLA. We have given an undertaking to respond to these queries as quickly as possible. Contact details for COSLA are:

Sarah Watters Sarah@cosla.gov.uk

Any other queries should be addressed to the following:

Local Government Revenue Settlement and BRIS. Bill Stitt Bill.Stitt@gov.scot

Local Government Finance Settlement. (Capital) Craig Inglis Craig.Inglis@gov.scot

Non-Domestic Rates. Anouk Berthier Anouk.Berthier@gov.scot

31. This Circular, along with the supporting tables will be made available through the Local Government section of the Scottish Government website at:
<https://www.gov.scot/publications/local-government-finance-circulars-index/>

Yours faithfully

Wm Stitt

Bill Stitt

Team Leader, Local Government & Analytical Services Division

This page is intentionally left blank

	2022-23	2023-24
	£ million	£ million
Revenue Funding		
General Resource Grant	8785.560	8579.458
Non Domestic Rate Income	2766.000	3047.000
Specific Revenue Grants	784.983	776.059
Total Revenue	12,336.543	12,402.517
<i>less</i> Redress Top-Slice	5.000	6.000
Net Total Revenue	12,331.543	12,396.517
<i>less</i> Teachers' Induction Scheme	0.000	37.600
<i>less</i> Discretionary Housing Payments	13.620	85.900
<i>less</i> Gaelic	0.103	0.103
<i>less</i> Pupil Equity Fund	10.000	0.000
<i>less</i> Support for Ferries	1.000	0.000
<i>less</i> Customer First Top-up	1.410	1.410
<i>less</i> Removal of Curriculum Charges	0.679	0.000
<i>less</i> Removal of Music Tuition Charges	2.091	0.000
<i>less</i> Educational Psychology Trainees	0.450	0.450
<i>less</i> HMRC Hidden Economy	0.173	0.000
<i>Total Undistributed Revenue Funding</i>	<i>29.526</i>	<i>125.463</i>
Distributable Revenue Funding	12,302.017	12,271.054
Capital Funding		
General Capital Grant	545.537	687.537
Specific Capital Grants	123.777	123.777
Distributed to SPT	15.327	15.327
Total Capital	684.641	826.641
Total Funding	13,021.184	13,229.158

2022-23 RECONCILIATION FROM FINANCE CIRCULAR 1/2022

General Resource Grant Circular	8,449.650
In Year Additions - Annex G	335.910
Revised General Resource Grant	8,785.560
Revised Total Revenue	12,336.543

INDIVIDUAL REVENUE ALLOCATIONS 2023-24

ANNEX B

£million	Expenditure				Funding							
	1	2	3	4	5	6	7	8	9	10	11	13
	Updated Service Provision £m	2008-24 Changes £m	Loan Charges/ PPP/ LPFS £m	Main Floor £m	Total Estimated Expenditure £m	Assumed Council Tax contribution £m	Total Ring-fenced Grants £m	Non Domestic Rates £m	General Revenue Funding £m	Total £m	85% floor £m	Revised Total £m
Aberdeen City	487.702	33.013	17.159	-6.629	531.245	95.314	27.246	257.797	150.888	435.931	0.000	435.931
Aberdeenshire	601.705	41.793	18.202	-8.564	653.137	114.087	33.017	134.839	371.193	539.050	0.000	539.050
Angus	273.727	19.027	10.974	-3.631	300.098	44.703	14.463	27.934	212.998	255.395	0.000	255.395
Argyll & Bute	231.824	16.129	8.761	16.014	272.729	40.185	11.619	37.645	183.279	232.544	0.000	232.544
Clackmannanshire	126.846	8.809	4.442	-1.807	138.290	19.629	7.928	17.764	92.969	118.661	0.000	118.661
Dumfries & Galloway	374.219	26.019	14.599	-0.268	414.569	59.890	19.186	60.313	275.179	354.679	0.000	354.679
Dundee City	372.558	25.994	5.558	3.991	408.101	48.212	22.991	73.704	263.194	359.889	0.000	359.889
East Ayrshire	308.545	21.454	8.566	-4.505	334.061	43.225	20.020	30.467	240.349	290.836	0.000	290.836
East Dunbartonshire	265.305	18.529	3.821	-3.642	284.012	51.245	12.240	24.099	196.428	232.767	0.000	232.767
East Lothian	251.929	17.531	3.556	-3.465	269.550	48.507	13.793	58.108	149.142	221.043	0.000	221.043
East Renfrewshire	244.287	17.050	8.876	-3.539	266.674	44.416	10.565	15.695	195.998	222.258	0.000	222.258
Edinburgh, City of	1,065.334	73.304	22.576	15.548	1,176.762	227.839	56.559	377.317	515.047	948.923	0.000	948.923
Eilean Siar	86.949	6.047	6.577	18.696	118.269	9.666	4.169	9.106	95.328	108.603	0.000	108.603
Falkirk	373.121	25.902	18.096	-5.341	411.777	59.793	22.327	75.322	254.334	351.984	0.000	351.984
Fife	884.148	61.357	29.302	-12.580	962.227	141.862	52.828	172.108	595.429	820.365	0.000	820.365
Glasgow City	1,573.434	107.846	35.496	30.894	1,747.670	218.382	100.560	358.472	1,070.255	1,529.288	0.000	1,529.288
Highland	590.481	41.056	29.155	-1.450	659.242	99.495	32.431	156.979	370.337	559.747	0.000	559.747
Inverclyde	203.241	14.140	9.627	1.529	228.537	27.800	11.221	21.333	168.183	200.737	0.000	200.737
Midlothian	224.611	15.634	6.224	-3.085	243.383	38.646	15.249	35.215	154.273	204.737	0.000	204.737
Moray	219.940	15.309	7.904	-3.251	239.903	35.071	11.943	55.314	137.574	204.832	0.000	204.832
North Ayrshire	350.317	24.257	5.529	7.989	388.091	50.363	19.495	43.955	274.278	337.728	0.000	337.728
North Lanarkshire	837.292	58.192	9.510	-11.973	893.021	118.152	50.598	121.640	602.631	774.869	0.000	774.869
Orkney Islands	87.687	6.109	5.387	-1.294	97.889	8.272	16.114	11.473	62.031	89.617	0.000	89.617
Perth & Kinross	356.495	24.819	11.459	-5.010	387.763	67.366	17.725	60.754	241.918	320.397	0.000	320.397
Renfrewshire	434.269	30.120	7.430	-6.058	465.761	72.532	25.693	131.323	236.213	393.229	0.000	393.229
Scottish Borders	279.630	19.424	11.915	-2.204	308.765	48.689	14.106	37.818	208.152	260.076	0.000	260.076
Shetland Islands	95.314	6.636	5.666	3.821	111.437	8.333	20.633	24.302	58.169	103.104	0.000	103.104
South Ayrshire	280.311	19.458	8.610	-4.023	304.356	48.347	14.263	47.708	194.038	256.009	0.000	256.009
South Lanarkshire	771.750	53.755	9.593	-3.897	831.201	128.345	45.087	341.536	316.233	702.856	0.000	702.856
Stirling	226.033	15.661	10.478	-2.589	249.583	39.797	11.784	45.636	152.366	209.786	0.000	209.786
West Dunbartonshire	235.843	16.405	3.459	6.642	262.349	33.680	14.353	93.396	120.920	228.669	0.000	228.669
West Lothian	434.109	30.032	11.914	-6.320	469.736	67.290	25.749	87.928	288.769	402.446	0.000	402.446
Scotland	13,148.955	910.811	370.421	0.000	14,430.187	2,159.133	775.956	3,047.000	8,448.099	12,271.054	0.000	12,271.054

	Expenditure				Funding								£150 Cost of Living Support
	1	2	3	4	5	6	7	8	9	10	11	13	
	Updated Service Provision	2008-23 Changes	Loan Charges/ PPP/ LPFS	Main Floor	Total Estimated Expenditure	Assumed Council Tax contribution	Total Ring-fenced Grants	Non Domestic Rates	General Revenue Funding	Total	85% floor	Revised Total	
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Aberdeen City	484.844	18.816	17.891	-6.589	514.963	93.626	28.831	268.557	123.948	421.337	0.000	421.337	10.396
Aberdeenshire	613.491	23.971	18.838	-8.607	647.694	113.278	33.562	138.786	362.068	534.416	0.000	534.416	8.902
Angus	280.804	10.891	11.249	-3.376	299.568	44.383	15.010	26.160	214.016	255.185	0.000	255.185	5.678
Argyll & Bute	238.483	9.332	9.037	15.850	272.702	39.931	12.186	33.179	187.406	232.771	0.000	232.771	4.016
Clackmannanshire	131.630	5.053	4.595	-1.828	139.449	19.572	8.045	18.065	93.767	119.877	0.000	119.877	2.455
Dumfries & Galloway	385.895	14.950	15.126	-3.287	412.684	59.603	18.545	51.388	283.148	353.081	0.000	353.081	7.293
Dundee City	388.443	14.994	5.762	3.124	412.323	47.795	23.184	35.496	305.848	364.528	0.000	364.528	7.831
East Ayrshire	315.780	12.192	9.710	-4.582	333.100	42.949	18.810	23.226	248.115	290.151	0.000	290.151	6.300
East Dunbartonshire	274.600	10.674	3.961	-3.700	285.535	51.034	12.364	17.675	204.462	234.501	0.000	234.501	3.036
East Lothian	257.650	9.982	3.684	-3.451	267.865	47.700	13.605	28.686	177.874	220.165	0.000	220.165	4.339
East Renfrewshire	250.878	9.681	9.020	-3.271	266.308	43.756	9.951	9.574	203.027	222.552	0.000	222.552	2.452
Edinburgh, City of	1,077.614	41.960	23.165	9.231	1,151.970	224.483	56.739	249.861	620.887	927.487	10.116	937.603	20.294
Eilean Siar	92.251	3.520	6.824	17.984	120.578	9.602	4.346	8.149	98.482	110.976	0.000	110.976	1.551
Falkirk	385.682	14.853	19.163	-5.415	414.283	59.717	23.131	80.433	251.002	354.566	0.000	354.566	7.667
Fife	910.854	35.166	30.245	-13.035	963.230	141.061	52.847	179.675	589.647	822.169	0.000	822.169	17.390
Glasgow City	1,597.188	61.583	36.258	42.849	1,737.877	217.525	100.324	296.203	1,123.825	1,520.352	0.000	1,520.352	32.958
Highland	606.202	23.612	30.254	-2.212	657.856	98.460	32.673	141.565	385.157	559.396	0.000	559.396	11.075
Inverclyde	209.226	8.076	9.993	2.258	229.553	27.699	11.315	15.906	174.633	201.854	0.000	201.854	4.126
Midlothian	230.258	8.948	6.337	-3.088	242.455	37.780	14.835	24.895	164.945	204.675	0.000	204.675	4.073
Moray	225.180	8.683	8.194	-3.253	238.804	34.745	12.020	54.575	137.464	204.059	0.000	204.059	4.490
North Ayrshire	361.637	13.950	5.730	8.084	389.401	50.154	20.057	37.745	281.445	339.247	0.000	339.247	7.019
North Lanarkshire	864.395	33.418	9.853	-12.171	895.495	117.725	49.382	111.737	616.651	777.770	0.000	777.770	16.995
Orkney Islands	88.318	3.510	5.605	-1.330	96.103	8.243	15.527	12.954	59.378	87.860	0.000	87.860	1.160
Perth & Kinross	361.411	14.074	11.853	-4.793	382.545	66.803	17.194	46.141	252.406	315.742	0.000	315.742	6.140
Renfrewshire	447.525	17.310	7.705	-6.131	466.409	71.555	25.589	108.076	261.188	394.854	0.000	394.854	8.747
Scottish Borders	288.919	11.220	12.405	-3.539	309.005	48.476	15.017	35.294	210.218	260.529	0.000	260.529	5.406
Shetland Islands	96.882	3.861	5.943	4.690	111.376	8.300	20.722	35.322	47.033	103.076	0.000	103.076	1.179
South Ayrshire	287.594	11.085	8.904	-4.041	303.542	48.255	13.887	30.913	210.488	255.287	0.000	255.287	4.958
South Lanarkshire	790.623	30.614	9.939	-1.429	829.747	126.650	43.109	422.591	237.397	703.097	0.000	703.097	15.218
Stirling	232.759	9.060	10.795	-3.309	249.306	39.162	12.665	35.942	161.537	210.144	0.000	210.144	3.063
West Dunbartonshire	245.877	9.504	3.601	4.739	263.721	33.568	13.817	107.740	108.596	230.153	0.000	230.153	5.039
West Lothian	444.115	17.118	12.292	-6.375	467.151	66.492	24.590	79.491	296.578	400.659	0.000	400.659	8.289
Scotland	13,467.008	521.659	383.931	0.000	14,372.598	2,140.082	773.879	2,766.000	8,692.637	12,232.516	10.116	12,242.633	249.534

The explanation of each of the columns within the tables at Annex B is as follows:

Column 1 – represents the updated on-going service provision and includes the following combined information: (i) the updated Grant Aided Expenditure (GAE) assessments; (ii) the revised Special Islands Needs Allowance (SINA); (iii) each council's individual share of the on-going revenue grants which have been rolled up into the core local government finance settlement; (iv) each council's share of all the baselined redeterminations since Spending Review 2007; and the previous loan charge adjustment.

Column 2 – is the new combined total, non-ring-fenced, changes in general provision resulting from Spending Reviews 2007, 2010, 2011, 2013, 2015 and budget revisions for 2016 - 2024 allocated pro-rata to each council's share of TEE as agreed with the Settlement and Distribution Group (SDG).

Column 3 – represents the updated share of the loan charges support for outstanding debt and the same level of on-going PPP level playing field support. The methodology for calculating Loan Charge Support (LCS) and support for Public Private Partnership (PPP) projects (level playing field projects only (LPFS) is set out on Annex H of Finance Circular 2/2011.

Column 4 – is the main floor adjustment which has been calculated using the revised methodology agreed following the 2018 review.

Column 5 – this is the net revenue expenditure recognised by the Scottish Government and represents the sum of columns 1 to 4.

Column 6 – is the assumption of the amount of Total Estimated Expenditure to be funded from the council tax. Any changes are as a result of buoyancy or projected numbers of properties, as well as the estimated additional council tax income to be collected and retained by each local authority as a result of the changes to bands E to H.

Column 7 – is each council's estimated share of the on-going Ring-Fenced Grants for Gaelic, Pupil Equity Fund (PEF), Criminal Justice Social Work, Early Learning and Childcare, and Inter-Island Ferries.

Column 8 – is each council's share of the estimated non-domestic rate income which has been distributed proportionately on the basis of council's 2022-23 mid-year income.

Column 9 – is the balance of funding provided by means of general revenue funding and is calculated by deducting columns 6, 7 and 8 from the Total Estimated Expenditure in column 5.

Column 10 – represents the total revenue funding available to each council in 2023-24.

Column 11 – is the 85% floor adjustment which has been calculated to meet the Scottish Government's commitment to ensure that no Local Authority receives less than 85% of the Scottish average per head in terms of revenue support.

Column 12 - is the revised total funding including all the changes and the 85% funding floor adjustments.

Local Authority	Gaelic £m	Pupil Equity Fund £m	Criminal Justice Social Work £m	Early Learning and Childcare Expansion £m	Support for Ferries £m	Outwith Settlement
						Justice Social Work - Offender Services top-up £m
Aberdeen City	0.092	3.256	3.956	19.941	0.000	1.002
Aberdeenshire	0.000	3.232	2.818	26.968	0.000	0.714
Angus	0.004	2.304	1.630	10.524	0.000	0.413
Argyll & Bute	0.360	1.364	0.986	7.610	1.300	0.250
Clackmannanshire	0.002	1.659	1.114	5.153	0.000	0.282
Dumfries & Galloway	0.000	3.266	2.523	13.397	0.000	0.639
Dundee City	0.000	5.095	3.545	14.350	0.000	0.898
East Ayrshire	0.144	3.800	2.111	13.964	0.000	0.535
East Dunbartonshire	0.068	1.723	0.792	9.657	0.000	0.201
East Lothian	0.007	1.786	1.069	10.931	0.000	0.271
East Renfrewshire	0.022	1.485	0.616	8.442	0.000	0.156
Edinburgh, City of	0.320	7.850	7.984	40.405	0.000	2.023
Eilean Siar	0.965	0.340	0.294	2.570	0.000	0.075
Falkirk	0.014	3.953	2.686	15.675	0.000	0.680
Fife	0.012	10.441	6.108	36.267	0.000	1.547
Glasgow City	0.560	23.154	15.482	61.364	0.000	3.922
Highland	0.910	4.262	3.238	23.124	0.897	0.820
Inverclyde	0.065	2.579	1.299	7.278	0.000	0.329
Midlothian	0.007	2.418	1.252	11.572	0.000	0.317
Moray	0.000	1.481	1.293	9.169	0.000	0.328
North Ayrshire	0.090	4.162	2.657	12.585	0.000	0.673
North Lanarkshire	0.260	9.659	5.353	35.325	0.000	1.356
Orkney Islands	0.000	0.249	0.235	2.227	13.402	0.060
Perth & Kinross	0.102	1.870	1.834	13.919	0.000	0.465
Renfrewshire	0.015	4.652	2.588	18.439	0.000	0.656
Scottish Borders	0.001	1.919	1.257	10.929	0.000	0.318
Shetland Islands	0.000	0.254	0.252	2.631	17.496	0.064
South Ayrshire	0.015	2.609	1.731	9.907	0.000	0.438
South Lanarkshire	0.170	8.928	4.414	31.575	0.000	1.118
Stirling	0.114	1.450	1.239	8.981	0.000	0.314
West Dunbartonshire	0.029	3.373	1.634	9.318	0.000	0.414
West Lothian	0.007	5.426	2.459	17.857	0.000	0.623
Scotland	4.355	130.000	86.450	522.056	33.095	21.899

Notes: These figures represent the best estimates used in the calculation of the 2023-24 local government finance settlement, including the calculation of the Floors. The actual sums payable will be notified to the relevant Policy Team.

PEF allocations for 2023-24 are still being prepared by the Scottish Government. The figures refer to local authority PEF allocations in the 2022-23 financial year.

The distribution of the Inter-Island Ferries has also necessarily used estimated figures.

Local Authority	Grant Without Floor	Change Without Floor	Floor Change	Grant With Floor	Change With Floor
	£m	%	£m	£m	%
Aberdeen City	338.587	4.40%	-6.629	331.958	2.36%
Moray	166.057	4.19%	-3.251	162.806	2.15%
Orkney Islands	66.096	4.18%	-1.294	64.802	2.14%
East Lothian	177.002	3.85%	-3.465	173.537	1.81%
Aberdeenshire	437.417	3.76%	-8.564	428.853	1.73%
Perth & Kinross	255.916	3.74%	-5.010	250.906	1.71%
West Lothian	322.818	3.70%	-6.320	316.498	1.67%
East Renfrewshire	180.752	3.60%	-3.539	177.213	1.57%
Clackmannanshire	92.310	3.45%	-1.807	90.503	1.42%
Falkirk	272.828	3.37%	-5.341	267.487	1.34%
Midlothian	157.583	3.35%	-3.085	154.498	1.32%
North Lanarkshire	611.544	3.24%	-11.973	599.572	1.22%
South Ayrshire	205.476	3.20%	-4.023	201.453	1.18%
East Ayrshire	230.088	3.08%	-4.505	225.583	1.06%
Renfrewshire	309.432	2.94%	-6.058	303.374	0.93%
Angus	203.945	2.72%	-3.631	200.315	0.89%
Argyll & Bute	171.745	-7.71%	16.014	187.760	0.89%
Dumfries & Galloway	282.712	0.99%	-0.268	282.443	0.89%
Dundee City	276.149	-0.55%	3.991	280.140	0.89%
East Dunbartonshire	188.446	2.88%	-3.642	184.804	0.89%
Edinburgh (City of)	715.683	-1.25%	15.548	731.231	0.89%
Eilean Siar	75.634	-19.11%	18.696	94.330	0.89%
Fife	656.862	2.86%	-12.580	644.282	0.89%
Glasgow City	1,151.708	-1.75%	30.894	1,182.602	0.89%
Highland	449.560	1.22%	-1.450	448.110	0.89%
Inverclyde	156.326	-0.09%	1.529	157.856	0.89%
North Ayrshire	257.620	-2.14%	7.989	265.608	0.89%
Scottish Borders	209.809	1.96%	-2.204	207.606	0.89%
Shetland Islands	71.124	-4.25%	3.821	74.945	0.89%
South Lanarkshire	554.727	1.60%	-3.897	550.831	0.89%
Stirling	167.086	2.48%	-2.589	164.498	0.89%
West Dunbartonshire	168.363	-2.94%	6.642	175.005	0.89%
Scotland	9,581.408	0.91%	0.000	9,581.408	0.91%

The annual change in the Grant for Floor Funding was 0.89% and as a result of the floor being set at -0.25% below this annual change the minimum increase in the Grant for floor was set at 0.64%

REDETERMINATIONS OF INDIVIDUAL REVENUE FUNDING 2022-23 - GENERAL

ANNEX G

GENERAL FUNDING	2022 Summer Programme	Teacher Pay Award 21-22	Adult Disability Payment	Whole Family Wellbeing Fund	2022 Local Heat and Energy Efficiency Strategies resourcing	*Scottish Child Payment Bridging Payments	Green Growth Accelerator Resource Funding	Additional Funding for Local Government Pay Deal	Customer First	Discretionary Housing Payments Benefit Cap	Discretionary Housing Payments Benefit Cap ADMIN
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Aberdeen City	0.279	1.067	0.089	1.025	0.075	0.955	0.026	5.050	0.000	0.086	0.017
Aberdeenshire	0.355	1.667	0.080	1.464	0.075	0.954	0.026	6.433	0.000	0.089	0.013
Angus	0.211	0.716	0.071	0.657	0.075	0.523	0.026	2.923	0.000	0.040	0.009
Argyll & Bute	0.135	0.528	0.045	0.439	0.075	0.276	0.026	2.504	0.000	0.018	0.007
Clackmannanshire	0.110	0.339	0.036	0.337	0.075	0.442	0.026	1.356	0.000	0.028	0.005
Dumfries & Galloway	0.329	0.868	0.098	0.917	0.075	0.770	0.026	4.012	0.000	0.039	0.014
Dundee City	0.294	0.859	0.125	0.894	0.075	1.086	0.026	4.024	0.000	0.079	0.020
East Ayrshire	0.279	0.772	0.089	0.832	0.075	0.791	0.026	3.272	0.000	0.037	0.016
East Dunbartonshire	0.105	0.854	0.045	0.471	0.075	0.505	0.026	2.865	0.000	0.028	0.005
East Lothian	0.162	0.627	0.054	0.579	0.075	0.433	0.026	2.679	0.000	0.046	0.007
East Renfrewshire	0.118	0.836	0.036	0.492	0.075	0.303	0.026	2.598	0.000	0.023	0.004
Edinburgh, City of	0.576	2.220	0.250	2.199	0.075	1.785	0.026	11.261	0.000	0.344	0.046
Eilean Siar	0.046	0.195	0.018	0.161	0.075	0.056	0.026	0.945	0.000	0.003	0.001
Falkirk	0.286	1.010	0.107	0.923	0.075	0.966	0.026	3.986	0.000	0.033	0.014
Fife	0.740	2.245	0.223	2.289	0.075	2.306	0.026	9.438	0.000	0.133	0.037
Glasgow City	1.665	3.439	0.535	4.666	0.075	5.009	0.026	16.527	0.000	0.420	0.077
Highland	0.465	1.444	0.134	1.420	0.075	0.868	0.026	6.337	0.000	0.050	0.017
Inverclyde	0.131	0.488	0.071	0.423	0.075	0.503	0.026	2.167	0.000	0.029	0.010
Midlothian	0.162	0.630	0.064	0.535	0.075	0.449	0.026	2.401	0.000	0.043	0.007
Moray	0.173	0.585	0.045	0.546	0.075	0.290	0.026	2.330	0.000	0.024	0.006
North Ayrshire	0.324	0.890	0.098	0.959	0.075	1.005	0.026	3.744	0.000	0.057	0.019
North Lanarkshire	0.766	2.291	0.276	2.351	0.075	2.153	0.026	8.968	1.400	0.113	0.035
Orkney	0.041	0.158	0.009	0.132	0.075	0.050	0.026	0.942	0.000	0.003	0.001
Perth & Kinross	0.242	0.863	0.071	0.805	0.075	0.458	0.026	3.777	0.000	0.032	0.010
Renfrewshire	0.292	1.092	0.125	0.988	0.075	0.904	0.026	4.646	0.000	0.040	0.017
Scottish Borders	0.208	0.654	0.062	0.668	0.075	0.454	0.026	3.011	0.000	0.034	0.009
Shetland	0.049	0.204	0.009	0.158	0.075	0.060	0.026	1.036	0.000	0.004	0.001
South Ayrshire	0.189	0.704	0.071	0.604	0.075	0.589	0.026	2.975	0.000	0.028	0.012
South Lanarkshire	0.577	2.135	0.223	1.827	0.075	1.980	0.026	8.216	0.000	0.077	0.030
Stirling	0.139	0.587	0.045	0.495	0.075	0.338	0.026	2.432	0.000	0.013	0.006
West Dunbartonshire	0.198	0.591	0.071	0.604	0.075	0.734	0.026	2.551	0.000	0.036	0.011
West Lothian	0.354	1.241	0.134	1.140	0.075	1.139	0.026	4.594	0.000	0.051	0.017
Scotland	10.000	32.800	3.409	32.000	2.400	29.134	0.832	140.000	1.400	2.080	0.500

REDETERMINATIONS OF INDIVIDUAL REVENUE FUNDING 2022-23 - GENERAL

ANNEX G

GENERAL FUNDING	Educational Psychologists	Improvement Service	Easter Study Support Provision	10% £150 Cost of Living Award	Council Tax Reduction (CTR) data extract funding	Teachers Induction Scheme (TIS)	Dundee to Stansted	River Annan Bridges	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Aberdeen City	0.012	0.000	0.099	0.974	0.030	1.770	0.000	0.000	11.554
Aberdeenshire	0.013	0.000	0.093	1.126	0.008	0.745	0.000	0.000	13.141
Angus	0.017	0.000	0.070	0.692	0.008	0.130	0.000	0.000	6.168
Argyll & Bute	0.011	0.000	0.042	0.386	0.009	0.109	0.000	0.000	4.610
Clackmannanshire	0.016	0.000	0.049	0.308	0.008	1.134	0.000	0.000	4.269
Dumfries & Galloway	0.011	0.000	0.091	0.796	0.009	0.474	0.000	0.033	8.562
Dundee City	0.018	0.000	0.162	0.962	0.009	0.219	1.246	0.000	10.098
East Ayrshire	0.018	0.000	0.112	0.752	0.009	1.053	0.000	0.000	8.133
East Dunbartonshire	0.017	0.000	0.053	0.365	0.009	1.357	0.000	0.000	6.780
East Lothian	0.008	0.000	0.051	0.497	0.029	1.545	0.000	0.000	6.818
East Renfrewshire	0.017	0.000	0.043	0.273	0.009	3.353	0.000	0.000	8.206
Edinburgh, City of	0.036	0.000	0.232	2.085	0.008	1.098	0.000	0.000	22.241
Eilean Siar	0.000	0.000	0.009	0.168	0.029	2.625	0.000	0.000	4.357
Falkirk	0.008	0.000	0.117	0.934	0.008	2.697	0.000	0.000	11.190
Fife	0.035	0.000	0.315	2.218	0.009	3.172	0.000	0.000	23.261
Glasgow City	0.069	0.000	0.707	3.813	0.029	5.612	0.000	0.000	42.669
Highland	0.004	0.000	0.128	1.167	0.009	0.494	0.000	0.000	12.638
Inverclyde	0.017	0.000	0.076	0.452	0.009	0.777	0.000	0.000	5.254
Midlothian	0.016	0.000	0.070	0.493	0.008	0.672	0.000	0.000	5.651
Moray	0.001	0.000	0.044	0.560	0.008	1.878	0.000	0.000	6.591
North Ayrshire	0.023	0.000	0.137	0.910	0.009	0.941	0.000	0.000	9.217
North Lanarkshire	0.036	0.049	0.290	1.951	0.008	2.709	0.000	0.000	23.497
Orkney	0.000	0.000	0.008	0.128	0.009	0.053	0.000	0.000	1.636
Perth & Kinross	0.011	0.000	0.054	0.702	0.009	0.301	0.000	0.000	7.436
Renfrewshire	0.027	0.000	0.139	0.951	0.009	2.520	0.000	0.000	11.851
Scottish Borders	0.001	0.000	0.057	0.519	0.009	0.746	0.000	0.000	6.533
Shetland	0.000	0.000	0.007	0.118	0.008	0.051	0.000	0.000	1.806
South Ayrshire	0.015	0.000	0.076	0.559	0.009	1.712	0.000	0.000	7.644
South Lanarkshire	0.041	0.000	0.263	1.985	0.009	1.875	0.000	0.000	19.339
Stirling	0.017	0.000	0.045	0.373	0.029	1.226	0.000	0.000	5.846
West Dunbartonshire	0.008	0.000	0.101	0.568	0.009	0.474	0.000	0.000	6.057
West Lothian	0.018	0.000	0.160	1.043	0.008	2.856	0.000	0.000	12.856
Scotland	0.542	0.049	3.900	28.828	0.379	46.378	1.246	0.033	335.910

Local Authority	2023-24 GAE	Percentage	2008-24	2008-23	Movement in
	£m	£m	£m	£m	£m
Aberdeen City	363.564	3.64	33.013	18.816	14.197
Aberdeenshire	483.348	4.84	41.793	23.971	17.821
Angus	215.843	2.16	19.027	10.891	8.136
Argyll & Bute	173.366	1.74	16.129	9.332	6.797
Clackmannanshire	93.132	0.93	8.809	5.053	3.756
Dumfries & Galloway	289.372	2.90	26.019	14.950	11.069
Dundee City	273.728	2.74	25.994	14.994	10.999
East Ayrshire	232.515	2.33	21.454	12.192	9.263
East Dunbartonshire	205.695	2.06	18.529	10.674	7.855
East Lothian	198.079	1.98	17.531	9.982	7.549
East Renfrewshire	193.684	1.94	17.050	9.681	7.369
Edinburgh, City of	798.367	8.00	73.304	41.960	31.345
Eilean Siar	71.714	0.72	6.047	3.520	2.527
Falkirk	288.687	2.89	25.902	14.853	11.049
Fife	682.318	6.84	61.357	35.166	26.191
Glasgow City	1127.745	11.30	107.846	61.583	46.263
Highland	458.342	4.59	41.056	23.612	17.444
Inverclyde	148.455	1.49	14.140	8.076	6.063
Midlothian	176.182	1.77	15.634	8.948	6.686
Moray	174.650	1.75	15.309	8.683	6.626
North Ayrshire	256.485	2.57	24.257	13.950	10.307
North Lanarkshire	634.836	6.36	58.192	33.418	24.774
Orkney	61.947	0.62	6.109	3.510	2.600
Perth & Kinross	277.896	2.78	24.819	14.074	10.746
Renfrewshire	327.217	3.28	30.120	17.310	12.811
Scottish Borders	219.500	2.20	19.424	11.220	8.203
Shetland	66.577	0.67	6.636	3.861	2.775
South Ayrshire	211.703	2.12	19.458	11.085	8.373
South Lanarkshire	596.206	5.97	53.755	30.614	23.141
Stirling	173.918	1.74	15.661	9.060	6.601
West Dunbartonshire	169.367	1.70	16.405	9.504	6.902
West Lothian	337.291	3.38	30.032	17.118	12.914
Scotland	9981.730	100.000	910.811	521.659	389.151

2023-24	Capital Settlement 2023-24			Specific grants to be paid in 2023-24				
£m	General Capital Grant	Specific Grants	Total Capital Grants	Strathclyde Partnership	Vacant and Derelict Land	T MDF	Cycling Walking &	Total
Aberdeen City	25.241	0.993	26.234	0.000	0.000	0.000	0.993	0.993
Aberdeenshire	27.765	1.147	28.912	0.000	0.000	0.000	1.147	1.147
Angus	14.587	0.507	15.094	0.000	0.000	0.000	0.507	0.507
Argyll & Bute	19.456	0.376	19.832	0.000	0.000	0.000	0.376	0.376
Clackmannanshire	6.272	0.225	6.497	0.000	0.000	0.000	0.225	0.225
Dumfries & Galloway	26.187	0.650	26.837	0.000	0.000	0.000	0.650	0.650
Dundee City	18.220	0.645	18.865	0.000	0.000	0.000	0.645	0.645
East Ayrshire	12.831	0.533	13.364	0.000	0.000	0.000	0.533	0.533
East Dunbartonshire	11.446	0.476	11.922	0.000	0.000	0.000	0.476	0.476
East Lothian	8.410	0.478	8.888	0.000	0.000	0.000	0.478	0.478
East Renfrewshire	9.370	0.422	9.792	0.000	0.000	0.000	0.422	0.422
Edinburgh, City of	52.571	30.249	82.820	0.000	0.000	27.950	2.299	30.249
Eilean Siar	8.677	0.116	8.793	0.000	0.000	0.000	0.116	0.116
Falkirk	11.191	0.702	11.893	0.000	0.000	0.000	0.702	0.702
Fife	40.776	3.257	44.033	0.000	1.621	0.000	1.636	3.257
Glasgow City	71.538	69.018	140.556	0.000	1.950	64.295	2.773	69.018
Highland	32.743	1.039	33.782	0.000	0.000	0.000	1.039	1.039
Inverclyde	8.879	0.335	9.214	0.000	0.000	0.000	0.335	0.335
Midlothian	10.723	0.413	11.136	0.000	0.000	0.000	0.413	0.413
Moray	11.864	0.421	12.285	0.000	0.000	0.000	0.421	0.421
North Ayrshire	35.704	2.092	37.796	0.000	1.506	0.000	0.586	2.092
North Lanarkshire	36.383	3.332	39.715	0.000	1.841	0.000	1.491	3.332
Orkney Islands	6.529	0.098	6.627	0.000	0.000	0.000	0.098	0.098
Perth & Kinross	23.369	0.672	24.041	0.000	0.000	0.000	0.672	0.672
Renfrewshire	18.383	0.786	19.169	0.000	0.000	0.000	0.786	0.786
Scottish Borders	23.476	0.507	23.983	0.000	0.000	0.000	0.507	0.507
Shetland Islands	6.865	0.100	6.965	0.000	0.000	0.000	0.100	0.100
South Ayrshire	12.761	0.491	13.252	0.000	0.000	0.000	0.491	0.491
South Lanarkshire	33.388	2.096	35.484	0.000	0.687	0.000	1.409	2.096
Stirling	8.834	0.408	9.242	0.000	0.000	0.000	0.408	0.408
West Dunbartonshire	15.547	0.383	15.930	0.000	0.000	0.000	0.383	0.383
West Lothian	18.551	0.810	19.361	0.000	0.000	0.000	0.810	0.810
Undistributed	19.000	0.000	19.000	0.000	0.000	0.000	0.000	0.000
Councils Total	687.537	123.777	811.314	0.000	7.605	92.245	23.927	123.777
Strathclyde Partnership for Transport		15.327	15.327	15.327	0.000	0.000	0.000	15.327
Grand Total	687.537	139.104	826.641	15.327	7.605	92.245	23.927	139.104

Council	Flood Scheme	Total 2023-24
		£m
Aberdeenshire Council	Stonehaven	-4.685
Aberdeenshire Council	Huntly	0.000
Angus Council	Arbroath	0.518
Argyll & Bute Council	Campbeltown	5.424
Comhairle nan Eilean Siar	South Fords	0.864
Dumfries & Galloway Council	Dumfries/ River Nith/ Whitesands FPS	2.538
Dumfries & Galloway Council	Stranraer work item 4 &6	0.224
Dumfries & Galloway Council	Langholm	0.392
Dumfries & Galloway Council	Newton Stewart/ River Cree	1.229
Dundee City Council	Broughty Ferry	-0.004
Dundee City Council	Dundee	0.000
East Ayrshire Council	New Cumnock	0.129
East Dunbartonshire Council	Park Burn	-0.002
East Lothian Council	Musselburgh	-3.885
East Lothian Council	Haddington	0.088
Falkirk Council	Grangemouth FPS	-4.713
Fife Council	Kinness Burn	1.152
Glasgow City Council	White Cart Water Phase 3	0.000
Glasgow City Council	Camlachie Burn	0.000
Highland Council	Smithton and Culloden	0.082
Highland Council	Caol and Lochyside	-0.790
Highland Council	Drumnadrochit	-0.445
Inverclyde Council	Inverclyde FPS - Glenmosston Burn	0.024
Inverclyde Council	Inverclyde FPS - Coves Burn	0.000
Inverclyde Council	Inverclyde FPS - Bouverie Burn	0.000
Inverclyde Council	Quarrier's Village	0.000
Moray Council	Newmill	0.000
North Ayrshire Council	Millport Coastal	19.980
North Ayrshire Council	Upper Gamock FPS	0.000
North Ayrshire Council	Mill Burn Millport	0.544
Orkney Islands Council	Kirkwall	0.000
Perth & Kinross Council	Comrie	1.776
Perth & Kinross Council	Milnathort	1.272
Perth & Kinross Council	South Kinross	1.076
Perth & Kinross Council	Scone	0.142
Scottish Borders Council	Hawick	7.847
Stirling Council	Bridge of Allan	-0.490
Stirling Council	Stirling	-0.628
Stirling Council	Callander	-1.248
West Dunbartonshire Council	Gruggies Burn	5.186
	Total	33.600

TOTAL LOCAL GOVERNMENT FUNDING SETTLEMENT 2023-24

ANNEX K

Local Authority	Ring-Fenced Grants	Non Domestic Rates	General Revenue Funding	Total 2023-24 Revenue	General Capital Grant	Specific Grant	Total 2023-24 Capital	2023-24 Local Government Finance Settlement
	£m	£m	£m	£m	£m	£m	£m	£m
Aberdeen City	27.246	257.797	150.888	435.931	25.241	0.993	26.234	462.165
Aberdeenshire	33.017	134.839	371.193	539.050	27.765	1.147	28.912	567.962
Angus	14.463	27.934	212.998	255.395	14.587	0.507	15.094	270.489
Argyll & Bute	11.619	37.645	183.279	232.544	19.456	0.376	19.832	252.376
Clackmannanshire	7.928	17.764	92.969	118.661	6.272	0.225	6.497	125.158
Dumfries & Galloway	19.186	60.313	275.179	354.679	26.187	0.650	26.837	381.516
Dundee City	22.991	73.704	263.194	359.889	18.220	0.645	18.865	378.754
East Ayrshire	20.020	30.467	240.349	290.836	12.831	0.533	13.364	304.200
East Dunbartonshire	12.240	24.099	196.428	232.767	11.446	0.476	11.922	244.689
East Lothian	13.793	58.108	149.142	221.043	8.410	0.478	8.888	229.931
East Renfrewshire	10.565	15.695	195.998	222.258	9.370	0.422	9.792	232.050
Edinburgh, City of	56.559	377.317	515.047	948.923	52.571	30.249	82.820	1,031.743
Eilean Siar	4.169	9.106	95.328	108.603	8.677	0.116	8.793	117.396
Falkirk	22.327	75.322	254.334	351.984	11.191	0.702	11.893	363.877
Fife	52.828	172.108	595.429	820.365	40.776	3.257	44.033	864.398
Glasgow City	100.560	358.472	1,070.255	1,529.288	71.538	69.018	140.556	1,669.844
Highland	32.431	156.979	370.337	559.747	32.743	1.039	33.782	593.529
Inverclyde	11.221	21.333	168.183	200.737	8.879	0.335	9.214	209.951
Midlothian	15.249	35.215	154.273	204.737	10.723	0.413	11.136	215.873
Moray	11.943	55.314	137.574	204.832	11.864	0.421	12.285	217.117
North Ayrshire	19.495	43.955	274.278	337.728	35.704	2.092	37.796	375.524
North Lanarkshire	50.598	121.640	602.631	774.869	36.383	3.332	39.715	814.584
Orkney	16.114	11.473	62.031	89.617	6.529	0.098	6.627	96.244
Perth & Kinross	17.725	60.754	241.918	320.397	23.369	0.672	24.041	344.438
Renfrewshire	25.693	131.323	236.213	393.229	18.383	0.786	19.169	412.398
Scottish Borders	14.106	37.818	208.152	260.076	23.476	0.507	23.983	284.059
Shetland	20.633	24.302	58.169	103.104	6.865	0.100	6.965	110.069
South Ayrshire	14.263	47.708	194.038	256.009	12.761	0.491	13.252	269.261
South Lanarkshire	45.087	341.536	316.233	702.856	33.388	2.096	35.484	738.340
Stirling	11.784	45.636	152.366	209.786	8.834	0.408	9.242	219.028
West Dunbartonshire	14.353	93.396	120.920	228.669	15.547	0.383	15.930	244.599
West Lothian	25.749	87.928	288.769	402.446	18.551	0.810	19.361	421.807
Undistributed	0.103	0.000	125.360	125.463	19.000	0.000	19.000	144.463
Redress Top Slice	0.000	0.000	6.000	6.000	0.000	0.000	0.000	6.000
Strathclyde Passenger Transport	0.000	0.000	0.000	0.000	0.000	15.327	15.327	15.327
Scotland	776.059	3,047.000	8,579.459	12,402.517	687.537	139.104	826.641	13,229.158

An Leas-phrìomh Mhinistear agus Ath-shlànachadh
Cobhid
Deputy First Minister and Cabinet Secretary for Covid
Recovery
John Swinney MSP



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0300 244 4000
E: DFMCSCR@gov.scot

Councillor Morrison
COSLA President
Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH

Copy to: Councillor Steven Heddle
The Leaders of all Scottish local authorities

15 December 2022

Dear Shona,

Today I formally set out the Scottish Government's proposed Budget for 2023-24 in a statement to the Scottish Parliament. I write now to confirm the details of the local government finance settlement for 2023-24.

As discussed when I met with you, the Resources Spokesperson, and Group Leaders on 1 December, we are facing the most challenging budget circumstances since devolution. This is primarily due to over a decade of austerity eroding financial settlements from Westminster, compounded by the impact of Brexit and the disastrous mini-budget. Scottish and local government are experiencing unprecedented challenges as a result of the UK Government's economic mismanagement, resulting in rising prices and soaring energy bills, with inflation estimated to be running at a 41 year high of 11.1% at the time of the Chancellor's Autumn Statement.

My Cabinet colleagues and I have engaged extensively with COSLA Leaders and spokespersons over the course of the year and there is collective understanding that this economic context is also having a significant impact upon local authorities. Councils, like the Scottish Government and rest of the public sector, are working hard to support people through the cost crisis. In this regard we are hugely grateful to councils for their hard work and we fully appreciate that no part of public life has been immune from taking deeply difficult decisions to live within the current fiscal reality.

I have already taken the unprecedented step of making a statement to Parliament to reprioritise over £1.2 billion of funding as part of my Emergency Budget Statement. Despite the scale of that challenge the Scottish Government actively chose to protect Councils during

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



INVESTORS
IN PEOPLE

Accredited
Until 2020



that exercise and increased the funding available to councils whilst most other portfolios were required to make significant savings.

The Scottish Government's revenue raising powers offer limited flexibility to deal with challenges of this magnitude. I wrote to the Chancellor on 19 October to highlight the impact of inflation on the Scottish Government's budget and to call for additional funding to help us deal with these inflationary pressures and to support public services.

As we face these challenges, and in the absence of meaningful change in direction by the UK Government, we need to work together to ensure that we deliver for people within the financial constraints we have. I very much welcomed the open discussion on 1 December about how we focus our efforts on our shared priorities, and to that end we are offering to jointly develop an approach to working within this budget which delivers our ambitions.

The Local Government Settlement

Before turning to that offer, I will first set out how I have sought to support local government through the budget itself.

The Resource Spending Review guaranteed the combination of General Revenue Grant and Non-Domestic Rates Income at existing levels between 2023-24 and 2025-26 including the baselining of the £120 million that was added in Budget Bill 2022-23. The Budget delivers those commitments in full, despite the fact that the UK Government's Autumn Statement reversed their previous position on employer National Insurance Contributions resulting in negative consequential. This decision has conferred around £70 million of additional spending power for local government.

The difficult decisions in the Emergency Budget Statement provided one-off additional funding to support enhanced pay deals for local government staff. We recognise the role that increasing pay for local authority employees, especially those on lower incomes, plays in helping more people cope with the cost crisis, but the fact remains that every additional pound we spend on recurring pay deals, must be funded from elsewhere within the Scottish Government budget. I therefore hope that councils will welcome the fact that the budget baselines the additional £260.6 million allocated in 2022-23 to support the local government pay deal and also delivers additional funding to ensure that payment of SSSC fees for the Local Government workforce will continue to be made on a recurring basis.

Despite the challenging budget settlement I have sought to increase funding as much as I can. I have been able to increase General Revenue Grant by a further £72.5 million, taking the total increase to over £550 million. I have also ensured that we have maintained key transfers worth over £1 billion and added a further £102 million of resource to protect key shared priorities particularly around education and social care.

The Resource Spending Review also confirmed the outcome of the 2021 Capital Spending Review and this has been supplemented by £120.6 million mentioned as part of the support to the local government pay deal plus a further £50 million to help with the expansion of the Free School Meals policy.

With regards to that wider settlement, we are providing £145 million to be used by councils to support the school workforce. The Cabinet Secretary for Education and Skills has written separately to COSLA on this matter.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

I am also very grateful for the work undertaken through the Early Learning and Childcare Finance Working Group to develop and scrutinise detailed analysis of the delivery costs for the 1140-hour commitment. This is crucial to ensuring we meet our shared commitment to providing transparency and value for money in a significant programme of public sector investment. The Early Learning and Childcare settlement for 2023-24 takes account of significant declines in the eligible population in recent years and makes provision for important policy and delivery priorities based on feedback from COSLA and local government colleagues.

As set out in separate detailed communications, the Health and Social Care Portfolio will transfer net additional funding of £95 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay in commissioned services (£100 million) and inflationary uplift on Free Personal Nursing Care rates (£15 million). This is offset by the non-recurring interim care money ending (£20 million).

The overall transfer to Local Government includes additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services, in line with Real Living Wage Foundation rate.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2022-23 recurring budgets for services delegated to IJBs and therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £95 million greater than 2022-23 recurring budgets.

The consolidation of funding into the new £30.5 million homelessness prevention fund not only reflects the importance local and national government jointly place on homelessness prevention and earlier intervention, but also simplifies the homelessness funding landscape. This provides more flexibility for council and greater clarity for citizens who want to understand how national and local government are working jointly to improve outcomes.

In total, including the funding to support the devolution of Empty Property Relief, the budget increases the local government settlement by over £550 million relative to the Resource Spending Review position.

I am conscious of the position you set out to me, and the challenges which councils will still face, like all parts of the public sector, in meeting current and emerging demands from within this budget. Therefore, I am offering to continue to work with you with real urgency in the coming weeks to determine how we might jointly approach these challenges and ensure sustainable public services to support our shared priorities now and in the future.

Delivering for People and Communities by Working Together Flexibly

Through the Covid Recovery Strategy, Scottish Government and Local Government, committed to work together to address the systemic inequalities made worse by Covid, to make progress towards a wellbeing economy, and accelerate inclusive person-centred public services.

We must sustain this focus on the outcomes we care most deeply about, in particular:

- i) tackling child poverty,

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot



- ii) transforming the economy to deliver net zero, and
- iii) sustaining our public services.

No single part of the public service landscape can deliver these outcomes alone. We need to work in partnership to deliver outcomes for people and places across Scottish and local government as our two spheres of government, recognising our joint accountability for change. Local service providers have the critical relationships with people and communities and must be empowered and enabled to organise services around their needs, rather than the funding stream, policy area or body delivering. By doing so, we will collectively reduce complexity and barriers for people, deliver improved outcomes and reduce inequalities among communities in Scotland, and enable the fiscal sustainability of key public services.

Strong local leadership will make this approach work in practice, supported by a national vision and learning from good practice. Community Planning Partnerships are the mechanism in which we need to see a collective and intensive effort to align available resources into prevention and early intervention focused on delivering shared outcomes for people and place. Local authorities have the leading, critical role in CPPs, but CPPs also involve a range of public bodies which must play their part, alongside local third sector and community bodies.

The Scottish Government is committed to building trust and maximising benefits for our citizens and communities. We will act to:

- align budgets to maximise impact on outcomes;
- remove barriers which hinder flexibility in funding, and in the design and delivery of services around people, helping to embed the service changes flowing from this;
- require our partner public bodies and agencies to work collaboratively within CPPs to deliver shared outcomes, take action to address local priorities and align local funding, this will be supported by our Place Director network;
- enable third sector partners to participate and contribute in local plans, including through flexible funding.

Local authorities are key partners in this endeavour. Through COSLA, we will invite local authorities to work with us to:

- prioritise spending to agreed key outcomes for which we are jointly accountable, with clarity as to the way in which we will work together to secure and measure success;
- ensure that joint plans of activity across Community Planning Partnerships can deliver those outcomes in a way which reflects the needs of a local communities, and to robustly account for delivery of these plans;
- share resources across CPPs to deliver these activities in whatever way is most effective;
- continue to share and learn from best practice nationally and locally to embed person centred approaches that work for individuals and communities, and reduce barriers and duplication in our joint systems.

We will seek to agree jointly how to put this commitment into operation practically over the coming months and to develop robust assurance that demonstrates delivery of critical priorities and reform. We need to be data driven and transparent, reflecting the accountability which comes with responsibility. Scottish and Local Government need to agree metrics and mechanisms for monitoring impact and outcomes, so that intervention and resource can be

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



Accredited
Until 2020



targeted where it is most needed to secure improvement. This will include seeking to reduce unnecessary reporting.

This approach is aimed at building trust and relationships and as well as adopting it through this budget, it will be reflected in the partnership agreement that will underpin the New Deal for Local Government set out in the Resources Spending Review. In order to offer flexibility across funding and work towards removal of ring fencing, the Scottish Government will need clear commitment from local government about delivery of agreed joint outcomes.

The Cabinet Secretary for Social Justice, Housing and Local Government would welcome an initial discussion on this when you meet next week at the Strategic Review Group, in order to pave the way for work at pace among our officials.

Non-Domestic Rates and Other Local Taxation Measures

As Leaders will be aware, the 1 April 2023 marks the date of the next Non-Domestic Rates revaluation, and the first to reflect the reforms introduced by the independent Barclay Review of Non-Domestic Rates. These reforms, including the move to three-yearly revaluations and a one-year tone date, will ensure that property values more closely align with prevailing property market conditions in Scotland.

The Budget freezes the poundage and acknowledges the impact of the revaluation by introducing a number of transitional reliefs to ensure that any properties which see significant increases in their rates liabilities following the revaluation do so in a phased manner. The Barclay Review also recommended a number of reforms to the Non-Domestic Rates appeals process which are critical to ensuring the deliverability of the three-yearly revaluation.

The new two-stage appeals process will commence on 1 April 2023 alongside the transfer of functions of Valuations Appeals Committees to the Scottish Courts and Tribunals Service. The Non-Domestic Rates (Scotland) Act 2020 and subsequent regulations have, amongst other things, provided Assessors and Councils with greater information-gathering powers and have also increased the transparency of the process for ratepayers including, for the first time, the provision of draft values on 30 November 2022. These reforms are intended to reduce the reliance on the formal appeals process to deliver accurate rateable values and the Act also provided a legal basis for the pre-agreement of values.

Many of the reforms of the Barclay Review seek to incentivise behaviour changes to deliver a more effective and efficient system. Reflecting the ability to pre-agree values and the importance of building resilience in the new appeals system to support the transition to more frequent revaluations, Ministers plan to make administrative changes to the funding treatment of appeals associated with public sector bodies, including councils.

The current system essentially sees the public sector challenge other parts of the public sector with private sector advisor fees effectively extracting resources from public services. The conclusion of the process determines funding allocations outside the remit of the annual budget framework with successful public bodies benefiting financially to the detriment of other ratepayers and public services. The volume of public sector appeals also serves to delay access to justice for other appellants.

Ministers do not believe that this offers value for money for the public. Whilst the right to propose and appeal will remain, to incentivise the use of the pre-agreement powers and

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

discourage the continued reliance on the formal appeals process, from 1 April 2023, all bodies, including councils, who receive their funding through the Scottish Government budget process, will see the financial incentive for proposing and appealing removed.

Where a property occupied by a public body is subject to a successful proposal or appeal, the financial benefit from the reduction in rateable value will result in a downward re-determination of revenue allocations at a subsequent fiscal event. On this basis, Ministers will be encouraging all public bodies to begin the process of pre-agreement with their local assessors ahead of 1 April 2023 to ensure that values are accurate prior to the start of the revaluation and that this approach be adopted by default for future revaluations.

The Non-Domestic Rates (Scotland) Act also had the effect of abolishing Empty Property Relief as agreed with the Scottish Green Party a part of the 2019-20 Budget process. Unoccupied properties will therefore be liable for full rates from 1 April 2023 if relief is not available under a local scheme. To effectively devolve responsibility for the relief and provide greater fiscal empowerment for council, as agreed by the Settlement and Distribution Group, the budget provides an additional £105 million of General Revenue Grant, significantly more than the cost of maintaining the national relief in light of the subsequent decision to freeze the poundage.

In addition, following consultation with members of the Institute of Revenues, Rating and Valuation, we will bring forward regulations intended to empower councils to tackle rates avoidance more effectively. In combination, the funding transfer and the proposed new powers will provide significant additional fiscal flexibility to councils to administer support for unoccupied properties in a way that is tailored to local needs.

Furthermore, I can confirm that the Scottish Government will not seek to agree any freeze or cap in locally determined increases to Council Tax, meaning each council will have full flexibility to set the Council Tax rate that is appropriate for their local authority area. I do hope that councils will reflect carefully on the cost pressures facing the public when setting council tax rates.

We are also committed to expanding councils' ability to raise additional revenues and discussions among our respective officials have commenced to identify a structured approach to future potential local taxes. At the same time, councils now have the power to establish local workplace parking levy schemes and our work to introduce a local visitor levy bill in this parliamentary session is on track.

Finally, I am conscious that, while it is not directly applicable to Local Government pay negotiations, many stakeholders have used Public Sector Pay Policy as a reference point in previous years. For this reason, I feel it is important to highlight to you that we have taken the decision not to announce pay uplifts or publish a Public Sector Pay Policy for 2023-24.

There are a number of reasons for this, not least among them the desire to approach pay negotiations differently for 2023-24, the imperative for reform and the need to ensure the sustainability of public sector pay and workforce arrangements. This does not change our view that our job in the midst of a cost crisis is not to press down on pay, particularly the most vulnerable. We will be sharing further guidance in relation to 2023-24 pay at an appropriate point in the new year which is likely to be considered by Trade Union colleagues relevant in Local Government pay negotiations, if you agree I will ask my officials to engage

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



INVESTORS
IN PEOPLE

Accredited
Until 2020

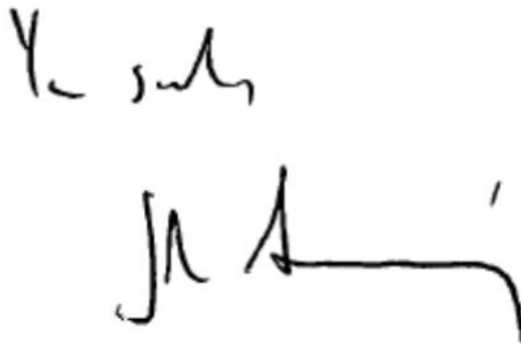


with COSLA officers as this develops to determine if you might wish to formally endorse or adopt it.

I am under no illusions about the challenging fiscal environment we face across all of our public services over the next few years but I have sought to protect the local government settlement as far as possible with an overall settlement of over £13.2 billion. The budget goes significantly beyond the commitments made in the Resource Spending Review. It provides substantive additional funding and it does not pass on the negative consequential for employer national insurance contributions resulting from of the Autumn Statement. Importantly, it provides a number of fiscal and policy flexibilities. Alongside the settlement, I hope my offer to build on the Covid Recovery Strategy will be warmly and urgently received, to enable us to make urgent progress on the New Deal.

I want us to work in partnership, to build on the Covid Recovery Strategy and agree an approach which improves delivery of sustainable public services, designed around the needs and interests of the people and communities of Scotland, at its heart.

I would welcome confirmation that you are supportive of the proposed joint work outlined above and I look forward to working with COSLA and Leaders in the months ahead to deliver on our shared priorities.



JOHN SWINNEY

This page is intentionally left blank