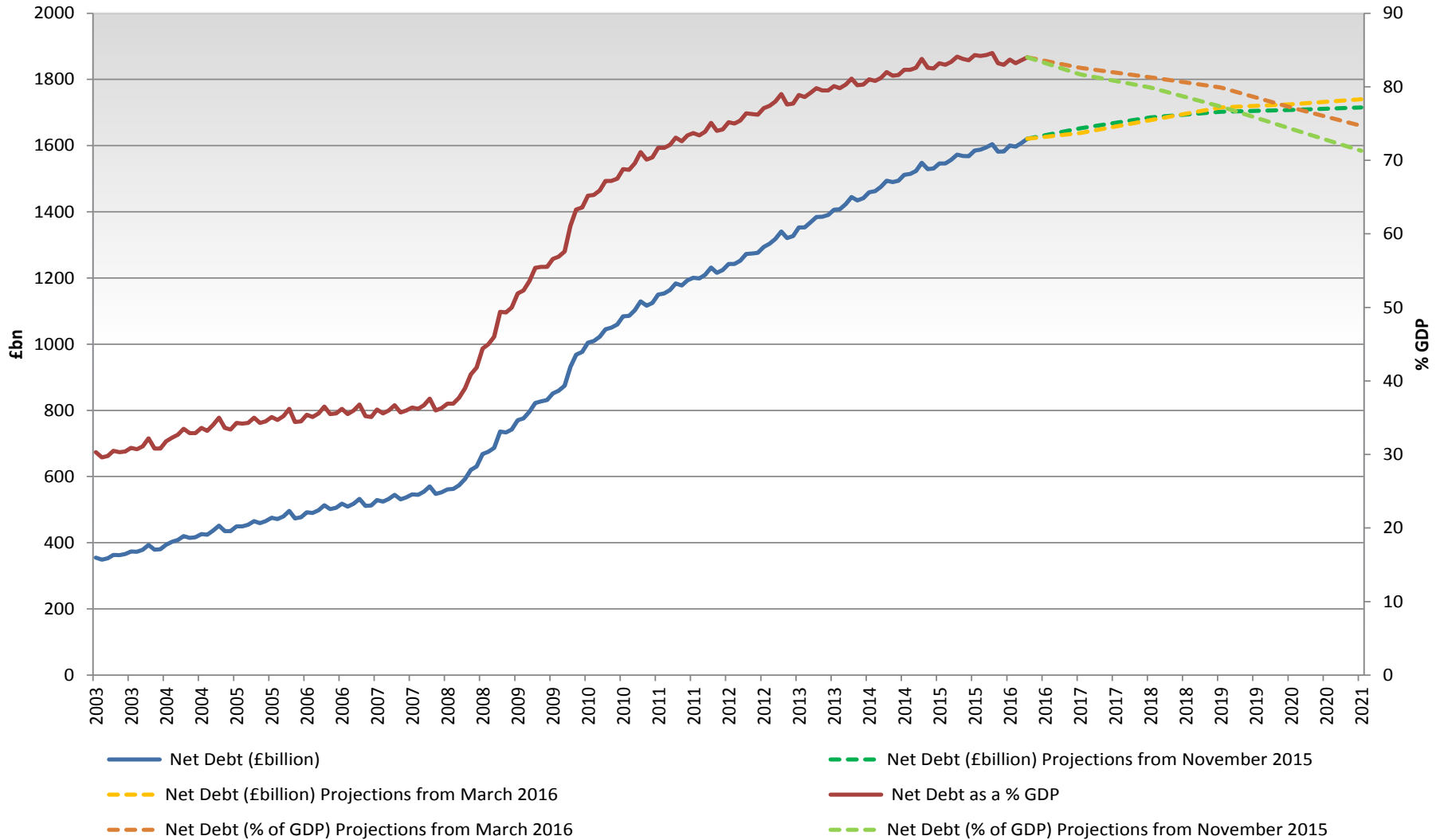


Local Government Finance – Setting the Scene

Don Peebles

Head of CIPFA Scotland & Head
of CIPFA Devolved Government

Public Sector Net Debt - Excluding Public Sector Banks

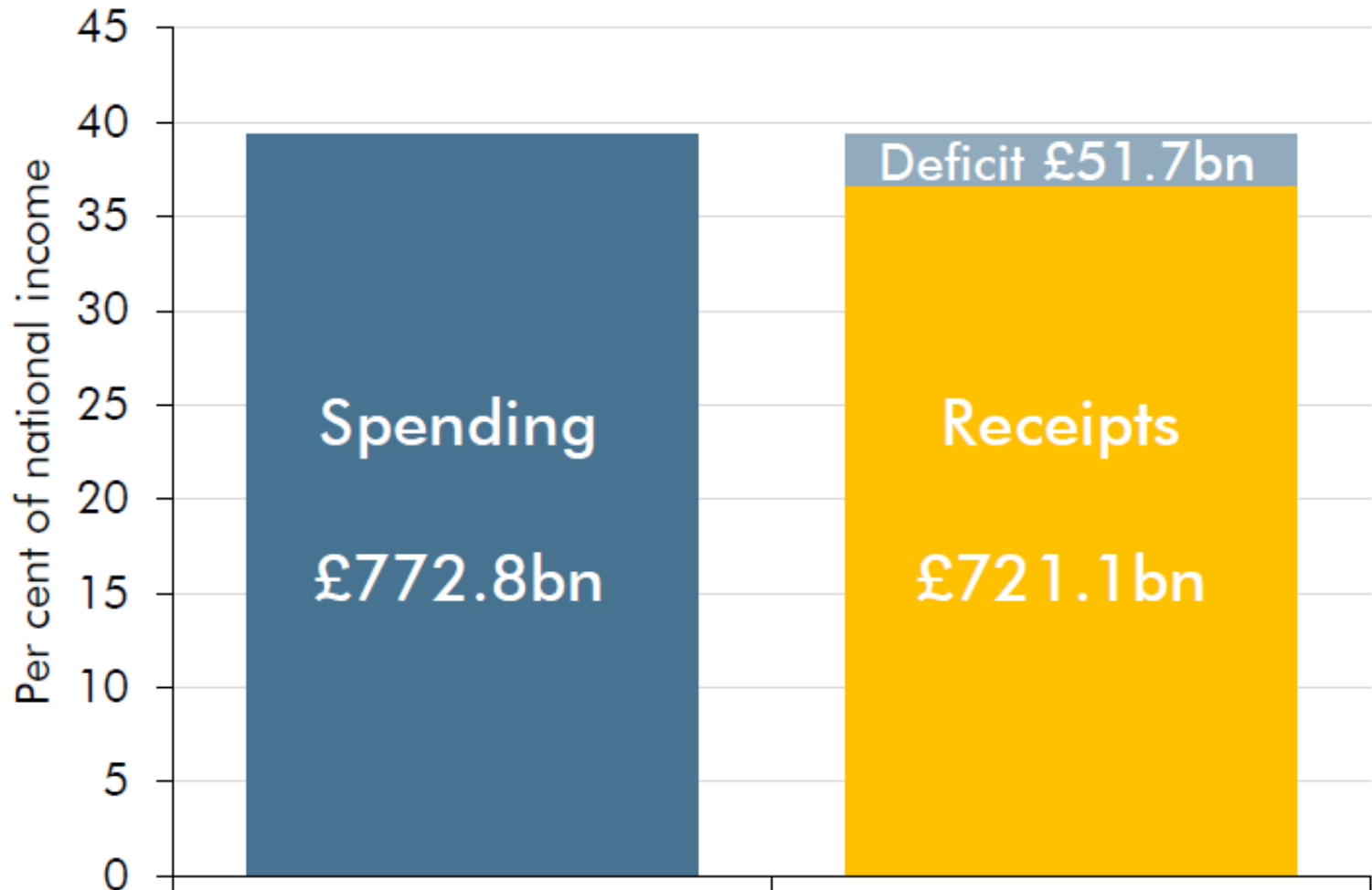


Local Government Finance: Setting the Scene

- Where Does The Money Come From?
- Local Government Resources Increasing/Decreasing?
- What Can You Do? [in 3 steps]

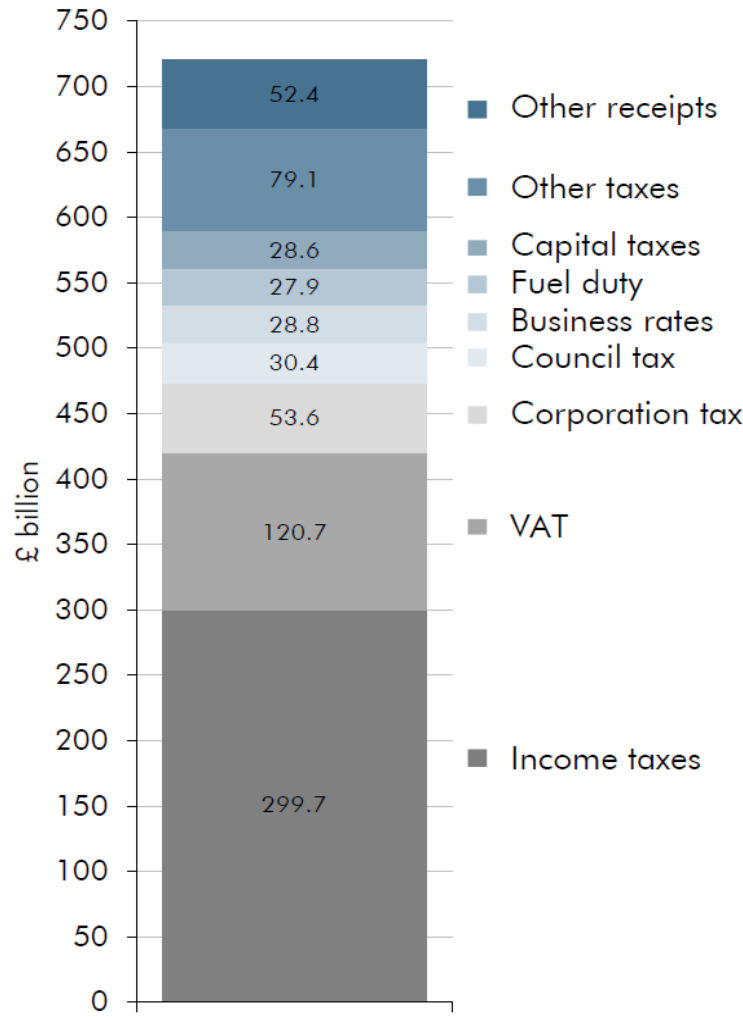
UK Public Finances:

Spending and receipts in 2016-17



UK Public Finances: Tax Income

Sources of public sector receipts



Source: OBR 2016-17

Scottish Government – Budget Trend

Table 1.02: Real Terms Changes to Scottish Government Discretionary Spending Limits

SG Discretionary Spending Limits – Real Terms (2016-17 prices)	2010-11 £m	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
Fiscal Revenue DEL	27,866	26,351	26,088	26,124	25,632	25,272
Capital DEL	3,627	2,772	2,891	3,043	3,188	3,331
Total	31,492	29,123	28,979	29,167	28,820	28,603
Real-Terms Change - cumulative			-0.5%	0.2%	-1.0%	-1.8%
Real-Terms Change on 2010-11 - cumulative		-7.5%	-8.0%	-7.4%	-8.5%	-9.2%
SG Adjusted Spending Limits - Real Terms (2016-17 prices)						
Fiscal Revenue DEL Adjusted by BGA	27,866	26,351	26,159	26,194	25,731	25,454
Capital DEL + Capital Borrowing	3,627	3,082	3,207	3,486	3,622	3,757
Total	31,492	29,433	29,366	29,680	29,353	29,212
Real-Terms Change - cumulative			-0.2%	0.8%	-0.3%	-0.8%
Real-Terms Change on 2010-11 - cumulative		-6.5%	-6.8%	-5.8%	-6.8%	-7.2%

Distributable Revenue Funding 2017-18

[after deducting top sliced or 'later distribution' amounts]

Grants which must be spent on specific services eg Educational Attainment, Gaelic, Community Justice SW

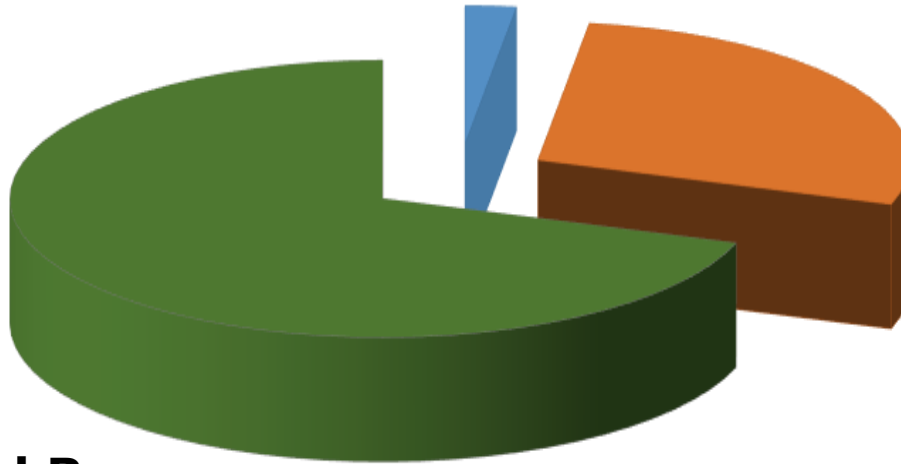
Ring Fenced Grants

£211m

NDRI is effectively assigned by the Scottish Government based on ability to collect NDRI. Collection % incentive now in place.

NDRI

£2,666m



General Revenue Funding

£6,650m

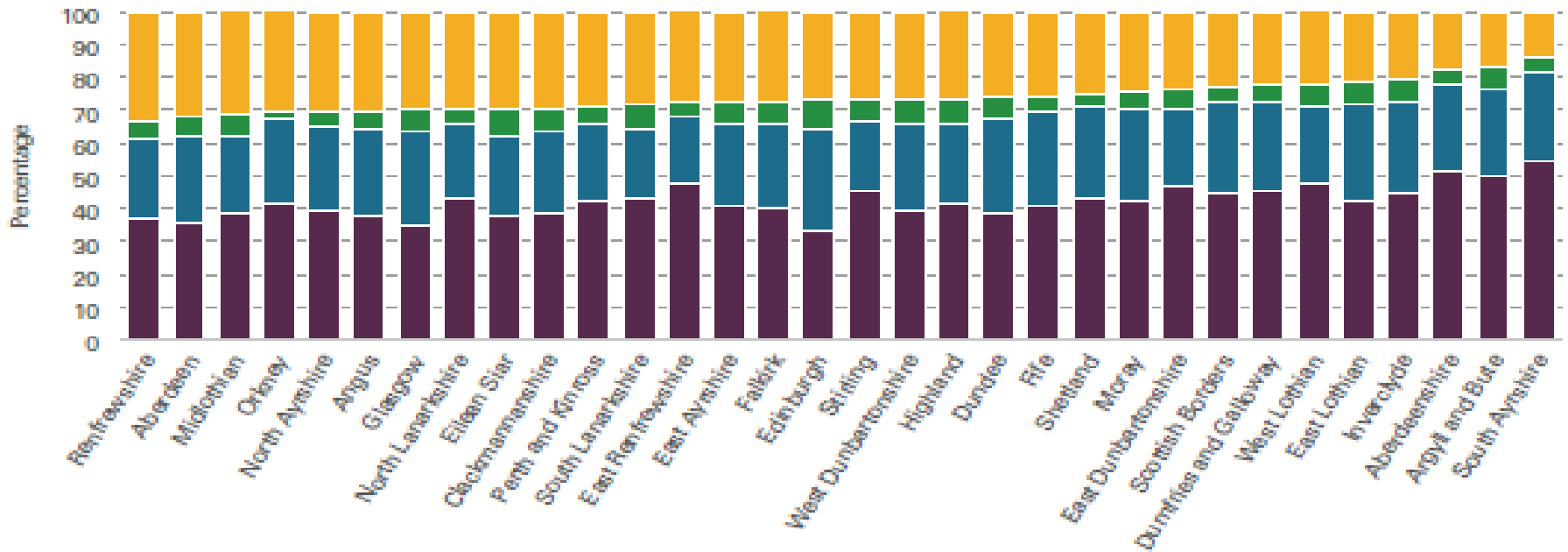
Total Distributable Revenue Funding to Local Government of £9,527m

Local Government Resources – Increasing/Declining?

Scottish Government Budget	Real Terms	Cash
SG Resource DEL	+0.7%	+2.2%
SG Capital DEL	+8.7%	+10.3%
AME (incl NDR)	-1.3%	+0.1%

Local Government Support from Scottish Government: GRG + NDR (excl spec grts)	Real Terms	Cash
Compared to 16/17 Budget	-5.8%	-4.4%

Local Government in Scotland: Spending Priorities



Education

Social work




Interest payments

Other

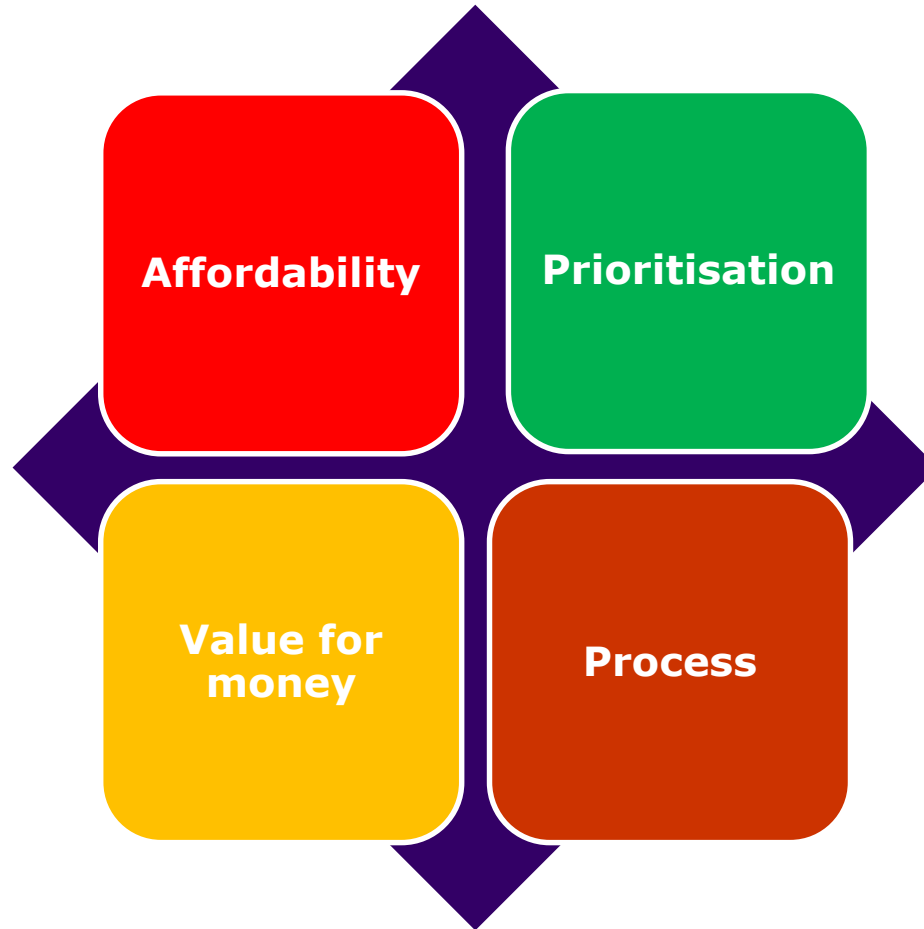
Less scope at this end to identify savings outwith Education, SW and financing costs. This may reflect that savings have already been made and there is a smaller savings gap.

Source: Audit Scotland Nov 2016

What Can You Do?

- Learn the finance (foreign) language 
- Ask yourself 'the 4 financial scrutiny questions' 
- Medium-long term financial planning: Demonstrate you are thinking long term 

Principles of Financial Scrutiny



Today's Take Away – The 4 Key Questions

- Does your capital programme reflect your strategic objectives? **[prioritisation]**
- Do you assess the real/whole life cost of assets? **[affordability]**
- Are your assets fully utilised? **[VFM]**
- How do you appraise major projects? **[process]**