

THE SCOTTISH OFFICE
LOCAL GOVERNMENT FINANCE (SCOTLAND)

Special Grant Report (Scotland) on Supplementary Mismatch Scheme Grant for 1997-98

Report by the Secretary of State for Scotland
under section 108A of the Local Government
Finance Act 1992 as inserted by section 167 of
the Local Government Etc (Scotland) Act 1994

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Special Grant Report (Scotland on Supplementary Mismatch Scheme Grant for 1997-98

Laid before the House of Commons by the Secretary of State for Scotland

Introduction

1. This report is made by the Secretary of State for Scotland (“the Secretary of State”) and laid before the House of Commons under section 108A of the Local Government Finance Act 1992 (“the 1992 Act”) as inserted by section 167 of the Local Government etc (Scotland) Act 1994. It specifies the determination concerning special grants which the Secretary of State proposes to pay to certain local authorities in Scotland covering the Supplementary Mismatch Scheme Grant.

2. This Report specifies the Secretary of State’s determination of the authorities to which the grants are to be paid, the purpose for which the grants are to be paid and the amount which he proposes to pay to each of the authorities concerned. It also sets out such explanation as the Secretary of State considers desirable of the main features of the determinations.

3. Before making the determination the Secretary of State obtained the consent of the Treasury.

4. The Purpose

Pursuant to section 108A(3)(b) of the 1992 Act, the Secretary of State hereby determines the following purpose for which this special grant is to be paid:

to enable the local authorities listed in Annex A to set, in respect of the financial year 1997-98, a lower council tax than they would otherwise have been able to set.

5. Amounts Payable to Authorities

Pursuant to section 108A(3)(a) and (c) of the 1992 Act, the Secretary of State hereby determines that the authorities to which special grants are to be paid, and the amount of each grant, are those authorities whose areas are listed in column 1 of Annex A and the corresponding amounts set out in column 2 of that Annex.

Main Features

6. Annex B contains such explanation as the Secretary of State considers desirable of the main features of the determination specified in this Report.

Michael Forsyth
The Scottish Office
12th February 1997

Mismatch Grant Scheme

<u>Council</u>	<u>Grant</u>
	£
Aberdeen City	1,846,500
Argyll and Bute	560,500
Clackmannanshire	211,000
Dundee City	1,659,000
Glasgow City	6,930,000
Inverclyde	177,500
Midlothian	683,500
Moray	99,000
West Dunbartonshire	931,500
West Lothian	<u>1,091,500</u>
Total	<u>14,190,000</u>

Supplementary Mismatch Grant Scheme

Main Features

1. In the period to 1 April 1996, central government support for current expenditure on services provided by regional councils was calculated having regard to the aggregate Grant Aided Expenditure (GAE) assessments covering the range of services provided by those authorities ("regional GAEs"). With local government reorganisation, it was anticipated that within the areas of disaggregating regional councils the distribution of this support among the new authorities would not follow exactly the historic pattern of expenditure by the outgoing regional councils.
2. In recognition of this expected "mismatch" between the distribution of central support and inherited patterns of expenditure, on 22 November 1995 the Secretary of State for Scotland announced that he was prepared to accept a proposal by the Convention of Scottish Local Authorities (COSLA) that a transitional "mismatch" scheme be adopted as part of the distribution of support for local authorities. In 1996-97, this scheme covers two-thirds of the mismatch in the distribution of support and is self-financed within the areas of the disaggregating regions.

Method of Calculating the Grant Allocation

3. The Grant is calculated as follows:
 - a. for each authority concerned, a 1996-97 "regional GAE" figure was calculated. It was agreed with COSLA that this figure should be the total of the individual assessments for former regional services, excluding the effect of certain transfers of funding of former regional services in 1996-97;
 - b. for each new authority, an assessment was made as to the share of expenditure budgeted by the regional council for 1995-96 attributable to the area of the new authority;
 - c. separately within each disaggregating region, the total amount of GAE obtained by the calculation described at paragraph (a) above was redistributed among authorities pro rata to the distribution of expenditure described at paragraph (b) above, to give for each authority a revised regional GAE;
 - d. the difference for each authority between the original and revised regional GAE figure was calculated by subtracting the figure described at paragraph (a) from the figure at paragraph (c);
 - e. 67 per cent of the figure at paragraph (d) was calculated for each authority and the resulting figure was included in each authority's final GAE. As a result, the total GAE was increased for 10 authorities and decreased for 15.
4. Full details of the calculation are shown in the table on page 33 of The

Scottish Office publication, "Grant-Aided Expenditure 1997-98" (the "Green Book"), a copy of which has been placed in the House of Commons Library.

5. The supplementary mismatch scheme grant amounts have been calculated as half of the difference between any addition to an authority's GAE for 1996-97 resulting from the transitional scheme described at paragraph 3 above, and what that addition would have been had the Scheme covered 100 per cent of the mismatch, with figures rounded to the nearest £1000. Column 7 of the table on page 33 of the Green Book shows this 100 per cent figure for each authority. Column 8 shows the 67 per cent figure. The grant figure is therefore half the difference between these 2 figures for each of the 10 authorities which received an addition to GAE as a result of the transitional scheme referred to in paragraph 2 above.

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