

FALKIRK COUNCIL

Subject : LOCAL GOVERNMENT FINANCE SETTLEMENT 2009/10
 Meeting : POLICY & RESOURCES
 Date: 13 January 2009
 Author : DIRECTOR OF FINANCE

1. INTRODUCTION

The Council received Finance Circular No. 5/2008 on 11 December 2008 following an announcement by the Cabinet Secretary for Finance and Sustainable Development in the Scottish Parliament on the amount of financial support being made available to Councils next year. Members will be aware that information for the three year period 2008/09 to 2010/11 was issued in December 2007 following the 2007 Spending Review, therefore next year's settlement will only reflect changes since the provisional figures were released.

2. REVENUE GRANT DISTRIBUTION

The following table sets out the all-Scotland amounts being made available next year:-

	£'m	£'m	%
Revenue Funding for 2009/10 announced in December 2007		10,655.0	
Add: changes to the provisional settlement which include Sutherland Report (Free Personal & Nursing Care), Schools Fund, Business Gateway, Pensions & Other Adjustments		101.0	
Revised Funding for 2009/10		10,756.0	
Less: Funding top-sliced for Police (mainly for Police Pensions)	(62.1)		
Funding to be distributed later (mainly for Criminal Justice and Funding for Council Tax freeze)	(193.9)	(256.0)	
Revised Funding for 2009/10 being distributed as:-		10,500.0	
General Revenue Funding		7,615.0	72.5
Non-Domestic Rate Income		2,127.1	20.3
Ring-fenced Grants		757.9	7.2
		10,500.0	100.0

The Revised Funding for 2009/10 of £10,756.0m represents an increase of 5.4% over the 2008/09 level, however the bulk of the additional resources are required to meet specific expenditure pressures e.g. Free Personal and Nursing Care.

The amount being made available to Falkirk Council is £286.838m. The sum of £70m is included within the funding to be distributed later to encourage councils to again freeze council taxes at 2007/08 levels. If the Council decides to freeze the Council Tax, we will receive an additional £1.831m of this sum, making the total amount of revenue funding £288.669m.

3. CAPITAL FUNDING

The following table provides a summary of the all-Scotland capital funding for next year:-

	£'m	£'m	%
Capital Funding for 2009/10 announced in December 2007		992.6	
Less: Changes to the provisional settlement:			
Councils contribution to the Affordable Housing Investment Programme	(20.0)		
Capital to Revenue transfer within the Schools Fund	(20.0)		
Other Adjustments	(7.0)	(47.0)	
Less: Funding to be distributed later (Fire Capital Grant and Private Sector Housing Grant)		(240.6)	
Revised Funding for 2009/10 being distributed as:-		705.0	
General Capital Grant		363.5	51.6
Ring-fenced Capital Grant		36.3	5.1
Supported Borrowing		305.2	43.3
		<u>705.0</u>	<u>100.0</u>

The amount available next year is £945.6m, an increase of £17.5m or 1.9% on the 2008/09 level.

After taking account of the allocation of Private Sector Housing Grant which was released following the issue of Circular 5/2008, Falkirk's funding for next year is £17.716m. However, as noted above an element of funding has still to be distributed.

4. NON-DOMESTIC RATES

The non-domestic poundage has been set at 48.1 pence with a supplement of 0.4 pence for rateable values in excess of £29,000. This is an increase of 2.3 pence or 5% on the 2008/09 level. The Council is a significant ratepayer and our liability will increase by around £0.23m next year.

5. PROVISIONAL FIGURES FOR 2010/11

No updated provisional figures for 2010/11 are included pending confirmation of the impact on the Scottish budget of the UK-wide additional efficiency savings target of £5 billion contained within the Pre-Budget Report of 24 November 2008.

6. SUMMARY

Finance Circular 5/2008 provides details of the financial support which will be available to Councils next year. Updated figures for 2010/11 are not available at this time. Work is continuing to present spending plans for Members consideration on Wednesday 11 February 2009.

7. RECOMMENDATION

Members are invited to note the provisional Local Government Finance Settlement for 2009/10.

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Director of Finance

Date : 15 December 2008

LIST OF BACKGROUND PAPERS

1. Scottish Government Finance Circular No 5/2008

Any person wishing to inspect the above background papers should telephone Falkirk (01324) 506353 and ask for Dougie McGregor.