General Fund Revenue Account
Budget 2019-20

General guidance notes for completing the
REVENUE ACCOUNT BUDGET (RA)

This guidance should be read in conjunction with the specific
guidance notes for completion of individual RA form 2019-20, and with
CIPFA’s Service Reporting Code of Practice (SeRCOP) 2019-20
GENERAL GUIDANCE FOR COMPLETING THE GENERAL FUND REVENUE ACCOUNT BUDGET (RA) FORM 2019-20

This general guidance applies to the RA form. It should be read in conjunction with specific guidance notes for completing each form listed below; and with CIPFA’s Service Reporting Code of Practice (SeRCOP) 2019-20.

Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page no</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1</td>
<td>Completion of the form</td>
<td>3</td>
</tr>
<tr>
<td>Section 2</td>
<td>Coverage and definitions</td>
<td>4</td>
</tr>
<tr>
<td>Section 3</td>
<td>Reconciliation between RA forms and SeRCOP</td>
<td>8</td>
</tr>
<tr>
<td>Section 4</td>
<td>Transactions between local authorities, Central government and other bodies</td>
<td>10</td>
</tr>
</tbody>
</table>

Related guidance notes on individual RA forms

General fund revenue account budget 2019 to 2020: specific guidance notes for RA form
COMPLETION OF THE FORM

1.1 Local authorities are required by the Secretary of State, under section 139A of the 1988 Act (as inserted by paragraph 68 of Schedule 5 to the Local Government and Housing Act 1989), to complete and return this form by the date specified. Where services have been contracted out, it is the authority's responsibility to ensure that it is provided with sufficient information to enable it to complete this form. The return of the completed RA forms should not be delayed beyond the required return date of 12 April 2019.

1.2 When first completing the electronic form, please ensure that you select the correct authority name from the drop down list on the form title sheet. Your authority name and “E” code will then automatically appear on the form.

1.3 All entries should be rounded to the nearest £ thousand upon input. Where pasting in data from other software, which may include decimals, please check resulting totals and adjust individual entries to achieve expected rounded results.

1.4 Interactive validation checks will automatically calculate and display warning messages where appropriate. These will either require an amendment or comment to explain what may be driving any difference compared to last year. This should reduce the need for the Ministry of Housing, Communities and Local Government to contact you.

1.5 To avoid any delay in submitting returns where figures are not available in time to meet the deadline, you may enter your best estimates of the budgets, and should note the degree of estimation in a comments box if one is provided.

1.6 The following e-mail address should also be used for any enquiries over completion of the form: LGF1.Revenue@communities.gov.uk.
2.1 Period covered

The data recorded should be on an **accruals** basis: thus it should relate only to expenditure and income incurred, or expected to be incurred, in the financial year specified on the form; data relating to a programme of work over a number of years should only be recorded for that portion covered by the period of the form; appropriations to or from reserves during the period should be recorded beneath Net Revenue Expenditure on the form.

Grant should be included on the same basis as they are recognised in the authority’s Comprehensive Income and Expenditure Account.

2.2 General Fund Revenue Account (GFRA)

Except for RA lines 4001 to 4046, this return relates only to the GFRA, and transactions between it and:

- other accounts (including the HRA) and funds of the authority;
- other local authorities;
- the outside world.

Other accounts and funds should generally be excluded – see below.

**Contracted out services** (outside the LA sector) and payments to **Public Corporations** should be recorded on appropriate service lines in the Net Current Expenditure column.

The GFRA may include receipts from **small asset disposals** not regarded as capital receipts.

As before, **Police and Crime Commissioner and Chief Constable** Authorities must base the RA form on the Police and Crime Commissioner’s group accounts including the Chief Constable’s transactions.

2.3 Public Health

There are some Conditions attached to how the public health grant can be used and expenditure from the grant must comply with these Conditions - more details can be found at: [https://www.gov.uk/government/publications/public-health-grants-to-local-authorities-2019-to-2020](https://www.gov.uk/government/publications/public-health-grants-to-local-authorities-2019-to-2020)

All planned expenditure should be recorded under the appropriate service line. **Information on prescribed functions is mandatory.** If part of the grant is to be combined (‘pooled’) with funding from other sources, the total planned public health expenditure (from the grant and any other sources) should be recorded under the appropriate service line (**RA lines 361-390**). There are restrictions on the type of Capital the grant can be used for i.e. it can only be used on capital spend that does not involve borrowing or a finance lease. Planned capital expenditure should be noted as a separate (public health) Capital Expenditure from Revenue Account (CERA) planned expense (**line 866**).

**There is no fixed limit on how much can be carried over to the next financial year, however, where there are large repeated underspends the Department of Health may decide to reduce allocations in future years. Any part of the grant left at the end of the financial year will need to be kept in a separate, public health reserve (RA line 1014). Use of the reserve remains subject to the Conditions on the use of the grant.**
2.4 **Housing Revenue Account (HRA)**

All transactions between the HRA and the GFRA should be recorded beneath Total Service Expenditure on this return. Payments made to the HRA of another authority should be recorded on the appropriate Housing Services lines (RA lines 811 – 818). HRA income, expenditure and reserves should be included in lines 4001 to 4046.

2.5 **Collection Fund**

Transactions within the Collection Fund should be excluded. Amounts in respect of Collection Fund surpluses/deficits for the past financial year, to be transferred to/from the Collection Fund in the current financial year, should be recorded on RA line 980. Include the allowance from the Collection Fund against non-domestic rates collection costs on RA line 628.

2.6 **Pensions Fund**

Transactions within the Pensions Fund should be excluded; but transactions between the Pensions Fund and the GFRA should be included on all appropriate lines. See paragraph 2.12.

2.7 **Trading Accounts**

Refer to SeRCOP Section 2 “Trading Accounts and Trading Operations” for the full definition of the different types of trading operations run by local authorities. Record the overall net surplus or deficit arising from such operations on the Internal and External Trading Accounts net surplus/deficit lines of the form.

Payments for trading services (including services undertaken by other authorities or jointly) and funding of the authority’s own trading services should be recorded as expenditure on appropriate RA service lines. Sales from trading organisations to their parent local authority should be recorded by that authority as expenditure on appropriate RA service lines.

2.8 **Capital Account**

Transactions within the Capital Account should be excluded. Where capital expenditure is financed from revenue reserves, or directly from the GFRA, this should be recorded on line 865 as Capital Expenditure charged to the General Fund Revenue Account (CERA) excluding Public Health which should be recorded separately on line 866 and, in the case of capital expenditure financed from revenue reserves, a corresponding negative appropriation from reserves entered on the form. Other transactions between the Capital Account and the GFRA should be recorded on appropriate lines of the form.

2.9 **Capital items**

Capital items comprise:

1) **Capital charges:**
   a) Depreciation
   b) Loss on impairment of assets
   c) Revaluations taken to surplus or deficit on the provision of services
2) **Credit for capital grants** to be taken to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
3) **Revenue Expenditure funded from Capital by Statute (RECS):**
   For National Accounts purposes it is a requirement that Net Current Expenditure for each service line does not include RECS as most of these items are treated as capital expenditure. Total RECS recorded on line 1036 relating to RECS on the RA form in the Capital Items section will continue to be entered in the Capital Estimates and Capital Outturn Return (please see relevant guidance for the capital forms for further information).

As of RA 2015-16, the capital items on all appropriate service lines under the “Capital items” column and “Net total cost excluding specific grants” column on the RA are **NOT** required.
However, the overall total is still required broken down into the above elements in the Capital items section of the RA (lines 1031 to 1036).

For trading accounts, capital items must be included in the net surplus or deficit figures entered on form RA lines 831 and 832; however, to preserve the integrity of the Council Tax Requirement, a corresponding credit to cancel out these capital items (lines 841 and 842), must also be entered on the form.

2.10 Objective (service) analysis

The RA form has been designed to record the full range of local authority services, broken down in accordance with the hierarchical structure of SeRCOP Section 3: Service Expenditure Analysis for England and Wales (SEA). Advice on what to include in each of the service lines is given in the RA form’s guidance notes which clearly show the related SeRCOP service divisions and sub-divisions. Greater detail may be found under the equivalent headings in the SeRCOP SEA, but the exceptions quoted in RA guidance notes must take precedence in completing this form, ie: certain services listed in the SeRCOP SEA are excluded from Total Service Expenditure for the Ministry of Housing, Communities and Local Government accounting purposes, and instead recorded below this line. Most notably, specific and special grants paid into the GFRA should be recorded only on the grants section of the form, the aggregate of which is automatically imported to lines 891 and 904 via a formula. Where the authority’s service analysis is not sufficiently detailed to provide an accurate breakdown between certain lines on a form, an estimated breakdown must be given; entries on lines cannot be coupled together.

Where expenditure is charged out through a multi-service holding account (eg: for a central works depot), only the recharges should be recorded on the service line bearing the cost. All residual sums on holding accounts should be recharged to and recorded on all relevant services lines.

Management and support services must either be allocated directly, or apportioned and recharged to individual RA service lines in accordance with SeRCOP Section 2: The Definition of Total Cost.

2.11 Subjective analysis

The composition of RA columns 1 to 3 is intended to be consistent with SeRCOP Section 4: Recommended Standard Subjective Analysis. Section 3 of this guidance shows the relationship between RA column headings and the SeRCOP subjective analysis groups.

2.12 IAS 19: Employee benefits

The Accounting Code and SeRCOP require International Accounting Standard 19 (IAS19) to be applied in local authority accounts and budgets. This approach recognises costs in the financial year that the authority took on responsibility for them, especially where benefits are unfunded. Hence the cost of a decision is accounted for in the year it is taken. Costs are recognised in the year in which they are incurred, with payment of benefits and contributions to pension funds treated as a cash flow item as they are made. The pensions reserve ensures this treatment does not impact on the Council Tax Requirement, and only benefits and contributions actually payable for the year have to be financed.

Information on the RA form should be reported on a non-IAS19 and PFI ‘off-balance’ sheet basis. Thus the benefits and contributions actually payable for the year should be entered in the service lines. Authorities must also complete the “Total service expenditure on non-IAS19 and PFI "On Balance Sheet" basis” on the RA line 1079 to facilitate year on year comparisons. Please refer to RA specific line guidance.

Following IAS19 the Accounting Code requires liabilities for short term accumulating compensated absences (e.g. untaken annual leave entitlement) to be recognised in the accounts. Regulations have been made to prevent such liabilities impacting on the Council Tax

6
Requirement. In the RA figures should follow the IAS19 treatment for short term accumulating compensated absences, and the reversal should be included in line 847 “Appropriations to / from Accumulated Absences Account”.

2.13 Value added tax (VAT)
Include any irrecoverable input VAT with respect to revenue services. Irrecoverable VAT which is directly attributable to the supply of VAT-exempt revenue services should be recorded on relevant service lines. Any other irrecoverable input VAT with respect to revenue services should be recorded as an adjustment to Net Current Expenditure on the form.

2.14 Prices
The information on the form must be at outturn prices; authorities who budget at a price base from before 2019-20, should convert their 2019-20 budget estimates to outturn prices before completing column 1 of the form.

2.15 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 2009-10.

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 2008-09 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.

When completing the RA form, therefore, local authorities should continue to record PFI schemes on an ‘off balance sheet’ basis unless they have such economic ownership. This will also apply to the HRA lines 4001 to 4046.

Figures based on the IFRS treatment of PFI schemes will be requested for just total service expenditure breakdown on the RA line 1079.
# RECONCILIATION BETWEEN REVENUE ACCOUNT FORMS AND THE SERVICE REPORTING CODE OF PRACTICE (SeRCOP)

<table>
<thead>
<tr>
<th><strong>RA description</strong></th>
<th><strong>SeRCOP description</strong></th>
<th><strong>SeRCOP group</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>Direct and Indirect employee expenses (1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>(Exclude Agency staff costs: SeRCOP 2017-18 states)</em></td>
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<tr>
<td></td>
<td>Agency staff costs should be included in employee costs (group 1). But on the RA 2017-18 form this should only be included in Running Expenses (group 2))</td>
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<tr>
<td></td>
<td>Contributions to employee-related provisions (1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee expenses and benefits – schools (1)</td>
<td></td>
</tr>
<tr>
<td>Running expenses</td>
<td>Premises-related expenditure (2)</td>
<td></td>
</tr>
<tr>
<td>(including joint arrangements)</td>
<td>Transport-related expenditure (3)</td>
<td></td>
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<tr>
<td></td>
<td>Supplies and services (4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Third party payments (Include Agency staff costs) (5)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transfer payments (6)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>(HRA transfers, mandatory rent allowances, rebates &amp; student awards are recorded beneath Total Service)</em></td>
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<tr>
<td></td>
<td><em>Expenditure on the RA, but should be included here when calculating Gross Total Cost per SeRCOP)</em></td>
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<tr>
<td></td>
<td>Support services (7)</td>
<td></td>
</tr>
<tr>
<td>Total expenditure</td>
<td>[Employees] + [Running expenses]</td>
<td></td>
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</tbody>
</table>

## INCOME

| **Sales, fees and charges** | Customer and client receipts (9) |                  |
|                            | *(includes fines and rents, but not council housing rents)* |                  |
| **Other income**           | Other grants, reimbursements and contributions (9) |                  |
| (including joint arrangements) | Recharges (to internal users) (9) |                  |
|                            | *(excludes interest receipts)* |                  |
| **Total income**           | [Sales, fees and charges] + [Other income] |                  |

SeRCOP Section 4, Group 9 *Income* includes two additional elements:

(a) Business Rates Supplements (BRS)

(b) Community Infrastructure Levy (CIL)

although for National Accounts purposes, and hence in this return, these should not be reported on the individual service lines where relevant. The total income from BRS and CIL across all services should only be reported on **RA lines 893 and 894** respectively. CIL income should not be netted off the individual service lines.
NET TOTALS

Net current expenditure  \( \text{[Total expenditure]} - \text{[Total income]} \)

\( (RA \text{ col.1}) \)

Refer to SeRCOP Section 4, “Recommended Standard Subjective Analysis” for the full composition of each SeRCOP group.
SECTION 4

TRANSACTIONS BETWEEN LOCAL AUTHORITIES, CENTRAL GOVERNMENT AND OTHER BODIES

4.1 TRANSACTIONS WITH CENTRAL GOVERNMENT

Work carried out on behalf of, and reimbursed by a government department should not be recorded on individual service lines, but any surplus/deficit resulting from such transactions should be included within Adjustments to Net Current Expenditure on the RA line 849.

Such work includes:

- works on motorways and trunk roads;
- supply of teaching staff and related services in penal establishments;
- reception centres;
- youth employment.

4.2 TRANSACTIONS WITH SINGLE PURPOSE AUTHORITIES

4.2.1 Health Authorities and Trusts; Fishery Boards

Work carried out on behalf of, and reimbursed by Health Authorities or Health Trusts should not be recorded on individual service lines, but any surplus/deficit resulting from such transactions should be included within Adjustments to Net Current Expenditure on the RA line 849.

Work jointly financed with Health Authorities, Health Trusts or Fishery Boards should be recorded, using the full cost of the works, as expenditure (and contributions from these bodies netted off as income) on appropriate RA service lines.

4.2.2 Integrated Transport Authorities (ITAs)

Waste Disposal Authorities (WDAs)

Authorities making levy payments to the above single purpose authorities should record these on the appropriate RA levy lines only (lines 822 and 824); whereas the single purpose authorities should record income from such levies on appropriate RA levy lines (lines 822 and 824), and should also fully record their expenditure on all appropriate RA service lines.
4.3 JOINT AND OTHER ARRANGEMENTS BETWEEN LOCAL AUTHORITIES

4.3.1 Joint arrangements
Where formal joint arrangements exist between authorities, the account holder should break down the expenditure against appropriate service lines; the contributions received by the account holder from the other authorities should be netted off as income against appropriate service lines. The other authorities should record only their contributions to the account holder.

Where informal joint arrangements exist, all authorities should record their expenditure or income against appropriate service lines; any transactions between the authorities should be recorded by each authority against appropriate service lines.

Authorities involved with joint arrangements should confirm with their partners that all concerned are adhering to this guidance, to avoid possible double counting or omission of data.

4.3.2 Agency arrangements
Where one local authority carries out work as an agent of another (including district councils operating functions delegated by their county council):
   a) the local authority actually carrying out the work should
      (i) record expenditure (less any income) income over all appropriate service lines;
      (ii) also net off the reimbursement received from all appropriate service lines;
   b) the authority requiring the work should record its payment to the agent authority over all appropriate service lines.

4.3.3 Contributions
Contributions made to or received from another local authority or local body, should be included by both contributing and receiving authorities, and recorded on relevant service lines.

4.3.4 Accountable bodies for partnerships
 Authorities involved in partnership schemes, should count money transferred to or from other partners within the partnership as expenditure or income, and therefore record it on appropriate service lines:
   a) if the partner is not a local authority – record expenditure only; or
   b) where the partner is a local authority, then the Accountable Body authority should NOT record any of the expenditure/income relating to that partner: instead, the authority receiving the payment should record it, less the expenditure involved, on their RA form.

This arrangement is designed to avoid double counting, and authorities should check to ensure that their partners are adhering to this guidance.

4.3.5 Local Area Agreements
For those authorities that are the Accountable Body (i.e. Unitary Authorities, County Councils, London Boroughs and Metropolitan Districts) only the grant retained by that authority or passed on to a body that is not a local authority for which the RA 2019-20 forms are being completed (e.g. NHS, third sector bodies, and parish and town councils) should be recorded on the main portion of the form. This expenditure should be recorded at the relevant service line(s) of the RA form, while the grant income excluding the element passed on to local authority partners (e.g. to District Councils, Police Authorities, Fire & Rescue Authorities, Waste Authorities, Passenger Transport Authorities and National Parks Authorities) should be recorded under Specific and Special Grants, ‘Other Grants Inside AEF’.