

Rùnaire a' Chaibineit airson Ionmhas
Ceit Fhoirbheis BPA
Cabinet Secretary for Finance
Kate Forbes MSP



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0300 244 4000
E: scottish.ministers@gov.scot

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

4 February 2021

Dear Councillor Evison,

Local Government capital settlement 2021-22 to 2025-26

I am writing to set out the capital allocations for local government as presented in “Investing for Jobs: Capital Spending Review 2021-22 to 2025-26”, published on 4 February 2021.

The Capital Spending Review is published alongside the Infrastructure Investment Plan, which sets out the Scottish Government’s priorities for its own such investment, building on the work of the Infrastructure Commission for Scotland. Decisions about the deployment of the Local Government capital grant are, of course, a matter for local authorities.

The Capital Spending Review provides an outline five-year indicative allocation for general capital grant and other specific funding streams provided through the local government finance settlement, and reflects the 2021-22 capital allocations proposed in the Scottish Budget 2021-22. The multi-year allocations aim to offer Councils and other public bodies as much certainty as possible at this stage to support effective medium-term planning. Future capital budgets for Local Government will be agreed in consultation with COSLA as part of the budget process and wider engagement about the delivery of shared outcomes and priorities.

Tha Ministearan na h-Alba, an luchd-comhairleachaidh sònraichte agus an Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh www.lobbying.scot

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

Taigh Naomh Anndrais, Rathad Regent, Dùn Èideann EH1
3DG
St Andrew’s House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



Accredited
Until 2020



Outline indicative capital allocation:

LOCAL GOVERNMENT	2020 -21	2021- 22	2022- 23	2023 -24	2024 -25	2025 -26	5 year total
Support for Capital ¹	467.9	477.9	488.9	486.9	514.4	521.4	2489.5
Specific Capital Grants	310.1	139.1	139.1	139.1	139.1	139.1	695.5
Total	763.0	617.0	628.0	626.0	653.5	660.5	3185.0

¹ Includes £150m funding to invest in flood risk management from 2021-22 on the profile £10m; £21m (2022-23); £19m (2023-24); £46.5m (2024-25); £53.5m (2025-26). Discussions will be held with COSLA to agree on how the funding should be deployed.

The specific capital grants total reduces after 2020-21 by £171 million as a result of the completion of the Early Learning (£121 million) and Heat Network Early Adopters (£50 million) programmes.

As you are aware, I published our Capital Spending Review Framework in September 2020, which set out the context for our review and the financial planning assumptions that governed it, specifically:

- Level cash capital grant across Scottish Government as a whole, rolling forward Scottish Budget 2020-21 baselines* into future years to 2025-26
- Boosting total maintenance investment over the 5 year period within this limit, alongside future asset creation. Capital maintenance includes asset enhancement, ensuring asset compliance with regulatory requirements, major equipment and fleet.
- As a minimum, preserving the almost £1.8 billion annual level of low carbon investment
- £2 billion new funding for low carbon schemes over the next Parliamentary term

*Baselines are as set out in the Scottish Budget 2020-21 introduced into Parliament, not including one-off sums, or those added as part of the Budget Bill agreement.

I am pleased to indicate that the support for LG capital is able to track a little way above the level cash planning assumption.

In addition, of the £2 billion new investment over 5 years which the Scottish Government has committed to low carbon schemes, around 28% of the funding will specifically benefit Councils, in whole or part. Relevant portfolios will be discussing the operation of these, itemised below, with local government partners in due course.

Tha Ministearan na h-Alba, an luchd-comhairleachaidh sònraichte agus an Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh www.lobbying.scot

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

Taigh Naomh Anndrais, Rathad Regent, Dùn Èideann EH1 3DG
St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



Accredited
Until 2020



Low Carbon Fund Portfolio/Programme	2021-22	2022-23	2023-24	2024-25	2025-26	5-year total
Environment, Climate Change and Land Reform						
Waste Sector - improvements to local authority recycling collection infrastructure	14.0	16.0	17.0	9.0	9.0	65.0
Communities and Local Government						
Vacant and Derelict Land – new funding stream - using land for maximum environmental and community benefit	5.0	5.0	10.0	15.0	15.0	50.0
Transport, Infrastructure and Connectivity						
Bus Priority Infrastructure - for Councils and bus operators, to give buses priority on local roads	25.0	65.0	150.0	105.0	100.0	445.0
Totals	44.0	86.0	177.0	129.0	124.0	560.0

Over and above the capital support provided through the local government finance settlement there are a number of other confirmed capital funding streams for 2021-22 that provide support to local government. These are attached to specific policy initiatives that are administered through other portfolio budgets. Details of these were set out in the Scottish Budget 2021-22 publication (Table 5.15 refers), and for ease of reference are listed in the table below. Future Scottish Budgets will also set out forward funding in these areas.

Funding lines	2020-21	2021-22
Capital Land and Works	22.2	22.2
City Region and Growth Deals ©	201.0	198.1
Clyde Gateway Urban Regeneration Company	5.0	5.0
Coig Tourist Routes	0.3	0.0
Future Transport Fund	18.0	51.0
Home Energy Efficiency Programmes for Scotland (HEEPS)	55.0	58.0
Regeneration Capital Grant Fund	25.0	25.0
Support for Sustainable and Active Travel	1.0	1.0
Travel Strategy and Innovation	55.1	35.0
Gaelic Capital Fund		3.8
Vacant & Derelict Land Investment Programme		5.0
Place, Town Centres & 20 Minute Neighbourhoods		23.0
Total Capital	382.4	426.9

Tha Ministearan na h-Alba, an luchd-comhairleachaidh sònraichte agus an Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh www.lobbying.scot

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

I hope these specific details about the forward capital allocations for Councils are helpful, and look forward to our ongoing dialogue about both capital and overall funding of local government.



KATE FORBES

Tha Ministearan na h-Alba, an luchd-comhairleachaidh sònraichte agus an Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh www.lobbying.scot

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

Taigh Naomh Anndrais, Rathad Regent, Dùn Èideann EH1 3DG
St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



Accredited
Until 2020

