



Statistical Release

30 August 2012

LOCAL AUTHORITY REVENUE EXPENDITURE AND FINANCING

ENGLAND 2011-12 PROVISIONAL OUTTURN

- Total revenue expenditure by local authorities in England was £99.9 billion in 2011-12, a decrease from £104.3 billion in 2010-11.
- 26.5% of revenue expenditure in 2011-12 was funded through council tax, 29.5% through formula grant and 46.5% through specific grants inside Aggregate External Finance and Local Services Support Grant.
- In 2011-12 local authorities added £2.6 billion to their reserves. This includes figures for Greater London Authority, who added £0.6 billion to their reserves. Excluding GLA, authorities added £2.0 billion to their reserves.
- Local Authorities net current expenditure for education services was £40.2 billion in 2011-12.
- Education expenditure for 2011-12 is not comparable to previous years due to a number of schools changing their status to become academies, which are centrally funded rather than funded by local authorities. There has also been a transfer of responsibilities between NHS and local government relating to adults with learning difficulties in long stay NHS institutions. As a result of this discontinuity between the two financial years (2010-11 & 2011-12), it is difficult to compare total net current expenditure.

This release provides provisional outturn estimates of local authority revenue expenditure and financing for the financial year April 2011 to March 2012. These estimates are on a non-International Accounting Standard 19 (IAS19) and PFI "Off Balance Sheet" basis except where stated otherwise.

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 Department for Communities and Local Government.

Responsible Statistician:

Steve Melbourne & Mike Young

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:

lqf1.revenue@communities.gsi.gov.uk

Contact points:

Press enquiries:

Telephone 0303 444 1201

Email press.office@communities.gsi.gov.uk

Website: www.communities.gov.uk

Other enquiries:

Telephone 0303 444 1333

Email lqf1.revenue@communities.gsi.gov.uk

Local authority revenue expenditure and financing England 2011-12 provisional outturn

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Provisional net current expenditure by service

1. Provisional net current expenditure in 2011-12 is summarised in **Table 1** and **Chart A**. **Table 1** also shows net current expenditure in 2010-11 and the percentage change to 2011-12. 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 D** 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

- Total net current expenditure by local authorities in England was £115.1 billion in 2011-12 compared with £121.3 billion in 2010-11, a decrease of 5.1%. This is largely owing to a reduction in education expenditure from £45.4 billion in 2010-11 to £40.2 billion in 2011-12. This has been impacted on by a number of schools moving to academy status, where academies are directly funded by central government and are independent of local government control.
- There has been a transfer of responsibilities between NHS and local government relating to adults with learning difficulties in long stay NHS institutions. This was first announced on 1st April 2009, where Primary Care Trusts (PCT's) and Local Authorities (LA's) negotiated funding locally. However, the first time it impacted local authority accounts was from 1st April 2011, when the transfer of funding was made directly from Department of Health to LA's. In 2011-12, local authorities received a new non-ring fenced 'Learning Disabilities and Health Reform' grant, amounting to £1.2 billion, to finance this responsibility. Due to this discontinuity between the two years (2010-11 & 2011-12), it is difficult to compare total net current expenditure.
- 34.9% of total net current expenditure in 2011-12 is on education, 18.4% on social care, 17.2% on housing benefits, and 10.1% on police.

Public Services - Net Current Expenditure

- There has been an overall decrease in net current expenditure across all public services, between 2010-11 and 2011-12, with the exception of Adult Social Care services, which is expected to increase from £14.4 billion to £14.7 billion, an increase of 2.3%.
- Planning and Development Services have seen the highest decrease in net current expenditure of 24.9%, followed by Non-HRA Housing Services, which have decreased by 15.3% in 2011-12.

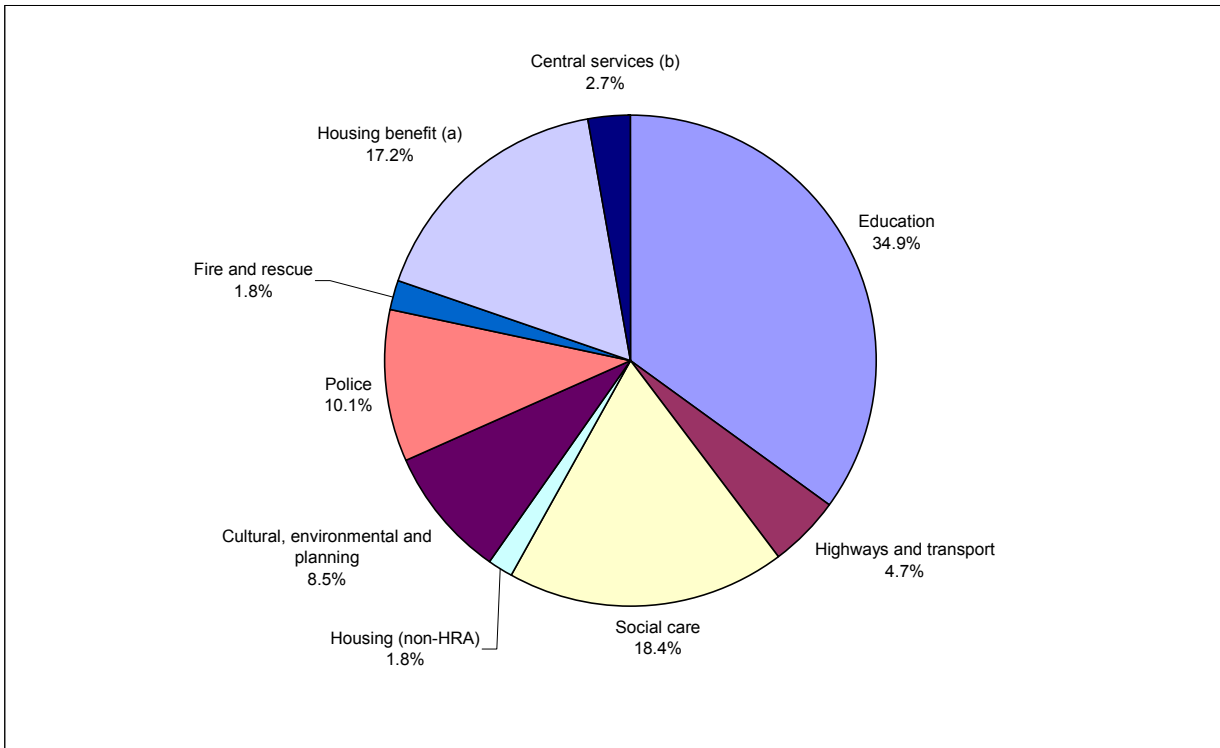
Mandatory Housing Benefits

- Mandatory Housing Benefits has increased from £18.6 billion to £19.8 billion, an increase of 6.6%.

Table 1: Net current expenditure by service 2010-11 and 2011-12 ^(1,2)

	£ million			
	Net current expenditure 2010-11		Net current expenditure 2011-12 (P)	% Change
Education ⁽¹⁾	45,362		40,210	-11.4
Highways and transport	5,669		5,387	-5.0
Social care	21,062		21,171	0.5
<i>of which:</i>				
<i>Children's Social Care</i>	6,654		6,432	-3.3
<i>Adult Social Care</i> ⁽²⁾	14,408		14,739	2.3
Housing (excluding Housing Revenue Account)	2,482		2,102	-15.3
Cultural, environmental and planning	10,675		9,744	-8.7
<i>of which:</i>				
<i>Cultural</i>	3,278		3,022	-7.8
<i>Environmental</i>	5,201		5,073	-2.5
<i>Planning and development</i>	2,197		1,649	-24.9
Police	11,948		11,578	-3.1
Fire and rescue	2,165		2,118	-2.2
Central services	3,608		3,333	-7.6
Mandatory Housing Benefits	18,550		19,766	6.6
<i>of which:</i>				
<i>Rent Allowances</i>	14,127		15,163	7.3
<i>Rent Rebates to Non-HRA Tenants</i>	470		497	5.8
<i>Rent Rebates to HRA Tenants</i>	3,953		4,105	3.9
Other Services	-267		-267	0.0
Appropriations to (+) / from (-) accumulated absences accounts	64		6	-90.8
Total net current expenditure ^(1,2)	121,319	 	115,147	-5.1
<p>(1) Education expenditure for 2011-12 is not comparable to previous years due to a number of schools changing their status to become academies, which are centrally funded rather than funded by local authorities.</p> <p>(2) Total net current expenditure for 2011-12 is not comparable to previous years due to a change in responsibility between NHS and local government for adults with learning disabilities, where from 1st April 2011 the transfer of funding was made directly from Department for Health to LA's, where they now receive a new non-ring fenced grant which amounts to £1.2 billion in 2011-12.</p>				

Chart A: Provisional total net current expenditure by service 2011-12



(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 2011-12 compared to 2010-11. A more detailed breakdown of this information can be found in **Annex A**.

Revenue Expenditure

- Revenue expenditure was £99.9 billion in 2011-12, compared with £104.3 billion in 2010-11, a decrease of 4.2%.

Central Government Grants

- Specific grants inside AEF increased from £45.8 billion in 2010-11 to £46.2 billion in 2011-12, an increase of 0.8%. Formula Grant increased from £29.0 billion in 2010-11 to £29.4 billion in 2011-12, an increase of 1.5%.

Council Tax

- Non-current expenditure in 2011-12 includes the payment of council tax benefit of £4.2 billion, but this is netted off by income from specific grants outside Aggregate External Finance (AEF).

Reserve Levels

- In 2011-12 local authorities increased their reserves by £2.6 billion; of which £0.6 billion relates to Greater London Authority.
- In 2011-12, 79.7% of local authorities in England increased their reserve levels, 19.6% decreased their reserve levels, and 0.7% made no change.
- 25.9% of local authorities in England increased their schools reserve levels in 2011-12, and 77.5% of local authorities increased their non-schools reserve levels.

Table 2: Revenue expenditure and financing 2010-11 and 2011-12

	£ million	
	2010-11 Net Current Expenditure	2011-12 Net Current Expenditure (P)
Total net current expenditure	121,319	115,147
plus non-current expenditure		
Capital financing ^(a)	4,135	4,627
Capital expenditure charged to Revenue Account	2,598	3,607
Council tax benefit	4,144	4,161
Discretionary Non-Domestic Rate relief	29	30
Bad debt provision	102	108
Flood defence payments to Environment Agency	30	31
Private Finance Initiative (PFI) schemes - difference from service charge	38	21
Appropriations to(+)/ from(-) financial instruments adjustment account ^(b)	15	-217
Appropriations to(+)/ from(-) unequal pay back pay account ^(c)	0	-15
less interest receipts	663	855
less specific grants outside AEF ^(d)	27,191	26,540
less Business Rates Supplement	222	230
less Community Infrastructure Levy	-	0
less Carbon Reduction Commitment	-	-31
Revenue expenditure	104,334	99,906
financed by:		
Specific grants inside AEF ^(d)	45,828	46,202
Area Based Grant (ABG)	4,363	-
Local Services Support Grant (LSSG)	-	253
Transfers and Adjustments ^(e)	23	0
Appropriations to(+)/ from (-) revenue reserves (including school reserves)	-1,261	-2,626
Formula grant	29,012	29,436
<i>of which:</i>		
Revenue Support Grant	3,122	5,873
Redistributed non-domestic rates	21,517	19,017
Police grant	4,374	4,546
General Greater London Authority (GLA) grant	48	63
Other items	65	126
Council tax requirement	26,254	26,451

(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

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 2006-07 onwards. Figures for 2006-07 to 2009-10 are produced on a non-FRS17 and figures for 2010-11 and 2011-12 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 2011-12. The indexes are calculated from financial figures on a non-FRS17/non-IAS19 accounting basis, for year-on-year comparisons.

- In 2011-12, 57.0% of revenue expenditure was funded by government grants (including Revenue Support Grant, specific grants inside Aggregate External Finance and police grant), 26.5% by council tax and 19.0% by redistributed non-domestic rates.
- Over the last decade (from 2000-01 to 2011-12) in real terms;
 - Revenue expenditure has risen by 34.3%
 - Government grants awarded to local authorities has risen by 35.5%
 - Council Tax has risen by 43.4%Council Tax has increased in the same pattern as revenue expenditure and government grants.
- In real terms, non-school reserves have increased by 95.3% from 1st April 2000 to 1st April 2011.

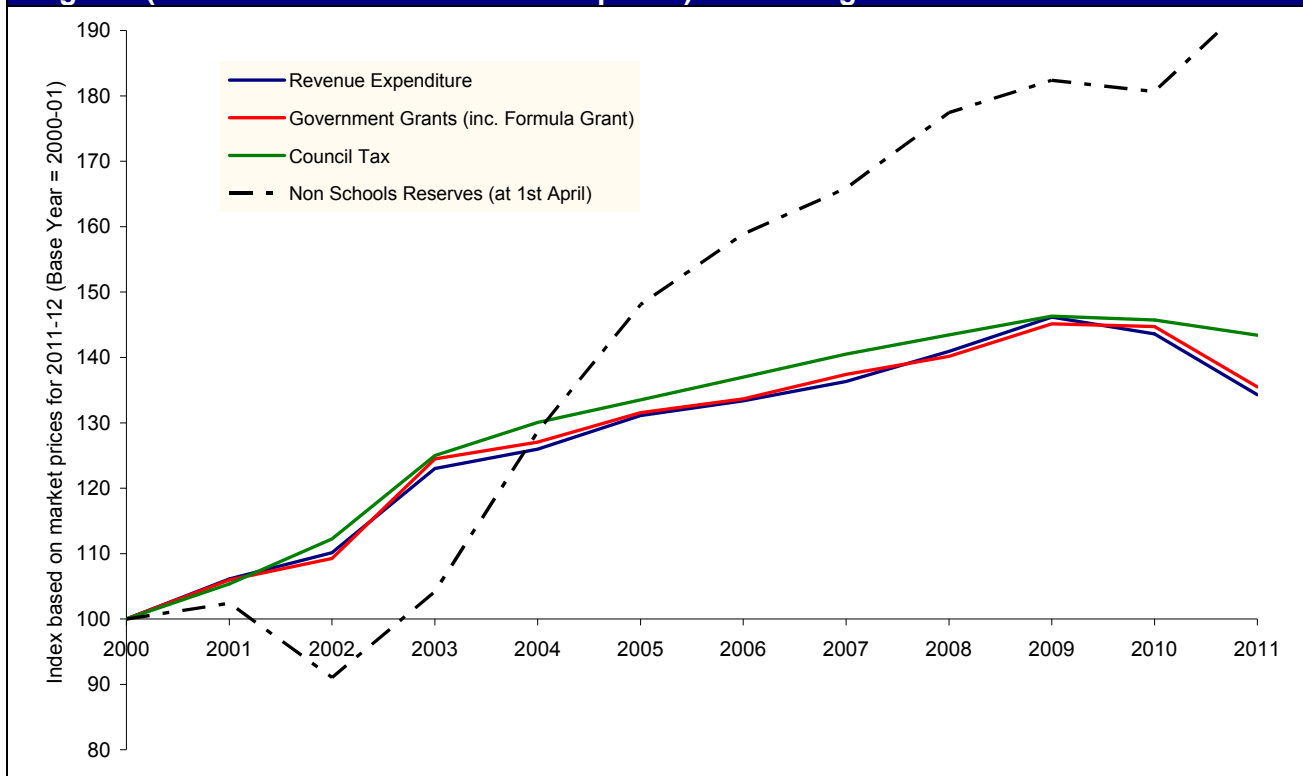
Table 3: Financing of revenue expenditure since 2006-07 ^(a)

	Revenue expenditure (£ million)	Government grants (£ million)	% of total	Redistributed non-domestic rates (£ million)	% of total	Council tax (£ million)	% of total
Outturn							
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	53,007	54.0	20,506	22.2	24,759	25.2
2009-10 ^(a)	103,276	57,755	55.9	19,515	18.9	25,633	24.8
2010-11 ^(b)	104,334	57,736	55.3	21,517	20.6	26,254	25.2
2011-12 (P) ^(b)	99,906	56,938	57.0	19,017	19.0	26,451	26.5
Budget							
2012-13 ^(b)	98,416	48,421	49.2	23,129	23.5	26,715	27.1

(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

(b) 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 2011-12 market prices) – including non-school reserves ^(a)



(a) Non-School reserve levels taken as at 1st April for each year, and inflated by 2011-12 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 C**.

- In 2011-12, Dedicated Schools Grant (DSG), which is ring-fenced, accounted for 70.5% of the income received by local authorities through specific grants inside AEF.
- In 2011-12, DSG accounted for 42.9% 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 2010-11, DSG accounted for 38.4% of the income received from central government grants.

Table 4: Top five incomes from specific grants 2011-12

		£ million
Grants inside Aggregate External Finance	Line Reference	
Dedicated Schools Grant (DSG)	RG line 102	32,590
GLA Transport Grant	RG line 221	3,261
Other grants within AEF	RG line 698	2,995
Early Intervention Grant	RG line 158	2,213
Learning Disability and Health Reform Grant	RG line 312	1,205
Grants outside Aggregate External Finance		
Mandatory Rent Allowances: subsidy	RG line 745	14,650
Council Tax Benefit: subsidy	RG line 741	4,261
Rent Rebates Granted to HRA Tenants: subsidy	RG line 747	3,667
Sixth Form Funding from Young People's Learning Agency (YPLA)	RG line 716	1,485
Mandatory Rent Rebates outside HRA: subsidy	RG line 746	1,235

Comparison with Quarterly Revenue Outturn

Local Authorities in England submit budget data to the Department before the start of each financial year on the Revenue Account (RA) form, and on the Revenue Outturn (RO) form after the end of the year. From 2011-12, authorities also submitted outturn figures on a quarterly basis for the first three quarters of the financial year, on the Quarterly Revenue Outturn (QRO) form. Comparisons are made between the outturn figures submitted by authorities on their RO returns, and their quarterly figures submitted on their QRO returns, with the difference between the two sets of figures used to imply a fourth quarterly figure for the QRO returns.

Table 5: Comparison of service expenditure and net current expenditure 2011-12

	Net Current Expenditure (£000)				
	Outturn ^(a)	Q1 Outturn _(b)	Q2 Outturn _(b)	Q3 Outturn _(b)	Implied Q4 Outturn
Total Service Expenditure	95,370	24,003	23,960	23,781	23,626
Net Current Expenditure	115,141	28,836	28,831	28,652	28,823

(a) Outturn data from the Revenue Outturn (RO) returns
(b) Outturn data from the Quarterly Revenue Outturn (QRO) returns

Figures in Table 5 show that for the first three quarters of the year, the QRO represented 75.2% of total service expenditure figures on the RO returns, and 75.0% of the total net current expenditure figures.

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) 2011-12				
			£ million	
	Net current expenditure	Capital Charges	Net total cost (excluding specific grants)	
190	Education services	40,210	4,764	44,974
290	Highways and transport services	5,387	2,834	8,221
390	Children's Social Care	6,432	164	6,596
399	Adult Social Care	14,739	388	15,126
490	Housing services (GFRA only)	2,102	380	2,482
509	Cultural and related services	3,022	1,105	4,126
590	Environmental and regulatory services	5,080	400	5,480
599	Planning and development services	1,649	487	2,137
601	Police services	11,578	556	12,135
602	Fire and rescue services	2,118	182	2,300
690	Central services	2,942	826	3,768
698	Other services	112	7	119
699	TOTAL SERVICE EXPENDITURE (TOTAL OF LINES 190 TO 698)	95,370	12,092	107,463
711	Housing benefits: rent allowances - mandatory payments	15,163		
712	Housing benefits: non-HRA rent rebates - mandatory payments	497		
713	Housing benefits: rent rebates to HRA tenants - mandatory payments	4,105		
714	Housing benefits: subsidy limitation transfers from HRA	-7		
718	Contribution to the HRA re items shared by the whole community	8		
721	Parish precepts	367		
722	Integrated Transport Authority levy	0		
724	Waste Disposal Authority levy	0		
727	London Pensions Fund Authority levy	23		
728	Other levies	27		
731	External Trading Accounts net surplus(-)/ deficit(+)	-144		
732	Internal Trading Accounts net surplus(-)/ deficit(+)	20		
741	Capital charges accounted for in External Trading Accounts	-172		
742	Capital charges accounted for in Internal Trading Accounts	-94		
748	Adjustments to net current expenditure	-24		
749	NET CURRENT EXPENDITURE (TOTAL OF LINES 699 TO 748)	115,141		
754	Local tax collection: Council tax benefit paid to the Collection Fund	4,161		
757	Local tax collection: Non-domestic rate relief - discretionary payments	30		
759	Levy: Environment Agency flood defence	31		
765	Capital expenditure charged to the GF Revenue Account (CERA)	3,607		
771	Provision for bad debts	108		
773	Provision for repayment of principal	1,972		
776	Leasing payments	45		
781	Interest payable and similar charges	3,408		
783	Interest: HRA item 8 payments and receipts	-798		
785	SUB-TOTAL (total of lines 749 to 783)	127,704		
786	Interest and investment income (-): external receipts and dividends	-855		
788	Private Finance Initiative (PFI) schemes - difference from service charge	21		
789	Appropriations to(+)/ from(-) financial instruments adjustment account	-217		
790	Appropriations to(+)/ from(-) unequal pay back pay account	-15		
791	Specific and special revenue grants outside AEF	-26,540		
792	Appropriations to(+)/ from (-) Accumulated Absences Account	6		
793	Business Rates Supplement	-230		
794	Community Infrastructure Levy	0		
795	Carbon Reduction Commitment transactions (expenditure) (+)	32		
796	Carbon Reduction Commitment transactions (income) (-)	-1		
800	REVENUE EXPENDITURE (TOTAL OF LINES 785 TO 796)	99,906		

continued

Annex A: Provisional Revenue Outturn Summary (RS) 2011-12 (continued)

£ million

	Net current expenditure		
803 Local Services Support Grant (LSSG)	-253		
804 Specific and special revenue grants inside AEF	-46,202		
805 NET REVENUE EXPENDITURE (TOTAL OF LINES 800 TO 804)	53,451		
806 Inter-authority transfers in respect of reorganisation	0		
811 Appropriations to(+)/ from(-) schools' reserves	370		
815 Appropriations to(+)/ from(-) other earmarked financial reserves	2,031		
816 Appropriations to(+)/ from(-) unallocated financial reserves	226		
830 THE BUDGET REQUIREMENT (TOTAL OF LINES 805 TO 816)	56,076		
851 Revenue Support Grant	-5,873		
856 Police grant	-4,546		
858 General GLA grant	-63		
870 Redistributed non-domestic rates	-19,017		
880 Other items	-126		
890 COUNCIL TAX REQUIREMENT (TOTAL OF LINES 830 TO 880)	26,451		
Financial reserves levels at start and end of 2011-12	At 1 April 2011	At 31 March 2012	
911 Schools reserves level	2,043	2,412	
915 Other earmarked financial reserves level	10,409	12,439	
916 Unallocated financial reserves level	4,234	4,460	
920 Prior Year Adjustments	43		
Capital charges	2011-12		
931 Depreciation	5,510		
933 Loss on impairment of assets	4,338		
935 Credit for amortisation of capital grants and other capital contributions	-1,086		
936 Revenue Expenditure funded from Capital by Statute	3,330		
939 Total capital charges (TOTAL OF LINES 931 TO 936)	12,092		
Equal pay costs			
941 One off equal pay costs - falling on the schools budget	11		
942 One off equal pay costs - chargeable to any other revenue account	106		
Icelandic bank impairment			
951 Interest payable and similar charges ^(a)	-18		
952 Interest and investment income (-): external receipts and dividends ^(b)	-136		

(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)

Annex B: Provisional Revenue Outturn Service Expenditure Summary (RSX) 2011-12

£ 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	29,088	16,174	45,262	1,926	3,126	5,052	40,210	4,764	44,974
290 Highways and transport services	1,257	6,857	8,114	1,997	731	2,727	5,387	2,834	8,221
390 Children Social Care	2,631	4,362	6,993	116	445	561	6,432	164	6,596
399 Adult Social Care	3,937	15,598	19,535	2,571	2,225	4,796	14,739	388	15,126
490 Housing services (GFRA only)	706	2,627	3,333	515	716	1,231	2,102	380	2,482
509 Cultural and related services	1,646	2,776	4,422	889	512	1,401	3,022	1,105	4,126
590 Environmental and regulatory services	1,616	5,117	6,733	1,040	613	1,653	5,080	400	5,480
599 Planning and development services	1,071	1,638	2,710	613	447	1,060	1,649	487	2,137
601 Police services	10,577	2,151	12,728	518	632	1,150	11,578	556	12,135
602 Fire and rescue services	1,689	506	2,195	24	54	77	2,118	182	2,300
690 Central services	5,949	6,648	12,596	984	8,670	9,654	2,942	826	3,768
698 Other services	136	293	429	76	241	316	112	7	119
699 Total service expenditure (total of lines 190 to 698)	60,303	64,747	125,050	11,268	18,412	29,680	95,370	12,092	107,463

(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) 2011-12

£ million

Grants within Aggregate External Finance (AEF)

102	Dedicated Schools Grant (DSG)	32,590
103	Pupil Premium Grant	537
158	Early Intervention Grant	2,213
221	GLA Transport Grant	3,261
231	Metropolitan Railway Passenger Services	100
232	Mersey Travel	92
235	Local Sustainable Transport Fund	25
312	Learning Disability and Health Reform Grant	1,205
405	Housing and Council Tax Benefit Administration Study	497
481	Work Choice	5
484	Right to Control Trailblazers	1
514	Housing Growth & Housing Market Renewal Transitional Fund	5
540	New Homes Bonus	197
543	Fire Revenue Grant	43
545	The Private Finance Initiative (PFI)	888
550	Council Tax Freeze Grant	614
573	Commons Pioneer Authorities	0
581	National Parks & Broads	56
611	Asylum Seekers	111
626	Olympic Safety and Security	42
631	Counter Terrorism	450
643	Neighbourhood Policing Fund	276
645	Royal Parks Policing Grant	0
647	Probation Loan Charges	1
698	Other grants within AEF ^(a)	2,995
699	TOTAL GRANTS INSIDE AEF (Total of Lines 102 to 698)	46,202

Grants outside Aggregate External Finance (AEF)

708	Further Education funding from Skills Funding Agency	113
713	Higher Education Funding Council (HEFCE) Payments	23
715	Adult and Community Learning from Skills Funding Agency	269
716	Sixth Form Funding from Young People's Learning Agency (YPLA)	1,485
741	Council Tax Benefit: subsidy	4,261
744	Discretionary Housing Payments (DHPs)	138
745	Mandatory Rent Allowances: subsidy	14,650
746	Mandatory Rent Rebates outside HRA: subsidy	1,235
747	Rent Rebates Granted to HRA Tenants: subsidy	3,667
752	Housing Acts Urban Developments - contributions towards cost of loan charges	8
773	Rural Community Action Network (RCAN)	1
791	European Community Grants	44
798	Other grants outside AEF ^(a)	646
799	TOTAL GRANTS OUTSIDE AEF (total of lines 708 to 798)	26,540
800	TOTAL SPECIFIC AND SPECIAL REVENUE GRANTS (total of lines 699 + 799)	72,742

(a) This category may include amounts which should have been allocated to one of the main grants in the preceding rows

Annex D: Derivation of service lines used in Table 1

	Line Reference	Levies/transfers
Education	RS line 190	
Highways and transport	RS line 290 RS line 722	Integrated transport authority levy
Children's Social care	RS line 390	
Adult Social Care	RS line 399	
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	
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 RS line 776 RS line 781 RS line 783	Provision for repayment of principle Leasing payments Interest payments: external payments 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	
Community Infrastructure Levy	RS line 794	
Carbon Reduction Commitment	RS line 795 RS line 796	Carbon Reduction Commitment transactions expenditure Carbon Reduction Commitment transactions income
Specific grants inside AEF	RS line 804	
Local Services Support Grant (LSSG)	RS line 803	
Transfers and Adjustments	RS line 806	Inter-authority transfers in respect of reorganisation
Appropriations from other revenue reserves	RS line 811 RS line 815 RS line 816	School Reserves Other earmarked financial reserves 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. 22 2012. This is accessible at <http://www.communities.gov.uk/documents/statistics/pdf/2158981.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 DCLG 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 Service Reporting Code of Practice (SERCOP).

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.

Local Services Support Grant is a new unringfenced grant paid under section 31 of the Local Government Act 2003 to support local government functions.

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 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 800) - 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 on the capital charges column. As capital charges do not carry through to the budget requirement line there is no need for a reversal. Total RECS are recorded on line 936 on the RS and TSR form in the Capital Charges section relating to RECS, which will continue to be entered in the Capital Estimates and Capital Outturn Return.

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 original estimate of the impairment loss would have been charged in the 2008-09 accounts. In the RO suite the entries relating to these investments appear in the RS form. In the 2011-12 returns any adjustments to the impairment would be entered in line 781 and any interest credited in respect of the investment in line 786. These entries are shown separately in lines 951 and 952 of the RS form. Figures are generally calculated following CIPFA methodology and advice published in their LAAP bulletins.

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 2011-12 in this Statistical Release is derived from Department for Communities and Local Government Revenue Outturn (RO) forms and is based on completed returned from all 444 local authorities in England.
3. Only data for authorities that have completed a valid form is used in the computation of national figures for the statistical release. If we do not hold a complete set of revenue data for authorities in England, we use the grossing methodology to compute the national figures. This method does not calculate figures for missing or invalid authorities; it only derives an England national figure based on the following properties;
 - i. data currently held from validated authorities
 - ii. number of missing or invalid authorities and what type of classification group they fit in (e.g. Single Purpose Authorities, Shire Districts, Shire Counties, Unitary Authorities, Metropolitan Districts, London Boroughs etc.)

As we received valid data from all authorities in England there has not been a need to use this grossing methodology.

4. 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 by Department for Communities and Local Government and CIPFA as the data are received and stored.

These include:

i) **In form validation:** This refers to warnings that are built into the excel forms that are sent to authorities. Forms have been pre-programmed with sense checks to highlight figures outside a set range. If an authority inputs figures that are likely to be incorrect, the form flags up to the officer inputting the data that this value could be incorrect. In some fields the figure can still be accepted if a reason is given whereas some cells will definitely be rejected as it is deemed impossible. In the majority of cases this means that the forms are returned completed and without any validation queries.

ii) **CLASS (Computerised Local Authority Statistics System) validation:** Once the figures have been received by DCLG, they get inputted onto the CLASS database, which has built in checks that return errors and warnings for unexpected figures. CLASS can then be asked to output a list of warnings and errors which a team member can look through and contact an authority about if necessary.

iii) **Manual (or analytical) validation:** These are extra checks done manually by the teams to double check the figures they receive. During this process the teams also liaise with relevant policy sections and the Group Accountant to clarify and rectify any anomalies. Furthermore the data received from LAs are compared with other data sources (both internal and external).

iv) **Post validation:** Figures get checked and double-checked on the statistical releases. Particular attention is paid to making sure the values have been entered correctly and the figures on the graphs and tables correlate with each other.

5. Service Reporting Code of Practice (SERCOP) is a set of general guidance notes which are provided to local authorities, providing them with instructions on how to account on various elements of public service expenditure. The services are primarily broken down into a few main groups (e.g. Children's Social Care, Housing Services, Central services). Within each group, detailed guidance is provided on all possible elements of spending, which a LA could have responsibility over. The SERCOP is used by all LA's as a foundation for constructing their accounts in the financial year. Therefore the categorisation defined by SERCOP is used as a basis for our form design and guidance, enabling LA to report their financial data under the correct headings – improving quality of the outputs. In-depth discussions take place with several authorities, prior to them being put forward to Central and Local Government Information Partnership/Finance (CLIP/F) for agreement, as part of our ongoing review of enhanced data collection. CLIP/F is also kept informed of the full planned developments to meet the HM Treasury and ONS requirements.

For a summary of SERCOP please see the following web link including information on legislative requirements:

<http://www.cipfastats.net/sercop/>

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. The budget estimates on a non-IAS19 basis are used by the Office for National Statistics in compiling the Public Sector Finances and National Accounts, which are used to set fiscal and monetary policy.
2. The data are also important sources for various evidence based policy and financial decisions and answering numerous parliamentary questions. In addition it is used by local authorities and their associations, regional bodies, other government departments, members of the business community and the general public.
3. The Audit Commission supports auditors by supplying them with a variety of data and indicators. Auditors use this information to inform their Value for Money conclusions. The conclusions are mainly based on outturn expenditure data however the Revenue Account budget data are used by auditors to help plan their Value for Money work for the following year.
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 1201 or email press.office@communities.gsi.gov.uk. For other enquiries, please contact Allan Cox on 0303 444 1333 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/formstimetable/revenueforms/>
6. For a fuller picture of recent trends in local government finance, readers are directed to *Local Government Finance Statistics England* No. 22 2012, 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/2158981.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. The Scottish Government, Welsh Assembly Government and Northern Ireland 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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