

Statistical Release

31 August 2011

LOCAL AUTHORITY REVENUE EXPENDITURE AND FINANCING

ENGLAND 2010-11 PROVISIONAL OUTTURN

- Total net current expenditure by local authorities in England was estimated to be £121.2 billion in 2010-11 compared with £119.1 billion in 2009-10, an increase of 1.8%.
- In real terms (using 2010-11 market prices), net current expenditure has decreased from £122.6 billion in 2009-10 to £121.2 billion in 2010-11. This is a decrease of 1.1%.
- 37.4% of net current expenditure in 2010-11 was on education, 17.4% on social care, 15.3% on housing benefits and 9.9% on police.
- 54.3% of revenue expenditure (on a non-International Accounting Standard 19 basis) in 2010-11 was funded by government grants, 26.0% by council tax and 18.7% by redistributed non-domestic rates.

This release provides provisional outturn estimates of local authority revenue expenditure and financing for the financial year April 2010 to March 2011. These estimates are on a non-International Accounting Standard 19 (IAS19) and PFI "Off Balance Sheet" basis except where stated otherwise.

Headline figures for previous year (2009-10) were published on a non-FRS17 and PFI "off-Balance" sheet basis.

This information is derived from Department for Communities and Local Government Revenue Summary (RS) Outturn returns submitted by local authorities in England. This release is based on returns from all 444 local authorities in England that complete the return.

The release has been compiled by the Local Government Finance - Data Collection Analysis and Accountancy division of Communities and Local Government.

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We welcome comments and suggestions for further improvement or about your experiences with this product. This may include comments on data quality, timing and the format of the statistics. Please contact us at:

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Local authority revenue expenditure and financing England 2010-11 provisional outturn

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Provisional net current expenditure by service

1. Provisional net current expenditure in 2010-11 is summarised in **Table 1** and **Chart A**. **Table 1** also shows net current expenditure in 2010-11 and the percentage change to 2010-11. Service expenditure is based on information from the RS forms, which can be found in **Annex A**. The service breakdowns have been created from this detailed information, according to **Annex C** of this release. It should be noted that year on year comparisons may not be valid due to local government changes in function and responsibility.

- Total net current expenditure by local authorities in England was estimated to be £121.2 billion in 2010-11 compared with £119.1 billion in 2009-10, an increase of 1.8%.
- In real terms (using 2010-11 market prices), net current expenditure has decreased from £122.6 billion in 2009-10 to £121.2 billion in 2010-11. This is a decrease of 1.1%.
- Highways and Transport net current expenditure has seen the highest decrease in net current expenditure of 13.3%. This is partly due to the movement of Revenue Expenditure funded from Capital by Statute (RECS) from net current expenditure (in 2009-10) to capital charges (in 2010-11).
- Rent Allowances (within mandatory housing benefits) had the largest percentage increase of 10.4%; from £12.8 billion in 2009-10 to £14.1 billion in 2010-11.
- 37.4% of net current expenditure in 2010-11 was on education, 17.4% on social care, 15.3% on housing benefits and 9.9% on police.

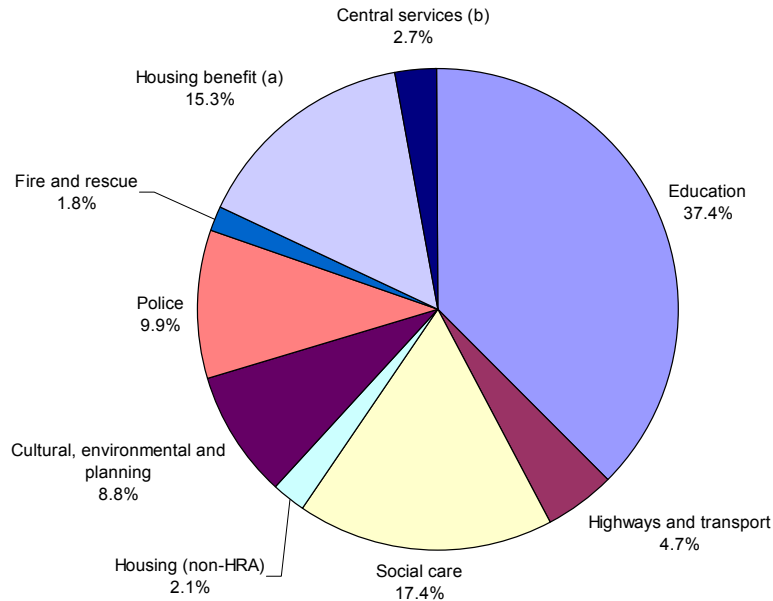
Table 1: Net current expenditure by service 2009-10 and 2010-11 ⁽¹⁾

	£ million		
	Net current expenditure 2009-10 (R)	Net current expenditure 2010-11 (P)	% Change
Education	44,473	45,393	2.1
Highways and transport	6,531	5,664	-13.3
Social care	20,968	21,060	0.4
Housing (excluding Housing Revenue Account)	2,709	2,500	-7.7
Cultural, environmental and planning	11,064	10,684	-3.4
<i>of which:</i>			
<i>Cultural</i>	3,465	3,262	-5.9
<i>Environmental</i>	5,308	5,198	-2.1
<i>Planning and development</i>	2,290	2,224	-2.9
Police	12,028	11,955	-0.6
Fire and rescue	2,177	2,166	-0.5
Central services	3,761	3,435	-8.7
Mandatory Housing Benefits	17,281	18,534	7.2
<i>of which:</i>			
<i>Rent Allowances</i>	12,787	14,115	10.4
<i>Rent Rebates to Non-HRA Tenants</i>	674	498	-26.1
<i>Rent Rebates to HRA Tenants</i>	3,821	3,921	2.6
Other Services ⁽²⁾	-48	-205	
Appropriations to (+) / from (-) accumulated absences accounts	-	46	
Reversal of revenue expenditure funded from capital by statute (RECS)	-1,848	-	
Total net current expenditure ^{(1), (2)}	119,097	121,231	1.8

(1) Net current expenditure estimates for 2009-10 are not fully comparable to 2010-11 figures owing to revenue expenditure funded from capital by statute (RECS) distributed across all services. Furthermore 2010-11 net current expenditure figures include liabilities for short term accumulated compensated absences (e.g. untaken annual leave entitlement), distributed across all the services, which makes comparisons against previous years not fully comparable. However total net current expenditure has been adjusted for both 2009-10 and 2010-11 so that they can be compared.

(2) The 2009-10 & 2010-11 'other services' line now includes capital charges for internal and external trading services, therefore total net current expenditure has been adjusted, for both years, to account for this.

Chart A: Provisional total net current expenditure by service 2010-11



(a) Housing benefit includes mandatory rent allowances and mandatory rent rebates
(b) Central services includes courts and other services

Provisional revenue expenditure and financing

2. **Table 2** shows the link between the definitions of net current and revenue expenditure and how revenue expenditure was financed in 2010-11 compared to 2009-10. A more detailed breakdown of this information can be found in **Annex A**.

- Revenue expenditure on a non-IAS19 basis was £104.3 billion in 2010-11, compared with £103.4 billion in 2009-10, an increase of 0.9%.
- Non-current expenditure in 2010-11 includes the payment of council tax benefit of £4.1 billion, but this is netted off by income from specific grants outside Aggregate External Finance (AEF).
- Specific grants outside AEF increased from £27.1 billion in 2010-11 to £24.7 billion in 2009-10, an increase of 9.6%.

Table 2: Revenue expenditure and financing 2009-10 and 2010-11

	2009-10 Net Current Expenditure	£ million 2010-11 Net Current Expenditure
	(R)	(P)
Total net current expenditure	119,097	121,231
plus non-current expenditure		
Capital financing ^(a)	3,702	4,168
Capital expenditure charged to Revenue Account	1,964	2,591
Council tax benefit	3,953	4,136
Discretionary Non-Domestic Rate relief	30	29
Bad debt provision	76	106
Flood defence payments to Environment Agency	30	30
Private Finance Initiative (PFI) schemes - difference from service charge	18	38
Appropriations to(+)/ from(-) financial instruments adjustment account ^(b)	33	15
Appropriations to(+)/ from(-) unequal pay back pay account ^(c)	24	0
<i>less Business Rates Supplement</i>	–	222
<i>less interest receipts</i>	780	662
<i>less specific grants outside AEF ^(d)</i>	24,742	27,118
Revenue expenditure	103,404	104,342
less Specific grants inside AEF ^(d)	45,767	45,884
less Area Based Grant (ABG)	3,314	4,363
Net revenue expenditure	54,323	54,095
Transfers and Adjustments ^(e)	1	-23
Appropriations to(+)/ from (-) revenue reserves (including school reserves)	-308	1,309
Budget requirement	54,016	55,380
<u>financed by:</u>		
Formula grant	28,269	29,013
<i>of which:</i>		
<i>Revenue Support Grant</i>	4,501	3,122
<i>Redistributed non-domestic rates</i>	19,515	21,517
<i>Police grant</i>	4,253	4,374
General Greater London Authority (GLA) grant	48	48
Other items	65	65
Council tax requirement	25,633	26,254

(a) Includes provision for repayment of principal, leasing payments, external interest payments and HRA item 8 interest payments and receipts

(b) Adjustments permitted by regulation to the revenue account charges for financial instruments.

(c) The deferral of revenue account charges for unequal pay back pay as permitted by regulation and the reversal of the deferral in the year that payment of the back pay is due.

(d) Aggregate External Finance; see Background Notes for definition

(e) Inter-authority transfers in respect of reorganisation and other adjustments

Financing of revenue expenditure

3. **Table 3** shows the funding of revenue expenditure in terms of government grants, redistributed non-domestic rates and council taxes from 2005-06 onwards. Figures for 2005-06 to 2009-10 are produced on a non-FRS17 and 2010-11 figures are produced on a non-IAS19 basis. This is because local authorities set their council tax with regard to their expenditure on a non-FRS17 basis. A fuller definition of FRS17 & IAS19 can be found in the **Terminology used in this release** section.
4. **Chart B** shows the real changes in Government Grants, Council Tax, Revenue Expenditure and non-school reserves (unallocated & other earmarked financial reserves as at the start of the year, 1 April) from 2000-01 to 2010-11. The indexes are calculated from financial figures on a non-FRS17/non-IAS19 accounting basis, for year-on-year comparisons.

- In 2010-11, 54.3% of revenue expenditure on a non-IAS19 basis was funded by government grants (including Revenue Support Grant, specific grants inside Aggregate External Finance and police grant), 26.0% by council tax and 18.7% by redistributed non-domestic rates.
- Over the last decade (from 2000-01 to 2010-11) in real terms;
 - Revenue expenditure has risen by 40.3 %
 - Government grants awarded to local authorities has risen by 41.6%
 - Council Tax has risen by 42.4%Council Tax has increased in the same pattern as revenue expenditure and government grants.
- In real terms, non-school reserves have increased by 80.5% from 1st April 2000 to 1st April 2010.

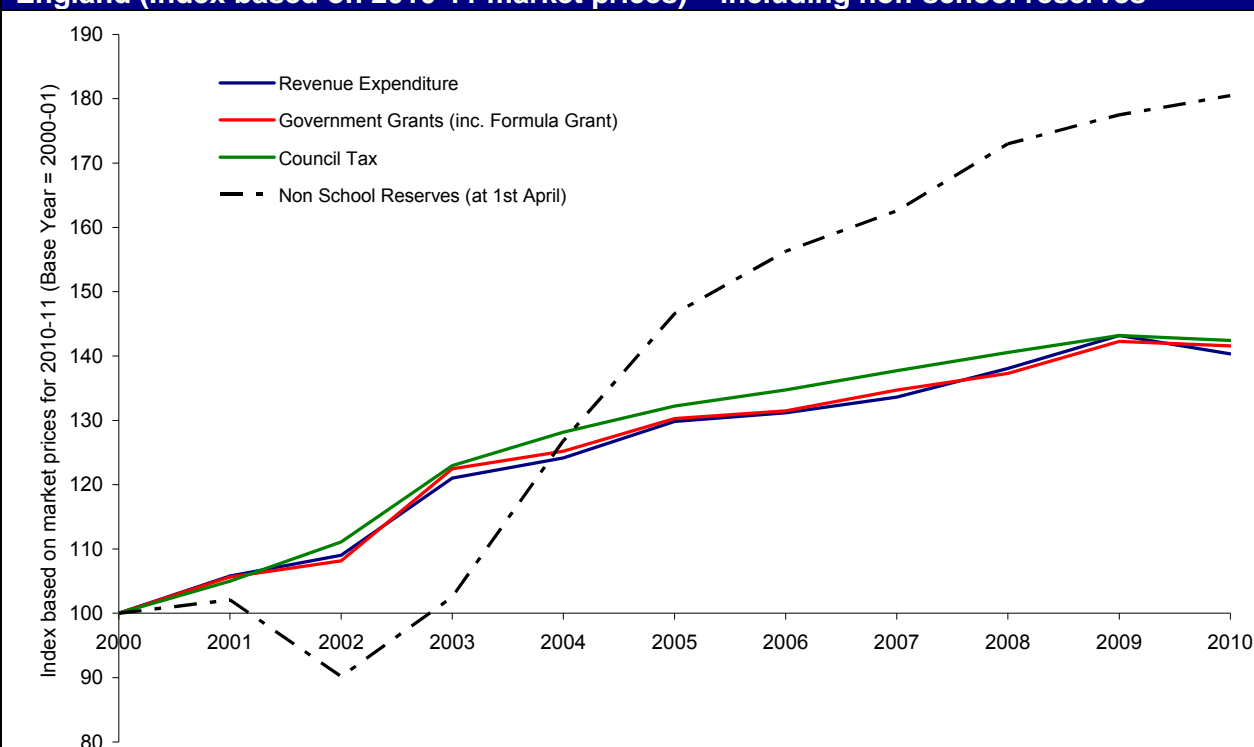
Table 3: Financing of revenue expenditure since 2005-06 ^(a)

	Revenue expenditure (£ million)	Government grants (£ million)	% of total	Redistributed non-domestic rates (£ million)	% of total	Council tax (£ million)	% of total
Outturn							
2005-06 ^(a)	84,422	45,838	54.0	18,004	21.0	21,315	25.0
2006-07 ^(a)	88,172	49,093	56.0	17,506	20.0	22,453	25.0
2007-08 ^(a)	92,384	51,656	55.9	18,506	20.0	23,608	25.6
2008-09 ^(a)	98,107	53,008	54.0	20,506	22.2	24,759	25.2
2009-10 ^(a)	103,404	57,883	56.0	19,515	18.9	25,633	24.8
2010-11 (P) ^(b)	104,342	57,791	55.4	21,517	20.6	26,254	25.2
Budget							
2011-12 ^(b)	101,885	55,320	54.3	19,017	18.7	26,451	26.0

(a) Produced on a Non-Financial Reporting Standard 17 basis. Sum of government grants, redistributed non-domestic rates and council tax does not normally exactly equal revenue expenditure because of the use of reserves and other adjustments

(a) Produced on a Non-International Accounting Standard 19 basis. Sum of government grants, redistributed non-domestic rates and council tax does not normally exactly equal revenue expenditure because of the use of reserves and other adjustments

Chart B: Changes in revenue expenditure and its financing attributes since 2000-01 for England (Index based on 2010-11 market prices) – including non-school reserves ^(a)



(a) Non-School reserve levels taken as at 1st April for each year, and inflated by 2010-11 market prices

Income from specific grants

5. **Table 4** shows the top five incomes from the specific grants inside and outside Aggregate External Finance. Details on all income from specific grants can be found in **Annex A3**.

- In 2010-11, Dedicated Schools Grant (DSG), which is ring-fenced, was estimated to account for 66.3% of the income received by local authorities through specific grants inside AEF.
- In 2010-11, DSG was estimated to account for 38.4% of the total income received by local authorities through central government grants (which include redistributed non-domestic rates, although not including specific grants outside AEF). In 2009-10, DSG accounted for 38.4% of the income received by central government grants.

Table 4: Top five incomes from specific grants 2010-11		
	Line Reference	£million
Grants inside Aggregate External Finance		
Dedicated Schools Grant (DSG)	RG line 102	30,442
Standards Fund (excluding elements now in ABG)	RG line 145	3,835
GLA Transport Grant	RG line 221	2,954
Sure Start, Early Years and Childcare Grant	RG line 150	1,801
School Standards Grant (including Personalisation)	RG line 141	1,548
Grants outside Aggregate External Finance		
Mandatory Rent Allowances: subsidy	RG line 745	13,820
Council Tax Benefit: subsidy	RG line 741	4,231
Rent Rebates Granted to HRA Tenants: subsidy	RG line 747	3,785
Sixth forms funding from Young People's Learning Agency (YPLA)	RG line 716	2,048
Further Education funding from Young People's Learning Agency (YPLA) - 16-18 funding	RG line 712	951

Detailed outturn information

6. **Annex A (RS), Annex B (RSX) & Annex C (RG)** show a detailed breakdown of the outturn information provided. The RS forms the basis of **Tables 1, 2 & 3** in this release. The RG forms the basis of **Table 4** in this release.

Annex A: Provisional Revenue Outturn Summary (RS) 2010-11		£ million		
		Net current expenditure	Capital Charges	Net total cost (excluding specific grants)
190	Education services	45,393	5,228	50,621
290	Highways and transport services	5,664	2,975	8,639
390	Social care	21,060	495	21,555
490	Housing services (GFRA only)	2,491	490	2,982
509	Cultural and related services	3,262	1,012	4,274
590	Environmental and regulatory services	5,198	400	5,598
599	Planning and development services	2,224	498	2,723
601	Police services	11,955	582	12,537
602	Fire and rescue services	2,166	168	2,333
690	Central services	3,053	676	3,729
698	Other services	120	172	292
699	TOTAL SERVICE EXPENDITURE (TOTAL OF LINES 190 TO 698)	102,585	12,696	115,282
701	Education: student support - mandatory awards	0		
711	Housing benefits: rent allowances - mandatory payments	14,115		
712	Housing benefits: non-HRA rent rebates - mandatory payments	498		
713	Housing benefits: rent rebates to HRA tenants - mandatory payments	3,921		
714	Housing benefits: subsidy limitation transfers from HRA	0		
718	Contribution to the HRA re items shared by the whole community	9		
721	Parish precepts	357		
722	Integrated Transport Authority levy	0		
724	Waste Disposal Authority levy	0		
727	London Pensions Fund Authority levy	25		
728	Other levies	28		
731	External Trading Accounts net surplus(-)/ deficit(+)	-120		
732	Internal Trading Accounts net surplus(-)/ deficit(+)	124		
741	Capital charges accounted for in External Trading Accounts	-167		
742	Capital charges accounted for in Internal Trading Accounts	-128		
748	Adjustments to net current expenditure	-62		
749	NET CURRENT EXPENDITURE (TOTAL OF LINES 699 TO 748)	121,185		
754	Local tax collection: Council tax benefit paid to the Collection Fund	4,136		
757	Local tax collection: Non-domestic rate relief - discretionary payments	29		
759	Levy: Environment Agency flood defence	30		
765	Capital expenditure charged to the GF Revenue Account (CERA)	2,591		
771	Provision for bad debts	106		
773	Provision for repayment of principal	1,841		
776	Leasing payments	38		
781	Interest payable and similar charges	3,087	-16	
783	Interest: HRA item 8 payments and receipts	-798		
785	SUB-TOTAL (total of lines 749 to 783)	132,246		
786	Interest and investment income (-): external receipts and dividends	-662		
788	Private Finance Initiative (PFI) schemes - difference from service charge	38		
789	Appropriations to(+)/ from(-) financial instruments adjustment account	15		
790	Appropriations to(+)/ from(-) unequal pay back pay account	0		
791	Specific and special revenue grants outside AEF	-27,118		
792	Appropriations to(+)/ from (-) Accumulated Absences Account	46		
793	Business Rates Supplement	-222		
795	REVENUE EXPENDITURE (TOTAL OF LINES 785 TO 791)	104,342		

continued

Annex A: Provisional Revenue Outturn Summary (RS) 2010-11 (continued)

		£ million	
		Net current expenditure	
797	Specific and special revenue grants inside AEF	-45,884	
798	Area Based Grant (ABG)	-4,363	
799	NET REVENUE EXPENDITURE (TOTAL OF LINES 795 TO 798)	54,095	
801	Inter-authority transfers in respect of reorganisation	-23	
811	Appropriations to(+)/ from(-) schools' reserves	224	
815	Appropriations to(+)/ from(-) other earmarked financial reserves	767	
816	Appropriations to(+)/ from(-) unallocated financial reserves	318	
830	THE BUDGET REQUIREMENT (TOTAL OF LINES 799 TO 816)	55,380	
851	Revenue Support Grant	-3,122	
856	Police grant	-4,374	
858	General GLA grant	-48	
870	Redistributed non-domestic rates	-21,517	
880	Other items	-65	
890	COUNCIL TAX REQUIREMENT (TOTAL OF LINES 830 TO 880)	26,254	
Financial reserves levels at start and end of 2009-10		At 1 April 2010	At 31 March 2011
911	Schools reserves level	1,830	2,053
915	Other earmarked financial reserves level	9,683	10,450
916	Unallocated financial reserves level	3,838	4,156
920	Prior Year Adjustments	18	
Capital charges		2010-11	
931	Depreciation	5,257	
933	Loss on impairment of assets	4,502	
935	Credit for amortisation of capital grants and other capital contributions	-508	
936	Revenue Expenditure funded from Capital by Statute	3,445	
939	Total capital charges (TOTAL OF LINES 931 TO 935)	12,696	
Equal pay costs			
941	One off equal pay costs - falling on the schools budget	26	
942	One off equal pay costs - chargeable to any other revenue account	33	
Icelandic bank impairment			
951	Interest payable and similar charges ^(a)	-4	
952	Interest and investment income (-): external receipts and dividends ^(b)	-20	
953	Appropriations to(+)/ from(-) financial instruments adjustment account ^(c)	65	
954	Reversal of Revenue expenditure funded from capital by statute (RECS) ^(d)	-16	

continued

Annex A: Provisional Revenue Outturn Summary (RS) 2010-11 (continued)

Net current expenditure on an IAS19 basis and Net Current expenditure - PFI on an "On Balance Sheet" basis		£ million		
	Net Current expenditure on a non-IAS19 & PFI "off-balance" sheet basis	Net Current expenditure on an IAS19 & PFI "off-balance" sheet basis	Net Current expenditure on a non-IAS19 & PFI "on-balance" sheet basis	
961	Education services	45,393	44,855	45,142
962	Highways and transport services	5,664	5,585	5,594
963	Social care	21,060	20,978	21,055
964	Housing services (GFRA only)	2,491	2,509	2,495
965	Cultural and related services	3,262	3,241	3,252
966	Environmental and regulatory services	5,198	5,151	5,138
967	Planning and development services	2,224	2,222	2,221
971	Police services	11,955	11,177	12,038
972	Fire and rescue services	2,166	1,897	2,153
975	Central services (excluding Non-distributed costs: retirement benefits)	2,759	803	2,761
976	Non-distributed costs: retirement benefits	294	-11,031	196
978	Other services	120	41	120
981	External Trading Accounts net surplus(-)/ deficit(+)	-120	-105	-122
982	Internal Trading Accounts net surplus(-)/ deficit(+)	124	130	124
983	Provision for repayment of principal	1,841	1,828	1,941
984	Interest payable and similar charges	3,087	3,065	3,449
985	Private Finance Initiative (PFI) schemes - difference from service charge	38	113	-
986	Pensions interest cost and expected return on pensions assets	-	5,006	-
987	Appropriations to(+)/ from(-) pensions reserve	-	10,090	-
989	TOTAL (TOTAL OF LINES 961 TO 987)	107,555	107,555	107,555

(a) Change to the impairment charge calculated in 2009-10

(b) Interest credited in respect of impaired Icelandic investments (from April 2010 to March 2011)

(c) The reversal of any impairment charge and the reversal of any interest credited in reliance on regulation 30G (see terminology) of the 2003 Regulations (impairment of certain investments). Any voluntary write back of the credit permitted by the regulation is also included. This debit with equal the total of credits made in previous years.

(d) Any impairment charge capitalised under the authority of a direction under section 16(2)(b) of the Local Government Act 2003

Annex B: Provisional Revenue Outturn Service Expenditure Summary (RSX) 2010-11

£ million										
	Employees	Running expenses	Total expenditure	Sales, fees & charges	Other income ^(a)	Total income	Net current expenditure	Capital charges	Net total cost (excluding specific grants)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
			= (1) + (2)			= (4) + (5)	= (3) - (6)		= (7) + (8)	
190	Education services	32,464	18,556	51,020	2,163	3,464	5,627	45,393	5,228	50,621
290	Highways and transport services	1,328	7,169	8,497	2,084	749	2,833	5,664	2,975	8,639
390	Social care	7,191	19,813	27,004	2,736	3,208	5,944	21,060	495	21,555
490	Housing services (GFRA only)	787	2,987	3,774	557	726	1,282	2,491	490	2,982
509	Cultural and related services	1,826	2,881	4,707	915	530	1,445	3,262	1,012	4,274
590	Environmental and regulatory services	1,761	5,132	6,892	955	739	1,694	5,198	400	5,598
599	Planning and development services	1,272	2,146	3,418	672	521	1,194	2,224	498	2,723
601	Police services	10,782	2,177	12,958	447	557	1,003	11,955	582	12,537
602	Fire and rescue services	1,742	509	2,251	35	51	86	2,166	168	2,333
690	Central services	6,219	6,986	13,205	1,125	9,027	10,152	3,053	676	3,729
698	Other services	176	361	537	85	333	417	120	172	292
699	Total service expenditure (total of lines 190 to 698)	65,547	68,717	134,264	11,773	19,906	31,679	102,585	12,696	115,282

(a) Other income includes: income received to finance a function/project jointly or severally undertaken with other bodies. Contributions from other local authorities, value of costs recharged to outside bodies including other committees and costs recharged to internal users.

Annex C: Income from specific grants (RG) 2010-11**£ million****Grants within Aggregate External Finance (AEF)**

102	Dedicated Schools Grant (DSG)	30,442
104	London Pay Addition	22
109	ContactPoint	11
141	School Standards Grant (including Personalisation)	1,548
145	Standards Fund (excluding elements now in ABG)	3,835
150	Sure Start, Early Years and Childcare Grant	1,801
152	Play (Pathfinders & Playbuilders)	6
153	Consortia Support Grant	10
154	Diploma Specific Formula Grant	46
155	Think Family Grant	70
157	Targeted Mental Health in Schools	23
195	Youth Opportunity	34
212	Kerbcraft Road Safety	0
215	Road Safety Partnerships	6
216	Road Maintenance: Potholes Grant	53
217	Congestion Performance Fund	2
218	Transport Innovation Fund	0
220	Concessionary Fares	190
221	GLA Transport Grant	2,954
231	Metropolitan Railway Passenger Services (include NEXUS Tyne and Wear Metro)	178
232	Mersey Travel	86
251	Rural Bus Challenge and Kickstart	1
252	Walking to School	0
253	Cycling	7
254	Smart Ticketing Grant	32
257	Travel Plan Bursaries	0
260	Urban congestion	1
261	Urban Bus Challenge and Kickstart	0
311	AIDS Support	25
320	Social Care Reform	209
324	Learning Disability Campus Closure Programme	50
326	Stroke Strategy	16
405	Housing Benefit and Council Tax Benefit Administration	537
481	Workstep	11
484	Right to Control Trailblazers	2
511	Homelessness	72
512	Housing Management	3
513	Housing Market Renewal Grant	17
514	The Growth Fund	16
522	Local Area Agreements (LAA) Pump Priming Grant	9
523	Other Local Area Agreements (LAA) Revenue Grants	56
524	Migration Impacts Fund	10
525	Renewing Neighbourhoods	1
537	New Dimension Grants	21
542	Fire Control	11

continued

Annex C: Income from specific grants (RG) 2010-11 (continued)		£ million
545	The Private Finance Initiative (PFI)	825
571	Animal Movement Licences	3
575	Coastal Change Pathfinder	3
581	National Parks & Broads	53
592	Waste Regional Improvement and Efficiency	3
593	Waste LA Financial Incentives	4
611	Asylum Seekers	144
614	Alcohol Arrest Referral Pilots	2
615	Multi Agency Risk Assessment Conferences	0
616	Guns, Gangs & Knives	1
617	Drug Action Teams	77
618	Crime and Disorder Reduction Partnerships	3
621	Basic Command Units (BCU) Fund	29
625	Community Support Officers	135
631	Counter Terrorism	471
635	Crime Fighting Fund	265
643	Neighbourhood Policing Fund	187
647	Probation Loan Charges	1
648	Reform Deal	0
650	Additional Rule 2 Grant	85
667	Generations Together	1
669	LFEPA Civil Contingencies	1
698	Other grants within AEF ^(a)	1,166
699	TOTAL GRANTS INSIDE AEF (Total of Lines 102 to 698)	45,884
Grants outside Aggregate External Finance (AEF)		
708	Further Education funding from Skills Funding Agency (SFA) - 19+ funding	138
711	Education Maintenance Allowance	1
712	Further Education funding from Young People's Learning Agency (YPLA) - 16-18 funding	951
713	Higher Education Funding Council (HEFC) Payments	37
715	Adult and Community Learning from Skills Funding Agency	339
716	Sixth forms funding from Young People's Learning Agency (YPLA)	2,048
718	Mandatory Student Awards	0
741	Council Tax Benefit: subsidy	4,231
745	Mandatory Rent Allowances: subsidy	13,820
746	Mandatory Rent Rebates outside HRA: subsidy	805
747	Rent Rebates Granted to HRA Tenants: subsidy	3,785
750	Beacon	1
751	Capacity Building	28
752	Housing Acts/ Urban Developments - contributions towards cost of loan charges	2
753	New Deal for Communities (NDC)	23
754	LG Efficiency Challenge Fund	0
755	Efficiency Improvements in Local Government	1
759	Invest to Save	0
766	Tackling Extremism	1
773	Rural Community Action Network (RCAN)	0
782	Tackling Violent Crime Programme	1
783	Crime Reduction Grants	6
788	Youth Offending Teams Grant	67
791	European Community grants	56
798	Other grants outside AEF ^(a)	776
799	TOTAL GRANTS OUTSIDE AEF (total of lines 708 to 798)	27,118
800	TOTAL SPECIFIC AND SPECIAL REVENUE GRANTS (total of lines 699 + 799)	73,002
<small>(a) This category may include amounts which should have been allocated to one of the main grants in the preceding rows</small>		

Annex D: Derivation of service lines used in Table 1		
	Line Reference	Levies/transfers
Education	RS line 190 RS line 701	Mandatory student awards
Highways and transport	RS line 290 RS line 722	Integrated transport authority levy
Social care	RS line 390	
Housing (excluding Housing Revenue Account)	RS line 490 RS line 714 RS line 718	Subsidy limitation transfers from HRA Contribution to HRA re items shared by whole community
Cultural	RS line 509	
Environment	RS line 590 RS line 724	Waste disposal authority levy
Planning	RS line 599	
Police	RS line 601	
Fire and rescue	RS line 602	
Central services	RS line 690 RS line 721 RS line 727	Parish precepts London Pensions Fund Authority levy
Mandatory rent allowances	RS line 711	
Mandatory rent rebates to non-HRA tenants	RS line 712	
Mandatory rent rebates to HRA tenants	RS line 713	
Other	RS line 698 RS line 728 RS line 731 RS line 732 RS line 741 RS line 742 RS line 748	Other levies External Trading Accounts net surplus/deficit Internal Trading Accounts net surplus/deficit Capital charges accounted for in External Trading Accounts Capital charges accounted for in Internal Trading Accounts Adjustments
Appropriations to (+) / from (-) Accumulated Absences Account	RS line 792	
Reversal of Revenue Expenditure funded from Capital by Statute	RS line 767 RS line 768	Only applicable for 2009-10 this line was removed in 2010-11
Total net current expenditure	RS line 749 RS line 792	

Annex E: Derivation of service lines used in Table 2

	Line reference	Additional Information
Total Net Current Expenditure	RS line 749	
Capital Financing	RS line 773	Provision for repayment of principle
	RS line 776	Leasing payments
	RS line 781	Interest payments: external payments
	RS line 783	Interest: HRA item 8 payments and receipts
Capital Expenditure charges to the Revenue Account	RS Line 765	
Council Tax Benefit	RS Line 754	Local Tax Collection, council tax benefit paid to the collection fund
Discretionary Non-Domestic Rate relief	RS Line 757	Local Tax Collection, non-domestic rate relief - discretionary payments
Bad debt provision	RS Line 771	
Flood defence payments to Environment Agency	RS Line 759	Levy from Environment Agency for Flood Defence
Private Finance Initiative (PFI) schemes - difference from service charge	RS Line 788	
Appropriations to(+)/ from(-) financial instruments adjustment account	RS Line 789	
Appropriations to(+)/ from(-) unequal pay back pay account (b)	RS Line 790	
Interest receipts	RS Line 786	Interest and investments income - external receipts and dividends
Specific grants outside AEF	RS Line 791	
Business Rates Supplement	RS Line 793	
Specific grants inside AEF	RS Line 797	
Area Based Grant (ABG)	RS Line 798	
Transfers and Adjustments	RS Line 801	Inter-authority transfers in respect of reorganisation
Appropriations from other revenue reserves	RS Line 811	School Reserves
	RS Line 815	Other earmarked financial reserves
	RS Line 816	Unallocated financial reserves
Budget requirement	RS Line 830	
Revenue Support Grant	RS Line 851	
Redistributed non-domestic rates	RS Line 870	
Police grant	RS Line 856	
General Greater London Authority (GLA) grant	RS Line 858	
Other items	RS Line 880	
Council tax requirement	RS Line 890	

Terminology used in this release

A list of terms relating to local government finance is given in the glossary at Annex G of *Local Government Finance Statistics England* No. 21 2011. This is accessible at <http://www.communities.gov.uk/documents/statistics/pdf/1911067.pdf>. The most relevant terms for this release are explained below.

Aggregate External Finance - is the total amount of grant provided to finance all local government expenditure, excluding that subject to separate arrangements under statutory schemes, rent allowances and rebates and council tax benefit, which are funded by specific grants outside Aggregate External Finance.

Business Rates Supplement is income which relates to specific projects expected to promote economic development. This includes income from levying a local supplement on the business rate and using the proceeds for investment in the local area.

Current expenditure - is the cost of running local authority services within the financial year. This includes the costs of staffing, heating, lighting and cleaning, together with expenditure on goods and services consumed within the year. This expenditure is offset by income from sales, fees and charges and other (non-grant) income, which gives **total net current expenditure** (line 749). Total net current expenditure also includes payments made by local authorities on behalf of central government, under statutory schemes and the payment of rent allowances and rebates. Such payments are fully funded by central government through specific grants outside **Aggregate External Finance**.

Dedicated Schools Grant (DSG) – there was a change in the funding of specific and formula grants in 2006-07 largely due to changes in the way that expenditure on schools is funded. From 2006-07, local authorities receive school funding through specific grant rather than funding previously included in formula grant.

Appropriations to/from financial instruments adjustment account (line 789) Appropriations to/from unequal pay back pay account (line 790)

These are two new lines connected with the adjustments permitted or required by our regulations. The accounts show figures fully compliant with accounting standards, but regulations made by CLG provide for adjustments to those figures to prevent excessive increases in council tax. The first line allows for adjustments connected with borrowing and investments, including the regulation on Icelandic banks investments. The second allows for the regulation that permits a charge for unequal pay back pay to be deferred until payments are due to be made (accounting requires a charge as soon as the liability is established).

International Accounting Standard 19 (IAS 19)

Local authorities are required to account for Employee benefits (pensions) in accordance with IAS 19 from 2010-11. This requirement is enshrined in the Code of Practice on Local Authority Accounting in the UK, published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and in CIPFA's Best Value Accounting Code of Practice (BVACOP).

Under IAS19 most of the pension schemes covering local government employees are classed as defined benefit schemes. The main implication of defined benefit status is that retirement benefits are accounted for on the basis of the retirement benefit entitlement to which employment in the year gives rise, rather than the cash amounts of employer's contribution or pension due for the year. That is, the IAS19 pension liability will include all the total pension liabilities for all employees and not when the pension is.

The major exception to defined benefit status is the teachers' pension scheme, which is administered centrally; local authorities account for this on a defined contribution basis, and the charges to service expenditure equal the employer's contribution.

The defined benefit charges are not allowed to impact on council tax payers, the charge that must ultimately be carried by taxpayers is the employer's contributions due for the year. Consequently, the effects on the revenue account are that the net current expenditure service lines are on a defined benefit basis, but the Budget Requirement is based on the cash contributions due. This neutrality is achieved by reversing out the impact of IAS19 and replacing this with the actual cash contributions.

The information excluding IAS19 that we collect on the form is critical for our key users. In particular, the Office for National Statistics use the information on a non-IAS19 basis for their key statistics on Public Sector Finances and National Accounts. The following table shows summary service expenditure on both an IAS19 and a non-IAS19 basis from the RA form.

PFI schemes in accordance with the International Financial Reporting Standards (IFRS)

Under the International Financial Reporting Standards (IFRS) the PFI schemes are brought 'on balance sheet'. Local authorities have been required to account for their PFI schemes on the IFRS basis as from 2010-11.

For National Accounts purposes, however, PFI schemes should be accounted for 'on balance sheet' basis only where **economic ownership** of the asset rests with the Authority.

Economic ownership for national accounts purposes is determined by the same test as applies under UK accounting standards and hence that local authorities applied in preparing their 2009-10 accounts. The basis of that test was set out in Appendix E to the 2008 SORP, and depends on whether the local authority or the contractor has an asset of the property used to provide the contracted services. A party has an asset of the property where that party has access to the benefits of the property and exposure to the risks inherent in those benefits.

Formula Grant – the main channel of government funding. This includes **Redistributed non-domestic rates, Revenue Support Grant** and Police grant. The distribution is determined by the Formula spending shares formulae, also taking account of authorities' relative ability to raise council tax and the floor damping mechanism. There are no restrictions on what local government can spend it on.

Redistributed non-domestic rates – non-domestic rates which, having been paid into the non-domestic rating pool, are redistributed between local authorities on the basis of population, as part of **Formula Grant**.

Revenue expenditure (line 795) - is equal to total net current expenditure (line 749), plus capital financing costs and a few minor adjustments, but excludes expenditure financed by grants outside **Aggregate External Finance**. Revenue expenditure is financed by grants inside **Aggregate External Finance**, council tax and authorities' reserves.

Revenue Expenditure funded from Capital under Statue (RECS) - This is expenditure that is revenue under normal accounting principles but which legislation allows to be financed as capital expenditure. Examples are grants given to local residents for capital purposes. RECS is entered in Revenue Outturn (RO) suite of forms under the relevant service line for Net Current Expenditure, and the total amount

reversed out appears in Line 767 of the RS part of the RO suite of forms, which will continue to be entered in the Capital Outturn Return (COR). These entries replace the amortisation of deferred charges, which previously formed one element of capital charges.

Revenue Support Grant – a general grant which replaced rate support grant in 1990-91. Now it is distributed as part of **Formula Grant**.

Icelandic bank investments

Where an authority holds investments in Icelandic banks that were affected by the defaults in Autumn 2008 it would normally be the case that the impairment loss would be charged in the 2008-09 accounts. In the RO suite the entries appear in the RS form. The impairment was entered in line 781 and any interest credited in respect of the investment in line 786. Where the authority has taken advantage of regulation **30G** in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (inserted by SI 2009 No 321) entries permitted or required by the regulations appear in line 789. These entries are shown separately in lines 951-953 of the RS form. Figures are generally calculated using CIPFA methodology published in their LAAP bulletins.

Regulation 30G

Regulation 30G allows, authorities to neutralise the debits for the impairment losses required by accounting practice in the 2008-09 account. However, an authority taking advantage of that relief will be required to make a debit in the 2010-11 accounts equal to the total of all the credits made under the regulation. Thus, the benefit conferred by the regulation is temporary – it simply postpones the effect of the impairment loss.

Specific Grants inside AEF - These are revenue grants which are paid to local authorities by individual government departments, for which the local authority has sole responsibility for decisions on how the grant is allocated. The main purpose for the provision of these grants is to deliver core local authority services.

Specific Grants outside AEF - These are revenue grants, which are paid to local authorities by individual government departments. However, the local authority usually only acts as the 'middle person', as the grants are passed over to a third party which administers the service. The local authority **does not** normally have any control over the service for which the grant was intended for. This responsibility rests solely with the third party that receives the grant.

Data quality

1. This Statistical Release contains National Statistics and as such has been produced to the high professional standards set out in the National Statistics Code of Practice. National Statistics products undergo regular quality assurance reviews to ensure that they meet customer demands.
2. The information for 2010-11 in this Statistical Release is derived from Communities and Local Government Revenue Outturn (RO) forms and is based on completed returned from all 444 local authorities in England.
3. Figures are subjected to rigorous pre-defined validation tests both within the form itself, while the form is being completed by the authority, and also as the data are received and stored.
4. Finally, the release document, once prepared, is also subject to intensive peer review before being cleared as fit for the purposes of publication.
5. Please note that the figures in this release have not been adjusted to take into account changes of responsibility between 2009-10 and 2010-11.
6. During the validation stage of the RO 2010-11 figures, this has highlighted a number of errors in previous year figures in RO 2008-09 and RO 2009-10, for a few local authorities. Therefore the RO 2009-10 figures have been revised.

Uses made of the data

1. The data in this Statistical Release are essential for a number of different purposes. A central and immediate purpose is to provide the Secretary of State, Ministers, HM Treasury and the Office for National Statistics with the most up to date information available on local authority revenue spending for decision making. In particular, the data are provided to HM Treasury to inform the Chancellor's Pre Budget Report.
2. The data are also important sources for various evidence based policy and financial decisions and answering numerous parliamentary questions. In addition they are used by local authorities and their associations, regional bodies, members of the business community and the general public.
3. Further uses of this data are made internally by CLG users, such as the Value for Money (VfM) analysis - where unitised expenditure figures for each service area (e.g. education) are derived to make comparisons against local authorities performance
4. Comments and feedback from the end users for further improvement or about your experiences with this product will be welcomed. Please send all views to: lqf1.revenue@communities.gsi.gov.uk

Background Notes

1. This Statistical Release can be found at the following web address:
<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/>
2. For press enquiries about this Statistical Release, please contact the Local Government press desk on 0303 444 0444 or email press.office@communities.gsi.gov.uk. For other enquiries, please contact Osman Beg on 0303 444 4228 or email LGF1.REVENUE@communities.gsi.gov.uk.
3. Timings of future releases are regularly placed on the Department's website, <http://www.communities.gov.uk/corporate/researchandstatistics/statistics/publicationschedule/> and on the National Statistics website, www.statistics.gov.uk/press_release/currentreleases.asp
4. Final Revenue Outturn figures will be published in a further Statistical Release later this year.
5. The notes, which accompany each form sent to local authorities, can be found at:
<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/usefulinformation/formst timetable/revenueforms/>
6. For a fuller picture of recent trends in local government finance, readers are directed to *Local Government Finance Statistics England* No. 21 2011, which is available in hard copy from Communities and Local Government Publications, Cambertown House at product@communities.gsi.gov.uk (Tel. 0300 123 1124) and electronically from the Communities and Local Government website:
<http://www.communities.gov.uk/documents/statistics/pdf/1911067.pdf>
7. We consistently comply with our user engagement strategy, by publishing both the national level and local level figures on the DCLG website and ensuring our key users are made aware two weeks prior to the publication of the statistical release. The publication date is also highlighted on ONS publication hub and a web-link is added on the day of the release. In both cases we highlight all quality considerations and any revisions to historical data sets. Documentation on DCLG engagement strategy to meet the needs of statistical users can be found at:
<http://www.communities.gov.uk/publications/corporate/statistics/engagementstrategystatistics>

8. Both the Scottish Government and the Welsh Assembly Government also collect revenue outturn data. Their information can be found at the following websites:

Scotland:

<http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance>

Wales:

<http://wales.gov.uk/topics/statistics/headlines/localgov2010/100623/?lang=en>

Northern Ireland:

http://www.doeni.gov.uk/index/local_government/local_government_funding.htm

Symbols and conventions

... = not available

0 = zero or negligible

— = not applicable

|| = discontinuity

(P) = provisional

(R) = revised since the last statistical release

Rounding

Where figures have been rounded, there may be a slight discrepancy between the total and the sum of constituent items.

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