



Department for
Communities and
Local Government

Local Authority Revenue Expenditure and Financing: 2012-13 Provisional Outturn, England

- Total revenue expenditure by local authorities in England was £94.4 billion in 2012-13, a decrease of 5.0% from £99.3 billion in 2011-12.
- 28.3% of revenue expenditure in 2012-13 was funded through council tax, 29.5% through formula grant and 44.7% through specific grants inside Aggregate External Finance and Local Services Support Grant. These percentages were 26.6%, 29.7% and 46.1% respectively in 2011-12.
- Education expenditure for 2012-13 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.
- Local Authorities net current expenditure for education services was £37.1 billion in 2012-13. Social care services were £21.1 billion, mandatory housing benefits were £20.7 billion, and police services were £11.3 billion.
- In 2012-13 local authorities added £2.6 billion to their reserves, the same amount as in 2011-12. The 2012-13 figure includes Greater London Authority, who added £0.9 billion to their reserves.



Local Government Finance
Statistical Release

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Introduction

This release provides provisional outturn estimates of local authority revenue expenditure and financing for the financial year April 2012 to March 2013. 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 441 valid returns of the 444 local authorities in England that complete the return. Estimates have been made for the 3 missing returns. The 3 authorities that did not submit a completed form in time for this release were Medway Towns, Tendring, and Greater Manchester Waste Disposal Authority.

The release has been compiled by the Local Government Finance - Data Collection Analysis and Accountancy Division of Department for Communities and Local Government. For uses please see “uses made of the data” section.

Changes to the revenue data in 2012-13

The following change was made to local government expenditure and financing in 2012-13 which had a significant impact on the figures in this release:

- **Education Services**; expenditure on education services in 2012-13 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. As a result of this discontinuity, total net current expenditure is not comparable between 2011-12 and 2012-13.

1. Revenue Expenditure by Service

Revenue expenditure in 2012-13 is summarised in **Table 1** and **Chart A**. **Table 1** also shows revenue expenditure in 2011-12 and the percentage change to 2012-13. 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 Revenue Expenditure

- Total revenue expenditure by local authorities in England totals £94.4 billion in 2012-13, compared with £99.3 billion in 2011-12, a decrease of 5.0%.
- 33.1% of total net current expenditure in 2012-13 is on education, 18.9% on social care, 18.5% on mandatory housing benefits and 10.1% on police.

Public Services - Net Current Expenditure

- Net current expenditure on education services reduced from £40.2 billion in 2011-12 to £37.1 billion in 2012-13, a decrease of 7.7%. This is affected by a number of secondary schools moving to academy status, where academies are directly funded by central government and are independent of local government control.
- Total net current expenditure excluding education services decreased from £75.0 billion in 2011-12 to £74.9 billion, a decrease of just 0.2%.
- There was a decrease in net current expenditure across most public services, between 2011-12 and 2012-13. The biggest decreases were in Highways and Transport services, which decreased from £5.4 billion in 2011-12 to £4.9 billion in 2012-13, and Police services, which decreased from £11.7 billion to £11.3 billion.
- There were increases in Children and Families Social Care services, from £6.4 billion to £6.6 billion, Central Services, from £3.3 billion to £3.4 billion, and Fire and Rescue Services, which increased slightly by 0.1% to £2.1 billion.

Mandatory Housing Benefits

- Mandatory Housing Benefits increased from £19.8 billion in 2011-12 to £20.7 billion in 2012-13, an increase of 4.9%.
- Rent allowances (within mandatory housing benefits), which are paid to tenants of private landlords and registered social landlords, increased from £15.2 billion in 2011-12 to £15.9 billion in 2012-13, an increase of 4.8%.

Table 1: Revenue expenditure by service 2011-12 and 2012-13

	£ million		
	Net current expenditure 2011-12	Net current expenditure 2012-13 (P)	% Change
Education ⁽¹⁾	40,219	37,109	-7.7
Highways and transport	5,380	4,868	-9.5
Social care	21,160	21,127	-0.2
<i>of which:</i>			
<i>Children's Social Care</i>	6,423	6,601	2.8
<i>Adult Social Care</i>	14,738	14,526	-1.4
Housing (excluding Housing Revenue Account)	2,103	2,000	-4.9
Cultural, environmental and planning	9,741	9,444	-3.0
<i>of which:</i>			
<i>Cultural</i>	3,021	2,945	-2.5
<i>Environmental</i>	5,068	5,065	-0.1
<i>Planning and development</i>	1,652	1,434	-13.2
Police	11,650	11,335	-2.7
Fire and rescue	2,118	2,120	0.1
Central services	3,344	3,420	2.3
Mandatory Housing Benefits	19,766	20,730	4.9
<i>of which:</i>			
<i>Rent Allowances</i>	15,163	15,886	4.8
<i>Rent Rebates to Non-HRA Tenants</i>	497	558	12.3
<i>Rent Rebates to HRA Tenants</i>	4,105	4,286	4.4
Other Services	-267	-202	-24.2
Appropriations to (+) / from (-) accumulated absences accounts	6	21	263.8
Total net current expenditure ⁽¹⁾	115,220	111,972	-2.8
<u>plus non-current expenditure</u>			
Capital financing ⁽²⁾	4,639	4,343	
Capital expenditure charged to Revenue Account	2,915	1,288	
Council tax benefit	4,162	4,177	
Discretionary Non-Domestic Rate relief	30	30	
Bad debt provision	108	120	
Flood defence payments to Environment Agency	31	32	
Private Finance Initiative (PFI) schemes - difference from service charge	5	51	
Appropriations to (+)/ from (-) financial instruments adjustment account ⁽³⁾	-217	6	
Appropriations to (+)/ from (-) unequal pay back pay account ⁽⁴⁾	-15	16	
<i>less interest receipts</i>	860	821	
<i>less specific grants outside AEF ⁽⁵⁾</i>	26,541	26,651	
<i>less Business Rates Supplement</i>	230	235	
<i>less Community Infrastructure Levy</i>	0	6	
<i>less Carbon Reduction Commitment</i>	-31	-27	
Revenue expenditure	99,278	94,350	-5.0

(1) Education expenditure for 2012-13 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

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

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

(4) 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

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

2. Revenue Expenditure and Financing

Table 2 shows how revenue expenditure was financed in 2011-12 and 2012-13. A more detailed breakdown of this information can be found in **Annex A**. **Chart B** illustrates how revenue expenditure was financed in 2012-13.

Central Government Grants

- Specific grants inside Aggregate External Finance decreased from £45.5 billion in 2011-12 to £42.0 billion in 2012-13. This was mainly due to Dedicated Schools Grant (which decreased from £32.6 billion in 2011-12 to £30.1 billion in 2012-13, as local authorities received less funding due to more schools converting into academies).
- Formula grant (Revenue Support Grant, Redistributed Non-Domestic Rates and Police grant) totalled £27.8 billion in 2012-13, a decrease from £29.4 billion in 2011-12.
- Redistributed non-domestic rates amounted to £23.1 billion in 2012-13, an increase from £19.0 billion in 2011-12. Each year's amount of redistributed non-domestic rates is affected by deficits or surpluses carried forward from previous years. It is not just the amount of rates expected to be collected within the year.
- The funding of central government grants amounted to £70.0 billion in 2012-13, a decrease from £75.2 billion in 2011-12. This comprised of specific grants inside AEF, Local Services Support Grant and Formula Grant.
- Specific grants outside Aggregate External Finance increased from £26.5 billion in 2011-12 to £26.7 billion in 2012-13.

Reserve Levels

- In 2012-13 local authorities increased their reserves by £2.6 billion, of which £0.9 billion was due to Greater London Authority. In 2011-12 local authorities also increased their reserves by £2.6 billion, of which £0.6 billion was due to Greater London Authority.
- In 2012-13, 74% of local authorities in England increased their reserve levels, and 26% decreased their reserve levels.

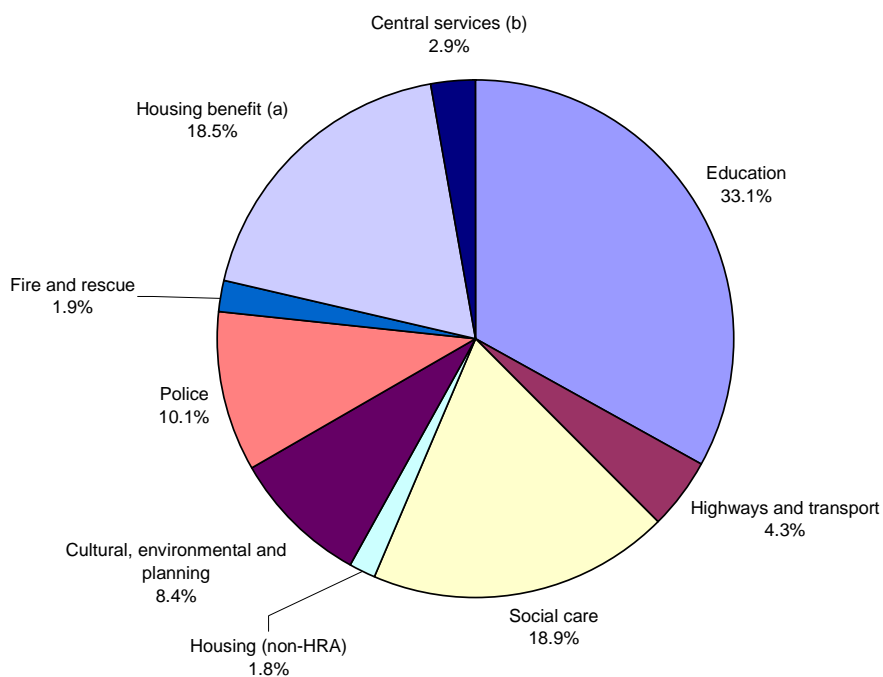
Other Financing Items

- Capital financing amounted to £4.3 billion in 2012-13, a decrease from £4.6 billion in 2011-12.
- Capital expenditure charged to the revenue account (CERA) amounted to £1.3 billion in 2012-13, a decrease from £2.9 billion in 2011-12. The difference is due to GLA, who decreased CERA from £2.0 billion in 2011-12 to £163 million in 2012-13. Excluding GLA, CERA has increased from £1.0 billion in 2011-13 to £1.1 billion in 2012-13.
- Interest receipts were £821 million in 2012-13, compared with £860 million in 2011-12.

Table 2: Revenue expenditure and financing 2011-12 and 2012-13

	£ million	
	Revenue expenditure 2011-12	Revenue expenditure 2012-13 (P)
Revenue expenditure	99,278	94,350
financed by:		
Reserves and Other		
Transfers and Adjustments ⁽¹⁾	0	0
Appropriations to (-) / from (+) revenue reserves (including school reserves)	-2,553	-2,551
Other items	126	131
Total Government Funding		
Specific grants inside AEF ⁽²⁾	45,502	41,982
Local Services Support Grant (LSSG)	253	221
Formula grant	29,436	27,802
of which:		
<i>Revenue Support Grant</i>	5,873	448
<i>Redistributed non-domestic rates</i>	19,017	23,129
<i>Police grant</i>	4,546	4,224
General Greater London Authority (GLA) grant	63	50
Council tax requirement	26,451	26,715
<small>(1) Inter-authority transfers in respect of reorganisation</small>		
<small>(2) Aggregate External Finance; see Background Notes for definition</small>		

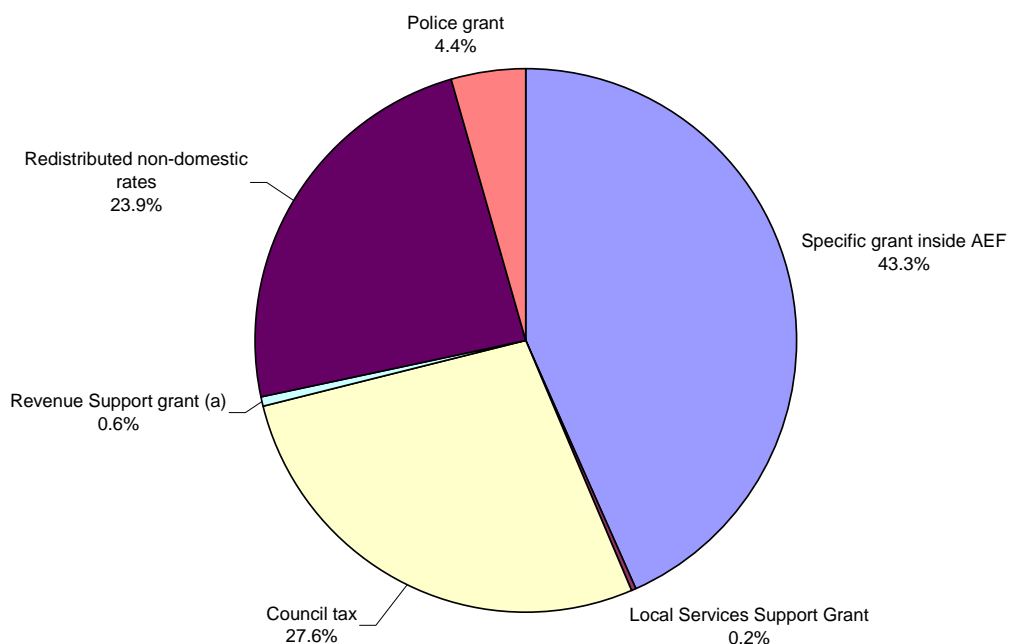
Chart A: Total net current expenditure by service 2012-13



(a) Housing benefit includes mandatory rent allowances and rent rebates

(b) Central services include courts and other services relating to administration costs for council tax and non-domestic rates collection

Chart B: Financing of revenue expenditure 2012-13



(a) Revenue Support Grant includes General GLA grant and 'Other items' (relating to amounts in respect of collection fund surpluses / deficits and community charge items for 2010-11, transferable from / to collection fund in 2011-12)

(b) The figures do not include appropriations to / from financial reserves, of which, authorities added £2.6 billion to their reserves in 2012-13

Table 3 shows the funding of revenue expenditure in terms of government grants, redistributed non-domestic rates, retained income from rate retention scheme, and council taxes from 2007-08 onwards. Figures for 2007-08 to 2009-10 are produced on a non-FRS17 accountancy basis, and figures for 2010-11 onwards are produced on a non-IAS19 basis. A fuller definition of IAS19 can be found in the **Definitions** section.

- In 2012-13, 49.7% of revenue expenditure on a non-IAS19 basis was funded by government grants (including Revenue Support Grant, specific grants inside Aggregate External Finance, Local Services Support Grant, and Police grant), 28.3% by council tax and 24.5% by redistributed non-domestic rates.

Table 3: Financing of revenue expenditure since 2007-08

	Revenue expenditure (£ million)	Government grants (£ million)	% of total	Redistributed non-domestic rates (£ million)	% of total	Council tax (£ million)	% of total
Outturn							
2007-08 ⁽¹⁾	92,384	51,656	55.9	18,506	20.0	23,608	25.6
2008-09 ⁽¹⁾	98,107	53,007	54.0	20,506	22.2	24,759	25.2
2009-10 ⁽¹⁾	103,276	57,755	55.9	19,515	18.9	25,633	24.8
2010-11 ⁽²⁾	104,256	57,657	55.3	21,517	20.6	26,254	25.2
2011-12 ⁽²⁾	99,278	56,237	56.6	19,017	19.2	26,451	26.6
2012-13 (P) ⁽²⁾	94,350	46,926	49.7	23,129	24.5	26,715	28.3

(1) 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

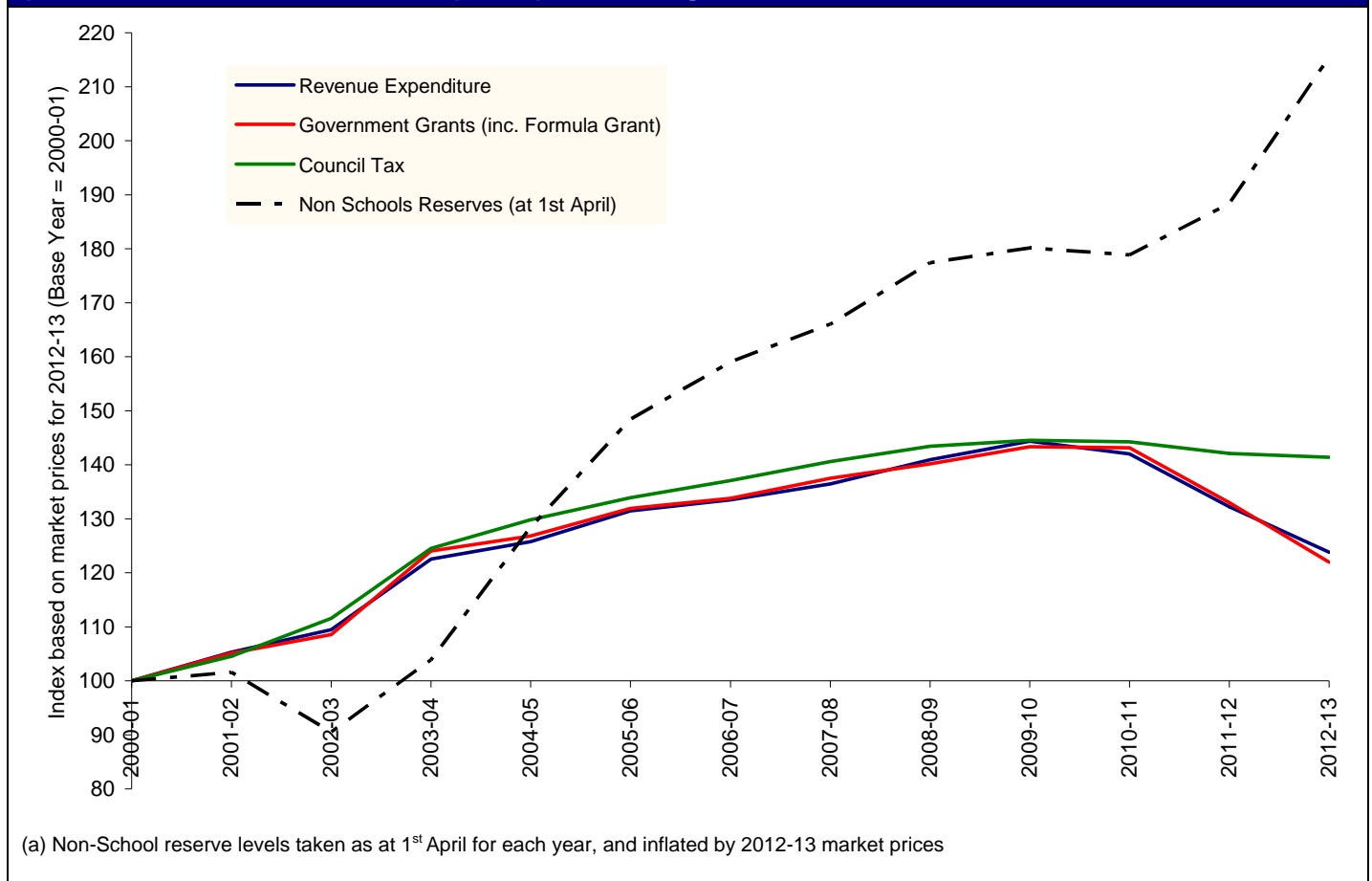
(2) Produced on a Non-International Accounting Standard 19 basis. Sum of government grants, redistributed non-domestic rates and council tax does not normally exactly equal revenue expenditure because of the use of reserves and other adjustments

Chart C shows the real changes in Government Grants, Council Tax, Revenue Expenditure and non-school reserves (unallocated & other earmarked financial reserves as at 1st April each year) from 2000-01 to 2012-13. The indexes are calculated from financial figures on a non-FRS17/non-IAS19 accounting basis, for year-on-year comparisons.

In real terms from 2000-01 to 2012-13, revenue expenditure has risen by 23.8%, government grants awarded to local authorities have risen by 22.0%, and council tax has risen by 41.4%. In real terms, non-school reserves have increased by 115.4% from 1st April 2000 to 1st April 2012.

From 2010-11 to 2012-13, non-schools reserves have increased in real terms by 20.5%, whereas council tax has decreased by 2.0%, revenue expenditure has decreased by 12.8%, and government grants have decreased in real terms by 14.8%.

Chart C: Changes in revenue expenditure and its financing attributes since 2000-01 for England (Index based on 2012-13 market prices) – including non-school reserves ^(a)



3. Income from Specific Grants

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

- In 2012-13, Dedicated Schools Grant (DSG), which is ring-fenced, amounted to £30.1 billion. This was a decrease from £32.6 billion in 2011-12, due in part to more schools converting to an academy status, which are funded directly by central government rather than via local authorities.
- DSG accounted for 71.7% of the income received by local authorities through specific grants inside Aggregate External Finance in 2012-13, and 43.0% of the total income received by local authorities through central government grants (which includes redistributed non-domestic rates, although does not include specific grants outside AEF). These percentages were 71.6% and 43.3% respectively in 2011-12.

Table 4: Top five incomes from specific grants 2012-13

	Line Reference	£ million
Grants inside Aggregate External Finance		
Dedicated Schools Grant (DSG)	RG line 102	30,105
Early Intervention Grant	RG line 158	2,304
GLA Transport Grant	RG line 221	2,123
Learning Disability and Health Reform Grant	RG line 312	1,276
The Private Finance Initiative (PFI)	RG line 545	982
Grants outside Aggregate External Finance		
Mandatory Rent Allowances: subsidy	RG line 745	15,443
Council Tax Benefit: subsidy	RG line 741	4,252
Rent Rebates Granted to HRA Tenants: subsidy	RG line 747	3,747
Mandatory Rent Rebates outside HRA: subsidy	RG line 746	1,208
Sixth Form Funding from Young People's Learning Agency (YPLA)	RG line 716	1,039

4. 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 in 2012-13

	Net Current Expenditure (£000)				Implied Q4 Outturn
	Outturn ^(a)	Q1 Outturn ^(b)	Q2 Outturn ^(b)	Q3 Outturn ^(b)	
Total Service Expenditure	91,124	22,381	23,170	22,930	22,643
Net Current Expenditure	111,972	27,445	28,343	27,992	28,192

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

The figures in **Table 5** show that the implied fourth quarterly figure of 2012-13 represented 24.8% of total service expenditure figures on the RO returns, and 25.2% of the total net current expenditure figures.

Annex A: Provisional Revenue Outturn Summary (RS) 2012-13

		£ million	
	Net current expenditure	Capital Items	Net total cost (excluding specific grants)
190 Education services	37,109	4,557	41,666
290 Highways and transport services	4,868	2,712	7,580
390 Children's Social Care	6,601	118	6,719
399 Adult Social Care	14,526	266	14,792
490 Housing services (GFRA only)	1,998	987	2,985
509 Cultural and related services	2,945	947	3,892
590 Environmental and regulatory services	5,065	449	5,514
599 Planning and development services	1,434	1,969	3,402
601 Police services	11,335	567	11,902
602 Fire and rescue services	2,120	175	2,295
690 Central services	3,011	660	3,671
698 Other services	113	32	145
699 TOTAL SERVICE EXPENDITURE (TOTAL OF LINES 190 TO 698)	91,124	13,437	104,561
711 Housing benefits: rent allowances - mandatory payments	15,886		
712 Housing benefits: non-HRA rent rebates - mandatory payments	558		
713 Housing benefits: rent rebates to HRA tenants - mandatory payments	4,286		
714 Housing benefits: subsidy limitation transfers from HRA	-8		
718 Contribution to the HRA re items shared by the whole community	10		
721 Parish precepts	384		
722 Integrated Transport Authority levy	0		
724 Waste Disposal Authority levy	0		
727 London Pensions Fund Authority levy	25		
728 Other levies	23		
731 External Trading Accounts net surplus(-)/ deficit(+)	-212		
732 Internal Trading Accounts net surplus(-)/ deficit(+)	27		
741 Capital charges accounted for in External Trading Accounts	-86		
742 Capital charges accounted for in Internal Trading Accounts	-95		
747 Appropriations to(+)/ from(-) Accumulated Absences Account	21		
748 Adjustments to net current expenditure	28		
749 NET CURRENT EXPENDITURE (TOTAL OF LINES 699 TO 748)	111,972		
754 Local tax collection: Council tax benefit paid to the Collection Fund	4,177		
757 Local tax collection: Non-domestic rate relief - discretionary payments	30		
759 Levy: Environment Agency flood defence	32		
765 Capital expenditure charged to the GF Revenue Account (CERA)	1,288		
771 Provision for bad debts	120		
773 Provision for repayment of principal	2,096		
776 Leasing payments	63		
781 Interest payable and similar charges	2,737		
783 Interest: HRA item 8 payments and receipts	-552		
785 SUB-TOTAL (total of lines 749 to 783)	121,964		
786 Interest and investment income (-): external receipts and dividends	-821		
788 Private Finance Initiative (PFI) schemes - difference from service charge	51		
789 Appropriations to(+)/ from(-) financial instruments adjustment account	6		
790 Appropriations to(+)/ from(-) unequal pay back pay account	16		
791 Specific and special revenue grants outside AEF	-26,651		
793 Business Rates Supplement	-235		
794 Community Infrastructure Levy	-6		
795 Carbon Reduction Commitment transactions (expenditure) (+)	29		
796 Carbon Reduction Commitment transactions (income) (-)	-2		
800 REVENUE EXPENDITURE (TOTAL OF LINES 785 TO 796)	94,350		

continued

Annex A: Provisional Revenue Outturn Summary (RS) 2012-13 (continued)

£ million

	Net current expenditure		
803 Local Services Support Grant (LSSG)	-221		
804 Specific and special revenue grants inside AEF	-41,982		
805 NET REVENUE EXPENDITURE (TOTAL OF LINES 800 TO 804)	52,147		
806 Inter-authority transfers in respect of reorganisation	0		
811 Appropriations to(+)/ from(-) schools' reserves	-43		
815 Appropriations to(+)/ from(-) other earmarked financial reserves	2,384		
816 Appropriations to(+)/ from(-) unallocated financial reserves	210		
851 Revenue Support Grant	-448		
856 Police grant	-4,224		
858 General GLA grant	-50		
870 Redistributed non-domestic rates	-23,129		
880 Other items	-131		
890 COUNCIL TAX REQUIREMENT (TOTAL OF LINES 805 TO 880)	26,715		
		At 1 April 2012	At 31 March 2013
Financial reserves levels at start and end of 2012-13			
911 Schools reserves level	2,411		2,368
915 Other earmarked financial reserves level	12,317		14,701
916 Unallocated financial reserves level	4,226		4,436
920 Prior Year Adjustments	4		
Capital items		2012-13	
931 Depreciation	5,842		
933 Loss on impairment of assets	3,540		
934 Revaluations taken to surplus or deficit on the provision of services	1,524		
935 Credit for amortisation of capital grants and other capital contributions	-1,331		
936 Revenue Expenditure funded from Capital by Statute	3,861		
939 Total capital items (TOTAL OF LINES 931 TO 936)	13,437		
Equal pay costs			
941 One off equal pay costs - falling on the schools budget	8		
942 One off equal pay costs - chargeable to any other revenue account	37		
Icelandic bank impairment			
951 Interest payable and similar charges ^(a)	-1		
952 Interest and investment income (-): external receipts and dividends ^(b)	-12		
Housing Revenue Account (HRA) - 2012-13			
980 Total Housing Revenue Account (HRA) income	7,876		
981 Total Housing Revenue Account (HRA) expenditure	7,530		
982 Surplus or deficit for the year on HRA services (line 980 minus 981)	347		
		At 1 April 2012	At 31 March 2013
983 Housing Revenue Account (HRA) reserves	1,244		1,590

(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) 2012-13

£ million									
	Employees (1)	Running expenses (2)	Total expenditure (3) = (1) + (2)	Sales, fees & charges (4)	Other income (a) (5)	Total income (6) = (4) + (5)	Net current expenditure (7) = (3) - (6)	Capital items (8)	Net total cost (excluding specific grants) (9) = (7) + (8)
190 Education services	25,948	15,955	41,903	1,692	3,102	4,795	37,109	4,557	41,666
290 Highways and transport services	1,229	6,344	7,573	2,012	693	2,705	4,868	2,712	7,580
390 Children Social Care	2,643	4,508	7,151	119	431	550	6,601	118	6,719
399 Adult Social Care	3,663	15,913	19,576	2,641	2,409	5,050	14,526	266	14,792
490 Housing services (GFRA only)	675	2,320	2,995	603	393	997	1,998	987	2,985
509 Cultural and related services	1,528	2,710	4,238	872	421	1,293	2,945	947	3,892
590 Environmental and regulatory services	1,595	5,168	6,763	1,053	644	1,697	5,065	449	5,514
599 Planning and development services	1,015	1,390	2,405	625	346	971	1,434	1,969	3,402
601 Police services	10,120	2,184	12,304	462	507	969	11,335	567	11,902
602 Fire and rescue services	1,659	542	2,200	29	51	80	2,120	175	2,295
690 Central services	5,877	6,715	12,592	1,124	8,458	9,582	3,011	660	3,671
698 Other services	164	325	489	51	325	377	113	32	145
699 Total service expenditure (total of lines 190 to 698)	56,115	64,075	120,189	11,284	17,781	29,065	91,124	13,437	104,561

(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) 2012-13
£ million
Grants within Aggregate External Finance (AEF)

102	Dedicated Schools Grant (DSG)	30,105
103	Pupil Premium Grant	945
158	Early Intervention Grant	2,304
221	GLA Transport Grant	2,123
231	Metropolitan Railway Passenger Services (include NEXUS Tyne and Wear Metro)	60
232	Mersey Travel	114
235	Local Sustainable Transport Fund	94
312	Learning Disability and Health Reform Grant	1,276
405	Housing and Council Tax Benefit Administration Subsidy	520
484	Right to Control Trailblazers	6
514	Housing Growth & Housing Market Renewal Transitional Fund	1
520	Neighbourhood Planning Front Runners	1
524	Greater London Authority Settlement	0
525	Preventing Repossessions Fund	2
526	Court Desk Revenue Grant	0
540	New Homes Bonus	392
541	Housing Mobility Demonstration pilot grant	1
543	Fire Revenue Grant	40
545	The Private Finance Initiative (PFI)	982
550	Council Tax Freeze Grant (2012-13 only - see guidance)	569
552	Weekly Collection Support Scheme	14
553	Gurkha Support Fund	1
573	Commons Pioneer Authorities	0
574	Household Reward and Recognition Fund	1
575	SuDS Maintenance Costs	0
576	Isles of Scilly Waste	0
581	National Parks & Broads	53
611	Asylum Seekers	92
626	Olympic Safety and Security	122
631	Counter Terrorism	455
643	Neighbourhood Policing Fund	275
644	Ending Gang and Youth Violence	7
645	Royal Parks Policing Grant	7
647	Probation Loan Charges	1
698	Other grants within AEF ^(a)	1,419
699	TOTAL GRANTS INSIDE AEF (Total of Lines 102 to 698)	41,982

Grants outside Aggregate External Finance (AEF)

708	Further Education funding from Skills Funding Agency - other 19+ funding	125
713	Higher Education Funding Council for England (HEFCE) Payments	20
715	Adult and Community Learning from Skills Funding Agency	236
716	Sixth Form Funding from Young People's Learning Agency (YPLA)	1,039
741	Council Tax Benefit: subsidy	4,252
744	Discretionary Housing Payments (DHPs)	163
745	Mandatory Rent Allowances: subsidy	15,443
746	Mandatory Rent Rebates outside HRA: subsidy	1,208
747	Rent Rebates Granted to HRA Tenants: subsidy	3,747
752	Housing Acts/ Urban Developments - contributions towards cost of loan charges	0
773	Rural Community Action Network (RCAN) / ACRE investment programme	6
775	Areas of Outstanding Natural Beauty (AONB)	2
791	European Community grants	37
798	Other grants outside AEF ^(a)	370
799	TOTAL GRANTS OUTSIDE AEF (total of lines 708 to 798)	26,651
800	TOTAL SPECIFIC AND SPECIAL REVENUE GRANTS (total of lines 699 + 799)	68,633

(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 747	
Total net current expenditure	RS line 749	

Annex D: Derivation of service lines used in Table 1 (continued)

	Line Reference	Levies/transfers
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	
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	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	
Revenue Expenditure	RS Line 800	

Annex E: Derivation of service lines used in Table 2

	Line reference	Additional Information
Revenue Expenditure	RS line 800	
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
Other items	RS line 880	
Specific grants inside AEF	RS line 804	
Local Services Support Grant (LSSG)	RS line 803	
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	
Council tax requirement	RS line 890	

5. Definitions

A list of terms relating to local government finance is given in the glossary at Annex G of *Local Government Finance Statistics England* No. 23 2013. This is accessible at.

<https://www.gov.uk/government/publications/local-government-financial-statistics-england-2013> 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.

Greater London Authority (GLA) Group – this includes GLA and its constituent bodies, Metropolitan Police Authority, London Fire and Emergency Planning Authority, Transport for London (TfL) and London Development Agency (LDA). Transactions in their General Fund Revenue Account are reported by the GLA and the four functional bodies as a group.

Appropriations to/from financial instruments adjustment account (line 889)

Appropriations to/from unequal pay back pay account (line 890)

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 unreasonable 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.

Local Services Support Grant is an 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 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.

Formula Grant – the main channel of government funding. This includes **Redistributed non-domestic rates**, **Revenue Support Grant**, Police grant and General (GLA) 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 849), 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 Support Grant – a general grant which replaced rate support grant in 1990-91. Now it is distributed as part of **Formula Grant**.

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.

6. Technical Notes

Survey design for collecting Revenue Outturn data in 2012-13

From May until July 2013, all 444 local authorities in England were requested to complete the Revenue Outturn (RO) suite of forms to show all their transactions related to the general fund revenue account. This included all elements of gross and net current expenditure, capital charges, net total costs and also elements that finance net current expenditure, which include; levy payments, interest receipts, central government grants, use of reserves, council tax and other non current expenditure items. **Annex F** shows the distribution of local authorities responsible for completing the RO forms by classification.

Annex F: Distribution of Local Authorities by Classification	
Local Authority Classification	
Greater London Authority	1
Shire Counties	27
Shire Districts	201
Inner London Boroughs ^(a)	13
Outer London Boroughs	20
Unitary Authorities ^(b)	56
Metropolitan Districts	36
Police Authorities	37
Fire Authorities	30
Other Authorities ^(c)	23
All	444

(a) Inner London Boroughs include City of London
(b) Unitary Authorities include Isles of Scilly
(c) Other Authorities include National Park Authorities, Waste Disposal Authorities and Integrated Transport Authorities

Data quality

This Statistical Release contains National Statistics and as such has been produced to the high professional standards set out in the Code of Practice for Official Statistics. National Statistics products undergo regular quality assurance reviews to ensure that they meet customer demands.

The information for 2012-13 in this release is derived from Department for Communities and Local Government (DCLG) Revenue Outturn (RO) forms and is based on valid returns from 441 out of 444 local authorities in England. Estimates have been made for the 3 missing returns. The 3 authorities that did not submit a completed form in time for this release were Medway Towns, Tendring, and Greater Manchester Waste Disposal Authority.

Only data for authorities that have completed a valid form are 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.)

Figures for the local authorities who did not submit their RO forms in time were imputed using their 2012-13 budget data, from Revenue Account Budget (RA) returns. Detailed income and expenditure figures on the RSX return were imputed by calculating the percentage increase in Net Current Expenditure from their 2011-12 outturn figures (from RSX) to their 2012-13 budget figures (from RA), and applying this percentage to their detailed income and expenditure figures in their 2011-12 RSX outturn figures.

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 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.

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 and Family Services, 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

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.

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.

Various Government Departments also utilize these data, some examples include:

1. Food Standards Agency uses the national level data to get a view of expenditure on food safety for all LA's across England. They also make use of the local level data to match expenditure on Food Safety and Trading Standards to their own data on number and type of businesses in each local authority, numbers of interventions and enforcement actions undertaken by each LA and the average compliance rates to food hygiene law. This enables them to develop a set of performance indicators for each local authority so that they could measure variations between authorities, good practice and how different levels of expenditure impact on enforcement activity and compliance.

2. The Efficiency Programme Team within Department of Health uses the data to look at the operational breakdown costs for Adult Social Services in order to derive average staff costs. This allows them to develop various efficiency indicators for Adult Social Services.
3. The parking services data are used by the Department for Transport to monitor LA's that have taken on civil parking enforcement powers and also to brief the ministers.

Further uses of this data are made internally by DCLG 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 authority's performance.

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.

Comments and feedback from end users for further improvement or about your experiences with this product will be welcomed. Please send all views to: lgf1.revenue@communities.gsi.gov.uk

Symbols and conventions

- ... = not available
- 0 = zero or negligible
- = not relevant
- || = discontinuity
- (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 parts.

Revisions policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Department for Communities and Local Government Revisions Policy (found at <https://www.gov.uk/government/publications/statistical-notice-dclg-revisions-policy>).

There are two types of revisions that the policy covers:

Non-Scheduled Revisions

Where a substantial error has occurred as a result of the compilation, imputation or dissemination process, the statistical release, live tables and other accompanying releases will be updated with a correction notice as soon as is practical.

Scheduled Revisions

At time of publication there are no scheduled revisions for this series.

Background notes

This Statistical Release can be found at the following web address:

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/local-authority-revenue-expenditure-and-financing>

Timings of future releases are regularly placed on the Department's website, <https://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics#forthcoming-publications> and on the National Statistics website, <http://www.statistics.gov.uk/releasecalendar/currentreleases.asp>

For a fuller picture of recent trends in local government finance, readers are directed to *Local Government Finance Statistics England* No. 23 2013, 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: <https://www.gov.uk/government/publications/local-government-financial-statistics-england-2013>

The CIPFA *Finance and General Statistics* publication also contains detailed information on local government finance.

User engagement

Users are encouraged to provide feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and encouraged. Responses should be addressed to the "Public enquiries" contact given in the "Enquiries" section below.

The Department's engagement strategy to meet the needs of statistics users is published here: <https://www.gov.uk/government/publications/engagement-strategy-to-meet-the-needs-of-statistics-users>

Devolved administration statistics

The Scottish, Welsh Assembly and Northern Ireland Government also collect revenue budget 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

7. Enquiries

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

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Information on Official Statistics is available via the UK Statistics Authority website:

www.statistics.gov.uk/hub/browse-by-theme/index.html

Information about statistics at DCLG is available via the Department's website:

www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics

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This document/publication is also available on our website at www.gov.uk/dclg

If you have any enquiries regarding this document/publication, email contactus@communities.gov.uk or write to us at:

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