

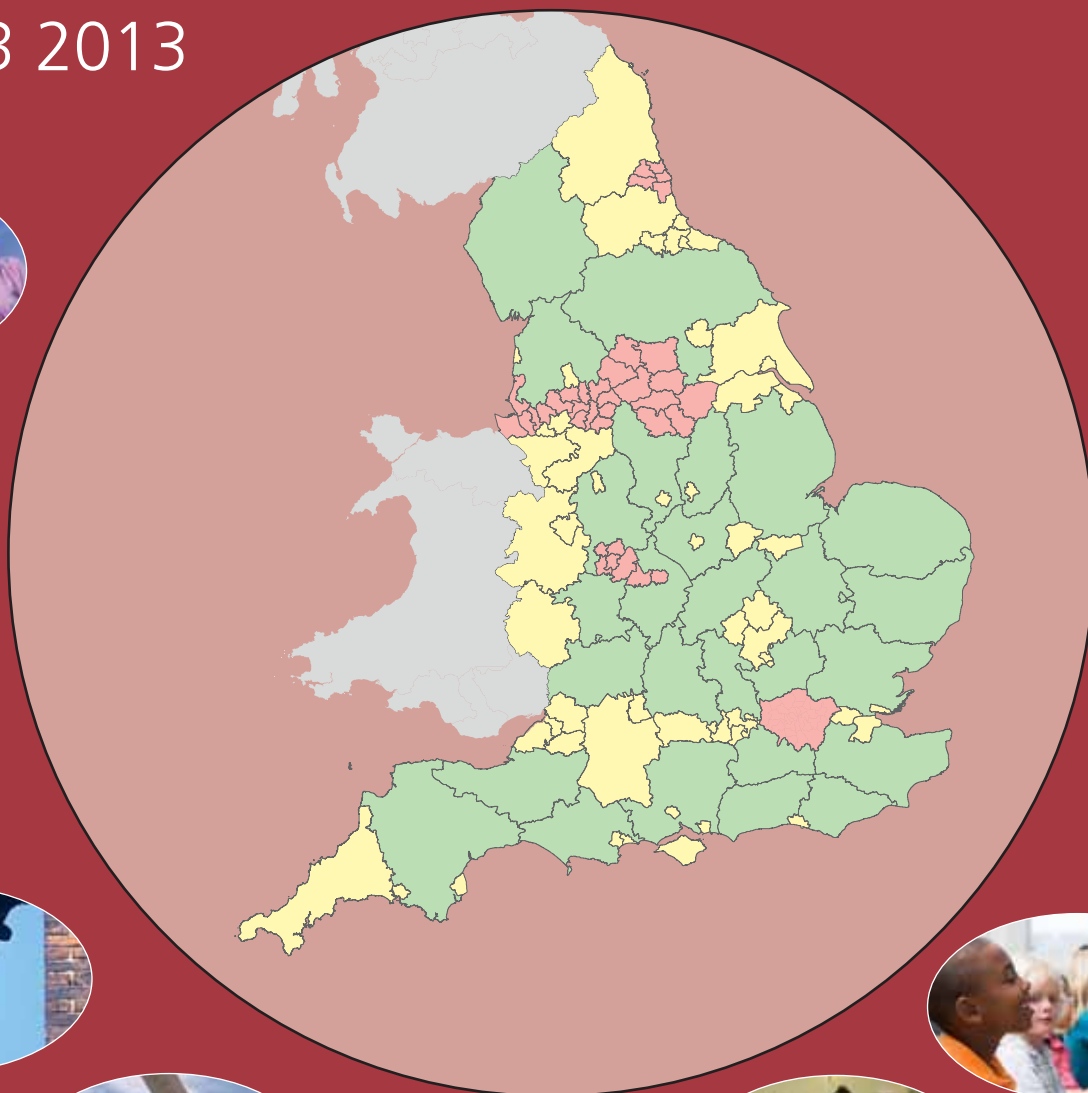


Department for
Communities and
Local Government



Local Government Financial Statistics England

No.23 2013





Department for
Communities and
Local Government



Local Government Financial Statistics England No.23 2013

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PREFACE

This is the 23rd edition of *Local Government Financial Statistics England*, providing summaries of financial data from local authorities, although earlier versions of *LGFS* have been published and presented to Parliament since the 1930s. Most of the information comes from forms sent to the Department for Communities and Local Government by all local authorities in England.

Local government expenditure represents about a quarter of all public expenditure, and the data are used in the monitoring of public expenditure and the compilation of the National Accounts. Local government finance data are also used by the Government to inform the allocation of resources to local government and the development and monitoring of local government finance policy, and more widely, by local authorities, businesses and members of the public.

This volume contains detailed outturn summaries of local government expenditure and income for years up to 2011-12, the latest year for which complete information is available, and estimates for 2012-13. Before the publication of the next edition of *LGFS* in mid 2014, the latest information will be made available in releases of 2012-13 outturn summaries and 2013-14 budgets, by means of other separate releases which will be published on the Department's website.

The data within this publication are National Statistics and as such have been produced to the high professional standards set out in the National Statistics Code of Practice. Most of the information in this publication is based on data supplied by local authorities to the Department for Communities and Local Government in statutory statistical returns. Due to the statutory nature of the returns, response rates are normally 100%. Figures are subject to rigorous pre-defined validation tests both within the form itself and also within DCLG as the forms are received and stored. The publication itself, once prepared, is also subject to intensive peer review before being cleared as fit for the purposes of publication.

Local government finance statistics publications and other detailed data can be found online at:

<https://www.gov.uk/government/organisations/departments-for-communities-and-local-government/about/statistics>

This link is also home to detailed statistical releases on revenue, capital and local tax statistics.

Further information on data quality, methodology and the uses of the data can be found on these releases, as well as a more detailed look at the statistical outputs. If you cannot locate the data you require please use the contact details below or in Annex E.

The key purpose of the LGFS compendium is to present a copy to parliament every year as required by law. However, it is also used by a variety of different users and has been developed through time to be accessible to a wider audience. Users include local authorities (including fire, police, transport and waste authorities), central government colleagues, libraries, schools, contacts in government or local government organisations and the private sector.

LGFS provides users with a comprehensive and quantitative view of the financial system of local government but, they are also guided through it with detailed commentary. This ensures that LGFS is accessible both to users who already have a good understanding of the subject area and those who are new to the topics. These include revenue expenditure and financing, capital expenditure and financing, local tax, borrowing and investments, pensions and pay and workforce. In addition, information is provided to ensure that users understand the structure and responsibilities of local government and its significance in the national context. Maps and lists of all local authorities are provided for users, as well as any significant changes to the functions and structure of local government since the 1970s. This documentation is essential for work on historical data and time series analysis.

LGFS provides contact numbers for fourteen different subject areas to ensure that users are able to seek advice on any data or explanation they require.

Information on the uses of local government finance statistics are compiled by the teams that work on the main subject areas within this compendium.

Responsible Statisticians:

Mike Young and Steve Melbourne

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. In addition Local Authority Level data are available upon request. Please contact us at:
lgfstats@communities.gsi.gov.uk

Telephone number: 030 344 42336

For specific contact telephone numbers, please refer to **Annex E** (online version).

Symbols and conventions

...	=	not available
-	=	not relevant
-	=	negative
0	=	zero or negligible
B	=	budget
E	=	estimate
F	=	forecast
P	=	provisional
R	=	revised since the last statistical release
||	=	discontinuity

Rounding

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

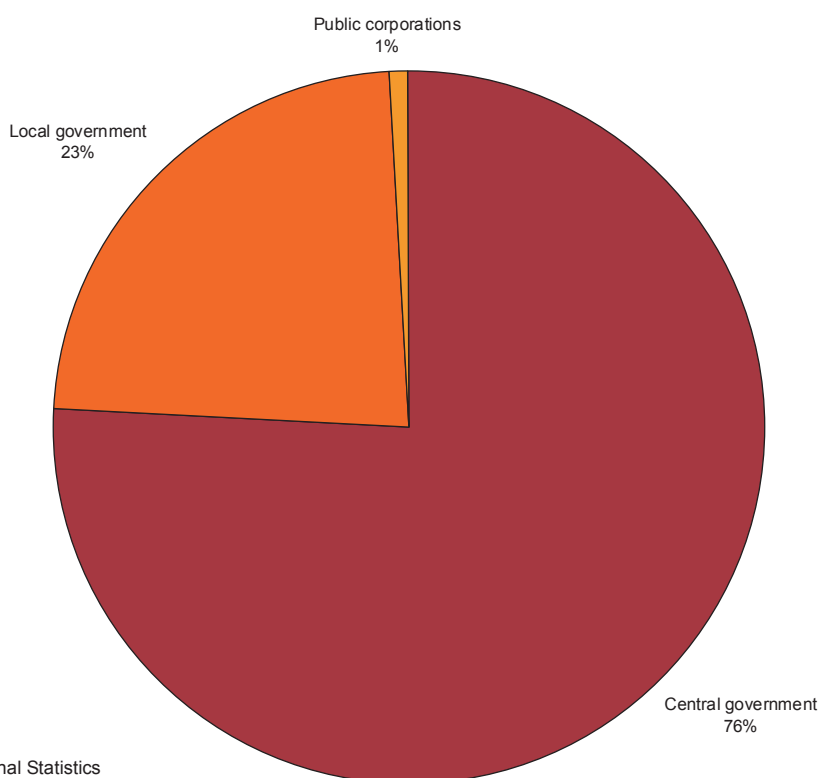
KEY TRENDS

Local government finance in England

K.1 Overview

- To set local government expenditure and income in context, local government accounts for 23% of the UK public sector's expenditure (see **section 1.5**).

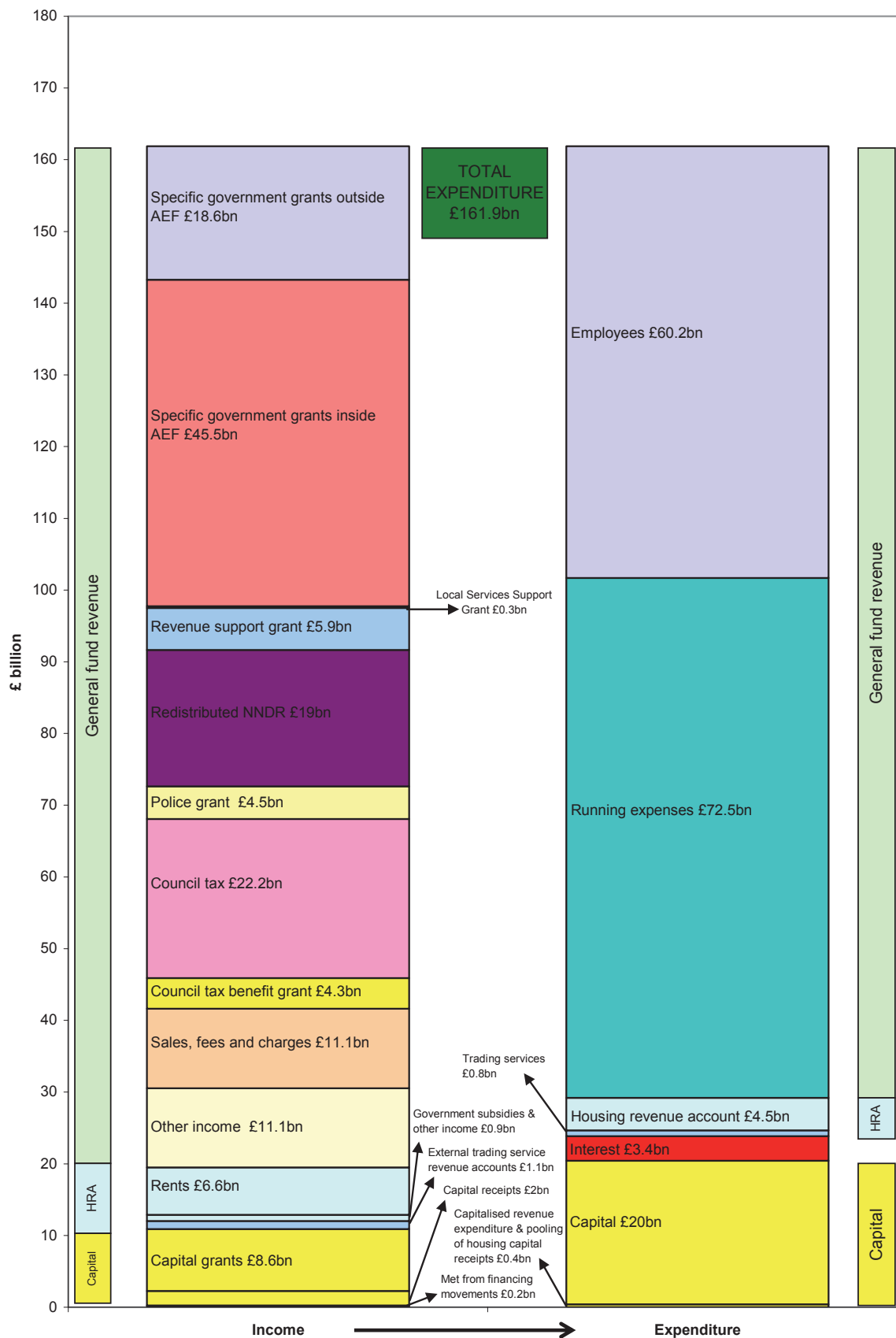
Chart K.1a: Local government expenditure in Total Managed Expenditure, UK 2011-12



Total managed expenditure has been derived using the National Accounts definition

- In England, local authorities' total expenditure was £162bn in 2011-12 compared with £172bn in 2010-11 and £168bn in 2009-10.
- After deducting non-grant income, the overall cost to the central and local taxpayer of local authority services is around £135bn, or £2,544 per head in 2011-12

Chart K.1b: Local authority gross income and expenditure 2011-12

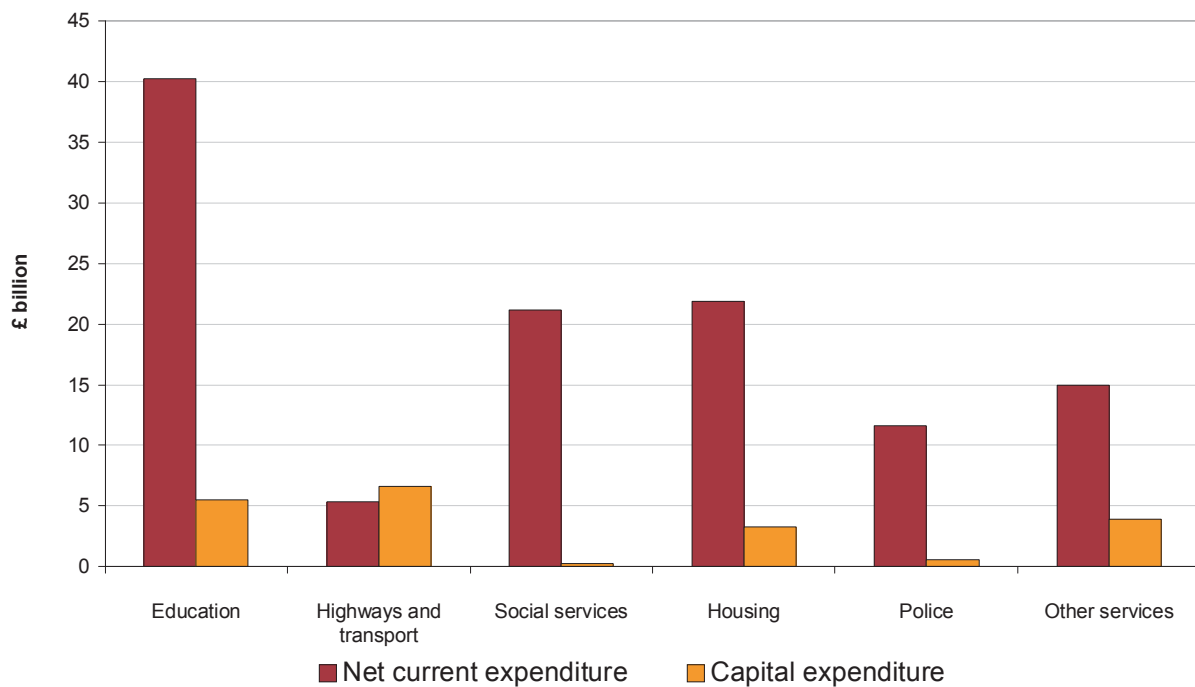


Total expenditure has been calculated as shown in table 1.6b

K.2 The pattern of spending

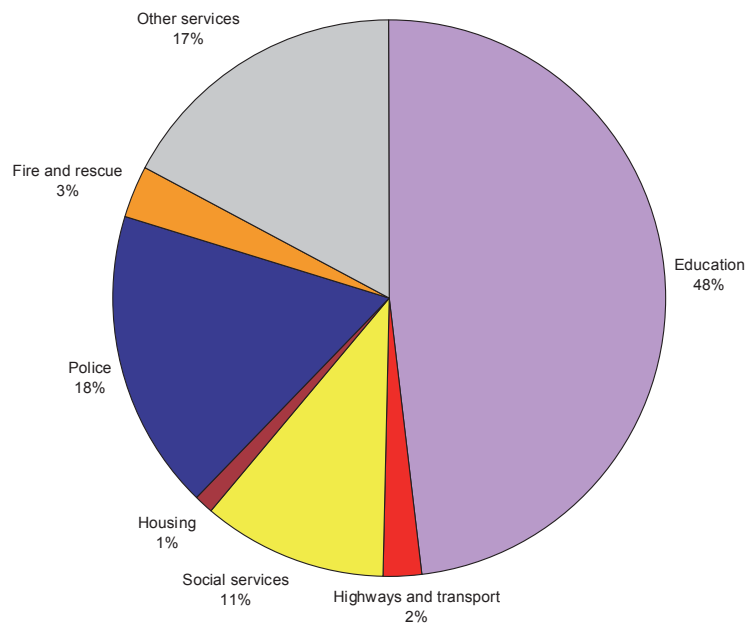
- In 2011-12, net current expenditure (see **section 3.2**) on general services was £115.2bn. Total capital expenditure was £20.0bn (see **section 4.2**).

Chart K.2a: Expenditure on services 2011-12



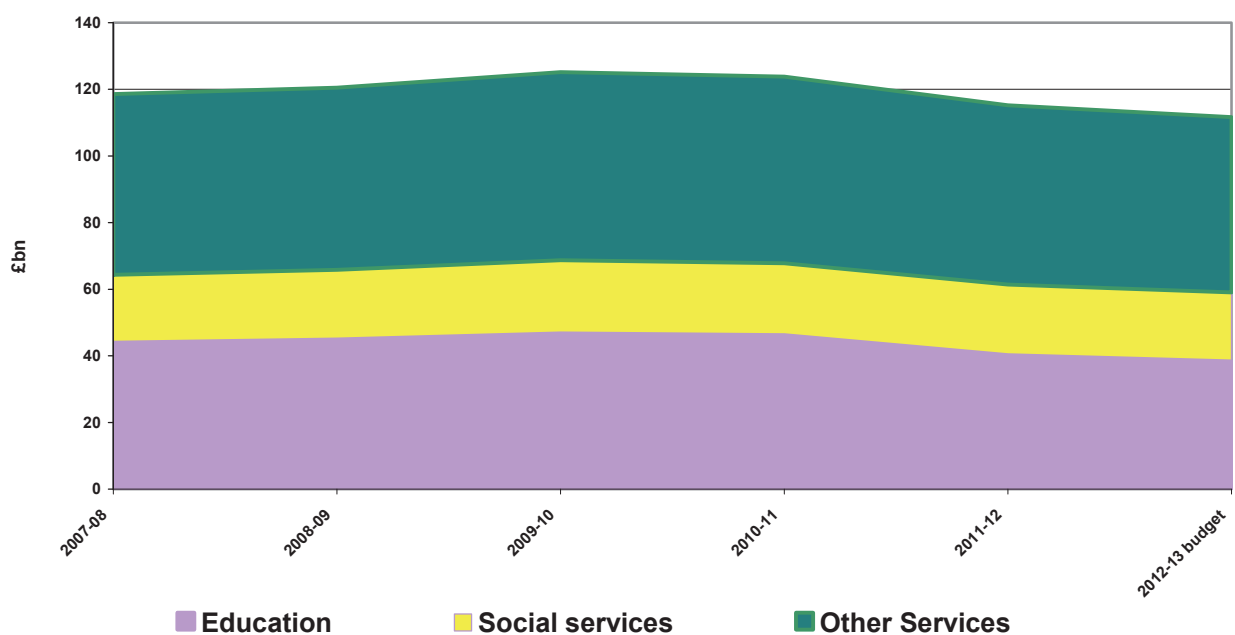
- Local government is collectively one of the largest employers in England, employing 1.67m full time equivalent staff (FTEs). The majority of these are in administration and other support services (see **section 6.3**). In 2011-12, local government employee expenditure accounted for 48% of all local government service expenditure (gross of income) (see **section 6.2**).

Chart K.2b: Employee expenditure by service 2011-12



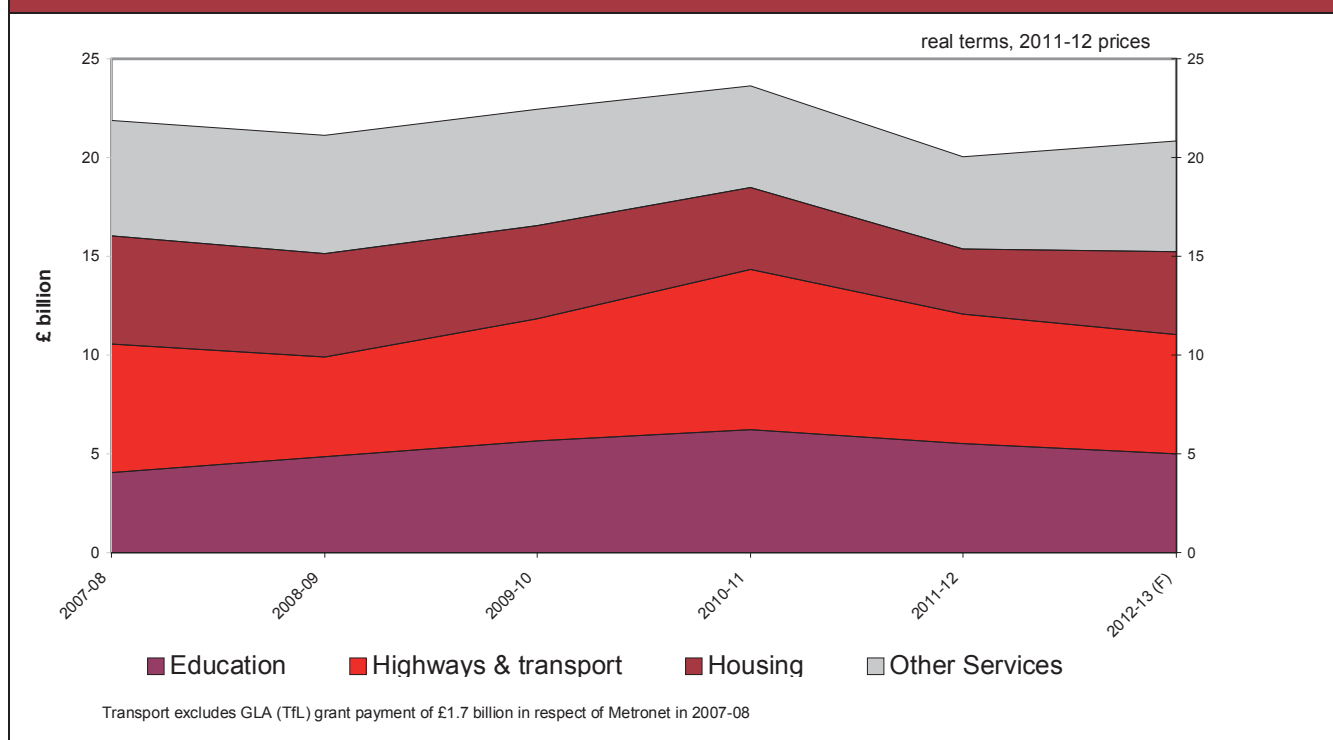
- Comparisons of service expenditure over time are affected by changes in local government responsibilities. Net current expenditure on education decreased by 8.5% in real terms between 2007-08 and 2011-12 due to schools becoming academies. Social services have increased by 3.9% over the same period (see **section 3.2**).

Chart K.2c: Annual change in net current expenditure by service 2007-08 to 2012-13



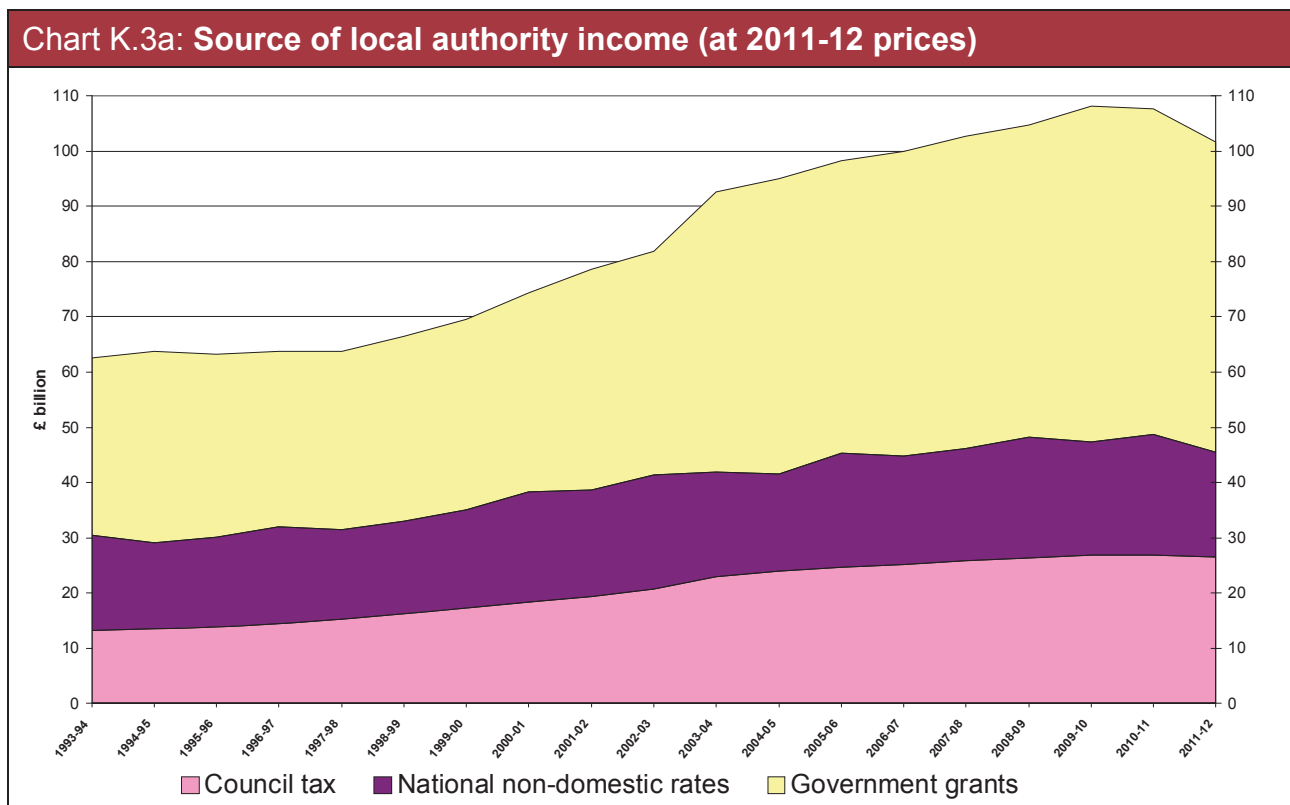
- In real terms, capital spending decreased by 8.4% between 2007-08 and 2011-12. During this period, capital expenditure on Education has increased by 35.2%, while spending on Housing has declined by 40.3% and Other Services by 19.6% (see **section 4.2**). These figures exclude the GLA (TfL) grant payment of £1.7bn in respect of Metronet in 2007-08.

Chart K.2d: Total capital expenditure by service 2007-08 to 2012-13



K.3 Balance of funding

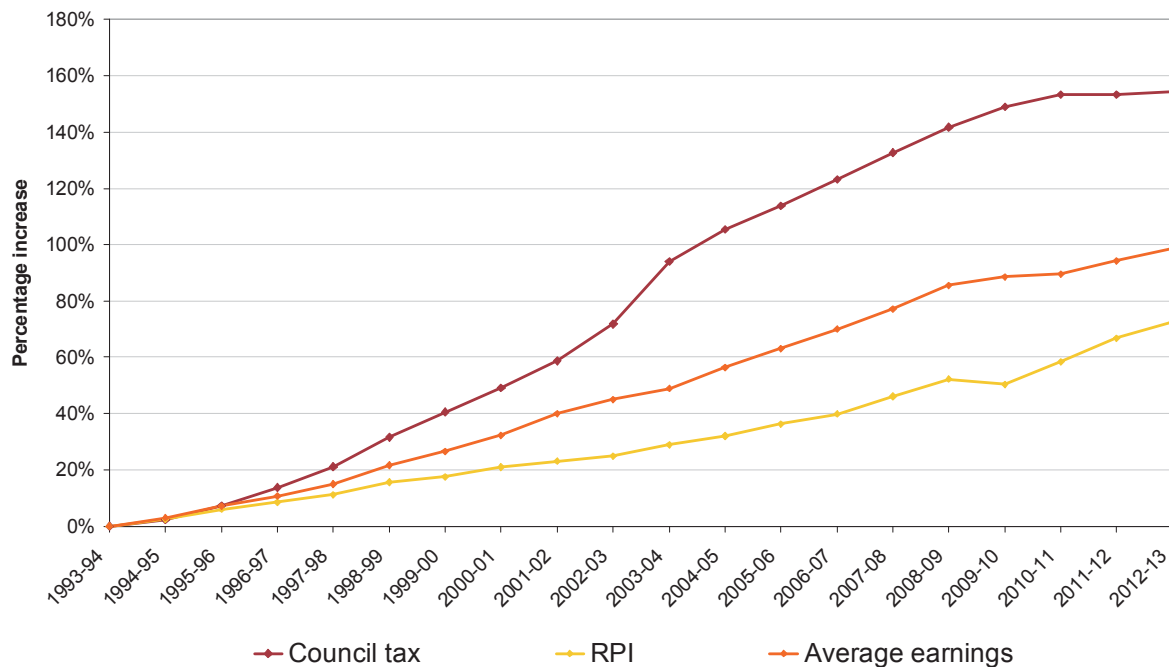
- About 63% of local authorities' total gross income in 2011-12 came from central government (including redistributed non-domestic rates, revenue and capital grants), and the remaining 37% from local sources, including council tax, charges, rents and capital receipts (see **section 2.1** for a full breakdown of local authority income).
- Using a narrower definition, 55% of revenue expenditure was funded from government grant in 2011-12, 26% from local taxes and 19% from redistributed non-domestic rates. The percentage of income funded from locally raised council tax has remained broadly stable since 1998-99 (see **section 3.2**).



K.4 Council tax

- Council tax requirement was £26.7bn in 2012-13, around £4.3bn of which was expected to be funded by council tax benefit. Since the introduction of council tax in 1993-94 average Band D council tax bills have increased by 154%, 2.1 times the rate of inflation, and 1.6 times the increase in average earnings (see **section 2.2**).

Chart K.4a: Cumulative increase in council tax, retail prices and average earnings since 1993-94



CHAPTER 1

Local government

1.0.1 This chapter provides an overview of the functions, structure and financial context of local government in England. It is divided into the following sections:

- **What is local government?** **section 1.1**
- **What local government does** **section 1.2**
- **How local government is structured** **section 1.3**
- **How big is local government?** **section 1.4**
- **Local government in the national context** **section 1.5**
- **How local government works financially** **section 1.6**
- **Local government accounting practice** **section 1.7**

1.1 What is local government?

- 1.1.1 Local government is one way in which the country's governance and administration is carried out, and its public services delivered. Two features distinguish local government from other local service providers – most local authorities are elected and most have the ability to raise taxes locally.
- 1.1.2 Local authorities are statutory bodies created by Acts of Parliament. They are not accountable to Parliament as they are directly elected by their local communities. Local government is a devolved responsibility in Scotland, Wales and Northern Ireland. Local authorities, their members and the administrative units supporting them have a number of objectives, amongst which are delivering national objectives locally using national and local resources to meet the diverse requirements of different neighbourhoods and communities.
- 1.1.3 The style and constitutional arrangements under which local government operates have changed and are still changing. Traditionally local government was about the delivery of a range of services. Over time, more and more of these services have been delivered by outside agencies and the role of local government has changed as a result.

1.2 What local government does

- 1.2.1 Local government delivers a wide range of services either directly through its employees, indirectly by employing others or by facilitating delivery by other bodies.

Table 1.2a: Services delivered by local government - England

Major service	Examples of what is delivered
Education	Maintained Schools – nursery; primary; secondary and special and services for them such as school meals; education welfare and support for those with special educational needs. Youth; adult; family and community education
Highways, Roads and Transport	Highways – construction and maintenance of non-trunk roads and bridges Street lighting Traffic management and road safety; new line parking services Public transport – concessionary fares; support to operators; co-ordination Airports; harbours and toll facilities
Social Care for Children and Adults	Children's and families' services – support; welfare; fostering; adoption Youth justice – secure accommodation; youth offender teams Services for older people – nursing; home; residential and day care; meals Services for people with a physical disability; sensory impairment; learning disabilities or mental health needs Asylum seekers Supported employment
Housing	Council housing (Housing Revenue Account) Housing strategy and advice; housing renewal. Housing benefits and welfare Homelessness
Cultural services	Culture and heritage – archives; museums and galleries; public entertainment Recreation and sport – sports development; indoor and outdoor sports and recreation facilities Open spaces – national and community parks; countryside; allotments Tourism – marketing and development; visitor information Libraries and information services
Environmental services	Cemetery; cremation and mortuary services Community safety; consumer protection; coast protection; trading standards Environmental health – food safety; pollution & pest control; housing standards; public conveniences; licensing Agricultural and fisheries services Waste collection and disposal; street cleansing
Planning and development	Building and development control Planning policy – including conservation and listed buildings Environmental initiatives Economic and community development
Protective services	Community Safety Services. Fire and rescue services Court services – coroners etc
Central and other services	Local tax collection Registration of births; deaths and marriages Elections – including registration of electors Emergency planning Local land charges Democratic representation Corporate management

1.3 How local government is structured

- 1.3.1 This document covers local government in England in 2011-12. The structure of local government varies across the country and is mapped in **Annex A1**. **Map A1a** shows the shire counties, metropolitan districts and unitary authorities. The shire counties (upper tier authorities) are broken down into shire districts (lower tier authorities) shown on **Maps A1b to A1e**.
- 1.3.2 In London (**Map A1f**), most functions are delivered by the London boroughs and the City of London, which are all lower-tier authorities. The upper tier consists of the **Greater London Authority (GLA)** and its four functional bodies. The GLA itself comprises a directly elected Mayor and a separately elected Assembly. The GLA group consists of the following four organisations:
- Metropolitan Police Authority (MPA). Replaced by Mayor's Office for Policing and Crime in January 2012.
 - London Fire and Emergency Planning Authority (LFEPA)
 - Transport for London (TfL)
 - London Development Agency (LDA).
- 1.3.3 In the six metropolitan areas (Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear, West Midlands and West Yorkshire), most services are run by metropolitan districts. However, fire and rescue, police, passenger transport, and in some cases waste disposal, are the responsibility of single-purpose authorities as shown in **Maps A1g to A1i**.
- 1.3.4 In most of the rest of England, called the shire areas, there are two main tiers of local authorities: shire counties and shire districts. These have different responsibilities. However, in some parts of the country, shire county and shire district responsibilities are carried out by a single unitary authority. There were 46 of these authorities created between 1 April 1995 and 1 April 1998 and a further 9 were created on 1 April 2009, with the unitary authority in each case taking over both shire district and shire county functions for their area. Most unitary authorities did not take over responsibility for the fire and rescue service, so shire counties that were affected by the creation of unitary authorities also have a combined fire authority to administer these services in the old county area – see **Map A1g**. There is also a police authority for each constabulary which cover each metropolitan area and shire county (sometimes combinations of these) – see **Map A1h**. However, except for the City of London, police authorities will be replaced by elected Police and Crime Commissioners in November 2012, after the scope of this publication.
- 1.3.5 The classification of inner and outer London Boroughs used by the Department for Communities and Local Government is that as defined in law by the London Government Act 1963, and the definition is used for purposes such as the local government finance system. The inner London boroughs correspond to the former London County Council area. The outer London boroughs correspond to areas transferred in 1965 for administrative purposes from the counties of Essex, Hertfordshire, Kent, Middlesex and Surrey.

- 1.3.6 The local government finance statistical data collected by the Department for Communities and Local Government are used to provide ministers with the most up-to-date information on local government finance and inform policy decisions. As the definition of inner and outer London boroughs used within the local government finance system is that as defined in law, it is both appropriate and consistent for our statistical data to follow the legal definition to correctly inform policy decisions, rather than follow the definition used by the Office for National Statistics (ONS).
- 1.3.7 Most information in this publication is supplied by the principal authorities mentioned above, plus the park authorities and waste authorities in **Map A1i**.
- 1.3.8 Information is not collected from the third tier of local government, the 9,920 parish councils or the 1,000 parish meetings where there is no parish council. Further details on parish and town councils are given in **Annex A3**.
- 1.3.9 **Table 1.3a** shows local authority responsibilities for major services in and **Annex A4** gives details of the main changes to local authority structure in recent years.

Table 1.3a: Local authority responsibility for major services in England										
	Metropolitan areas		Shire areas				London area			
	District councils	Single purpose authorities	Unitaries	County councils	District councils	Single purpose authorities	City of London	London boroughs	GLA	Single purpose authorities
Number of authorities	36	20	56	27	201	55	1	32	1	4
Education	√		√	√			√	√		
Highways ^(a)	√		√	√			√	√	√	
Transport Planning	√		√	√			√	√	√	
Passenger transport		√	√	√					√	
Social care	√		√	√			√	√		
Housing	√		√		√		√	√		
Libraries	√		√	√			√	√		
Leisure and recreation	√		√		√		√	√		
Environmental health	√		√		√		√	√		
Waste collection	√		√		√		√	√		
Waste disposal ^(b)	√	√	√	√			√	√		√
Planning applications	√		√		√		√	√		
Strategic planning	√		√	√			√	√	√	
Police		√				√	√		√	
Fire and rescue ^(c)		√		√		√			√	
Local taxation	√		√		√		√	√		

(a) Transport for London (TfL), a body of the Greater London Authority (GLA), is the highways authority for about 5% of London roads.

(b) Waste disposal for some areas of London is carried out by separate waste disposal authorities. The GLA has strategic, but not operational, responsibility for municipal waste.

(c) Combined fire authorities are responsible for fire and rescue services in the shire areas affected by reorganisation from April 1996. Cornwall UA, Isle of Wight, Northumberland and Isles of Scilly are the Unitary Authorities with responsibility for fire and rescue services.

The table excludes 11 park authorities in England – for the nine National Parks, The Broads and the Lee Valley Regional Park. These authorities have various powers and aims that straddle some of the normal functions of local government. In particular, park authorities have responsibility for planning and leisure functions.

1.4 How big is local government?

- 1.4.1 Local authorities in England spend around £141.4bn (revenue expenditure) a year and employ nearly 1.7m full time equivalent (FTE) staff.
- 1.4.2 Of all local authority employees 359,000 FTEs work in education as teachers, almost 249,000 FTEs are employed on protection, law and order: police, fire, traffic wardens and police civilians, and almost 1.060m FTEs work in administration and other support services.
- 1.4.3 There are 18,431 elected councillors serving on 354 local authorities in 2011-12. A further 90 single purpose authorities did not have directly elected councillors.

Table 1.4a: Size of local government at 1 April 2012 - England										
	Land area in hectares		Population mid-2011		Number of elected authorities	Number of councillors		Number of single purpose authorities	All authorities	
	million	%	million	%		number	%		number	%
Shire areas	12.2	93	33.4	63	284	13,994	76	65	349	79
Metropolitan areas	0.7	5	11.5	22	36	2,445	13	20	56	13
London	0.2	2	8.2	15	34	1,992	11	5	39	9
England	13.1	100	53.1	100	354	18,431	100	90	444	100

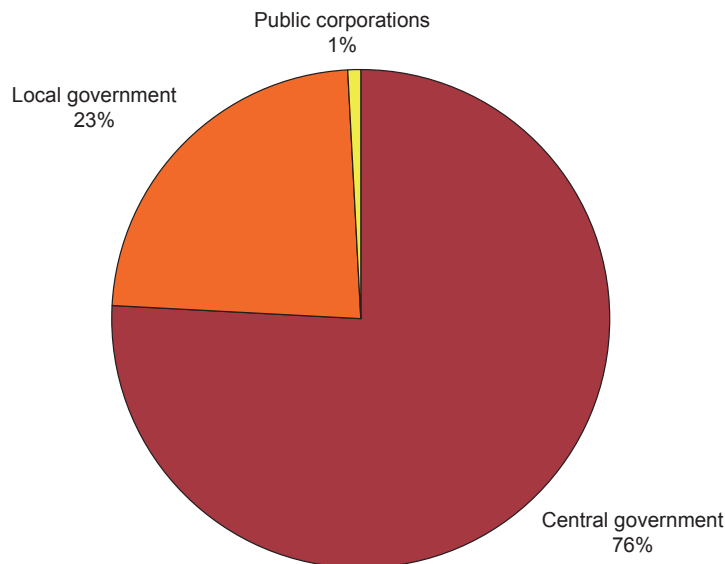
Source: ONS Release on Population Estimates for England and Wales, Mid-2011 (2011 Census-based), LGA Census of Local Authority Councillors

- 1.4.4 In addition there are around 11,000 parish and town councils or parish meetings in England, which deal with very local issues close to their communities. This publication is not directly concerned with this tier of local government, but some further details are provided in **Annex A3**.

1.5 Local government in the national context

1.5.0 This section sets out local government's expenditure and income in the context of the public sector as a whole, local government's part in meeting HM Treasury's fiscal policy objectives, and the size of the local government sector in the UK economy as a whole.

Chart 1.5a: Local Government expenditure in Total Managed Expenditure, UK 2011-12



Source: Office for National Statistics

Total managed expenditure has been derived using the National Accounts definition

LOCAL GOVERNMENT IN THE PUBLIC SECTOR

- HM Treasury measures public expenditure using the aggregate *Total Managed Expenditure*. Local government expenditure is about a quarter of UK Total Managed Expenditure, and this proportion has changed little for many years.

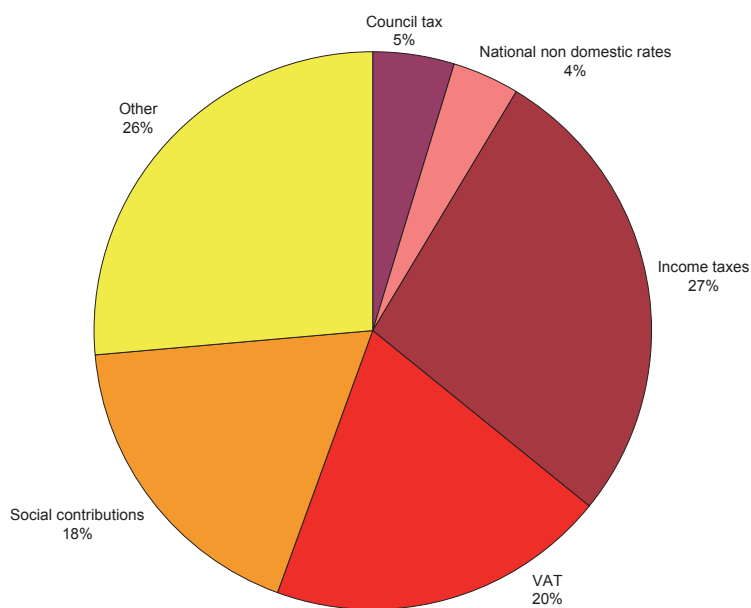
1.5.1 Local government is a part of the public sector, and local authorities' expenditure is part of public expenditure that pays for the delivery of public services. The main services funded by central government are the National Health Service, social benefits and pensions, defence, and higher and further education. The main services delivered by local government are primary and secondary education and social services.

1.5.2 Government needs to raise revenue to pay for its expenditure. Some of the main sources of UK government income are:

- income taxes, including income tax, corporation tax and capital gains tax
- Value Added Tax (VAT)
- social contributions (mainly National Insurance).

- Council tax is about 5% of UK government revenue.
- National non-domestic rates are about 4% of UK government revenue. In consequence, local government also needs funds from taxes raised centrally, provided in the form of grants, to pay for its expenditure.

Chart 1.5b: Council tax and national non-domestic rates in government receipts, UK 2011-12

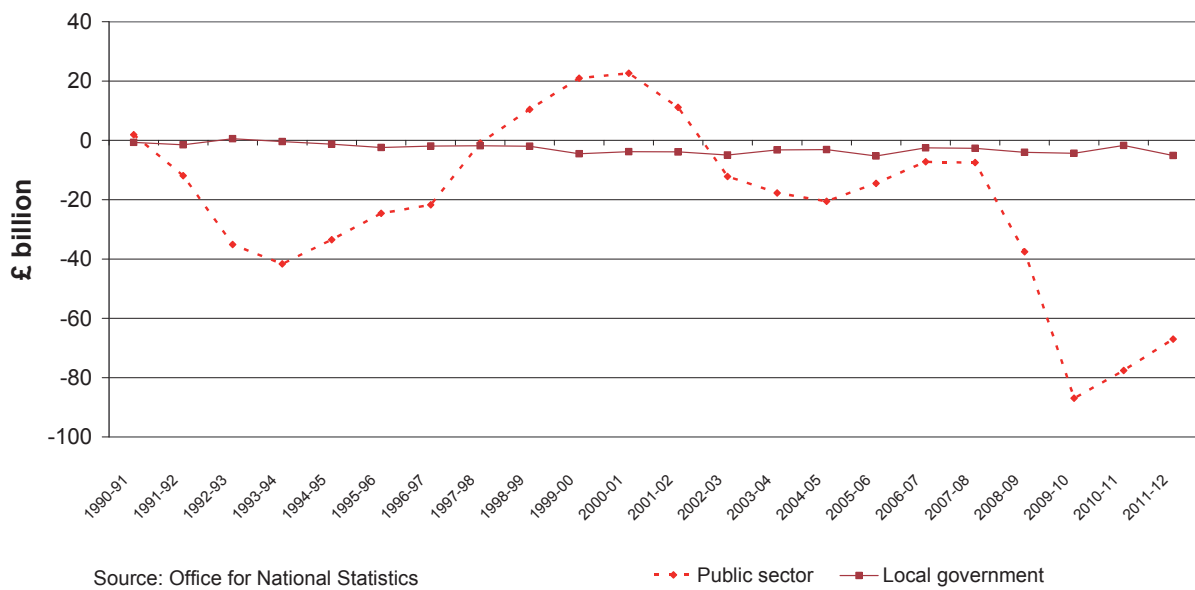


Source: Office for National Statistics

LOCAL GOVERNMENT IN THE FISCAL POLICY FRAMEWORK

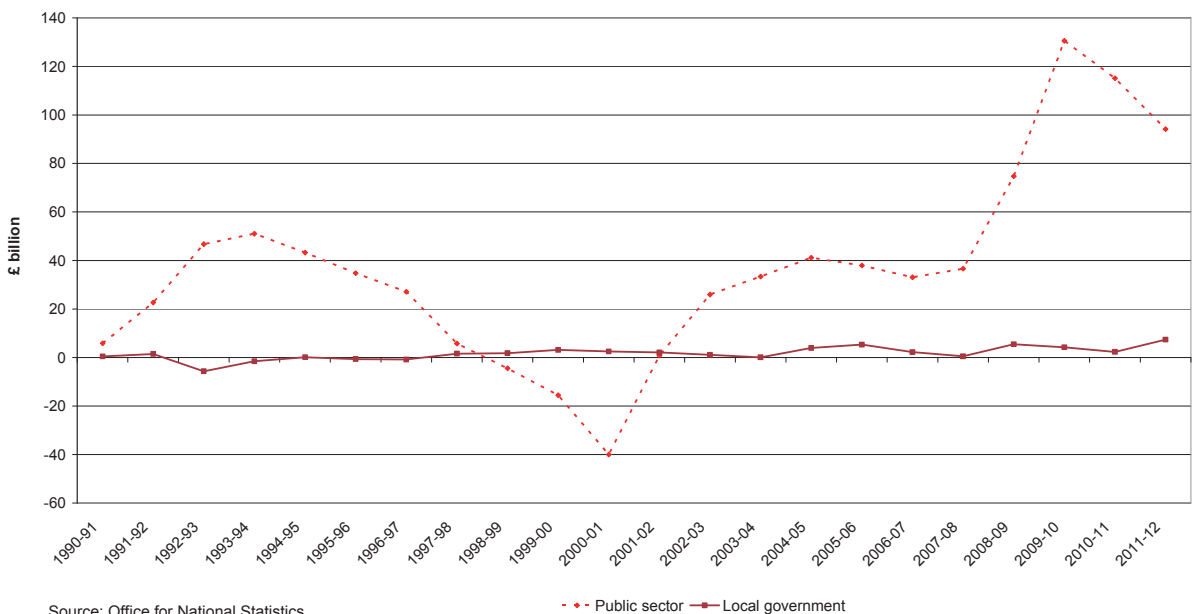
- 1.5.3 In November 2010 HM Treasury published a draft Charter for Budget Responsibility setting out the new government's fiscal policy framework. This stated that;
- The Treasury's objectives for fiscal policy are to ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider Government policy; and support and improve the effectiveness of monetary policy in stabilising economic fluctuations.
 - The Treasury's mandate for fiscal policy for this Parliament, announced in the Budget on 22 June 2010, was a forward-looking target to achieve cyclically-adjusted current balance by the end of the rolling, five-year forecast period. The Treasury's mandate for fiscal policy is supplemented by a target for public sector net debt as a percentage of GDP to be falling by 2016-17, ensuring the public finances are restored to a sustainable path. Initially targeted for 2015-16, this was pushed back by a year in the face of continued global economic difficulties.
- 1.5.4 The achievement of the fiscal mandate requires fiscal consolidation to reduce the scale of public sector borrowing. The greatest contribution to this consolidation is planned to come from public spending reductions, rather than tax increases. The October 2010 Spending Review settlement means that on average, central government funding to local authorities decreases by around 26 per cent over the following four years. Over this period local authorities' budgets are expected to decrease by around 14 per cent once the Office for Budget Responsibility's projections for council tax are taken into account.
- 1.5.5 The Local Government Finance Settlement, detailing grant allocations to individual authorities for 2012-13, was announced in December 2010. The average reduction in overall spending power for local authorities (excluding police authorities outside London) was 3.3% in 2012-13. A transitional grant was introduced to ensure that no authority faces more than an 8.8% reduction in spending power.
- From 1990-91 to 2011-12 the Local Government Current Budget has stayed close to balance. This is a consequence of the local government revenue finance system, which requires revenue expenditure and movements in reserves to be financed from council tax, redistributed national non-domestic rates, and government grants.

Chart 1.5c: Current Budget, UK



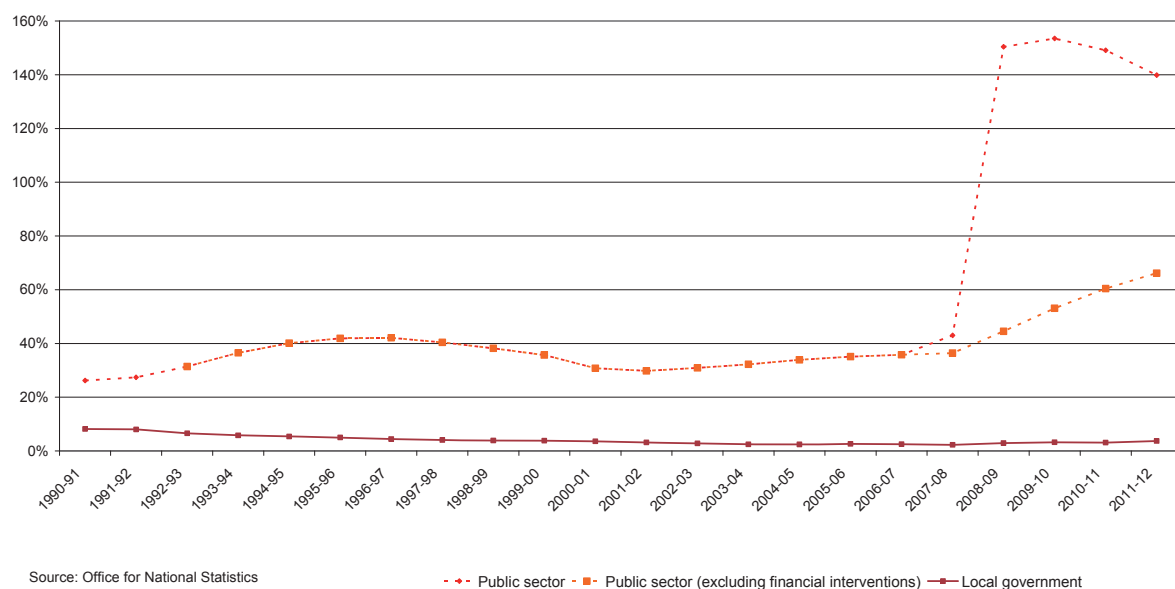
1.5.6 Public sector net borrowing is also used to show the overall financial position of the public sector: this measure includes revenue expenditure and capital expenditure. Local Government Net Borrowing is a subset of total Public Sector Net Borrowing.

Chart 1.5d: Net Borrowing, UK



- Local Government Net Debt has fallen from 8.2% of GDP at 31 March 1991 to 3.7% of GDP at 31 March 2011. This partly reflects increased financial investments of capital receipts by local authorities, which reduce net debt.

Chart 1.5e: Net debt as percentage of GDP, UK

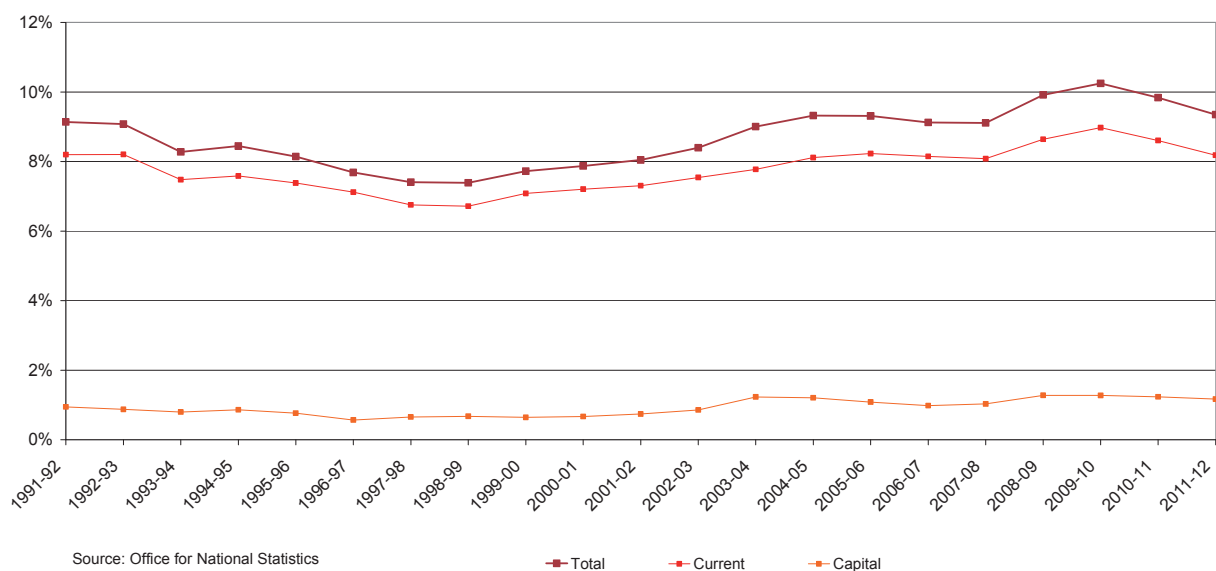


LOCAL GOVERNMENT IN THE UK ECONOMY

1.5.7 Local government expenditure can also be compared to total domestic expenditure in the UK economy, as defined in the National Accounts. This also includes central government expenditure, final expenditure by households, and capital expenditure by all sectors of the economy.

- In 2011-12, local government's share of all domestic expenditure was 9.4%; a decrease compared to 9.8% in 2010-11.
- The share was at its lowest in 1997-98, at 7.4%.

Chart 1.5f: Local government expenditure as a percentage of domestic expenditure, England



1.6 How local government works financially

1.6.1 Local authority spending can be divided into **revenue expenditure** and **capital expenditure**. On the whole, revenue expenditure is financed through a balance of central government grant including redistributed **non-domestic rates** and the locally raised **council tax** (see **Chapter 2**). Capital expenditure is principally financed through central government grants, borrowing and capital receipts (see **Chapter 4**).

1.6.2 Local authorities are required by law:

- to secure the necessary funds to finance their operations
- to provide an accurate account of where the money goes
- to provide accounts which balance

1.6.3 Only some of the local authorities counted in **Table 1.4a** may collect money directly through council tax. Those which can are called billing authorities. Others receive funds indirectly, either by precepting on a **billing authority** or by other channels.

- Of the 444 local authorities in England, 326 are billing authorities, who raise money via council tax, and 95 are major precepting authorities.

Table 1.6a: Billing, major precepting and other authorities, England as at 1 April 2012				
	Billing authorities	Major precepting authorities ^(a)	Other authorities ^(b)	All authorities
Shire areas	257	82	10	349
Metropolitan areas	36	12	8	56
London	33	1	5	39
England	326	95	23	444
(a) The count of precepting authorities excludes parish councils.				
(b) Other authorities are parks, waste and passenger transport authorities				

1.6.4 **Table 1.6b** shows the revenue and capital accounts in order to calculate a figure for local government expenditure and income. Transfers between the accounts are eliminated to avoid any double counting of expenditure or income.

1.6.5 The revenue accounts included are:

- **General Fund Revenue Account (GFRA)**
- **Housing Revenue Account (HRA)**
- external **Trading Services Revenue Account (TSR)**

- 1.6.6 Pension funds in the Local Government Pension Scheme are excluded: the actuarial reserves of the pension funds are owned by the fund members and these are part of the financial corporations sector in the National Accounts, not part of the local government sector. This information is given separately in **Table 7.2a** and **Table 7.2d**. Companies owned by local authorities are also excluded.
- 1.6.7 Where possible, the tables in this chapter eliminate double counting of flows of money. There are three types of such flows:
- (i) *Between services within the same account.* The most significant flow or recharge of this kind is from general administration to other services and also recharges within general administration.
 - (ii) *Between accounts of the same authority.* For example, contributions by the General Fund Revenue Account to the Housing Revenue Account
 - (iii) *Between authorities.* This occurs when an authority pays another authority for goods and services it provides (for example, payments to other local education authorities in respect of pupils educated outside their area of residence - education recoupment).

The most significant of these flows can be identified and eliminated but some cannot, such as recharges made by services other than general administration and some payments and receipts between authorities.

- 1.6.8 There are several different measures of expenditure. The measures used here exclude payments of rent rebates to tenants and payments of council tax benefit. These payments have been excluded because their purpose is to *finance* local authority expenditure rather than to increase it.

Table 1.6b: Summary of expenditure and income (excluding double counting of flows), England 2009-10 to 2011-12

EXPENDITURE	2009-10	2010-11	2011-12	£ million Table refs
- Revenue account				
General fund revenue account				
Employees	65,618	65,534	60,195	3.4a
Running expenses	79,866	80,330	77,636	3.2c
less expenditure at (1) below	-6,943	-5,370	-5,145	
Housing revenue account				
Supervision, management, repairs and other expenditure	4,326	4,278	4,535	3.8d
External trading services revenue account				
Employees	155	152	137	C1g
Running expenses	731	686	678	C1g
less expenditure at (2) below	18	-	-	
External interest payments (all accounts)	2,724	3,060	3,408	C2a
Total all revenue account expenditure ^(a)	146,494	148,670	141,443	
- Capital account ^(b)				
Total capital expenditure	21,362	23,146	20,032	4.2a
- Other expenditure				
Expenditure by virtue of a section 16(2)(b) direction ^(c)	464	239	263	4.2a
Notional capital receipts set aside and LSVT levy	0	0	16	4.2a
Pooling of housing capital receipts ^(d)	117	154	125	4.5e
TOTAL EXPENDITURE	168,437	172,209	161,879	
Double accounting adjustments (as numbered above)				
EXPENDITURE				
(1)				
Net contribution to Housing Revenue Account (HRA)	8	9	8	C2a
Net contribution to Trading Services Revenue (TSR) accounts	-10	-40	-147	C2a
Recharges to other accounts	859	931	821	C1f
Rent rebates to HRA tenants	3,775	3,953	4,105	C2a
Payments to other local authorities ^(e)	482	518	358	C1h
Revenue expenditure funded from capital by statute (RECS) - excluding trading (TSR) ^(f)	1,830	||	-	C2a
(2)				
Revenue expenditure funded from capital by statute (RECS) - trading (TSR) only ^(f)	18	||	-	C2a
(a) Excluding double counting of flows between revenue accounts and capital financing except external interest payments.				
(b) Payments of fixed assets, payments on grants and advances, acquisition of share or loan capital, credit cover required for leases and credit cover required for other credit arrangements.				
(c) Expenditure which does not fall within the definition of expenditure for capital purposes, but is treated as capital expenditure by a direction under section 16(2)(b) of the Local Government Act 2003.				
(d) Payments to the Secretary of State under regulations 12 and 13 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.				
(e) Comprises income/expenditure in respect of students educated by another local education authority (inter-authority education recoupment).				
(f) Running expenses estimates for 2009-10 are not fully comparable to previous years due to revenue expenditure from capital by statute (RECS).				

Table 1.6b: Summary of expenditure and income (excluding double counting of flows), England 2009-10 to 2011-12

INCOME	2009-10	2010-11	2011-12	£ million
				Table refs
- Revenue account				
General fund revenue account				
Specific government grants outside AEF ^(g)	17,064	19,069 (R)	18,614	C2b
Specific government grants inside AEF	45,639	45,750 (R)	45,502	C2b
Area Based Grant	3,314	4,363	...	C2a
Local Services Support Grant	...	...	253	C2a
Revenue Support Grant	4,501	3,122	5,873	C2a
Redistributed NNDR	19,515	21,517	19,017	C2a
Police Grant	4,253	4,374	4,546	C2a
General GLA grant	48	48	63	C2a
Council tax ^(h)	21,567	22,070	22,190	C2a/C2b
Council tax benefit grant	4,066	4,184	4,261	C2b
Sales, fees and charges	11,929	11,694	11,074	3.2c
Other income	12,039	12,652	11,321	3.2c
less income at (3) below	-1,341	-1,448	-1,179	
Housing revenue account				
Rents	6,326	6,317	6,583	3.8d
Government subsidies	-134	-494	-704	3.8d
Other income	1,339	1,368	1,578	3.8d
External trading service revenue accounts				
Sales, fees and charges	923	902	918	C1g
Other income	235	228	213	C1g
External interest receipts (all accounts)	778	663	860	C2a
Total all revenue account income	152,062 (R)	156,379 (R)	150,981	
- Capital account				
Capital account				
Government grants ⁽ⁱ⁾	7,494	8,063	7,170	4.4a
Other grants and contributions	1,266	1,529	1,466	4.4a
Capital receipts ^(j)	1,427	1,498	2,014	4.5a
Total capital income	10,188	11,090	10,650	
TOTAL INCOME	162,250 (R)	167,469 (R)	161,632	
LESS TOTAL EXPENDITURE	-168,437	-172,209	-161,879	
AMOUNT TO BE MET FROM FINANCING MOVEMENTS	-6,187 (R)	-4,740 (R)	-247	
Financing Movements				
Overhanging debt on housing sold, repaid by DCLG	297	843	153	
Increase in borrowing	820	1,982	10,854	5.3a
less increase in investments ^(k)	4,498	-652	1,388	5.3a
Implied accruals and timing adjustments ^(l)	572 (R)	2,567 (R)	-12,148	
Total Financing Movements	6,187 (R)	4,740 (R)	247	
Double accounting adjustments (as numbered above)				
INCOME				
(3)				
Recharges to other accounts	859	931	821	C1f
Receipts from other local authorities ^(e)	482	518	358	C1h
<p>(g) Excludes council tax benefit grant and rent rebates granted to HRA tenants.</p> <p>(h) Council tax due to be paid into the collection fund net of council tax benefit.</p> <p>(i) There is a discontinuity from 2010-11 owing to a change in the treatment of expenditure by GLA. Previously this was recorded as 'Central government grant' but for 2011-12 it has been recorded as CERA to align with figures received on the Revenue Outturn</p> <p>(j) Capital receipts comprise disposal of tangible fixed assets, intangible assets, leasing disposals, repayments of grants, loans and advances, disposal of share and loan capital and disposal of other investments.</p> <p>(k) Increase in local authority investments excluding inter-authority investments.</p> <p>(l) The balancing item is the difference between the expenditure and income account and includes, amongst other items, unresolved inconsistencies between data sources, movements in cash balances and timing adjustments.</p>				

1.7 Local government accounting practice

1.7.1 The principal statements of the accounting practices applicable to local authority accounts are:

- ***The Code of Practice on Local Authority Accounting in the United Kingdom*** This is a comprehensive statement of the structure of local authority statements of accounts, and the accounting concepts, accounting policies and estimation techniques to be applied in preparing them
- ***Service Reporting Code of Practice – SERCOP*** This sets out a mandatory service expenditure analysis for local authorities and a definition of Total Cost to be used in reporting service expenditure, together with a recommended standard subjective analysis.

1.7.2 Both documents are published by the Chartered Institute of Public Finance and Accountancy (**CIPFA**), and are available for sale on the CIPFA website at www.cipfa.org.uk. New editions are issued regularly, usually annually.

1.7.3 Both Codes are given statutory backing as “proper practices” by regulations under section 21 of the Local Government Act 2003. Various other statutory provisions also affect the preparation of local authority accounts. The form and content of some important accounts, such as the **Housing Revenue Account** and the **Collection Fund**, are closely regulated by legislation. Section 21 of the 2003 Act states that where there is any conflict between provisions in legislation and the requirements of the two Codes, then the legislation prevails. In practice conflict is avoided by drafting the Codes to conform to legislation.

1.7.4 With effect from the 2010-11 financial year the Code of Practice on Local Authority Accounting (“the Accounting Code”) is based primarily on International Financial Reporting Standards (IFRS) as adopted by the European Union, though account can also be taken of International Public Sector Accounting Standards and standards issued by the UK Accounting Standards Board. The standards can be adapted as necessary for the public sector context. Until 2001 the international standards were issued as International Accounting Standards (IAS); since then they have been issued as International Financial Reporting Standards (IFRS)

1.7.5 The Accounting Code is prepared by the CIPFA/LASAAC Local Authority Accounting Code Board, a standing committee of CIPFA and the Local Authority (Scotland) Accounts Advisory Committee. Before finalisation the Code is reviewed by the Financial Reporting Advisory Board (FRAB), a body that reports to Parliament and also reviews the accounting codes for central government, the devolved administrations and other bodies including the National Health Service. Based on its review the FRAB issues a statement stating its conclusion on whether the Code is consistent with International Financial Reporting Standards as applied by the central government Financial Reporting Manual.

- 1.7.6 For years up to and including 2009-10 the Accounting Code was based on UK financial reporting standards and had the status of a “Statement of Recommended Practice” in the UK Accounting Standard Board’s hierarchy of standards and statements. The subsequent move to international standards was in line with changes being made in the rest of the UK public sector.

CHAPTER 2

How is the money found?

2.0.1 This chapter describes the main sources of income for local government in England. It is divided into the following sections:

- **Summary of sources of local government income** **section 2.1**
- **Council tax** **section 2.2**
- **Non-domestic rates** **section 2.3**
- **Revenue grants** **section 2.4**
- **Sales, fees and charges** **section 2.5**

2.1 Summary of sources of local government income

2.1.1 The main sources of income for local government in England are:

- council tax
- redistributed non-domestic rates
- other government grants (including specific government grants)
- borrowing and investments
- interest receipts
- capital receipts
- sales, fees and charges; and
- council rents

- Total local government income increased from £151.9bn in 2007-08 to £161.6bn in 2011-12.
- 63% of the total local government income received in 2011-12 was in the form of government grants.
- Total local government income in 2011-12 has fallen year-on-year for the first time since 1993-94.

Table 2.1a: Summary of local authority income 2007-08 to 2011-12

	2007-08	2008-09	2009-10	2010-11	£ million 2011-12
Grant income:					
Revenue Support Grant ^(a)	3,105	2,854	4,501	3,122	5,873
Redistributed non-domestic rates	18,506	20,506	19,515	21,517	19,017
Police Grant	4,028	4,136	4,253	4,374	4,546
Specific and special grants inside Aggregate External Finance (AEF)	44,485 II	42,920	45,639 II	45,750 (R)	45,502
Area Based Grant	-	3,050	3,314 II	4,363	-
Local Services Support Grant (LSSG) ^(b)	-	-	-	-	253
General GLA Grant	38	48	48	48	63
Grants outside AEF ^(c)	14,112	14,991 (R)	17,064	19,069 (R)	18,614
Housing subsidy	11	-235	-134	-494	-704
Grants towards capital expenditure	9,026 (R)	7,711	8,760 (R)	9,592 II	8,637
Total grant income	93,311 (R)	95,981 (R)	102,961	107,341 (R)	101,800
Locally-funded income:					
Council tax ^(d)	23,608	24,759	25,633	26,254	26,451
External interest receipts	1,862	1,926	778	663	860
Capital receipts	3,992	1,353	1,427	1,498	2,014
Sales, fees and charges	11,884	12,573	12,852	12,597	11,992
Council rents	6,265	6,219	6,326	6,317	6,583
Total locally-funded income	47,612	46,830	47,017	47,328	47,900
Other income and adjustments ^(e)	10,932	11,010 (R)	12,272	12,800	11,932
Total income	151,855 (R)	153,821 (R)	162,250 (R)	167,469 (R)	161,632
Grants as a percentage of total income	61%	62%	63%	64%	63%

Sources: Tables 1.6b, 2.4a, 2.5a, 3.2a, 3.2c, 3.8d, 4.4a, 4.5a, C1a-C1g, C2a-C2b

(a) Comparisons across years may not be valid owing to changing local authority responsibilities and methods of funding.

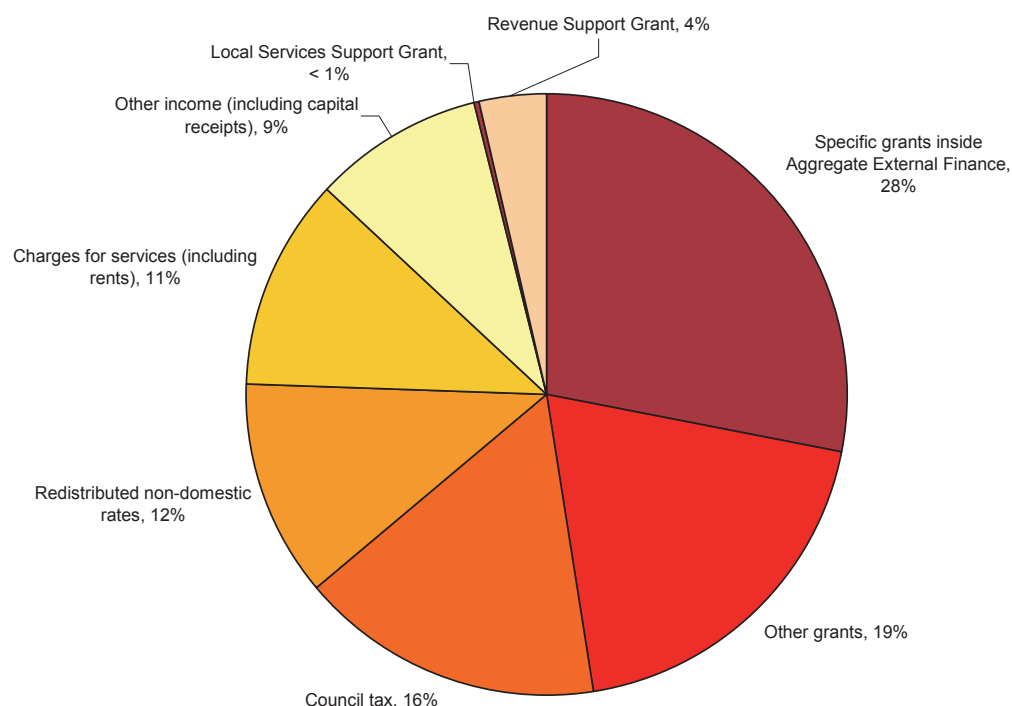
(b) From 2011-12, Local Services Support Grant (LSSG) is a new unringfenced grant paid under section 31 of the Local Government Act 2003 to support local government functions.

(c) Excludes council tax benefit subsidy and rent rebates granted to HRA tenants.

(d) Includes council taxes financed from Council Tax Benefit Grant but excludes council taxes financed from local authority contributions to council tax benefit.

(e) Does not include levies & transfers or recharges.

Chart 2.1b: Local authority income by source 2011-12



2.1.2 The remainder of this chapter provides more information on council tax, non-domestic rates, grants and sales, fees and charges. Further information on other sources of income can be found in the following chapters:

- **Council rents and other Housing Revenue Account income** - Chapter 3
- **Capital grants and capital receipts** - Chapter 4
- **Borrowing and investments** - Chapter 5

2.1.3 In addition, local authority pension funds had a total income of approximately £11.5bn in 2011-12. However, this falls outside the usual definition of local authority income. Further information is provided in **Chapter 7**.

2.2 Council tax

- 2.2.1 Council tax was introduced on 1 April 1993. It replaced the **community charge** (poll tax) which, in turn, replaced domestic rates on 1 April 1990.
- 2.2.2 Council tax is the main source of locally-raised income for many local authorities. It is, therefore, an important source of funding used for meeting the difference between the amount a local authority wishes to spend and the amount it receives from other sources, such as government grants.
- 2.2.3 The impact on council tax of increasing budgeted revenue expenditure varies widely between local authorities. This effect, known as **gearing**, can be thought of as a balance of funding between that part of revenue expenditure to be met through council tax and the part met through other sources. As such it is also often used to measure the ratio of the percentage by which an authority would need to raise its council tax requirement to finance a given percentage change in revenue spending and the percentage change in revenue spending that it is financing. However, this is an imprecise measure because council tax is not the only local source for additional financing of revenue spending. It can also be open to an authority to draw on its available revenue reserves or to extend its use of charging.
- 2.2.4 One way of calculating a gearing ratio is to compare revenue expenditure with council tax requirement. **Table 2.2a** shows the gearing ratios calculated in this way for each class of authority from 2007-08 through to 2012-13. These figures are calculated on a **non-FRS17 basis**.

Table 2.2a: Ratio of revenue expenditure and council tax by class

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (B)
Inner London boroughs ^(a)	6.2	6.4	6.7	6.6	6.1	6.1
Outer London boroughs	4.1	4.2	4.2	4.3	4.0	4.0
Greater London Authority ^(b)	6.9	6.8	8.0	7.9	8.1	7.4
Metropolitan districts	4.9	5.0	5.0	5.0	4.7	4.6
Metropolitan police authorities	6.8	6.7	6.6	6.4	6.1	5.9
Metropolitan fire and rescue authorities	2.9	2.9	2.8	2.7	2.5	2.6
Shire unitary authorities	4.1	4.2	3.9	3.9	3.6	3.5
Shire counties	3.2	3.3	3.3	3.2	3.1	3.0
Shire districts	2.4	2.4	2.3	2.2	1.9	2.0
Shire police authorities	3.4	3.3	3.3	3.2	3.1	3.0
Shire fire and rescue authorities	1.9	1.9	1.9	1.8	1.8	1.9
England	3.9	4.0	4.0	4.0	3.8	3.7

Source: RO returns for 2007-08 to 2011-12 and RA returns for 2012-13

All Figures are on a non International Accounting Standard 19 (non-IAS19)/non Financial Reporting Standard 17 (non-FRS17) basis.

(a) Includes City of London.

(b) The large increase from 2008-09 to 2009-10 was due to an increased transport grant (Capital Expenditure charged to the Revenue Account; CERA)

- 2.2.5 **Table 2.2b** shows the distribution of the ratio of revenue expenditure and council tax by class of authority in 2011-12.

- For a majority of London boroughs and metropolitan districts, their revenue expenditure is three or more times greater than their council tax requirement; for most shire districts (approximately 96%) their revenue expenditure is less than 3 times their council tax requirement.

Table 2.2b: Ratio of revenue expenditure and council tax by class of authority 2011-12

Band	Number of Authorities						England
	London boroughs	Metropolitan districts	Unitary authorities	Shire counties	Shire districts	Other authorities	
less than 2	0	0	0	0	113	19	132
2 up to 2.5	1	0	1	0	61	10	73
2.5 up to 3	2	0	9	10	19	14	54
3 up to 4	10	6	27	17	8	15	83
4 up to 5	6	24	12	0	0	3	45
5 and above	14	6	7	0	0	7	34
Total	33	36	56	27	201	68	421

Source: RO returns

Figures are on a non International Accounting Standard 19 (non-IAS19) basis.

2.2.6 **Table 2.2c** gives national totals for the council tax requirement budgeted for each year since 2007-08. It shows how the amounts were derived when setting budgets, and how they changed during the course of each year, for example by council tax becoming due from new properties that had not been included in the budget calculations. The table also includes figures for **Council Tax Benefit**, which is a means-assessed social security benefit.

Table 2.2c: Council tax budgets and outturn

	2007-08	2008-09 ^(a)	2009-10 ^(a)	2010-11 ^(a)	2011-12	£ million 2012-13 (B)
As budgeted:						
Council tax requirement	23,608	24,759	25,633	26,254	26,451	26,715
Council tax benefit	3,583	3,658	4,039	4,441	4,342	4,258
Net council tax income	20,025	21,101	21,594	21,813	22,109	22,457
Outturn figures:						
Gross council tax due	24,080	25,230	26,162	26,825	26,964	-
Council tax benefit	3,471	3,672	4,091	4,299	4,276	-
Net collectable debit	20,609	21,558	22,071	22,526	22,688	-
Gross council tax due as a % of budgeted gross income	102.0	101.9	102.1	102.2	101.9	-
Net collectable debit as a % of budgeted net income	102.9	102.2	102.2	103.3	102.6	-

Source: BR1, BR2, BR3 forms (from 1993-94 to 2011-12) CTR1, CTR2 and CTR3 forms (2012-13) and RA & QRC4 returns and DWP (all years)

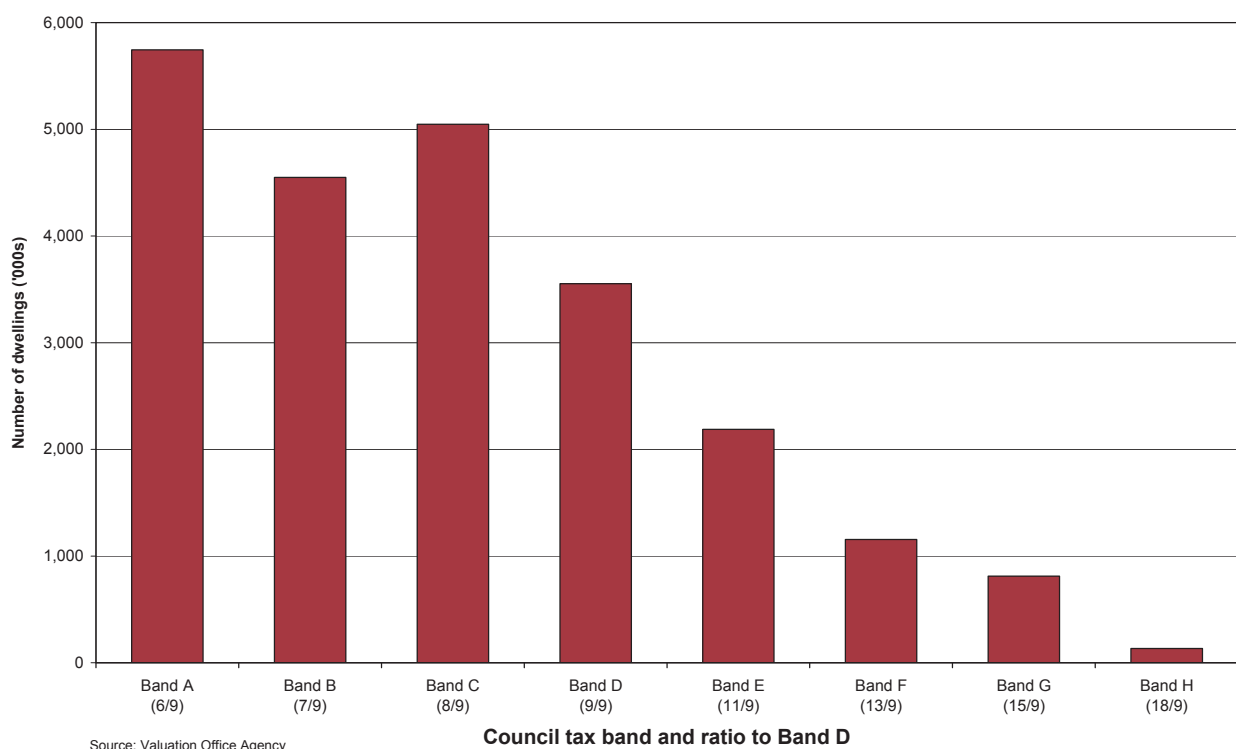
(a) Amounts shown are after the designation of authorities requiring them to recalculate their budget requirement and council tax.

2.2.7 The amount of council tax payable on a property depends in part on the valuation band to which it is allocated. There are currently eight bands in England ranging from Band A for dwellings valued at less than £40,000 on 1 April 1991 to Band H for dwellings valued at more than £320,000 on that date.

2.2.8 Within an authority, the council tax for each valuation band is a fixed ratio to that for Band D. For example, a Band A dwelling will pay six-ninths of the Band D amount, and a Band H dwelling will pay twice the Band D amount. The ratios for all bands to Band D are shown in **Chart 2.2d**.

- Nationally, two thirds of properties are in Bands A to C and only 9% are in the top three bands.
- The total number of dwellings on the Valuation Office valuation list in England as at 10 September 2012 was 23.2 million, an increase of 142,000, or 1% compared with 2011.

Chart 2.2d: Distribution of dwellings by council tax band as at 10 September 2012



2.2.9 Band D is used as the basis for calculating the tax base (the number of Band D equivalent properties) and for year-on-year comparisons of tax levels set. However, as only a minority of properties in each local authority are in Band D, the average Band D council tax does not enable direct comparison to be made of the average amounts of council tax payable by people in different areas.

- 2.2.10 In contrast, average council tax per dwelling reflects the wide variation between authorities in the distribution of properties across bands. It is therefore a helpful measure to use when comparing the amounts payable in different areas. Variations between figures on this basis are due to a combination of local authority tax-setting decisions and the distribution of properties across bands within each authority's area.
- 2.2.11 The Localism Act 2011 abolished central government capping and made provision for binding referendums to be held on excessive council tax increases. No authority exceeded the council tax excessiveness principles which applied in 2012-13 and there were no council tax referendums in this year.
- 2.2.12 Under previous legislation, the Government had the power to 'designate' an authority which set an excessive budget requirement for a financial year ('the relevant year') and to set a maximum budget requirement for that authority for that year (i.e. 'cap' the authority). Alternatively, the Government could have 'nominated' the authority and either designate it in advance for capping in the subsequent financial year or years, or set a notional budget requirement for the relevant year or following financial year or years for capping purposes.

- In 2003-04, no authorities' budget requirements were designated in-year and no notional budget requirements were set. The average Band D council tax increase in England was 12.9%.
- In 2004-05, six authorities' budget requirements were designated in-year and notional budget requirements were set for eight authorities. The average Band D council tax increase in England was 5.9%.
- In 2005-06, eight authorities' budget requirements were designated in-year and a notional budget requirement was set for one authority. The average Band D council tax increase in England was 4.1%.
- In 2006-07, no authorities' budget requirements were designated in-year and notional budget requirements were set for two authorities. The average Band D council tax increase in England was 4.5%.
- In 2007-08, no authorities' budget requirements were designated in-year and no notional budget requirements were set. The average Band D council tax increase in England was 4.2%.
- In 2008-09, one authority's budget requirement was designated in-year, notional budget requirements were set for four authorities and three authorities were designated in advance for capping in 2009-10. The average Band D council tax increase in England was 3.9%.
- In 2009-10, one authority's budget requirement was designated in-year, a notional budget requirement was set for one authority and the three authorities which were designated in advance for 2009-10 were also designated in advance for 2010-11. The average Band D council tax increase in England was 3.0%.

- In 2010-11, no authorities' budget requirements were designated in-year, no notional budget requirements were set and two authorities were designated in advance for capping in 2011-12. The average Band D council tax increase in England was 1.8%.
- In 2011-12, no authorities' budget requirements were designated in-year, no notional budget requirements were set and no authorities were designated in advance for capping in 2012-13. There was no increase in the average Band D council tax in England, as all authorities chose to receive the council tax freeze grant.
- In 2012-13, no authority exceeded the council tax excessiveness principles which applied and there were no council tax referendums in this year. The average Band D council tax increase in England was 0.3%. 359 (85%) of authorities chose to receive the council tax freeze grant.

2.2.13 **Table 2.2e** shows trends in average council taxes since 1993-94, expressed in two ways: the average Band D figure (including amounts funded by Council Tax Benefit); and the average council tax per dwelling. The table also gives figures for increases in the **Retail Prices Index (RPI)** and average UK earnings.

2.2.14 The average council tax per dwelling is lower than the average Band D council tax. This is partly because most dwellings are in bands lower than Band D; and partly because properties that are subject to a discount (for example for a single person, or because it is a second home) are counted as a whole property in the calculation of average council tax per dwelling, but as only part of a property in the calculation of the average Band D council tax.

- Band D council taxes, including amounts funded by benefit, increased by about 154% in cash terms or 47% in real terms between 1993-94 and 2012-13.

Table 2.2e: Average council tax and increase in Retail Prices Index 1993-94 to 2012-13

	Council tax ^(a)			Average per dwelling	Retail Prices Index	Average UK earnings ^(c)
	Band D, 2 adults for area					
		%	% increase ^(e)			
	£	increase ^(e)	real terms ^(b)			
1993-94 ^(d)	568	-	-	456	-	-
1994-95 ^(d)	580	2.1	-0.4	473	2.6	3.0
1995-96 ^(d)	609	5.0	1.6	498	3.3	4.0
1996-97 ^(d)	646	6.1	3.6	529	2.4	3.4
1997-98 ^(d)	688	6.5	4.0	564	2.4	3.8
1998-99 ^(d)	747	8.6	4.4	614	4.0	5.8
1999-00	798	6.8	5.1	656	1.6	4.1
2000-01	847	6.1	3.1	697	3.0	4.5
2001-02	901	6.4	4.6	741	1.8	5.8
2002-03	976	8.2	6.6	804	1.5	3.6
2003-04	1,102	12.9	9.5	908	3.1	2.6
2004-05 ^(d)	1,167	5.9	3.3	967	2.5	5.1
2005-06 ^(d)	1,214	4.1	0.8	1,009	3.2	4.3
2006-07	1,268	4.5	1.9	1,056	2.6	4.2
2007-08	1,321	4.2	-0.3	1,101	4.5	4.2
2008-09 ^(d)	1,373	3.9	-0.3	1,145	4.2	4.8
2009-10 ^(d)	1,414	3.0	4.2	1,175	-1.2	1.6
2010-11	1,439	1.8	-3.4	1,195	5.3	0.5
2011-12	1,439	0.0	-4.9	1,196	5.2	2.5
2012-13	1,444	0.3	-3.0	1,201	3.5	2.3
% change 1993-94 to 2012-13		154.3	47.4	163.4	72.5	98.7

Source: BR1, BR2, BR3 forms (from 1993-94 to 2011-12) CTR1, CTR2 and CTR3 forms (2012-13) and CTB returns (all years)

(a) Amounts shown are headline taxes, before transitional reliefs and benefits.

(b) Adjusted using the All Items Retail Prices Index (RPI) as at April each year.

(c) Change in the Average Earnings Index (AEI) (to 2000-01) or Average Weekly Earning (AWE) statistic (from 2001-02) for the whole economy at April each year. The AWE statistic has replaced the previously reported AEI as the lead measure of short-term changes in earning, however AWE is currently only available from 2000 onwards. Percentage change 1993-94 to 2012-13 has therefore not been reported as these measures are not directly comparable.

(d) Amounts shown are after the designation of authorities requiring them to recalculate their budget requirement and council tax.

(e) All increases shown are the increase from April of the previous year. For example, % increase 2011-12 gives the increase from April 2010 to April 2011.

- The average Band D council tax is generally higher in rural authorities than in more urban authorities.

Table 2.2f: Average council tax by class 2008-09 to 2012-13

	Band D council tax ^(a) , 2 adults for area					£ Average per dwelling
	2008-09 ^(b)	2009-10 ^(b)	2010-11 ^(b)	2011-12	2012-13	2012-13
Total England	1,373	1,414	1,439	1,439	1,444	1,201
<i>of which:</i>						
<i>Inner London</i>	1,112	1,117	1,116	1,117	1,112	1,024
<i>Outer London</i>	1,402	1,426	1,429	1,429	1,425	1,334
<i>Metropolitan areas</i>	1,328	1,372	1,399	1,399	1,401	1,002
<i>Shire unitary authorities</i>	1,358	1,429	1,461	1,462	1,472	1,174
<i>Shire district areas</i>	1,422	1,465	1,495	1,496	1,502	1,317
<i>Predominantly Urban ^(c)</i>	1,348	1,383	1,404	1,403	1,407	1,130
<i>Significant Rural ^(c)</i>	1,396	1,444	1,472	1,471	1,476	1,293
<i>Predominantly Rural ^(c)</i>	1,422	1,468	1,503	1,504	1,511	1,326
	Band D council tax ^(a) , 2 adults for area					% increase
	2008-09 ^(b)	2009-10 ^(b)	2010-11 ^(b)	2011-12	2012-13	
Total England	8.3	3.0	1.8	0.0	0.3	
<i>of which:</i>						
<i>Inner London</i>	4.9	0.5	-0.1	0.1	-0.4	
<i>Outer London</i>	7.2	1.7	0.2	0.0	-0.3	
<i>Metropolitan areas</i>	7.4	3.3	2.0	0.0	0.2	
<i>Shire unitary authorities ^(d)</i>	8.6	3.5	2.3	0.0	0.7	
<i>Shire district areas ^(e)</i>	9.1	3.2	2.1	0.0	0.5	
<i>Predominantly Urban ^(c)</i>	7.8	2.6	1.5	0.0	0.3	
<i>Significant Rural ^(c)</i>	9.1	3.4	1.9	0.0	0.3	
<i>Predominantly Rural ^(c)</i>	9.0	3.2	2.4	0.1	0.5	

Source: BR1, BR2 and BR3 returns

(a) Amounts shown are headline taxes, before transitional relief and benefits.

(b) Amounts shown are after the designation of authorities requiring them to recalculate their budget requirement and council tax.

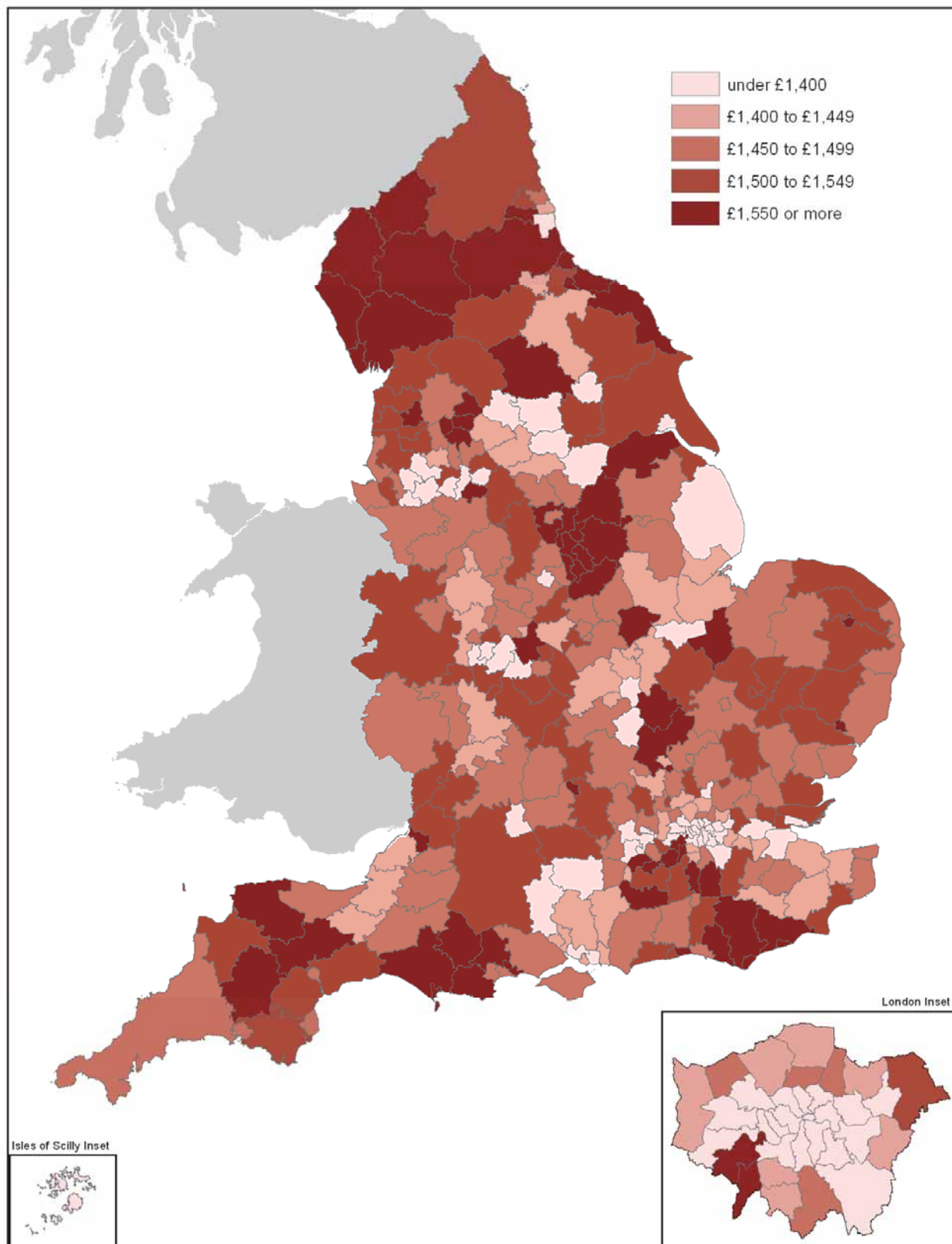
(c) Based on the Rural Definition and Local Authority Classification published by Defra (see <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/series/rural-urban-definition>).

(d) Percentage change figures assume that the new unitary authorities created on 1 April 2009 were also in existence in 2008-09. To allow meaningful comparisons, the corresponding 2008-09 district and county figures have been aggregated.

(e) Percentage change figures exclude those authorities that were disbanded on 31 March 2009 (as part of the establishment of nine new unitary authorities) from 2008-09 and 2009-10 data. This ensures that data are comparable.

- Areas with high Band D council tax are spread across the country. (see **Map 2.2g**)

Map 2.2g: Band D area council tax 2012-13

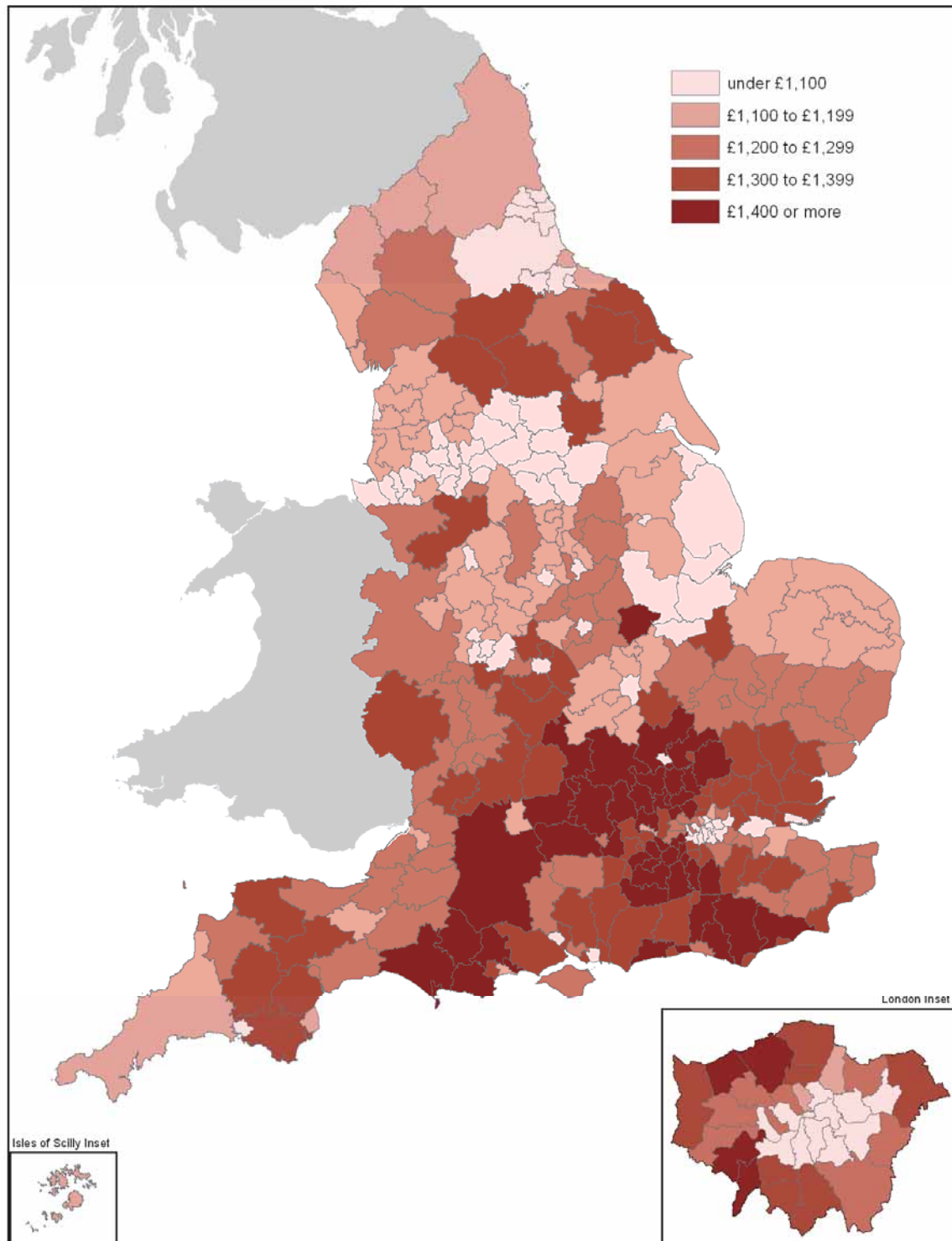


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- While council tax per dwelling is highest in the South of England (see **Map 2.2h**).

Map 2.2h: Average council tax per dwelling 2012-13

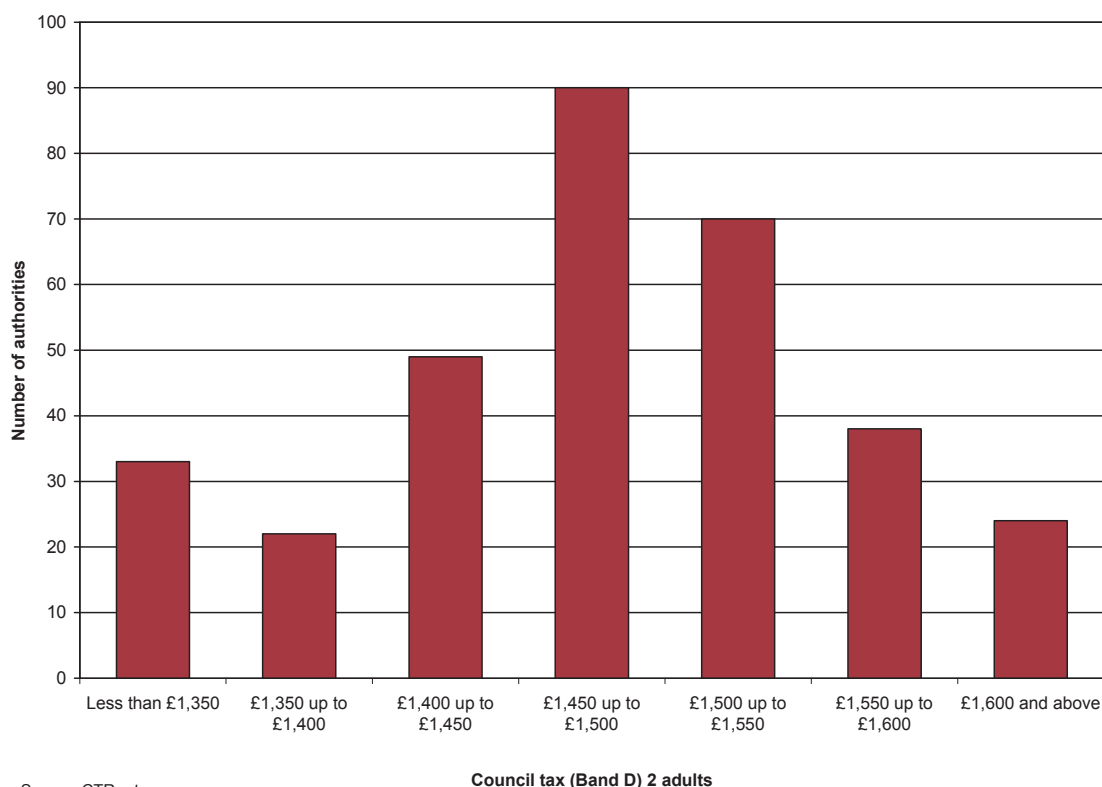


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- Band D area council tax for 2012-13 was between £1,450 and £1,550 for nearly half (49%) of billing authorities (160 of 326).

Chart 2.2i: Distribution of authorities by area council tax, Band D, 2 adults, 2012-13



- Between 2011-12 and 2012-13 there was a 0.3% increase in the level of the Band D area council tax in England. It rose from £1,439 to £1,444.

2.2.15 Not every property on the valuation list is liable to pay a full council tax, which is partly based on the property and partly based on the occupants of the property. Some properties are exempt, for example due to being empty for less than six months, or subject to a discount. The full council tax bill assumes that there are two adults living in a dwelling. If only one adult lives in a dwelling (as their main home), the council tax bill is reduced by a quarter (25%).

2.2.16 Before 1 April 2004, the council tax bill for a dwelling which was no-one's main home was reduced by half (50%) in all local authority areas. However, since 1 April 2004, the Local Government Act 2003 has given councils in England the choice to apply council tax discounts of between 10% and 50% for second homes, to reduce or end discounts for long term empty property, and to grant discretionary discounts and exemptions.

2.2.17 Certain people are not counted when looking at the number of adults resident in a dwelling, such as students and severely mentally impaired people. More detailed information on council tax exemptions is set out in **Table B1** and **Table B2** of **Annex B**. Council tax exemptions are taken into account by billing authorities when they calculate their taxbase (the number of Band D equivalent properties in their area).

- In England there were 22.4 million dwellings on the Valuation Office valuation list liable for council tax as at 10 September 2012, an increase of 1% on 2011.
- The number of dwellings on the valuation list that are exempt from council tax increased by 2% compared with 2011.
- 7.7 million dwellings were entitled to a discount as a result of being occupied by single adults. This represents 33% of all dwellings.
- The discount given to long term empty dwellings can vary between 0% and 50%. Between 2011 and 2012 the number of long-term empty dwellings subject to a discount fell by 28,000 (or 22%). In the same period the number of long-term empty dwellings not subject to a discount increased by 8,000 (or 5%). This gives a net reduction of 20,000, or 7%, in the total number of long term empty dwellings between 2011 and 2012.

Table 2.2j: Number of chargeable dwellings ^(a)

	thousands				
	2008	2009	2010	2011	2012
Total number of dwellings on valuation lists	22,596	22,766	22,899	23,036	23,178
Number of dwellings exempt from council tax	777	784	777	788	802
Number of demolished dwellings	3	2	2	2	2
Number of dwellings on valuation list liable for council tax ^(b)	21,816	21,979	22,120	22,246	22,374
Number of dwellings subject to a discount	8,177	8,243	8,304	8,303	8,293
of which:					
second homes ^(c)	246	252	246	246	255
long-term empty homes ^(d)	184	173	156	126	98
single adults	7,544	7,604	7,674	7,703	7,706
all residents disregarded for council tax purposes	32	33	33	33	33
all but one resident disregarded for council tax purposes	170	181	195	196	201
Number of dwellings not subject to a discount	13,638	13,736	13,816	13,943	14,081
of which:					
long-term empty homes ^(d)	143	143	144	153	161
others	13,496	13,593	13,672	13,790	13,920

Source: CTB returns

(a) As at 15 September 2008, 14 September 2009, 13 September 2010, 12 September 2011 and 10 September 2012

(b) Total dwellings on valuation list less those exempt from council tax and demolished dwellings

(c) At local authority discretion, second homes can be subject to a discount of between 10% and 50%.

(d) Long-term empty homes are those dwellings which are unoccupied and substantially unfurnished and, at local authority discretion, can be subject to a discount of between 0% and 50%.

2.2.18 **Table 2.2k** shows the amount of council tax collected in 2002-03 to 2011-12 irrespective of the year to which it relates.

- In 2011-12 local authorities collected £22.5 billion in council tax, irrespective of the year to which it related. This was an increase of nearly £0.2 billion over 2010-11.

Table 2.2k: Receipts of council tax in England : 2002-03 to 2011-12

				£ millions
	Receipts of council taxes in respect of the billing year	Receipts of council taxes in respect of previous years ^(a)	Receipts of council taxes in respect of the subsequent billing year	Total receipts of council taxes collected during the financial year
2002-03	13,931	368	212	14,511
2003-04	15,785	362	246	16,392
2004-05	16,764	368	240	17,372
2005-06	17,750	379	289	18,419
2006-07	18,654	382	279	19,315
2007-08	19,737	356	280	20,374
2008-09	20,648	338	332	21,319
2009-10	21,114	365	349	21,826
2010-11	21,574	391	341	22,306
2011-12	21,761	393	342	22,496

Source: QRC4 returns

(a) Net of council taxes received in respect of previous years

- Average in-year council tax collection rates have been slowly increasing, reaching 97.1% nationally in 2007-08 before falling back to 97.0% in 2008-09. In 2010-11 and 2011-12 council tax collection rates increased reaching 97.3%.
- The average in-year council tax collection rate in Inner London Boroughs rose by 18.7 percentage points in the period from 1993-94 to 2007-08, although it then fell back slightly in 2008-09. However, it rose again in 2011-12, to 19.4 percentage points over the 1993-94 figure.

2.2.18 The collection of council taxes continues once the financial year to which they relate has ended. This means that the final collection rate achieved is somewhere between the figures shown and 100 percent.

Table 2.2l: Collection rates^(a): Council tax 2002-03 to 2011-12

	All English authorities	Inner London boroughs ^(b)	Outer London boroughs	London boroughs	Metropolitan districts	Unitary authorities	% Shire districts
2002-03	96.4	91.9	95.0	94.1	95.2	95.7	97.6
2003-04	96.5	92.0	95.0	94.1	95.6	95.5	97.8
2004-05	96.6	92.9	95.1	94.4	95.7	95.8	97.8
2005-06	96.8	93.9	95.4	94.9	95.6	96.4	97.9
2006-07	96.9	94.1	95.5	95.1	95.3	96.6	98.0
2007-08	97.1	94.7	96.0	95.6	95.6	96.7	98.1
2008-09	97.0	94.6	96.0	95.5	95.7	<u>96.7</u>	<u>98.0</u>
2009-10	97.1	94.6	96.2	95.7	95.9	97.0	98.1
2010-11	97.3	95.1	96.4	96.0	96.1	97.2	98.2
2011-12	97.3	95.4	96.6	96.3	96.1	97.2	98.2

Source: QRC4 returns

(a) Receipts of annual council taxes collected by end of financial year as a percentage of net collectable debit.

The net collectable debit is the council tax for the relevant year that authorities would collect if everyone liable paid,
i.e. net of discounts, exemptions, disabled relief, transitional relief and council tax benefits.

(b) Includes City of London.

2.2.19 **Table 2.2m** shows the distribution of council tax collection rates by class of authority for 2011-12.

- Three metropolitan districts and four London boroughs had a council tax collection rate of over 98% compared with 15 unitary authorities and 129 shire districts.
- Only one shire district had a collection rate of less than 95% compared to seven London boroughs, four unitary authorities and three metropolitan districts.

Table 2.2m: Council tax collection rates by class of authority, 2011-12

Band (%)	Number of Authorities				
	London boroughs	Metropolitan districts	Unitary authorities	Shire districts	England
less than 95	7	4	3	1	15
95 up to 96	5	9	7	5	26
96 up to 97	11	9	11	15	46
97 up to 98	6	11	20	51	88
98 up to 99	3	3	14	112	132
99 and above	1	0	1	17	19
Total	33	36	56	201	326

Source: QRC4 returns

2.2.20 **Table 2.2n** shows the level of arrears of council tax in the period 2007-08 to 2011-12 as well as the amounts of council tax that were written off in the same period.

- In 2011-12 local authorities collected £471 million of outstanding council tax, irrespective of the year to which it related. This represents more than 2% of the Net Collectable Debit for 2011-12.
- In 2011-12 local authorities wrote off £171 million of uncollectable council tax, irrespective of the year to which it related. This represented 0.8% of the Net Collectable Debit for 2011-12.

Table 2.2n : Council tax arrears and write-offs : 2007-08 to 2011-12

	£ million				
	2007-08	2008-09	2009-10	2010-11	2011-12
Arrears for earlier years brought forward on 1 April (a)	1,952	2,026	2,157	2,244	2,310
<i>add</i>					
Net adjustments made in year to arrears included in the Net Collectable Debit for earlier years	-40	-37	-32	-31	-9
Arrears relating to earlier years before write-offs in current year	1,912	1,989	2,125	2,213	2,301
<i>less</i>					
Amount collected in year relating to arrears for earlier years	442	427	440	472	471
Amounts written-off in year relating to earlier years	149	154	155	140	164
<i>equals</i>					
Arrears in respect of earlier years as at 31 March	1,321	1,407	1,531	1,601	1,666
Amounts not collected in current year	682	781	724	701	696
Amount written off in year relating to current year	9	9	13	7	7
Total arrears in respect of current year outstanding as at 31 March	673	772	711	694	689
Total Arrears outstanding as at 31 March^(a)	1,994	2,179	2,242	2,295	2,355
Court and administration costs included Total Arrears above	150	159	163	195	199
Total amount written off each year irrespective of the year to which it relates	159	164	168	148	171

Source : QRC4 returns

(a) The figures for 31 March & 1 April of the same year are not identical as the figures for 31 March are best estimates provided by local authorities in May/June following the year in question and the 1 April figures are provided 14 months afterwards.

2.3 Non-domestic rates

- 2.3.1 Since 1 April 1990 most non-domestic properties in England have been liable to nationally-set non-domestic rates (NNDR), which are also known as **business rates** (or sometimes the unified business rate). Before 1990, non-domestic rates were set locally. Since then, they have been set nationally, and paid into a central pool. Prior to 2006-07 they were then distributed among local authorities on a per head basis. From 2006-07 onwards, they have been distributed among local authorities on the same basis as Revenue Support Grant, with the payments being regarded as a type of government grant.
- 2.3.2 From 2012-13, business rates relocalisation reform will see 50% of business rates retained locally. Authorities will be designated to either pay a tariff, or receive a top-up. This is to buffer any difference in income between this system and the previous one of distribution of all non-domestic rates from a central pool.
- 2.3.3 Liable properties include public buildings, pipelines and advertising hoardings, as well as businesses. However, some non-domestic properties, such as agricultural land and associated buildings, and churches, are exempt. Each property liable to non-domestic rates is known as a **hereditament**, and is recorded on a rating list that is compiled and maintained by the Valuation Office Agency, an agency of HM Revenue and Customs.
- 2.3.4 Each hereditament has a rateable value that is based, broadly, on the annual rent that the property could have been let for on the open market at a particular date (currently 1 April 2008, using a list compiled for 1 April 2010).
- 2.3.5 In broad terms, the rates bill for a property is the product of its rateable value and the relevant national non-domestic rating multiplier. This was 40.7p in the pound in 2010-11, 42.6p in the pound in 2011-12 and 45.0p in the pound in 2012-13 for ratepayers benefiting from the **small business rate relief** scheme. For other properties the figures were 41.4p in the pound in 2010-11, 43.3p in 2011-12 and 45.8p in 2012-13. Further adjustments may be made for other reliefs.

Table 2.3a: Outturn national non-domestic rate yield from local lists, in England, since 2008-09^(a)

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13(B)
Yield before reliefs in respect of current year	21,307	22,469	23,083	24,306	25,730
<i>add</i>					
Changes in respect of previous years	-670	-736	-873	-305	0
<i>less</i>					
Buoyancy Factor Allowance	-	-	-	-	1,216
Yield before reliefs	20,637	21,733	22,210	24,001	24,514
<i>less</i>					
Transitional Relief	-73	-148	531	372	252
Mandatory Relief	|| 1,396	|| 2,129	|| 2,198	|| 2,118	2,122
Discretionary Relief	42	47	43	47	43
Small Business Rate Relief	145	188	163	|| 432	|| 405
Schedule of Payment agreements	59	8	0	-8	-
Deferements	-	98	-	...	-
Enterprise Zones (c)				-	8
Net rate yield	|| 19,068	|| 19,412	|| 19,276	|| 21,039	|| 21,683
<i>less</i>					
Collection costs including losses ^(b)	347	373	349	378	354
Contribution to the pool	|| 18,722	|| 19,039	|| 18,927	|| 20,661	|| 21,329
	2008-09	2009-10	2010-11	2011-12	2012-13
Small business rate multiplier (pence)	45.8	48.1	|| 40.7	42.6	45.0
National non-domestic rates multiplier (pence)	46.2	48.5	|| 41.4	43.3	45.8
Number of hereditaments ('000) ^(c)	1,692	1,698	1,718	1,735	1,759
Rateable value ^(c)	46,888 ^(d)	46,721 ^(d)	|| 56,337 ^(e)	56,846 ^(e)	57,178 ^(e)

Source: NNDR1 and NNDR3 returns - data for 2008-09 to 2011-12 are outturn figures from NNDR3; those for 2012-13 are budget estimates from NNDR1.

(a) This excludes contributions from the central list and other contributions to the pool.

(b) Includes the City of London offset of £9.8million in 2009-10, £10million in 2010-11, £10.2million in 2011-12 and £10.2m in 2012-13.

(c) As at 31 December in previous year.

(d) Based on draft list for use following April 2005 revaluation.

(e) Based on draft list for use following April 2010 revaluation.

2.3.6 Rate reliefs can be granted in certain circumstances by local authorities. Mandatory reliefs are automatic entitlements in any local authority area, and discretionary reliefs are granted at a local authority's discretion. An example of these two types of relief is properties held by charities, which are automatically entitled to mandatory relief of 80 per cent, and local authorities then have the discretion to top that up to 100 per cent. The cost of discretionary relief is met, in part, by local authorities.

2.3.6 In addition, at a revaluation, transitional arrangements are introduced which cap significant increases and decreases in bills. The 2010 transitional scheme aims to be revenue neutral by phasing in both increases and decreases over five years, instead of all ratepayers receiving the full impact of the changes immediately on 1 April 2010.

- Changes to levels of empty property relief have been driven by revisions to the rules. Prior to 1 April 2008, after an initial 3 month rate-free period, industrial properties continued to receive 100% relief, while all other empty properties received 50% relief.
- In 2008-09 the rules governing empty property rate relief were reformed by the Rating (Empty Properties) Act 2007. From 2008-09 non-industrial properties could claim 100% relief for the first 3 months of being empty and industrial properties could claim 100% relief for the first 6 months of being empty, after which they were liable for full rates.

- In response to the economic downturn, in 2009-10, all empty properties below £15,000 in rateable value were exempt. This limit was raised to £18,000 in 2010-11 in line with revaluation.
- In 2011-12, the measure of a small property was reduced to those hereditaments with a rateable value of £2,600 or less. So for 2011-12 onwards, following the initial rate-free period, those properties with a rateable value of £2,600 or less continue to receive 100% relief.

Table 2.3b: Mandatory and discretionary rate reliefs^(a)

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13(B)
Mandatory Reliefs					
Charity	853.8	945.1	997.7	1,159.8	1,216.1
Rural village shop	6.1	6.4	5.5	5.8	5.8
Former agricultural premises ^(b)	0.0	0.0	0.0	0.0	-
Partly occupied	36.3	45.2	58.0	77.1	22.6
Empty premises ^(c)	487.0	1,117.1	1,121.4	858.2	859.9
Community amateur sports clubs	12.7	15.0	15.6	17.1	17.5
Total	1,395.9	2,128.7	2,198.2	2,117.9	2,121.9
Discretionary Reliefs					
Charity	8.8	10.1	10.5	11.4	11.7
Non-profit making bodies	25.7	28.9	26.1	27.4	28.0
Rural village shop	2.0	2.3	2.0	2.1	2.1
Other small rural business	1.3	1.4	1.2	1.2	1.2
Former agricultural premises ^(b)	0.0	0.0	0.0	0.0	-
Hardship	0.9	3.7	3.3	4.7	-
Charges on property	0.0	0.1	0.0	0.0	-
Community amateur sports clubs	0.2	0.2	0.2	0.3	0.4
Total	38.9	46.8	43.3	47.2	43.4

Source: NNDR1 and NNDR3 returns - data for 2008-09 to 2011-12 are outturn figures from NNDR3; those for 2012-13 are budget estimates from NNDR1.

(a) Excludes small business rate relief.

(b) Relief for former agricultural premises ended in August 2006.

(c) Rules governing the award of empty property relief changed in April 2008, 2009, 2010 & 2011

Table 2.3c: Non-domestic rate yields from 2003-04 to 2012-13

	Multiplier (pence)	Local List				Central list receipts	Other contributions ^(b)	Total Contribution to the pool
		Number of hereditaments ^(a) ('000s)	Rateable value ^(a)	Notional yield in respect of current year	Contribution to the pool			
2003-04	44.4	1,642	39,586	17,463	14,385	1,029	10	15,424
2004-05	45.6	1,647	39,466	17,908	14,738	1,030	10	15,778
2005-06	41.5 ^(c)	1,651	46,280	19,484	15,677	1,097	10	16,784
2006-07	42.6 ^(c)	1,663	47,094	20,013	16,853	1,148	11	18,012
2007-08	44.1 ^(d)	1,681	47,314	20,521	17,138	1,185	9	18,332
2008-09	45.8 ^(e)	1,692	46,888	21,307	18,722	1,145	11	19,878
2009-10	48.1 ^(e)	1,698	46,721	22,469	19,039	1,171	11	20,221
2010-11	40.7 ^(c)	1,718	56,337	23,090	18,927	1,174	11	20,112
2011-12	42.6 ^(c)	1,735	56,846	24,216	20,661	1,225	8	21,894
2012-13	45.0 ^(f)	1,759	57,178	25,730	21,329	1,322	11	22,662

Source: NNDR1 and NNDR3 returns

(a) Data taken from NNDR1 are as at 31 December of the previous year ie number of hereditaments shown for 2004-05 taken as at 31 December 2003.

(b) Includes Crown contributions and Contributions in lieu of rates for crown properties (CILOR).

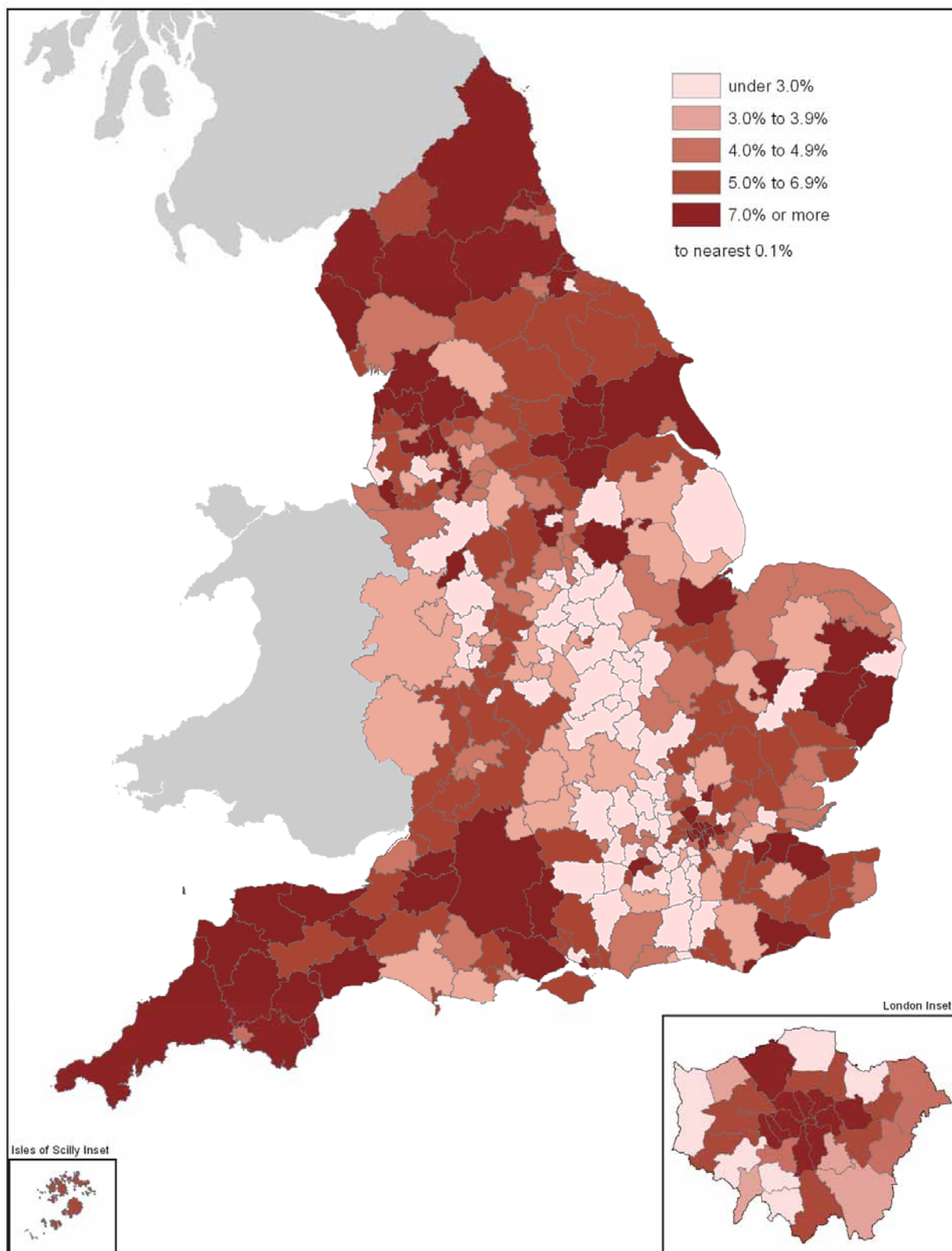
(c) This figure applies to ratepayers in receipt of small business rate relief. A supplement of 0.7p in the pound applies to other properties.

(d) This figure applies to ratepayers in receipt of small business rate relief. A supplement of 0.3p in the pound applies to other properties.

(e) This figure applies to ratepayers in receipt of small business rate relief. A supplement of 0.4p in the pound applies to other properties.

(f) This figure applies to ratepayers in receipt of small business rate relief. A supplement of 0.8p in the pound applies to other properties.

Map 2.3d: Increase in amount of collectable NDR from 2010-11 to 2011-12



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- The average in-year non-domestic rates collection rate has been gradually increasing year-on-year, reaching 98.8% nationally in 2007-08 before falling by 1 percentage point in 2008-09. It has remained fairly stable since then.

Table 2.3e: Collection rates^(a) : non-domestic rates 2002-03 to 2011-12

	All English authorities	Inner London boroughs ^(b)	Outer London boroughs	London boroughs	Metropolitan districts	Unitary authorities	% Shire districts
2002-03	98.2	98.0	98.1	98.0	97.8	98.1	98.5
2003-04	98.3	98.5	98.2	98.4	97.8	97.8	98.6
2004-05	98.3	98.3	98.3	98.3	97.9	98.1	98.7
2005-06	98.4	97.9	98.4	98.1	97.9	98.4	98.8
2006-07	98.7	98.5	98.7	98.6	98.3	98.8	98.9
2007-08	98.8	98.9	98.9	98.9	98.5	98.6	99.0
2008-09	97.8	98.1	97.8	98.0	97.2	97.5	98.2
2009-10	97.8	98.1	97.8	98.0	97.5	97.4	98.2
2010-11	98.0	98.2	97.8	98.1	97.3	97.7	98.4
2011-12	97.8	98.3	97.7	98.2	96.8	97.5	98.3

Source: QRC4 returns

(a) Calculated as receipts of annual business rates collected by end of financial year as a percentage of net collectable debit. The net collectable debit is the business rate for the relevant year that authorities would collect if everyone liable paid ie, net of relief or voids.

(b) Includes the City of London.

2.3.7 As with council taxes, the collection of non-domestic rates continues once the financial year to which they relate has ended; this means that the final collection rate achieved is somewhere between the figures shown and 100 per cent.

2.3.8 **Table 2.3f** shows the distribution of non-domestic rates collection rates by class of authority for 2011-12.

Table 2.3f: NNDR collection rates by class of authority 2011-12

Band (%)	Number of Authorities				
	London boroughs	Metropolitan districts	Unitary authorities	Shire districts	England
less than 97	12	18	12	13	55
97 up to 98	9	12	22	69	112
98 up to 98.5	3	2	8	47	60
98.5 up to 99	4	2	8	39	53
99 up to 99.5	3	2	6	25	36
99.5 and above	2	0	0	8	10
Total	33	36	56	201	326

Source: QRC4 returns

- It is estimated that £1.1 billion of non-domestic rate arrears were outstanding as at 31 March 2012.

Table 2.3g: Non-domestic rate arrears 2002-03 to 2011-12

						£ million
	Arrears at start of the year	Debit raised	Amount received (for arrears) ^(a)	Amount received (for current year)	Estimated write-offs	Arrears at end of the year
2002-03	791	15,172	-210	14,891	576	706
2003-04	706	15,368	-527	15,102	818	680
2004-05	680	15,742	-550	15,481	779	712
2005-06	712	16,527	-459	16,258	714	726
2006-07	726	17,454	-298	17,225	579	674
2007-08	674	17,964	-482	17,749	759	612
2008-09	612	19,507	-452	19,083	586	902
2009-10	902	19,984	-419	19,552	636	1,117
2010-11	1,117	20,025	-493	19,532	974	1,129
2011-12	1,129	21,290	-131	21,159	249	1,141

Source: NNDR3 and QRC4 returns

(a) A negative figure means that the increase in amounts due for previous years exceeded the arrears collected.

2.3.9 Non-domestic rates come mainly from two sources: properties on local rating lists (which since 2000-01 have included Crown properties, such as central government properties and Ministry of Defence establishments) and properties on the central list (such as national utilities and pipelines etc). The income from properties on local rating lists is collected by billing authorities and paid by them into the pool. Rates from properties on the central list are collected directly by the Department for Communities and Local Government.

2.3.10 Having been collected, the income from non-domestic rates is paid into a central pool and is then redistributed to local authorities. The method of distribution is explained in **section 2.3.1**

2.3.11 Further information on rateable values and non-domestic rates is given in the HM Revenue and Customs' *Non-domestic rating in England and Wales*, which can be seen at www.hmrc.gov.uk/statistics/non-domestic.htm .

2.4 Revenue grants

- 2.4.1 The main non-housing revenue grants are referred to collectively as **Aggregate External Finance (AEF)**. AEF includes **Revenue Support Grant (RSG)**, **redistributed non-domestic rates** and certain specific grants. From 2003-04, redistributed non-domestic rates, RSG and Police Grant (where appropriate) were distributed together as **Formula Grant**. Specific grants are distributed by individual government departments. From 2008-09 to 2010-11 **Area Based Grant (ABG)** was distributed to local authorities. This was a general grant allocated directly to local authorities as additional revenue funding to areas. It was allocated according to specific policy criteria rather than general formulae. Local authorities were free to use all of this un-ringfenced funding as they saw fit to support the delivery of local, regional and national priorities in their areas. From 2011-12 a new un-ringfenced general grant called **Local Services Support Grant (LSSG)** was set up.
- 2.4.2 AEF does not include housing subsidy, which is administered and recorded separately, as part of the **Housing Revenue Account (HRA)**. See **Chapter 3** for further details of housing subsidy.

- In 2011-12, central government grants amounted to £75.3 billion. In 2012-13 total central government grants funding was estimated at £71.6 billion, a reduction of 4.9%.

Table 2.4a: Aggregate External Finance provided to local authorities 2007-08 to 2012-13

	£ million					
	2007-08	2008-09	2009-10	2010-11 (R)	2011-12	2012-13 (B)
Formula Grant	25,639	27,496	28,269	29,012	29,436	27,802
of which						
Revenue Support Grant ^(a)	3,105	2,854	4,501	3,122	5,873	448
Redistributed non-domestic rates	18,506	20,506	19,515	21,517	19,017	23,129
Police grant	4,028	4,136	4,253	4,374	4,546	4,224
Specific & special grants inside AEF	44,485 ||	42,920	45,639 ||	45,750	45,502	43,539
Area Based Grant (ABG)	-	3,050	3,314 ||	4,363	-	-
Local Services Support Grant (LSSG)	-	-	-	-	253	160
City of London offset	-	-	-	-	-	-
General GLA grant	38	48	48	48	63	50
Total Grants To Local Authorities	70,162	73,514	77,271	79,173	75,254	71,550

Source: Revenue Summary (RS) returns and Revenue Account (RA) budget returns

(a) Comparisons across years may not be valid owing to changing local authority responsibilities and methods of funding.

- In 2011-12, 80% of shire districts' total funding was through formula grant.
- Shire counties received 75% of their total funding through specific grants.

Table 2.4b: Grants towards revenue expenditure by class of authority 2011-12

							£ million
	London boroughs	Metropolitan districts	Unitary authorities	Shire counties	Shire districts	Other authorities	Total England
Formula grant	4,300	5,905	4,599	4,547	1,260	8,825	29,436
of which:							
Revenue Support Grant	1,004	1,394	1,086	1,074	297	1,018	5,873
Redistributed non-domestic rates	3,264	4,511	3,513	3,473	962	3,293	19,017
Police grant	32	0	0	0	0	4,515	4,546
Specific grants inside AEF	6,987	9,762	8,791	13,930	271	5,762	45,502
Local Services Support Grant (LSSG)	45	70	46	40	42	11	253
General Greater London Authority (GLA) grant	0	0	0	0	0	63	63
Total Government Funding	11,332	15,737	13,436	18,516	1,572	14,661	75,254

Source: Revenue Summary (RS) returns

2.4.3 Formula Grant is provided to local authorities on an un-ringfenced basis and so can be spent on any service. From 1990-91 to 2002-03, it was allocated to local authorities through **Standard Spending Assessments (SSA)** system and from 2003-04 to 2005-06, Formula Grant was allocated to authorities using the **Formula Spending Shares (FSS)** system. Since 2006-07 Formula Grant has been distributed to local authorities by means of system that concentrates on the actual cash grant for local authorities rather than notional figures for spending and local taxation.

Under the current system, formula grant is largely allocated on the socio-economic and demographic characteristics of authorities, together with a measure of the authority's ability to raise council tax locally i.e. the number of Band-D equivalent properties within its area. The same formulas are applied to all authorities that provide the same services and the best data are used that are available on a consistent basis across all authorities. Every authority is guaranteed to receive at least a minimum percentage increase year-on-year (the 'floor') on a like-for-like basis i.e. after adjusting for changes in funding and function. In order to pay for the cost of the floor, the increase above the floor for all other authorities is scaled back.

2.4.4 A break-down of specific grants by service area is not shown as most specific grants are un-ringfenced, meaning local authorities can spend the grant across several services. Further information on specific grants in 2011-12 (outturn figures) and 2012-13 (budget figures) are given in **Tables C2b** and **C4b** of **Annex C**.

2.5 Sales, fees and charges

2.5.1 Sales, fees and charges are the amounts received by local government as a result of providing a service. They vary widely between services in both the amount of money involved, and their nature, for example library fines and planning application fees.

- Sales, fees and charges, excluding external trading accounts, totalled £11.1bn in 2011-12, down from £11.7bn in 2010-11.

Table 2.5a: Sales, fees and charges by service area 2007-08 to 2011-12 ^(a)

	£ million				
	2007-08	2008-09	2009-10	2010-11 (R)	2011-12
Education	2,049	2,298	2,220	2,126	1,841
Highways and transport	2,126	2,078	2,175	2,063	1,984
<i>of which:</i>					
<i>Highways</i>	231	208	214	240	197
<i>Public and other transport</i>	1,895	1,870	1,961	1,823	1,787
Social Care	2,331	2,446	2,617	2,718	2,686
<i>of which:</i>					
<i>Children Social Care</i>	110	109	129	132	115
<i>Adult Social Care</i>	2,221	2,337	2,488	2,586	2,570
Housing (excluding Housing Revenue Account)	593	619	685	555	515
Cultural, environmental and planning	2,443	2,529	2,543	2,541	2,515
<i>of which:</i>					
<i>Cultural</i>	866	919	935	915	889
<i>Environmental</i>	852	887	929	954	1,013
<i>Planning and development</i>	726	722	678	672	613
Police	391	455	426	447	446
Fire	39	27	29	35	25
Central services	1,063	1,053	1,132	1,125	987
Other	132	102	98	85	76
Total all services	11,166	11,607	11,925	11,694	11,074
External Trading Accounts	736	965	933	902	918
Total	11,902	12,573	12,859	12,597	11,992

Source: Revenue Outturn (RO) returns - RSX and TSR

(a) Sales, fees and charges for General Fund only.

2.5.2 **Table 2.5b** shows the distribution by value and class of authority of the sales, fees and charges received by local authorities in 2011-12.

- None of the London boroughs, metropolitan districts and shire counties have income from sales fees and charges below £20m. However, most shire districts and other authorities have less than £20m.

Table 2.5b: Sales, fees and charges by class of authority 2011-12

Band (£ million)	Number of Authorities						England
	London boroughs	Metropolitan districts	Unitary authorities	Shire counties	Shire districts	Other authorities	
less than 1	0	0	1	0	1	37	39
1 up to 5	0	0	0	0	77	28	105
5 up to 10	0	0	1	0	88	16	105
10 up to 20	0	0	5	0	32	4	41
20 up to 50	8	22	36	2	3	5	76
50 and above	25	14	13	25	0	1	78
Total	33	36	56	27	201	91	444

Source: Revenue Outturn (RSX) returns

Table 2.5c shows the service areas of sales, fees and charges over £200m for 2007-08 to 2011-12.

- In 2011-12, 'Older people including older mentally ill' is the service area with the highest sales, fees and charges of £2.1bn.
- In 2011-12 income from sales fees and charges for 'On-street parking' and 'Cemetery, cremation and mortuary services' increased by 8% whereas 'Secondary schools' decreased by 27% compared to 2010-11, this latter was probably affected by the transfer of many schools out of local authority control.

Table 2.5c Sales, fees and charges by service area over £200m from 2007-08 to 2011-12

	2007-08	2008-09	2009-10	2010-11 (R)	£ million 2011-12
Older people (aged 65 or over) including older mentally ill	1,741	1,814	1,935	2,033	2,060
On-street parking	666	664	682	662	714
<i>of which:</i>					
<i>On-street parking: other sales, fees and charges income</i>	333	352	343	346	374
<i>On-street parking: Penalty Charge Notice income</i>	333	312	339	316	340
Primary schools	707	795	787	790	702
Management and Support Services(a)	687	729	769	751	643
Secondary schools	840	935	919	807	588
Off-street parking	604	595	598	586	580
Total Police Services	391	455	426	447	446
Sports and recreation facilities, including golf courses	351	373	378	368	370
Adults aged under 65 with learning disabilities	264	302	311	304	289
Congestion charging	328	326	313	323	265
Development control	254	243	220	228	230
Cemetery, cremation and mortuary services	187	197	205	212	229
Other	4,146	4,179	4,383	4,183	3,957
Total	11,166	11,607	11,925	11,694	11,074
Source: Revenue Outturn (RO) returns					
(a) This includes recharges within central services, recharges to general fund revenue account (excluding central services), recharges to central government.					

CHAPTER 3

How is the money spent? – Revenue spending and how it is financed

3.0.1 This chapter describes the pattern and trends in revenue spending by local authorities and how it is financed. It is divided into the following sections:

- | | |
|--|-------------|
| • General Fund Revenue Account and definitions | section 3.1 |
| • Revenue expenditure and financing | section 3.2 |
| • Pattern of spending by class of authority | section 3.3 |
| • Labour, goods and services purchased | section 3.4 |
| • Capital charges | section 3.5 |
| • Revenue reserves | section 3.6 |
| • External trading services | section 3.7 |
| • Housing Revenue Account | section 3.8 |

3.0.2 Revenue spending by local authorities is mainly for:

- meeting employee costs such as the salaries of staff
- procurement costs, such as transport, fuel and building maintenance
- levies paid to other local authorities which provide a service (for example, a metropolitan district pays a waste disposal authority)
- payment of awards/benefits on behalf of central government (for example, mandatory rent allowances)
- recharges to other accounts

Such spending is often referred to as current or revenue expenditure, in order to distinguish it from capital spending. However, the terms **current expenditure** and **revenue expenditure** also have particular meanings in the context of local government finance – see **section 3.1**.

3.0.3 Detailed figures on revenue account spending for 2011-12, along with budgeted estimates for 2012-13, can be found in **Annex C**.

3.1 General Fund Revenue Account and Expenditure definitions

- 3.1.1 **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 **net current expenditure**. This definition can be used to describe expenditure on individual services. Net current expenditure includes that expenditure financed by specific government grants within and outside **Aggregate External Finance (AEF)**. This definition of net current expenditure is useful, as it is similar to the National Accounts' concept of current expenditure on goods and services.
- 3.1.2 The term **revenue expenditure** is used to describe expenditure funded from AEF, **council tax**, and authorities' reserves. Revenue expenditure is equal to net current expenditure plus capital financing costs and a few minor adjustments, but excluding expenditure funded by grants outside AEF and income from interest receipts. Revenue expenditure is a familiar and widely used measure of expenditure. It is used particularly in the context of funding of local government expenditure.
- 3.1.3 **Net revenue expenditure** is revenue expenditure excluding that funded by all **specific grants** except Police Grant.
- 3.1.4 Expenditure on individual services has traditionally been collected on a Net Current Expenditure basis. Following an initiative by the Chartered Institute of Public Finance and Accounting (CIPFA) enshrined in the *Best Value Accounting Code of Practice* (BVACOP), authorities were instructed to complete final accounts on what is called a **Financial Reporting Standard 17 (FRS17)** basis from 2003-04 up until 2009-10. From 1st April 2010 local authority accounts were prepared on the basis of International Financial Reporting Standard (IFRS). As a result local authorities were instructed to complete final accounts for each of their public services on an **International Accounting Standard 19 (IAS19)** and PFI 'off-balance' sheet basis.
- 3.1.5 The move to the IFRS based code implied that employee costs included in total expenditure complied with IAS19 Employee Benefits; where local authorities accounted for employee benefits when they became committed to give them, even if the actual payment of benefits will be many years in the future. IAS19 therefore requires that pension costs be accounted for as employees work the years of service that give them a right to a pension when they retire. For both FRS17 and IAS19 basis, revenue expenditure is financed by appropriations from pension reserves in addition to appropriations from other financial reserves, Revenue Support Grant, National Non-Domestic rates, Police Grant and Council Tax.
- 3.1.6 Where relevant, each of the tables in this chapter has footnotes to show whether the data in the table are on a FRS17 or non-FRS17 / non-IAS19 basis. For **Annex C** all the data are on a non-FRS17 / non-IAS19 basis unless otherwise stated.

3.2 Revenue expenditure and financing

3.2.1 Recent trends in revenue spending by broad service group and how it has been financed are shown in summary form in **Table 3.2a** and **Chart 3.2b**.

- Total revenue expenditure totalled £99.3bn in 2011-12, a decrease of 5% from £104.3bn in 2010-11.
- 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 and 2011-12), it is difficult to compare total net current expenditure.
- 35% of total net current expenditure in 2011-12 was on education, 18% on social care, 17% on housing benefits, and 10% on police.
- Capital financing costs in 2011-12 amounted to £4.6bn, compared to £3.0bn in 2007-08.
- In 2011-12, £2.9bn of capital expenditure was charged to the revenue account, up from £1.1bn in 2007-08, with Greater London Authority accounting for almost all of the increase.
- Other non-current expenditure in 2011-12 was £4.3bn, which includes the payment of council tax benefit, discretionary non-domestic rate relief, flood defence payments to the Environment Agency and bad debt provision. This is netted off by income from specific grants outside Aggregate External Finance.

Table 3.2a: General fund revenue account: outturn 2007-08 to 2011-12 and budget 2012-13

	£ million					
	2007-08 ^(a)	2008-09 ^(a)	2009-10 ^(b)	2010-11 ^(c)	2011-12 ^(c)	2012-13 ^(c)
	(B)					
Education ^{(d), (e)}	40,135	42,148	44,471	45,283	40,219	39,289
Highways and transport	5,634	5,679	6,541	5,669	5,380	5,272
Social care ^{(f), (g)}	18,587	19,604	20,963	21,062	21,160	21,249
Housing (excluding Housing Revenue Account) ^(h)	15,841	16,964	20,022	21,032	21,868	21,762
Cultural, environmental and planning	10,143	10,474	11,083	10,676	9,741	9,460
Police	11,704	11,555	12,022	11,948	11,650	11,604
Fire & rescue	2,233	2,104	2,177	2,165	2,118	2,217
Central services ⁽ⁱ⁾	3,596	3,846	3,771	3,608	3,344	3,570
Other ⁽ⁱ⁾	369	643	9	-267	-267	9
Appropriations to (+) / from (-) accumulated absences account	-	-	-	64	6	-11
Reversal of revenue expenditure funded from capital under statute (RECS) ^(k)	-	-	-1,883	-	-	-
Total net current expenditure ^{(e), (g)}	108,243	113,018	119,176	121,240	115,220	114,421
Capital financing	3,008	2,971	3,710	4,135	4,639	4,344
Capital Expenditure charged to Revenue Account	1,096	1,706	1,964	2,598	2,915	1,741
Other non-current expenditure ⁽ⁱ⁾	3,448	3,660	4,089	4,306	4,331	4,299
Pension Interest Costs (FRS17)	4,808	7,042	-	-	-	-
Appropriation to/from Pension Reserves (FRS17)	-5,595	-6,395	-	-	-	-
Appropriations to(+)/ from(-) financial instruments adjustment account	-	-135	32	15	-217	-31
Appropriations to(+)/ from(-) unequal pay back pay account	-	-64	24	-	-15	8
Private Finance Initiative (PFI) schemes - difference from service charge	-	-	18	38	5	57
<i>less</i> Interest receipts	1,862	1,926	780	663	860	404
<i>less</i> Specific grants outside AEF	20,762	21,772	24,958	27,191	26,541	25,826
<i>less</i> Business rates supplement	-	-	-	222	230	226
<i>less</i> Community Infrastructure Levy	-	-	-	-	0	0
<i>less</i> Carbon Reduction Commitment	-	-	-	-	-31	-36
Revenue expenditure (Non-FRS17 / Non-IAS19)	92,384	98,107	103,276	104,256	99,278	98,416
financed by:						
Reserves and Other	-1,387	-166	372	-1,172	-2,427	151
Transfers and Adjustments ^(m)	-2	-2	-1	23	0	0
Appropriation to/from Reserves (excluding Pension Reserves)	-1,497	-248	308	-1,261	-2,553	21
Other items	112	85	65	65	126	131
Total Government Funding	44,485	45,970	48,953	50,113	45,754	43,699
Specific grants inside AEF	44,485	42,920	45,639	45,750	45,502	43,539
Area Based Grant (ABG)	-	3,050	3,314	4,363	-	-
Local Services Support Grant	-	-	-	-	253	160
Formula Grant	25,639	27,495	28,269	29,012	29,436	27,802
of which:						
Revenue Support Grant	3,105	2,854	4,501	3,122	5,873	448
Redistributed non-domestic rates	18,506	20,506	19,515	21,517	19,017	23,129
Police grant	4,028	4,136	4,253	4,374	4,546	4,224
General Greater London Authority Grant	38	48	48	48	63	50
Council tax requirement	23,608	24,759	25,633	26,254	26,451	26,715

Source: Revenue Summary (RS) returns 2007-08 to 2011-12, Revenue Account (RA) budget return 2012-13.

(a) Produced on a Financial Reporting Standard 17 (FRS17) basis.

(b) Produced on a non-FRS17 and PFI off-balance sheet basis

(c) Produced on a non-IAS19 and PFI off-balance sheet basis (IAS19 replaces the previous FRS17 accounting system)

(d) Includes mandatory student awards and inter-authority education recoupment.

(e) 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.

(f) Includes supported employment.

(g) Adult social care 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.

(h) Includes mandatory rent allowances, rent rebates granted to HRA tenants.

(i) Court services were previously included as a separate service and have now been integrated with central services.

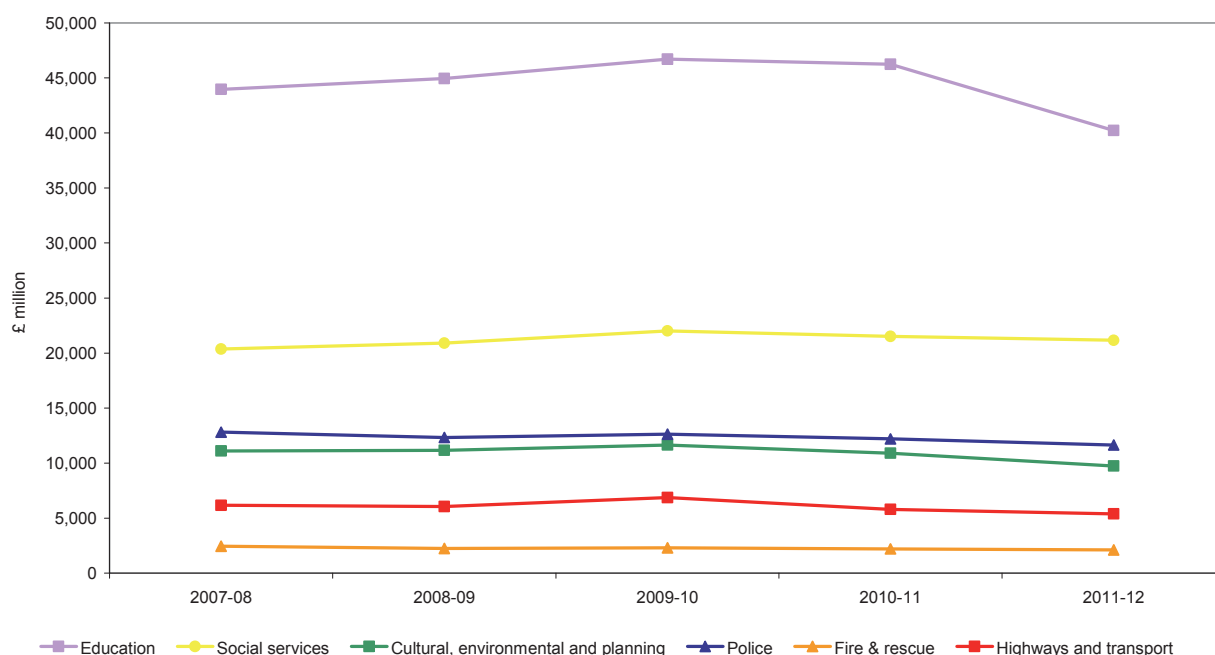
(j) The 2009-10 & 2010-11 'other services' line now includes capital charges for internal and external trading services, therefore total net current expenditure has been adjusted, for both years, to account for this.

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

(l) Includes: (i) gross expenditure on council tax benefit, (ii) discretionary non-domestic rate relief, (iii) flood defence payments to the environment agency, (iv) bad debt provision.

(m) Inter-authority transfers in respect of reorganisation.

Chart 3.2b: Trends in net current expenditure (at 2011-12 prices)



3.2.2 **Table 3.2c** shows expenditure on the main services that take place through the **General Fund Revenue Account** in 2011-12. **Chart 3.2d** shows the percentage of expenditure by service in 2011-12. Recharges of administration and support services within the accounts have been excluded to remove double-counting. A detailed breakdown of expenditure and income can be found in **Annex C**.

Table 3.2c: Current expenditure by service 2011-12 (a)

	EXPENDITURE					INCOME (b)		
	Running expenses					Sales, fees and charges	Other income	Recharges
	Employees	Procurement	Levies and transfers	Recharges	Total running expenses			
Education	28,952	15,809			15,809	1,841	2,701	4,541
Highways and transport	1,264	6,854	0 (c)		6,854	1,984	754	2,738
Children Social services	2,631	4,350			4,350	115	443	558
Adult Social services	3,936	15,596			15,596	2,570	2,225	4,795
Housing (excluding Housing Revenue Account)	706	2,630	19,766	1 (d)	22,396	515	719	1,234
Cultural, environmental and planning	4,337	9,521	0 (e)		9,521	2,515	1,602	4,117
of which:								
Cultural	1,646	2,777			2,777	889	513	1,402
Environmental	1,616	5,105	0 (e)		5,105	1,013	640	1,653
Planning and development	1,075	1,638			1,638	613	449	1,062
Police	10,577	2,151			2,151	446	632	1,078
Fire & rescue	1,683	513			513	25	54	79
Central services	5,967	6,710	391 (f,g)		7,100	987	1,939	9,723
Other services	141	299	13 (h)	-391 (i)	-79	76	253	328
Administration recharges		-6,798 (j)			-6,798			-6,798
Appropriations to/from accumulated absences accounts				6	6			0
Total net current expenditure	60,195	57,635	20,169	-385	77,419	11,074	11,321	0
Non-current expenditure								
Discretionary Non-Domestic Rate relief					30			
Flood defence payments to the Environment Agency					31			
Bad debt provision					108			
Leasing payments					48			
Total running expenses carried to Table 1.6b					77,636			

Source: Revenue Outturn (RO) and Revenue Summary (RS) returns

(a) Produced on a non-IAS19 and PFI off-balance sheet basis (IAS 19 replaces the previous FRS17 accounting system)

(b) This income includes sales, fees and charges, payments from other local authorities and non-government organisation grants. It does not include central government grants, council tax, interest receipts or appropriations from reserves.

(c) Integrated Transport Authority Levy

(d) Negative subsidy entitlement from Housing Revenue Account (HRA) and other revenue account contributions to/from the HRA.

(e) Waste disposal authority levy.

(f) Net current expenditure on London Pensions Fund Authority levy.

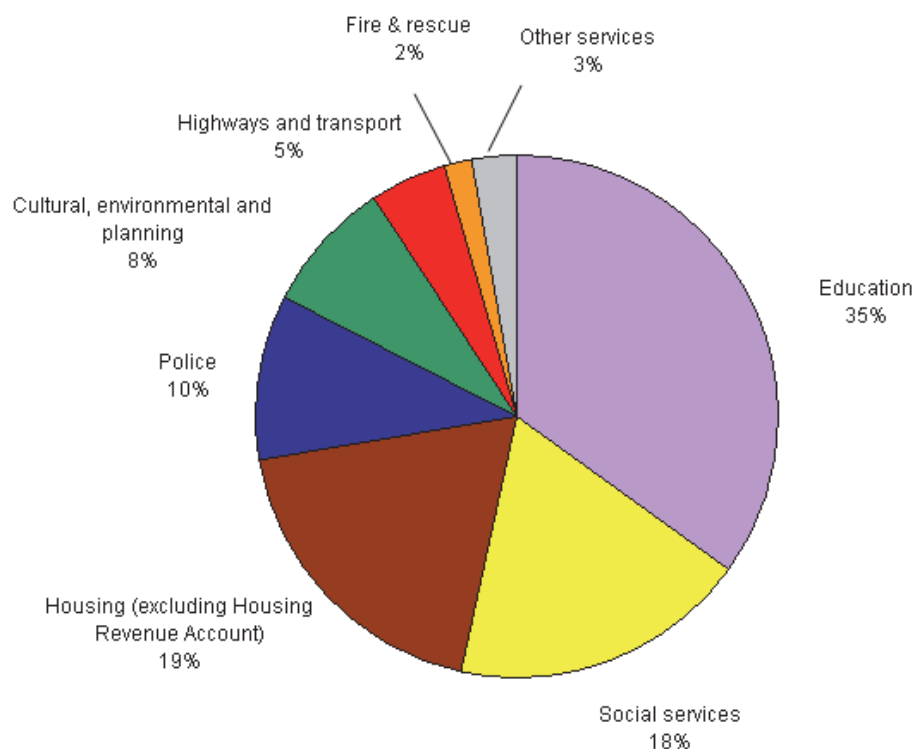
(g) Parish precepts (see Annex A3)

(h) Other levies.

(i) Net surplus/deficit and capital charges accounted for in internal and external trading accounts.

(j) Administration recharge expenditure within the general fund is recorded twice; alongside the individual service and also as a central services recharge. To ensure the expenditure is recorded only once, the recharge has been subtracted.

Chart 3.2d: Net current expenditure by service 2011-12



3.2.3 Longer-term trends in local authority revenue expenditure and how it has been financed since 1993-94 are shown in **Table 3.2e** and **Chart 3.2f**, in both cash terms and also in real terms at 2011-12 prices, using the GDP deflator to take account of inflation. Expenditure met by sales, fees and charges and expenditure under other accounts, such as the **Housing Revenue Account (HRA)** are excluded.

3.2.4 Changes and comparisons over time can often be misleading owing to changes in functions that are the responsibilities of local government. The sum of government grants, redistributed non-domestic rates and council tax does not normally exactly equal revenue expenditure because of the use of reserves.

- Revenue expenditure, in cash terms, has increased by 139% (more than double) between 1993-94 and 2011-12. The corresponding increase in real terms was 61%.
- In 2011-12, approximately 57% of revenue expenditure was funded through government grants, 27% through council tax and 19% through redistributed non-domestic rates.

Table 3.2e: Financing of revenue expenditure since 1993-94

	Revenue Expenditure ^(d) (£ million)	Government grants ^(e) (£ million)	% of total	Redistributed non-domestic rates ^(f) (£ million)	% of total	Council tax ^(g) (£ million)	% of total
Council tax system							
1993-94 ^(a)	41,506	21,685	52	11,584	28	8,912	21
1994-95 ^(a)	43,602	23,679	54	10,692	25	9,239	21
1995-96 ^(a)	44,827	23,335	52	11,361	25	9,777	22
1996-97 ^(a)	46,532	23,003	49	12,743	27	10,461	22
1997-98 ^(a)	47,256	23,840	50	12,034	25	11,241	24
1998-99 ^(a)	50,189	25,291	50	12,531	25	12,332	25
1999-00 ^(a)	53,651	26,421	49	13,619	25	13,278	25
2000-01 ^(a)	57,329	27,809	49	15,407	27	14,200	25
2001-02 ^(a)	61,952	31,469	50	15,144	24	15,246	25
2002-03 ^(a)	65,898	32,634	50	16,639	25	16,648	25
2003-04 ^(a)	75,244	41,777	56	15,611	21	18,946	25
2004-05 ^(a)	79,303	45,258	57	15,004	19	20,299	26
2005-06 ^(a)	84,422	45,838	54	18,004	21	21,315	25
2006-07 ^(a)	88,172	49,093	56	17,506	20	22,453	26
2007-08 ^(a)	92,384	51,656	56	18,506	20	23,608	26
2008-09 ^(a)	98,107	53,007	54	20,506	21	24,759	25
2009-10 ^(b)	103,276	57,755	56	19,515	19	25,633	25
2010-11 ^(c)	104,256	57,657	55	21,517	21	26,254	25
2011-12 ^(c)	99,278	56,237	57	19,017	19	26,451	27

Source: Revenue Summary (RS) returns to 2011-12

(a) Produced on a Financial Reporting Standard 17 basis.

(b) Produced on a non Financial Reporting Standard 17 (non-FRS17) and PFI "off-balance" sheet basis.

(c) Produced on a non International Accounting Standard 19 (non-IAS19) and PFI "off-balance" sheet basis.

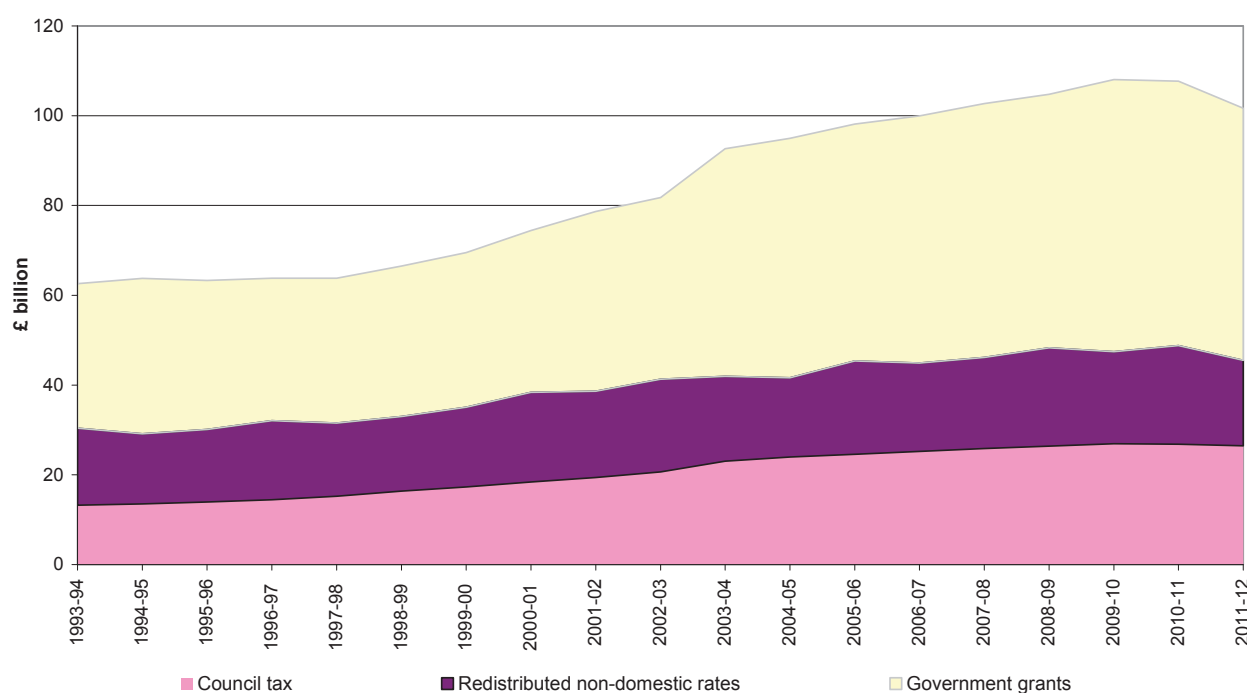
(d) The sum of government grants, business rates and local taxes does not normally equal revenue expenditure because of the use of reserves. The figures shown in the revenue expenditure column are expenditure financed from Revenue Support Grant, specific and special grants within AEF, redistributed non-domestic rates, council taxes and balances. The figures also include spending met by Standard Spending Assessment (SSA) reduction grant (1994-95 to 2001-02), Police grant (1995-96 onwards), Central Support Protection Grant (1999-00 to 2001-02) and General GLA grant (2000-01 onwards).

(e) The figures shown in the Government grants column are Revenue Support Grant and specific and special grants within AEF. In addition, also included are SSA reduction grant (1994-95 to 2001-02), Police grant (1995-96 onwards), Central Support Protection Grant (1999-00 to 2001-02) and General GLA grant (2000-01 onwards).

(f) The figures shown in the redistributed non-domestic rates column include City of London offset from 1993-94 to 2003-04.

(g) The figures shown in the council tax column are gross of council tax benefit and council tax transitional reduction scheme.

Chart 3.2f: Funding of local authority income (at 2011-12 prices)



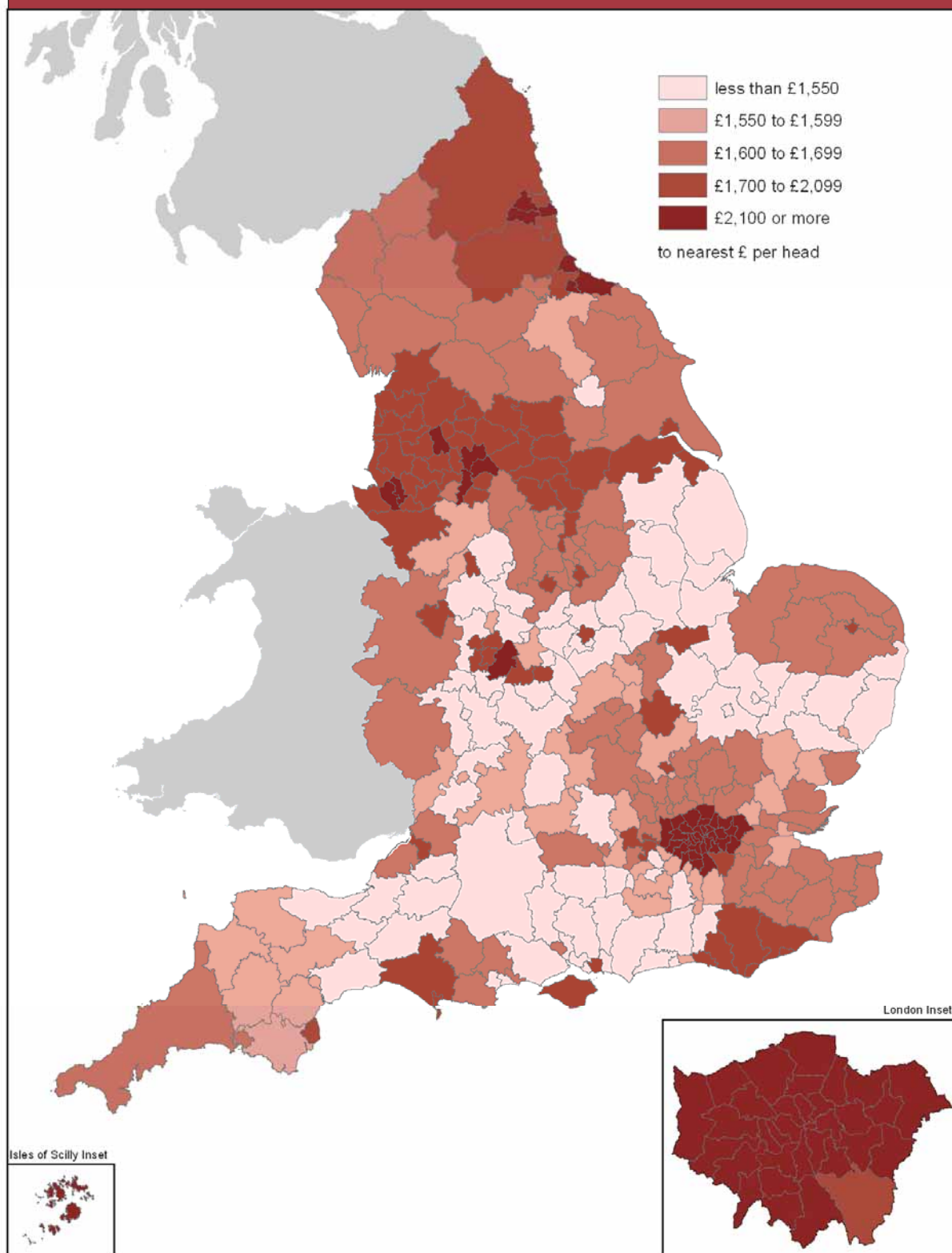
3.2.5 The following three maps illustrate variations in expenditure and funding in 2011-12:

- **Map 3.2g** Revenue expenditure per head
- **Map 3.2h** Central Government finance per head (comprises Central Government Grants and National Non-Domestic Rates)
- **Map 3.2i** Council tax as a proportion of revenue expenditure.

3.2.6 The maps show average expenditure and funding by billing authority. Services, such as police and fire (provided by joint and combined authorities and the Greater London Authority) have been proportioned to each billing authority appointed.

- Revenue expenditure per head is generally highest in London and parts of the North, and lowest in the central and southern parts of England.
- The pattern of high revenue expenditure generally reflects high grant levels through Central Government finance, with a lower percentage of revenue raised through council tax in most of these areas.
- The lowest levels of revenue spending are generally in the areas with no large cities and these areas are characterised by lower levels of grant and a higher proportion of locally raised revenue.

Map 3.2g: Revenue expenditure per head 2011-12



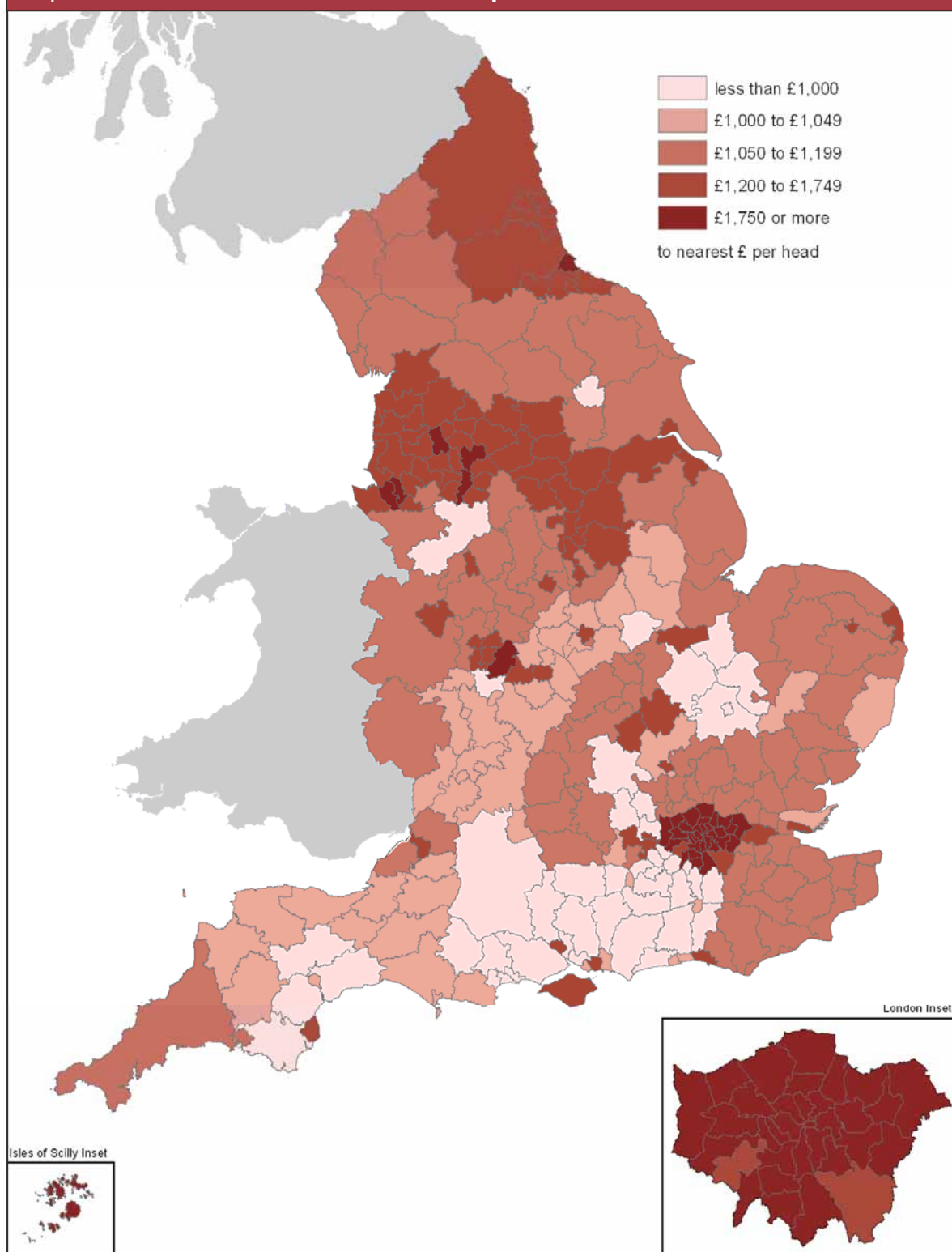
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Data Sources:

RO returns,
ONS Population Unit

Map 3.2h: Central Government finance per head 2011-12



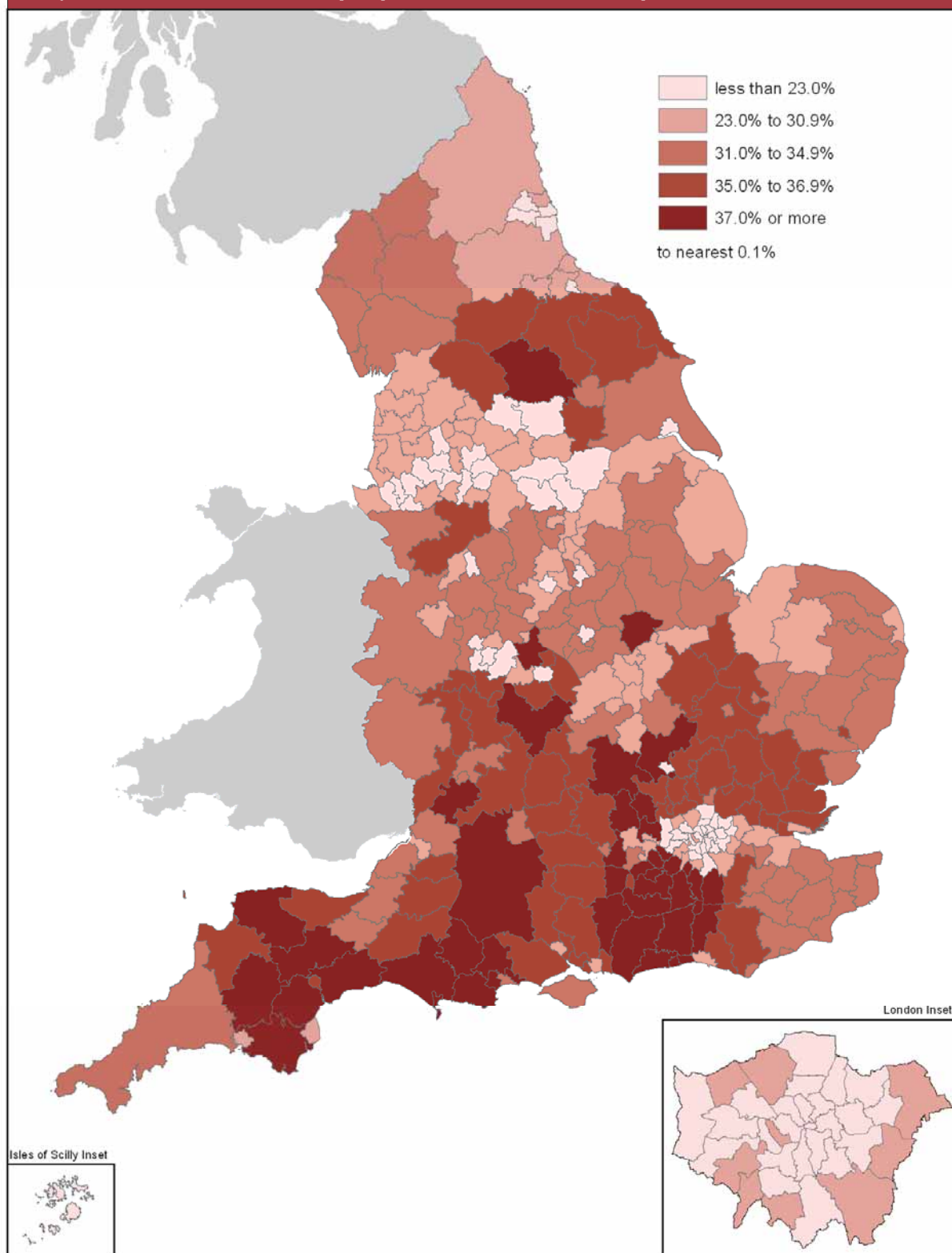
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Data Sources:

RO returns,
ONS Population Unit

Map 3.2i: Council tax as a proportion of revenue expenditure 2011-12



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Data Sources:

RO returns,
ONS Population Unit

3.3 Pattern of spending by class of authority

3.3.1 **Table 3.3a** and **Chart 3.3b** show revenue expenditure for each class of authority in England.

- Revenue expenditure per head in England decreased from £1,996 in 2010-11 to £1,869 in 2011-12.

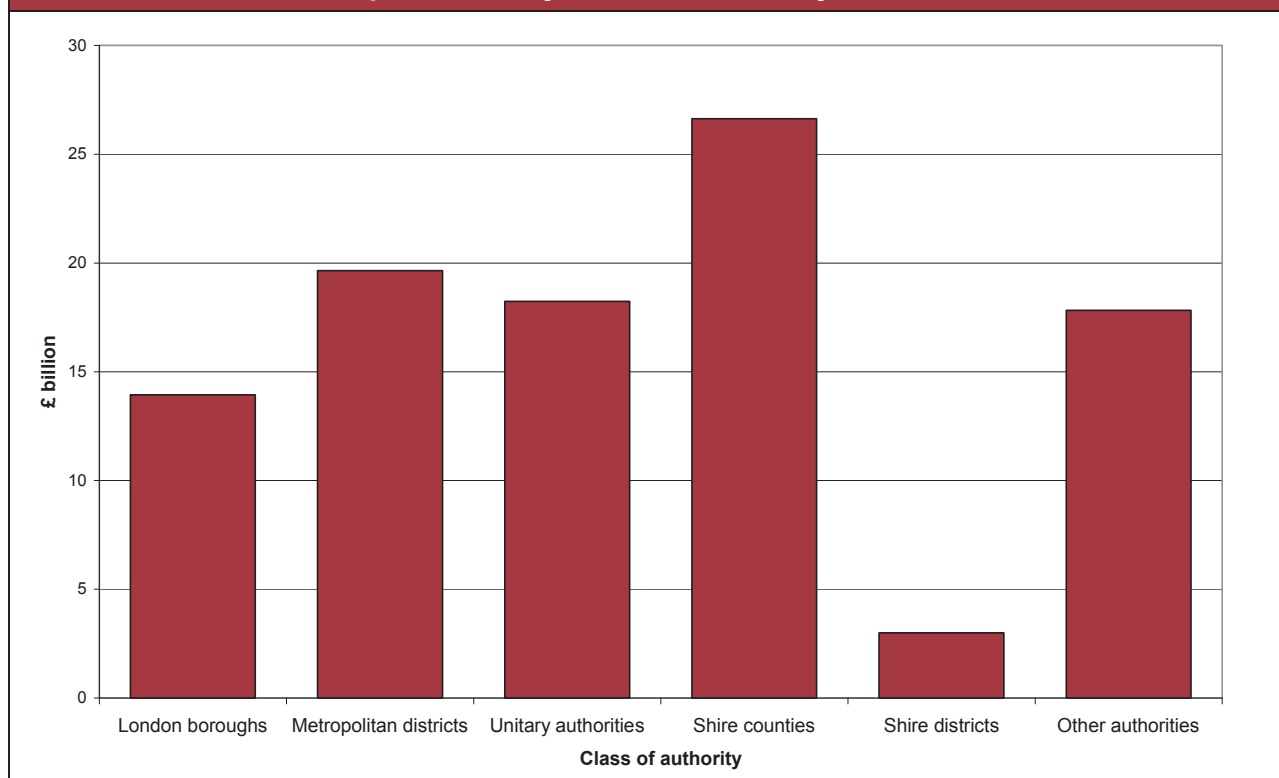
Table 3.3a: Revenue expenditure by class of authority 2009-10 to 2011-12

Class of authority	2009-10	2010-11	£ billion 2011-12
London boroughs	15	15	14
Metropolitan districts	20	21	20
Unitary authorities	19	19	18
Shire counties	28	28	27
Shire districts	4	3	3
Other authorities ^(a)	18	18	18
England	103	104	99
Revenue expenditure per head (£)	1,996	1,996	1,869

Source: Revenue Summary (RS) returns and ONS mid-year population estimates 2009 to 2011.

(a) Includes Greater London Authority

Chart 3.3b: Revenue expenditure by class of authority 2011-12



3.3.2 **Table 3.3c** shows the distribution of revenue expenditure for 2011-12 by class of authority.

- All shire counties spend £500m or more a year, while all shire districts spend less than £40m a year.
- All London boroughs and metropolitan districts and most unitary authorities spend £40m or more a year.

Table 3.3c: Revenue expenditure by class of authority 2011-12

Band (£ million)	Number of Authorities						England
	London boroughs	Metropolitan districts	Unitary authorities	Shire counties	Shire districts	Other authorities	
less than 5	0	0	0	0	1	15	16
5 up to 10	0	0	1	0	25	3	29
10 up to 15	0	0	0	0	84	2	86
15 up to 20	0	0	0	0	65	0	65
20 up to 40	0	0	0	0	26	14	40
40 up to 300	6	4	31	0	0	48	89
300 up to 500	16	20	17	0	0	6	59
500 and above	11	12	7	27	0	3	60
Total	33	36	56	27	201	91	444

Source: Revenue Outturn (RO) returns

3.4 Labour, goods and services purchased

- 3.4.1 Revenue expenditure can also be analysed in terms of the labour, goods and services purchased by local authorities.
- 3.4.2 Since 1998-99 a sample of local authorities have completed the *Subjective Analysis Return* (136 local authorities have been queried annually from 2005-06). This shows how net current expenditure is broken down between pay and the procurement of goods and services. Pay is analysed to show the major pay negotiating groups. Procurement of goods and services is analysed to show goods and services purchased directly and services provided by external contractors (private contractors and voluntary organisations) or internal **trading services** (**Direct Labour Organisations** and **Direct Service Organisations**).
- 3.4.3 **Table 3.4a** shows a time series of this analysis from 2007-08 onwards. Total expenditure on pay and the procurement of goods and services is consistent with *Revenue Outturn* data, but has been adjusted to exclude double counting of expenditure that has been recharged between service blocks within the General Fund Revenue Account, or between one local authority and another. Discretionary transfer payments have also been excluded.
- 3.4.4 Detailed analyses of the *Subjective Analysis Return* for 2011-12 are shown in Annex **Table C1h**.

- In 2011-12, 51% of employee and procurement expenditure was used to pay teachers, police, fire-fighters and other local government workers.
- Of the £60.2bn spent on pay in 2011-12, £18.2bn was used to pay teachers.
- £57.6bn was spent on the procurement of goods and services in 2011-12, of which £27.7bn was paid to external contractors.

Table 3.4a: Labour, goods and services 2007-08 to 2011-12

	£ million					%
	2007-08 ^(a)	2008-09 ^(a)	2009-10 ^(b)	2010-11 ^(c)	2011-12 ^(c)	2011-12
Teachers	20,104	20,427	20,877	20,457	18,155	15
Police	9,841	10,350	10,501	10,616	10,439	9
Firefighters	1,498	1,480	1,493	1,468	1,454	1
Other local government	27,366	28,920	30,080	30,243	27,547	23
Pay related costs	2,892	1,681	2,668	2,751	2,599	2
Total employee expenditure	61,701	62,858	65,618	65,534	60,195	51
Premises related expenditure	6,891	7,475	7,869	7,348	6,674	6
Transport expenditure	2,911	3,172	3,112	2,979	2,827	2
Supplies and services expenditure	18,210	18,089	20,048	19,096	17,660	15
External contractors ^(d)	23,431	26,228	27,158	28,993	27,696	24
Internal trading services	2,627	2,102	2,866	2,224	2,041	2
Other ^(e)	524	493	854	881	737	1
Total procurement expenditure	54,594	57,559	61,907	61,520	57,635	49
Total employee and procurement expenditure	116,296	120,417	127,525	127,055	117,830	100

Source: Subjective Analysis Return (SAR)

(a) Produced on a Financial Reporting Standard 17 (FRS17) basis.

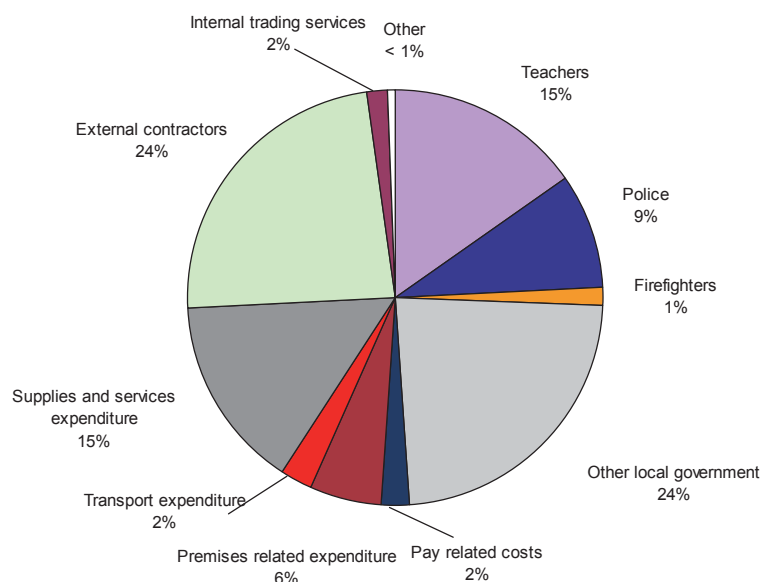
(b) Produced on a non-FRS17 and PFI "off-balance" sheet basis

(c) Produced on a non-IAS19 and PFI off-balance sheet basis (IAS19 replaces the previous FRS17 accounting system)

(d) Excludes expenditure on inter local authority recoupment (RO1).

(e) Excludes expenditure on concessionary fares and administration and support services recharges (RO2, RO6).

Chart 3.4b: Labour, goods and services 2011-12



3.5 Capital charges

- 3.5.1 For 2011-12, capital charges are limited to **depreciation** and **impairment charges** for **tangible fixed assets**, and the **amortisation charges** for **intangible assets** and **deferred charges**. The charges are reduced by credits representing the amortisation of capital grants used to finance the assets. The interest element that used to represent the opportunity cost of resources tied up in capital assets is no longer included. This change is in accordance with the amended requirements of **CIPFA's Best Value Accounting Code of Practice (BVACOP)** and the SORP as they apply to the 2006-07 onwards financial years.
- 3.5.2 The sum of total expenditure and capital charges gives gross total cost, as defined by BVACOP. This provides the link between expenditure definitions collected on the *Revenue Outturn* forms, and the definition of gross total cost. For more information on expenditure definitions, see the glossary.

- In 2011-12 capital charges represented around 7.7% of gross total cost.
- Capital charges as a percentage of gross total cost are highest for Highways and Transport services and lowest in Housing Services.
- Capital charges have decreased from £12.7bn in 2010-11 to £12.0bn in 2011-12.

Table 3.5a: Capital charges and gross total cost by service 2011-12 ^(a)

	£ million			
	Gross expenditure	Capital charges	Gross total cost	Capital charges as percentage of gross total cost
Education	44,760	4,761	49,522	9.6
Highways and transport	8,118	2,731	10,849	25.2
Social services	26,514	526	27,040	1.9
<i>of which:</i>				
<i>Children Social Services</i>	6,981	139	7,119	1.9
<i>Adult Social Services</i>	19,533	388	19,920	1.9
Housing (excluding Housing Revenue Account)	23,102	377	23,480	1.6
Cultural, environmental and planning	13,858	2,007	15,865	12.6
<i>of which:</i>				
<i>Cultural</i>	4,424	1,097	5,520	19.9
<i>Environmental</i>	6,721	401	7,122	5.6
<i>Planning and development</i>	2,713	509	3,223	15.8
Police	12,728	556	13,285	4.2
Fire & rescue	2,196	182	2,379	7.7
Central services	12,677	897	13,574	6.6
Other services	441	6	447	1.3
Total	144,394	12,045	156,439	7.7

Source: Revenue Outturn (RO) and Revenue Summary returns

(a) Produced on a non-IAS 19 and PFI off-balance sheet basis (IAS19 replaces the previous FRS 17 accounting system)

3.6 Revenue reserves

3.6.1 Revenue reserves are an accumulation of income, which can be used to finance future spending and to provide working balances. Authorities hold reserves for a variety of reasons including:

- to meet unexpected calls on their resources, like the consequences of flooding or of snow and ice on roads
- to act as a cushion against uneven cash flows, to avoid the need for temporary borrowing
- to build up resources to cover certain or probable future liabilities

Table 3.6a shows the level and use of revenue reserves by class of local authority.

3.6.2 The first reason is an important element of authorities' risk management strategies, and decisions on the amount held for this reason should follow a careful assessment of risks faced by an authority and other means by which the risks can be mitigated.

3.6.3 There are three main types of revenue reserves:

- schools' reserves, which represent amounts retained by schools out of their delegated budgets; schools hold these reserves for the same reasons as local authorities
- other earmarked reserves, which have been set aside for other particular purposes
- unallocated reserves, which are intended for general contingencies

3.6.4 In presenting how much finance a local authority has in reserve at any point in time it is normal to exclude schools' reserves as they are not immediately available to a local authority.

- The total level of non-schools revenue reserves at 31 March 2012 was £16.4bn, an increase of £2.2bn from 31 March 2011.

Table 3.6a: Level of revenue reserves by class at 31 March 2012

	Revenue expenditure ^(a)	Revenue reserves				Revenue reserves as a % of revenue expenditure			
					Non-schools total				Non-schools total
		Schools	Other earmarked	Unallocated		Schools	Other earmarked	Unallocated	
London boroughs	13,936	456	2,175	565	2,739	3.3	15.6	4.1	19.7
GLA	7,530	-	1,353	247	1,599	-	18.0	3.3	21.2
Metropolitan districts	19,646	609	1,914	589	2,503	3.1	9.7	3.0	12.7
Unitary authorities	18,241	453	1,876	592	2,468	2.5	10.3	3.2	13.5
Shire counties	26,630	894	2,648	664	3,312	3.4	9.9	2.5	12.4
Shire districts	2,999	-	1,302	775	2,077	-	43.4	25.9	69.3
Police authorities	8,591	-	685	350	1,035	-	8.0	4.1	12.0
Fire authorities	1,484	-	271	139	410	-	18.3	9.4	27.6
Other authorities ^(b)	221	-	145	148	293	-	65.7	67.0	132.7
England	99,278	2,412	12,368	4,068	16,436	2.4	12.5	4.1	16.6

Source: Revenue Summary (RS) returns

(a) Revenue Expenditure is on a non International Accounting Standard 19 (IAS19) and PFI "off balance" sheet basis. This figure represents the Revenue Expenditure that must be financed from cash backed resources.

(b) Other authorities includes national parks, waste disposal and integrated transport authorities.

3.6.5 **Table 3.6b** shows the distribution of non-school revenue reserves by class of authority at 31 March 2012.

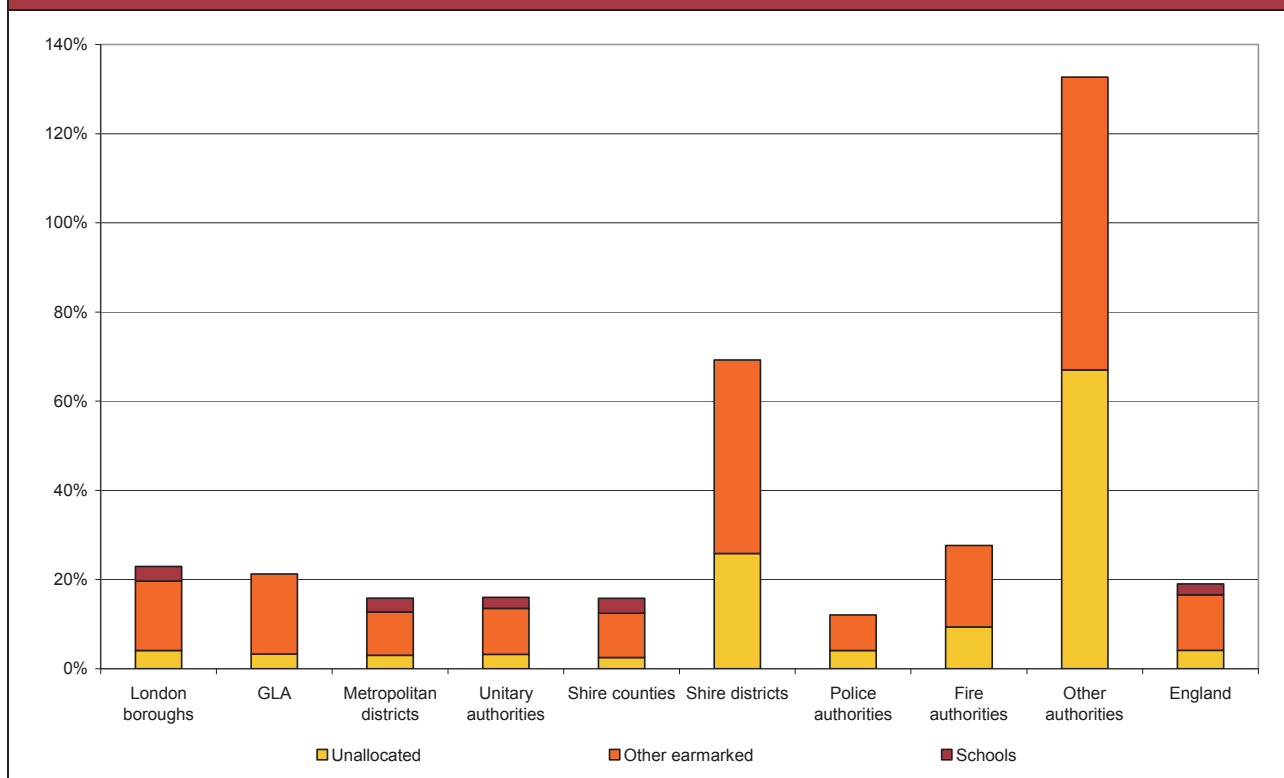
- All shire counties and 32 of 33 London boroughs had non-school revenue reserves of over £20m.
- Over half of shire districts had non-school revenue reserves of less than £10m.

Table 3.6b: Non-school revenue reserves by class of authority at 31 March 2012

Band (£ million)	Number of Authorities						England
	London boroughs	Metropolitan districts	Unitary authorities	Shire counties	Shire districts	Other authorities	
Less than 4	0	0	0	0	24	16	40
4 up to 7	0	0	0	0	48	4	52
7 up to 10	0	0	2	0	43	10	55
10 up to 20	1	0	12	0	71	23	107
20 up to 40	3	8	20	0	13	26	70
40 up to 80	15	19	13	6	2	11	66
80 and above	14	9	9	21	0	1	54
Total	33	36	56	27	201	91	444

Source: Revenue Outturn (RO) returns

Chart 3.6c: Revenue reserves as a proportion of revenue expenditure, 31 Mar 2012



- Non-schools revenue reserves have increased each year since 2002, having nearly trebled from £5.5bn in 2002 to £16.4bn in 2012.

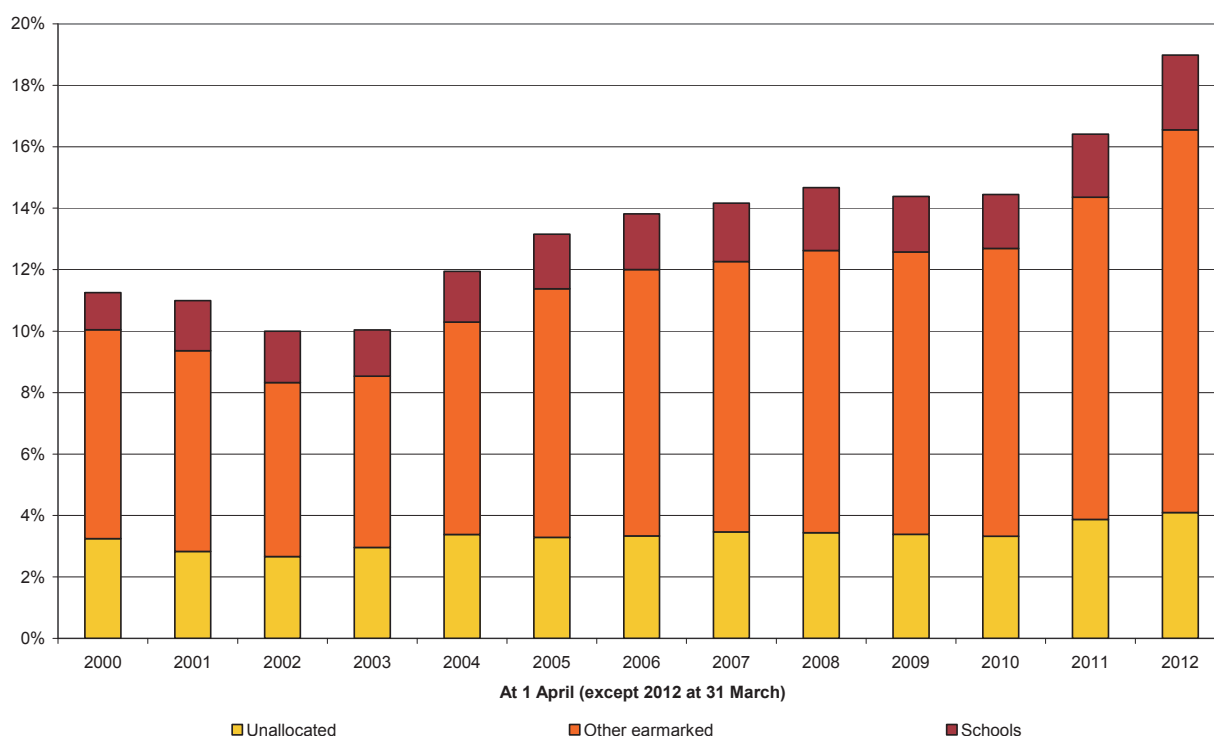
Table 3.6d: Level and use of revenue reserves 1 April 2000 - 31 March 2012

£ million										
Revenue reserves						Revenue reserves as a % of revenue expenditure				
	Revenue expenditure ^(a)	Schools	Other earmarked	Unallocated	Non-schools total	% change over previous years	Schools	Other earmarked	Unallocated	Non-schools total
At 1 April										
2000	57,329	694	3,895	1,863	5,758	-	1.2	6.8	3.2	10.0
2001	61,952	1,007	4,047	1,755	5,802	0.8	1.6	6.5	2.8	9.4
2002	65,898	1,103	3,732	1,756	5,488	-5.4	1.7	5.7	2.7	8.3
2003	75,244	1,132	4,198	2,224	6,422	17.0	1.5	5.6	3.0	8.5
2004	79,303	1,315	5,484	2,678	8,162	27.1	1.7	6.9	3.4	10.3
2005	84,422	1,498	6,831	2,774	9,605	17.7	1.8	8.1	3.3	11.4
2006	88,172	1,596	7,644	2,939	10,583	10.2	1.8	8.7	3.3	12.0
2007	92,384	1,760	8,122	3,205	11,327	7.0	1.9	8.8	3.5	12.3
2008	98,107	2,009	9,014	3,373	12,386	9.4	2.0	9.2	3.4	12.6
2009 (R)	103,276	1,866	9,488	3,497	12,986	4.8	1.8	9.2	3.4	12.6
2010	104,256	1,834	9,759	3,469	13,228	1.9	1.8	9.4	3.3	12.7
2011	99,278	2,044	10,407	3,844	14,251	7.7	2.1	10.5	3.9	14.4
At 31 March										
2012	99,278	2,412	12,368	4,068	16,436	15.2	2.4	12.5	4.1	16.6

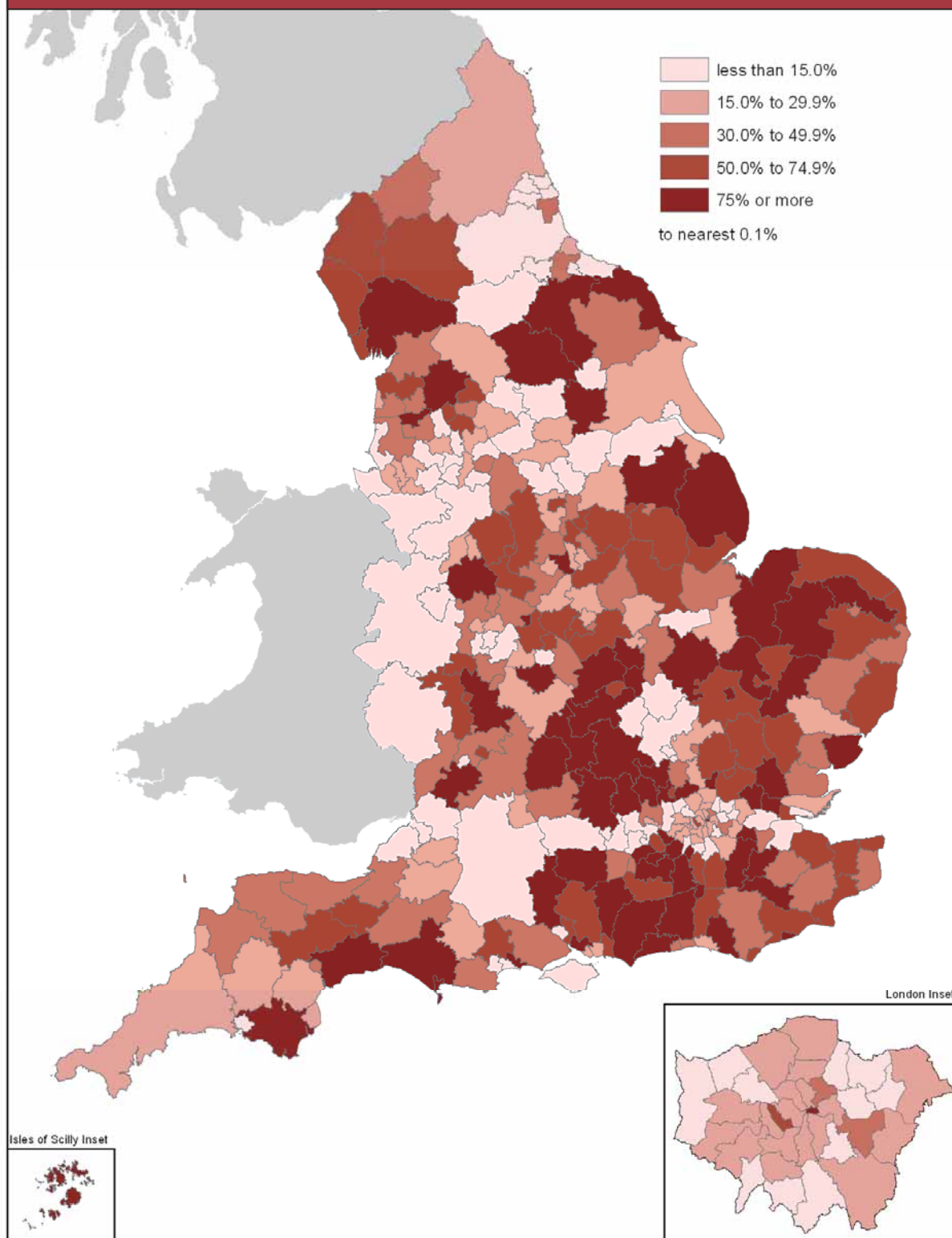
Source: Revenue Summary (RS) returns to 2011-12

(a) Revenue expenditure is on a non International Accounting Standard 19 (IAS19) and PFI "off balance" sheet basis. This figure represents the Revenue Expenditure that must be financed from cash backed resources. Revenue expenditure for 2012 is outturn 2011-12, same as 2011.

Chart 3.6e: Revenue reserves as a proportion of revenue expenditure at 1 April 2000 to 31 March 2012



Map 3.6f: Non-schools reserves at 31 March 2012 as a proportion of revenue expenditure by billing authority in 2011-12

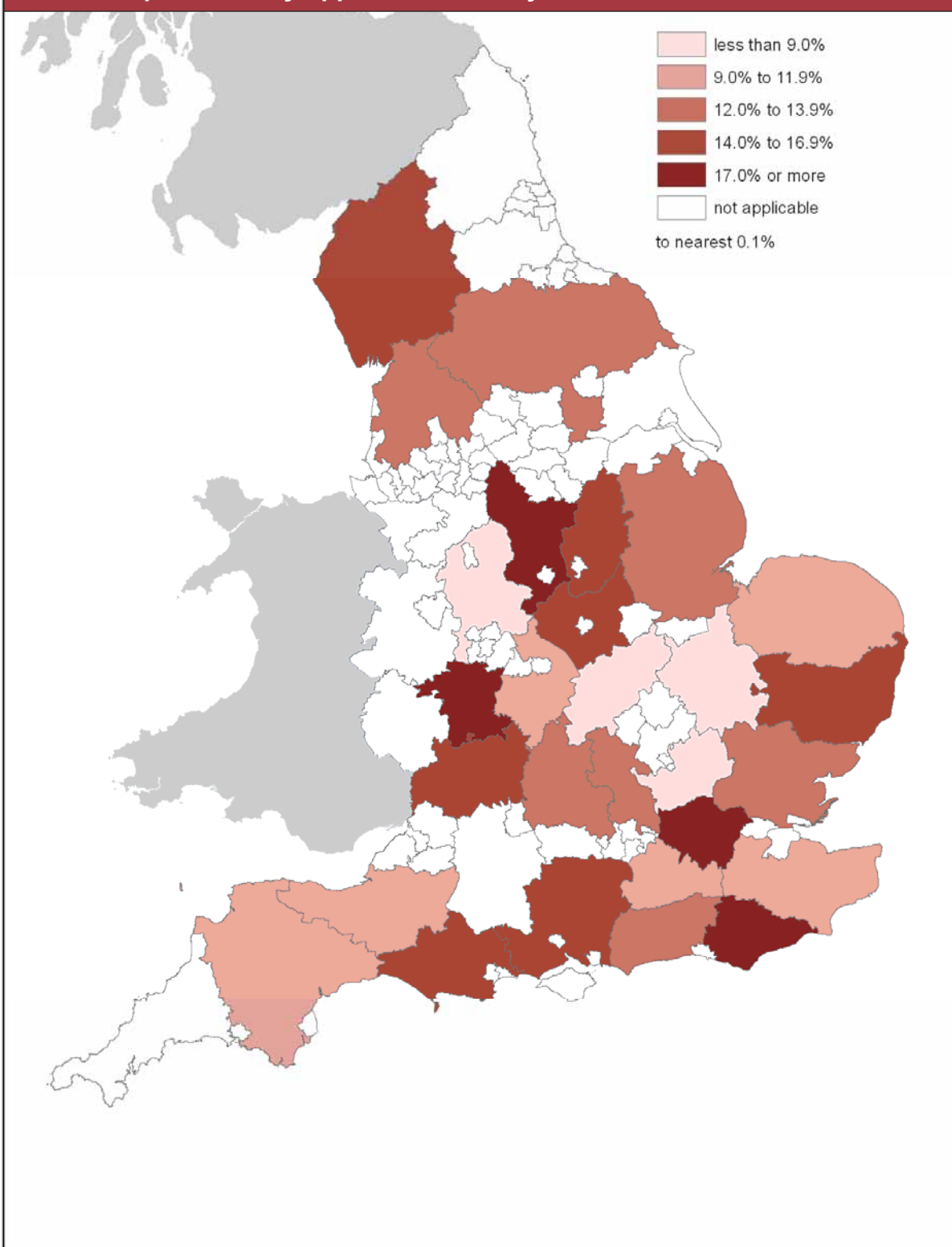


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Data Sources:
RO returns

Map 3.6g: Non-schools reserves at 31 March 2012 as a proportion of revenue expenditure by upper tier authority in 2011-12



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Data Sources:

RO returns

3.7 External trading services

- 3.7.1 Local authorities operate a variety of trading services, which are either defined under general or local Acts of Parliament or by custom. They are services of a commercial nature which are substantially financed by charges made to recipients of the services.
- 3.7.2 External trading services are typically organisations funded mainly by sales outside the authority. These include civic halls and theatres, markets, industrial estates, tolled bridges, roads, ferries and tunnels. Their receipts are conditional on actual work done. They differ from public corporations in that they do not have a full commercial style set of accounts, or autonomy from the local authority in day to day business operations in their legal identity and financial transactions.
- 3.7.3 A breakdown of expenditure on the internal and external trading services account can be found in **Table C1g** in **Annex C1**.

- Gross Expenditure in 2011-12 on external trading services totalled £815m, compared with £838m in 2010-11, a fall of 3%.
- These services generated income of £1,131m, unchanged from 2010-11.
- This resulted in a surplus of £316m in the General Fund Revenue Account, 8% higher than the £293m surplus in 2010-11.
- Industrial estates and investment properties generated the most income of all the services, together accounting for 30% of the total income.

3.8 Housing Revenue Account (HRA)

- 3.8.1 The HRA is a record of revenue expenditure and income relating to an authority's own housing stock and dates back to the Housing Act 1935. Most other local authority services are funded through council tax and central government support for the benefit of all local taxpayers. However housing is provided directly to a relatively small sub-group of local residents and council tenants and funded by the rents they pay and by central government subsidy. The HRA is a ring-fenced account. The ring-fence was introduced in the Local Government and Housing Act 1989, to ensure that rents paid by local authority tenants make a fair contribution to the cost of providing the housing service. Rent levels can therefore not be subsidised by increases in the council tax and equally, local authorities are prevented from increasing rents in order to keep council tax levels down.
- 3.8.2 Housing revenue account information presented here is derived from housing revenue account subsidy claim forms. Information on transfers between the housing revenue account and the general fund revenue account differs marginally from comparable information given on revenue outturn forms.
- 3.8.3 In March 2012 the HRA subsidy system was abolished and replaced with a self-financing system. This involved transfers of assets and liabilities between central and local government. The net result of these transactions was that local government borrowing increased by approximately £8.1 billion in March 2012 to cover the housing stock they took over. In future this function will be at the local authority level.

- Housing Revenue Account expenditure was estimated at £8.8bn for 2011-12.
- At the national level, the main items of expenditure in 2010-11 were debt charges (34%), supervision and management: general (19%) and repairs (17%).
- Housing Revenue Account income was estimated at £9.9bn for 2011-12.
- At the national level the main items of income were rents from dwellings (64%).

Table 3.8a: Housing Revenue Account income and expenditure, 2007-08 to 2011-12

	£ million				
	2007-08	2008-09	2009-10	2010-11	2011-12(E)
Expenditure					
Supervision and management: general	1,672	1,665	1,731	1,739	1,710
Supervision and management: special	716	701	680	632	637
Repairs (including transfers to the repairs account)	1,759	1,798	1,727	1,686	1,535
Expenditure for capital purposes	276	283	261	281	324
Debt charges	3,095	4,027	3,455	3,956	2,904
Transfers	686	795	745	908	1,013
Other expenditure	235	193	189	220	652
Total expenditure	8,440	9,462	8,788	9,422	8,776
Income					
Rents from dwellings ^(a)	6,079	6,041	6,145	6,148	6,412
Rents other than dwellings	186	178	181	169	171
Heating and other services	557	579	595	616	613
Interest income	732	1,414	471	694	1,449
Government subsidy	698	560	611	414	309
LA subsidy	14	21	127	46	18
Other income	182	342	743	752	965
Total income	8,447	9,135	8,874	8,838	9,937

Source: HRA Subsidy claims, estimates for 2011-12.
(a) Gross (i.e. including rents met by rebates)

- Estimated total expenditure fell by 7% between 2010-11 and 2011-12, from £9.4bn to £8.8bn, mainly due to reductions in debt charges.
- Estimated total income rose 12% from £8.8bn in 2010-11 to £9.9bn in 2011-12.

Chart 3.8b: Housing Revenue Account expenditure 2011-12

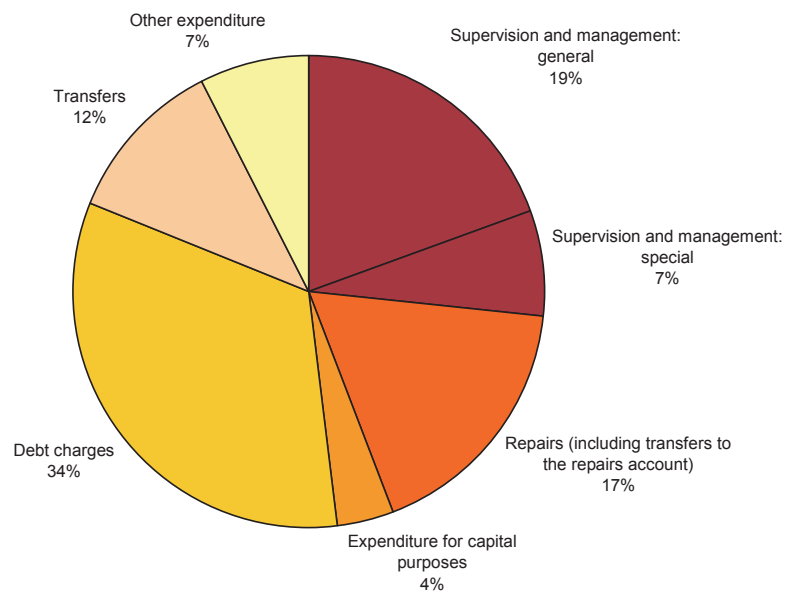
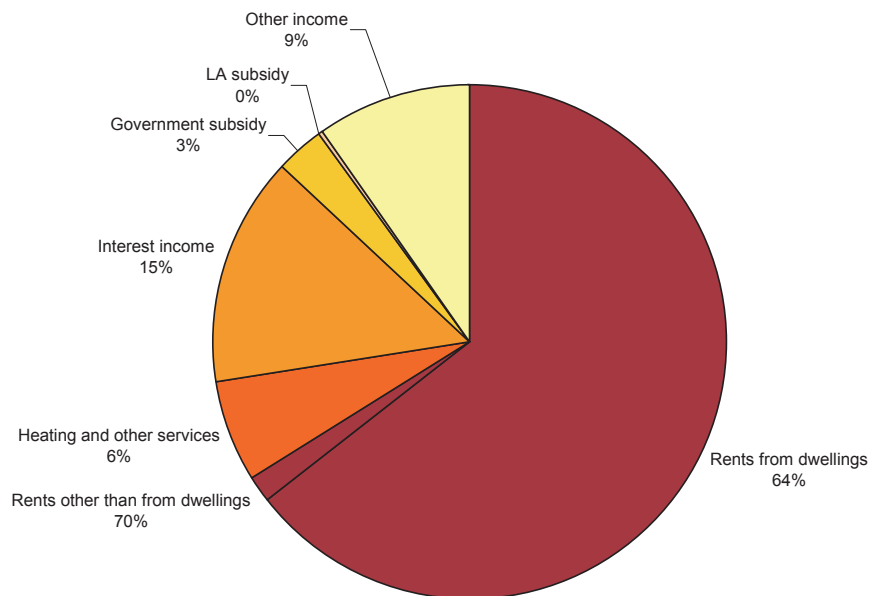


Chart 3.8c: Housing Revenue Account income 2011-12



CHAPTER 4

How is the money spent? – capital spending and how it is financed

4.0.1 This chapter describes the pattern and trends in capital spending by local authorities and how that expenditure is financed. It is divided into the following sections:

- | | |
|---|-------------|
| • Expenditure definition | section 4.1 |
| • Capital spending | section 4.2 |
| • Pattern of spending by class of authority | section 4.3 |
| • Financing of capital spending – overview | section 4.4 |
| • Capital receipts | section 4.5 |
| • Private Finance Initiative | section 4.6 |

Additional detail on expenditure and receipts in 2011-12 is given in **Annex D**.

4.0.2 Capital spending by local authorities is mainly for buying, constructing or improving physical assets, such as:

- Buildings – schools, houses, libraries and museums, police and fire stations etc
- land – for development, roads, playing fields etc
- vehicles, plant and machinery – including street lighting, road signs etc.

It also includes grants and advances made to the private sector or the rest of the public sector for capital purposes, such as advances to Registered Social Landlords.

4.0.3 Authorities finance this spending in a number of ways, including use of their own revenue funds, capital receipts, borrowing or grants and contributions from elsewhere. Up until 31 March 2004 the capital finance system laid down in Part 4 of the Local Government and Housing Act 1989 (the “1989 Act”) provided the framework within which authorities were permitted to finance capital spending from sources other than revenue - that is by the use of borrowing, long-term credit or capital receipts.

4.0.4 The basic principle of the old system was that authorities could use borrowing and credit only up to the limits specified by the Government through the issue of **credit approvals**. From 1 April 2004, Part 1 of the Local Government Act 2003 (the “2003 Act”) implemented a completely new capital finance system. The key feature of the **prudential capital finance system** is that authorities do not need government approval to finance capital spending by borrowing or credit. They receive central government support for a major part of their capital programmes but are free to borrow to fund additional investment as long as they can afford to service the debt.

- 4.0.5 The **Prudential Code** was specially prepared by The Chartered Institute of Public Finance and Accountancy (**CIPFA**) and sets out in broad terms how affordability of debt is to be assessed. With regard to capital receipts they may, as before, be used to finance capital spending. However, the former duty to set aside for debt redemption part of most housing receipts has been replaced by pooling, under which part of most housing receipts has to be paid to the Secretary of State.

4.1 Expenditure definitions

- 4.1.1 Capital expenditure is incurred when a local authority spends money either to buy fixed assets or to add to the value of an existing fixed asset with a useful life that extends beyond the financial year in which the investment was made. There are two types of fixed assets for capital purposes: tangible fixed assets acquired or enhanced by the local authority, such as land, buildings, vehicles and machinery; and intangible fixed assets, which are assets of value which do not have a physical shape e.g. purchased franchises, licences and patents. The value of a fixed asset is determined by its operational or non-operational status, that is, whether it is (1) held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility; or (2) held by a local authority but not directly occupied, used or consumed in the delivery of services. More detailed information is set out in Annex D.

Since 1 April 2004 expenditure on, and receipts from the sale of, intangible assets have been shown separately in capital spending by local authorities. This is to reflect more explicit recognition of intangible assets in the local government accounting framework.

- 4.1.2 The definition of capital spending under the prudential system is based upon the normal accounting concept, but this can be varied by regulations or by directions issued to individual authorities. Capitalisation is the means by which the Government, exceptionally, permits local authorities to treat revenue costs as capital costs. Directions are issued under sections 16(2)(b) and 20 of the 2003 Act. The effect of a direction is that specified revenue expenditure becomes treated as capital expenditure, so that instead of having to be charged to revenue, it may be funded from borrowed money or capital receipts, thereby increasing an authority's financial flexibility. They have been issued, for example, in relation to spending on redundancy payments, pension fund contributions and equal pay awards.
- 4.1.3 In relation to equal pay awards, a capitalisation direction may be given to cover lump-sum payments to present or former council employees in respect of compensation relating to past pay levels under the Equal Pay Act 1970; it is most unlikely that a capitalisation direction would be granted in relation to ongoing salary increases. Detailed information is set out in Annex D.

4.2 Capital spending

4.2.1 Recent trends in capital expenditure by type of spending are shown in Table 4.2a and Chart 4.2b

- Capital expenditure shows a decrease of 13% from 2010-11 to 2011-12. The 2011-12 figure is almost unchanged from the equivalent figure four years earlier.
- Total capital expenditure in 2011-12, excluding a one-off Housing Revenue Account self-financing determination payment of £13.3bn by authorities subject to these transactions in this year only, stood at £20.3bn.
- The total value of local authority spending on fixed assets has increased by 3% since 2007-08.
- New construction and conversion forms the major part of capital spending.

Table 4.2a: Capital expenditure by economic category

	2007-08	2008-09	2009-10	2010-11	2011-12	£ million 2012-13 (F)
Expenditure:						
Acquisition of land and existing buildings and works	1,184	1,511	1,301	1,043	721	651
New construction and conversion	12,393	13,390	14,551	14,777	13,300	14,811
Vehicles, plant equipment and machinery	1,321	1,488	1,597	1,520	1,426	1,199
Intangible assets	262	204	197	205	221	310
Total expenditure on fixed assets	15,159	16,593	17,645	17,544	15,668	16,971
Grants, loans and other financial assistance	4,788 ^(b)	3,172	3,574	5,148 ^(c)	4,166	4,393
Acquisition of share and loan capital	11	36	143	454	198	0
Total capital expenditure	19,958	19,801	21,362	23,146	20,032	21,364
<i>of which GLA:</i>	<i>3,654</i>	<i>2,299</i>	<i>3,156</i>	<i>4,969</i>	<i>3,431</i>	<i>4,021</i>
Expenditure by virtue of a section 16(2)(b) direction	415	432	464	239	263 ^(d)	17 ^(e)
Notional capital receipts set aside and Large Scale	22	0	0	0	16	0
Voluntary Transfer levy						
One-off HRA self-financing determination payment:					13,295 ^(f)	
Total expenditure and other transactions	20,395	20,233	21,826	23,385	33,606	21,381
Total expenditure excl HRA self-financing determination payment					20,311	
Receipts	3,992	1,353	1,427	1,498	8,724	2,012
Receipts excl HRA self-financing determination & premium					2,014	
One-off HRA self-financing determination &					6,711 ^(f)	

Source: COR/CER returns

(a) Expenditure which does not fall within the definition of expenditure for capital purposes, but is treated as capital expenditure by a direction under section 16(2)(b) of the Local Government Act 2003.

(b) Includes GLA (TfL) grant payment of £1.7 billion in respect of Metronet.

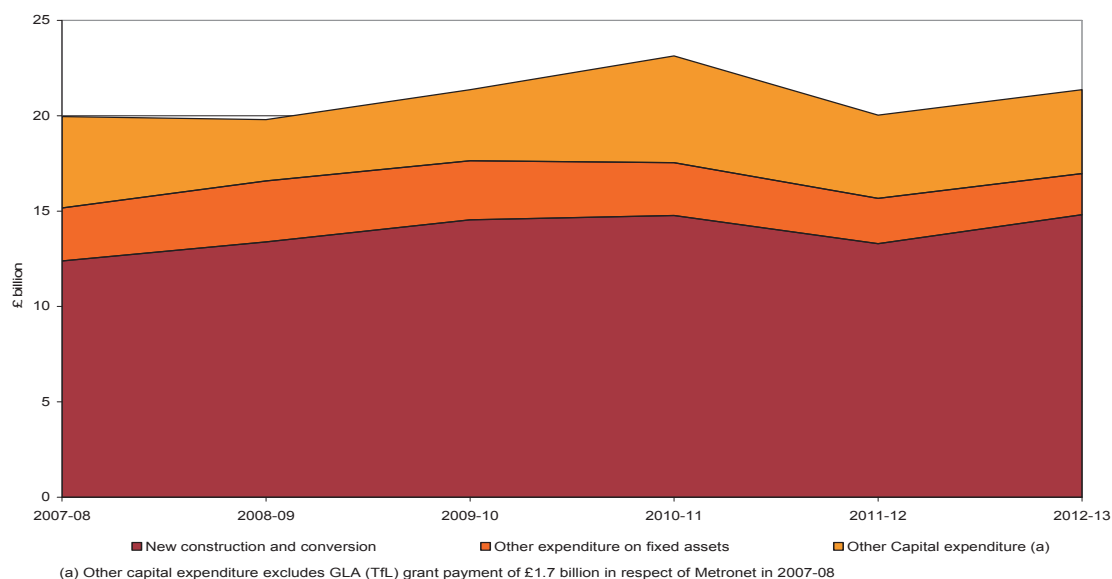
(c) GLA's grants and loans total £4.9 billion, including GLA's £1 billion contribution to Crossrail.

(d) At the provisional outturn stage some local authorities are not yet able to provide accurate figures on capitalisation.

(e) Capitalisations are difficult for authorities to forecast, for a number of reasons:- (i) no expectation, at time of compiling forecasts, of a need to seek

(f) Local authorities subject to the transactions associated with the HRA Self-financing Determinations are required to include the determination in relation to expenditure or receipts and also the financing if applicable. This is a one-off exercise for 2011-12 and figures are provided both inclusive and exclusive of this transaction.

Chart 4.2b: Capital expenditure by economic category



- Between 2007-08 and 2011-12 capital expenditure on education has risen from 19% to 27% of the total, while capital expenditure on housing has fallen from 25% to 16% of the total.
- The transfer of schools to academy status saw a fall in local authority Education capital expenditure in 2011-12.

Table 4.2c: Capital expenditure by service

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (F)
	£ million					
Education	3,711	4,542	5,392	6,107	5,495	5,134
Highways & transport of which GLA	5,916 ^(a) 3,057	4,735 1,564	5,851 2,699	7,943 4,520	6,574 3,137	6,151 3,269
Housing	5,008	4,901	4,514	4,063	3,274	4,310
Other	5,324	5,622	5,605	5,034	4,689	5,769
Of which:						
Social Services	411	300	288	312	253	447
Recreation & sport	446	496	598 ^(b)	524	488 ^(b)	588 ^(c)
Police	549	794 ^(c)	704	602	538	545
Other	3,918	4,033	4,015	3,596	3,410	4,188
Total expenditure	19,958	19,801	21,362	23,146	20,032	21,364

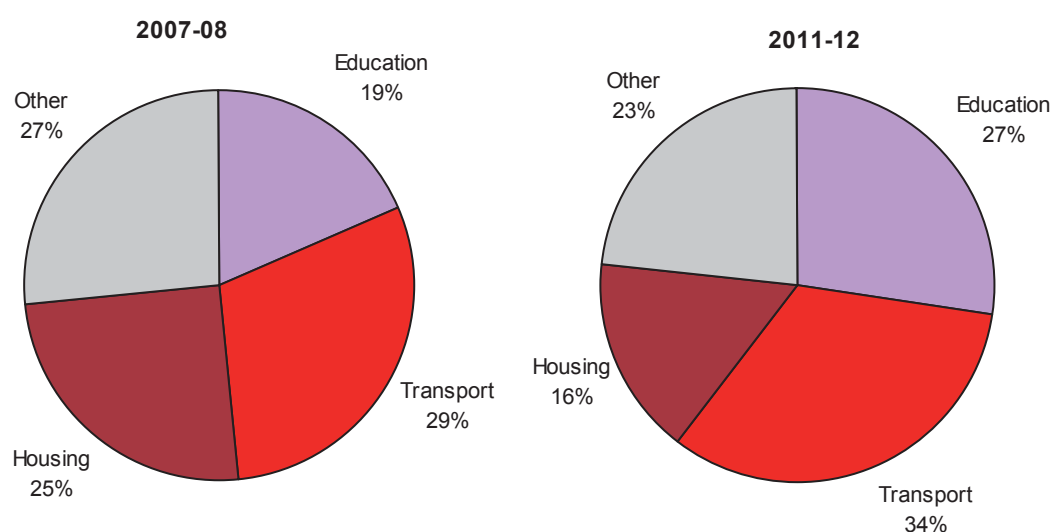
Source: COR/CER returns

(a) Includes GLA (TfL) grant payment of £1.7bn in respect of Metronet

(b) Owing to form changes reflecting Best Value Accounting Code of Practice (BVACOP) revisions, from 2009-10 Sport & Recreation (now Recreation & Sport) is now part of Culture & Related Services category. The 2011-12 expenditure total is as reported in Annex A (ii) and excludes any acquisitions of share and loan capital, usually negligible.

(c) Includes a one-off acquisition of land and existing buildings by Metropolitan police in 2008-09

Chart 4.2d: Capital expenditure by service 2007-08 and 2011-12



4.3 Pattern of spending by class of authority

- The distribution of capital spending by class of authority increased from 2007-08 until 2010-11, then showed a sharp decrease in 2011-12.
- The increase in the share of unitary authorities from 2008-09 to 2009-10 is largely due to a reorganisation of former counties and districts into new unitary authorities.

Table 4.3a: Capital expenditure by class

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (F)
	£ million					
London boroughs	2,666	2,984	3,475	3,317	3,207	3,390
Metropolitan districts	4,707	4,918	4,381	4,392	3,840	3,542
Unitary authorities	2,494	2,712 ||	4,032 ^(b)	4,083	3,811	4,145
Shire counties	3,701	4,017 ||	3,536 ^(b)	3,703	3,236	3,397
Shire districts	2,007	1,975 ||	1,635 ^(b)	1,623	1,530	1,692
Other authorities	4,384 ^(a)	3,196	4,305	6,028	4,408	5,198
All English authorities	19,958 ^(a)	19,801	21,362	23,146	20,032	21,364
	%					
London boroughs	13	15	16	14	16	16
Metropolitan districts	24	25	21	19	19	17
Unitary authorities	12	14 ||	19 ^(b)	18	19	19
Shire counties	19	20 ||	17 ^(b)	16	16	16
Shire districts	10	10 ||	8 ^(b)	7	8	8
Other authorities	22	16	20	26	22	24
All English authorities	100	100	100	100	100	100

Source: COR/CER returns

(a) Includes GLA (TfL) grant payment of £1.7 billion in respect of Metronet

(b) Figures are not comparable between 2008-09 and 2009-10 owing to local authority reorganisation on April 1 2009

4.3.1 **Table 4.3b** shows the distribution of capital expenditure by class of authority in 2011-12.

- All London boroughs, metropolitan districts and shire counties spent £20m or more in 2011-12.
- Only one shire district had £100m or more of capital expenditure in 2011-12.

Table 4.3b: Capital expenditure by class of authority 2011-12

Band (£ million)	Number of Authorities						England
	London boroughs	Metropolitan districts	Unitary authorities	Shire counties	Shire districts	Other authorities	
less than 2	0	0	0	0	37	20	57
2 up to 5	0	0	0	0	61	35	96
5 up to 10	0	0	2	0	53	20	75
10 up to 20	0	0	0	0	43	7	50
20 up to 50	4	10	22	1	6	6	49
50 up to 100	15	11	24	10	0	0	60
100 and above	14	15	8	16	1	3	57
Total	33	36	56	27	201	91	444

Source: COR returns

4.3.2 The following tables (and map) provide final 2011-12 outturn expenditure showing:

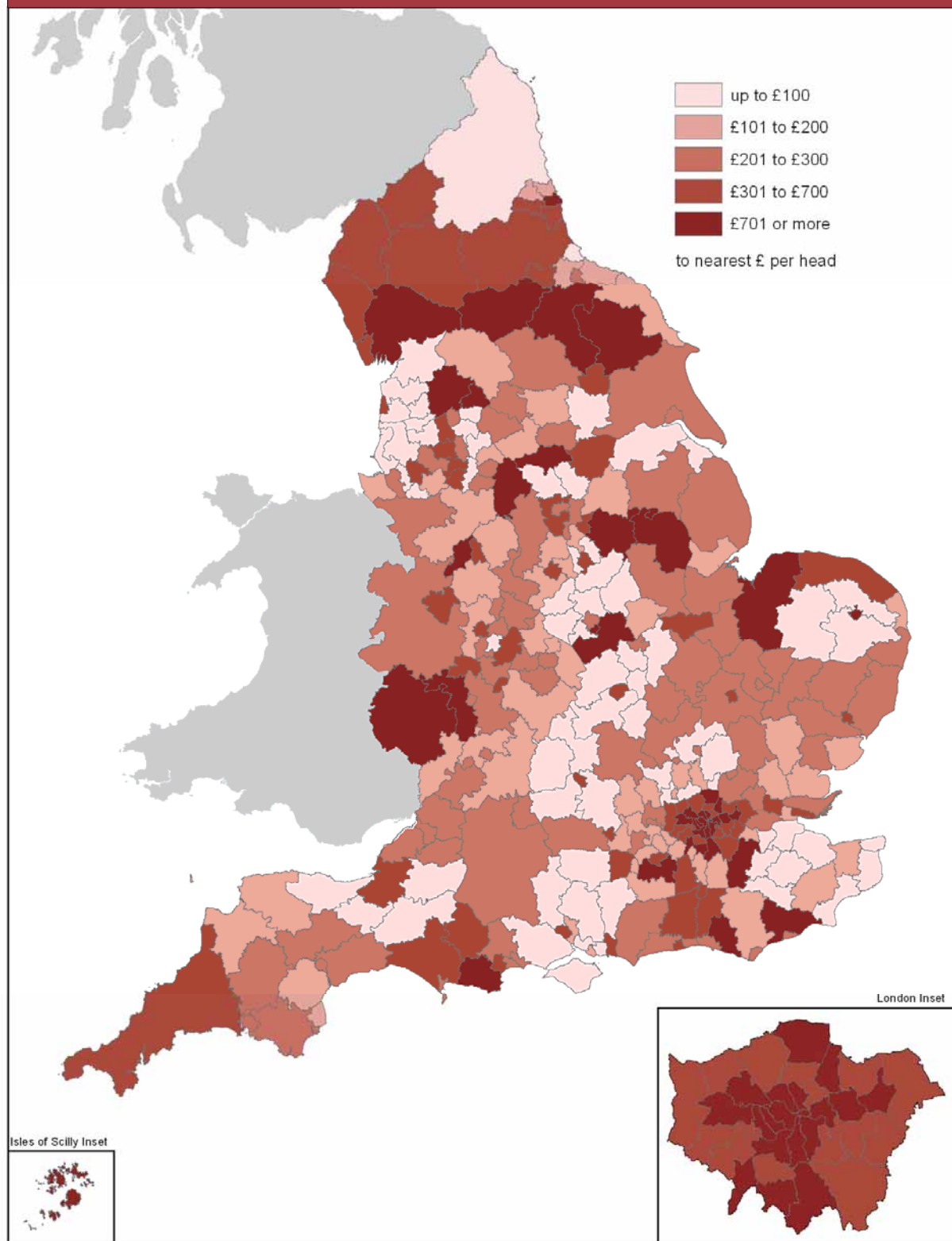
- service by economic category
- service by class

Table 4.3c: Capital expenditure by service and economic category 2011-12

	£ million		
	Total expenditure on fixed assets	Grants and advances	Acquisition of share and loan capital
Education	5,094	401	0
Highways & transport	3,422	2,957	195
Social Services	215	38	0
Housing	2,763	511	0
Culture & related services	1,039	63	0
Environmental services	462	26	0
Planning & development services	555	98	0
Police	538	0	0
Fire & rescue	136	0	0
Central services	1,090	68	2
Trading services	354	4	0
Total	15,668	4,166	198

Source: COR returns

Map 4.3d: Capital expenditure per head 2011-12



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Data Sources:

COR4 returns,
UK Census 2011

Table 4.3d: Capital expenditure by service and class 2011-12

							£ million
	London boroughs	Metropolitan districts	Unitary authorities	Shire counties	Shire districts	Other authorities	All English authorities
Education	1,187	1,526	1,281	1,501	0	0	5,495
Transport	362	468	922	1,099	38	3,685 ^(a)	6,574
Social Services	44	43	78	88	0	0	253
Housing	913	881	637	7	837	0	3,274
Culture & related services	171	323	237	103	253	16	1,102
Environmental services	39	58	131	150	95	16	488
Planning & development service	43	231	206	36	92	45	653
Police	1	0	0	0	0	537	538
Fire and rescue services	0	0	5	24	0	108	136
Central services	216	285	277	207	173	2	1,160
Trading	233	25	38	20	41	0	358
Total	3,207	3,840	3,811	3,236	1,530	4,408	20,032

(a) The bulk of transport expenditure is due to GLA - £3.1 billion.

Source: COR returns

4.4 Financing of capital spending – overview

4.4.1 From 1 April 2004, capital spending has been financed by:

- grants received from central government. These are usually given for specific projects or types of expenditure, although powers in the 2003 Act allow for grants to be given for a wide range of purposes. Grants may be given by any government department for any purpose, but are mainly given for schools, transport, housing or regeneration work
- contributions or grants from elsewhere – including the National Lottery and **Non-Departmental Public Bodies** such as Sports England, English Heritage and Natural England, as well as private sector partners, for example for access roads or traffic management schemes
- capital receipts (that is proceeds from the sale of land, buildings or other fixed assets)
- revenue resources – either the **General Fund Revenue Account**, the **Housing Revenue Account (HRA)** or the **Major Repairs Reserve**. Note that an authority cannot charge council tenants for spending on general services, or spending on council houses to local taxpayers
- **Supported Capital Expenditure (Revenue)**. While central government no longer issues credit approvals, it continued to provide financial support - via RSG or HRA subsidy - towards some capital spending financed by borrowing
- self-financed borrowing within limits of affordability set, having regard to the 2003 Act and the CIPFA *Prudential Code*.

- The financing of capital expenditure through central government grants decreased from £8.1 billion in 2010-11 to £7.2 billion in 2011-12, partly due to a change in the treatment of expenditure by the Greater London Authority. Between 2008-09 and 2011-12 the financing of capital expenditure through central government grants increased by nearly 25%, 17% in real terms.
- In 2007-08 capital expenditure of almost £3.2bn (about 15%) was financed by self financed borrowing. This has increased each year, while the share of expenditure financed from capital receipts has shown a sustained decline since 2007-08, although has risen again in 2011-12.
- Local authority self-financed borrowing in 2011-12 has increased threefold from 2010-11, due primarily to an estimated borrowing figure of £13bn associated with the financing of the Housing Revenue Account self-financing determination payment.

Table 4.4a: Financing of capital expenditure

	£ million					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (F)
Central government grants	7,007 ^(a)	5,733	7,494	8,063	7,170 ^(h)	8,684
EU structural funds grants	157	156	43	38	77	57
Grants and contributions from private developers and from leaseholders etc	1,122 ^(b)	1,176 ^(c)	502	634	747	621
Grants and contributions from NDPBs ^(d)	635	540	602	753	522	246
National lottery grants	105	106	119	104	121	85
Use of capital receipts	2,665	2,040	1,603	1,409	1,647	1,860
Revenue financing of capital expenditure	2,592	3,241	3,532	3,984	4,504 ^(h)	3,482
of which:						
Housing Revenue Account (CERA)	208	228	247	235	324	691
Major Repairs Reserve	1,180	1,224	1,377	1,069	1,160	1,225
General Fund (CERA)	1,204	1,789	1,908	2,680	3,020	1,567
Capital expenditure financed by borrowing/credit	6,112	7,241	7,931	8,399	18,819	6,346
of which:						
SCE(R) Single Capital Pot ^(e)	2,296	2,257	2,181	1,581	338	176
SCE(R) Separate Programme Element ^(e)	630	760	748	484	74	19
Other borrowing & credit arrangements not supported by central government ^(f)	3,186	4,224	5,002	6,335	18,406 ^(g)	6,151
Total	20,395	20,233	21,826	23,385	33,606 ^(g)	21,381

(a) Includes grant of £1.7billion from DfT to the GLA for the purpose of discharging Metronet liabilities.

(b) Includes RSL financing of £500 million for the transfer of Liverpool's housing stock.

(c) Includes RSL financing of £483 million for the transfer of Salford's housing stock.

(d) Non-Departmental Public Bodies, organisations that are not government departments but which have a role in the processes of national government, such as Sport England, English Heritage and the Natural England.

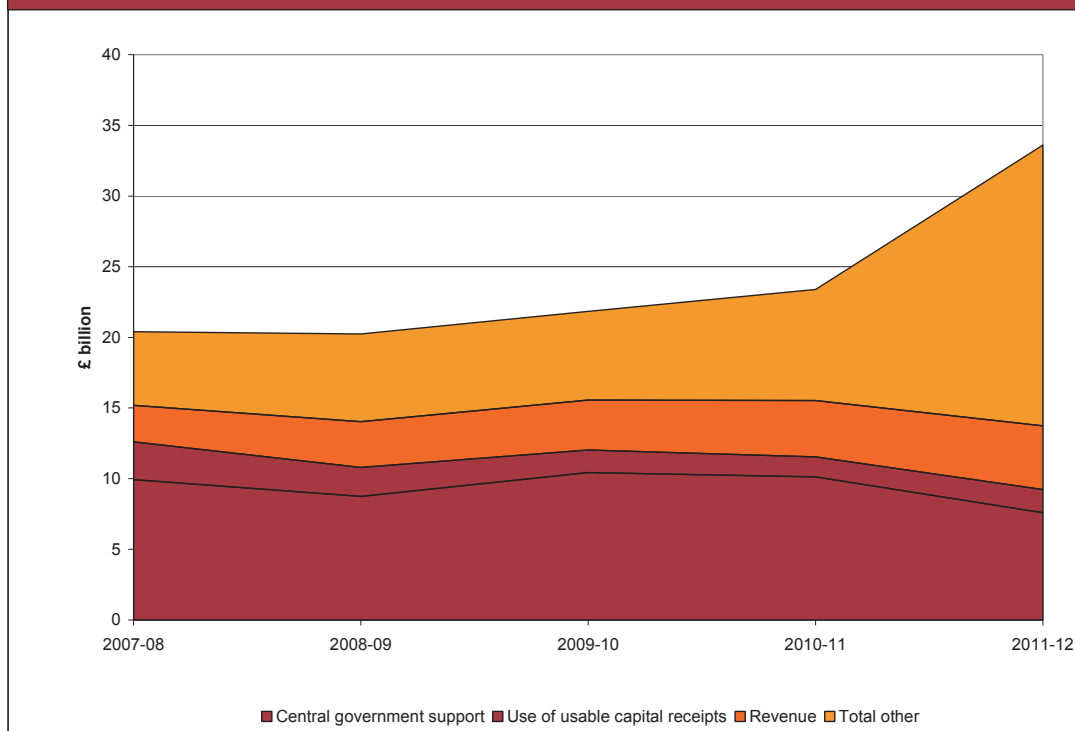
(e) Supported capital expenditure (SCE) financed by borrowing that is attracting central government support has been discontinued as of March 31 2011. This may have a bearing on the financing of capital expenditure. A residue of schemes in 2011-12 and 2012-13 will continue to be financed in reliance of supported borrowing from earlier years.

(f) The prudential system, which came into effect on 1 April 2004, allows local authorities to raise finance for capital expenditure - without Government consent - where they can afford to service the debt without extra Government support.

(g) It is estimated that approximately £13 billion is associated with the financing of the HRA self-financing determination payment.

(h) There is a discontinuity from 2010-11 owing to a change in the treatment of expenditure by GLA. Previously this was recorded as 'Central government grant' but for 2011-12 it has been recorded as CERA to align with figures received on the Revenue Outturn

Chart 4.4b: Financing of capital expenditure



4.5 Capital receipts

- 4.5.1 A capital receipt is the money received by a local authority from the sale of a capital asset, such as a council house, or from the repayment of a grant or loan made by the authority to someone else to use for capital spending.
- 4.5.2 Until 31 March 2004, all capital receipts were divided into usable and reserved parts when they were received. Only the usable part could be used to fund new capital spending. The reserved part had to be set aside as provision to repay debt or meet other credit liabilities. From 1998 receipts from the sale of most non-housing assets were fully usable, but set-aside in relation to housing receipts (at 75% for council houses and 50% for other housing assets) continued until 31 March 2004.
- 4.5.2 From 1 April 2004, there is no requirement to set aside any part of a receipt, though authorities are still free to earmark all or some of their receipts for debt redemption if they wish. However, a new pooling system has been put in place requiring authorities to pay to the Government a proportion of their capital receipts from the sale of housing land and dwellings. **Large and Small Scale Voluntary Transfers** are excluded from this scheme.

- Most capital receipts are from the sale of assets (95% in 2011-12). There has been a large increase in 2011-12 (about 34%) on local authority sales of assets.

Table 4.5a: Capital receipts by economic category

	£ million					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (F)
Sales of fixed assets	3,641	1,290	1,346	1,434	1,923	1,976
<i>of which:</i>						
<i>Land, buildings & works</i>	3,547	1,268	1,330	1,421	1,902	...
<i>Vehicles</i>	10	7	15	10	14	...
<i>Plant, machinery & equipment</i>	84 ^(a)	14	2	3	7	...
Intangible fixed assets	4	6	4	8	21	18
Repayments of grants and advances	88	40	39	36	43	14
<i>of which:</i>						
<i>Grants</i>	10	16	13	13	11	...
<i>Loans & other financial assistance</i>	79	24	25	23	33	...
Disposal of investments including share and loan capital	259	17	38	20	27	4
Total capital receipts	3,992	1,353	1,427	1,498	2,013 ^(b)	2,012

Source: COR/CER returns

(a) The larger part of £84m relates to GLA's one-off sale of assets to Rail for London

(b) Excludes Housing Revenue Account (HRA) self-financing determination and premium

Table 4.5b: Capital receipts by service

	£ million					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (F)
Education	272	102	167	114	83	321
Transport	301	41	126	43	23	44
Housing	1,696	487	486	513	857	470
Other	1,723	723	649	828	1,050	1,176
<i>Of which:</i>						
<i>Social Services</i>	100	45	37	44	62	101
<i>Sport & recreation</i>	78	23 II	7 ^(a)	29	29	43
<i>Police</i>	126	70	63	67	106	119
<i>Other</i>	1,418	585 II	542 ^(a)	688	853	913
Total	3,992	1,353	1,427	1,498	2,013	2,012

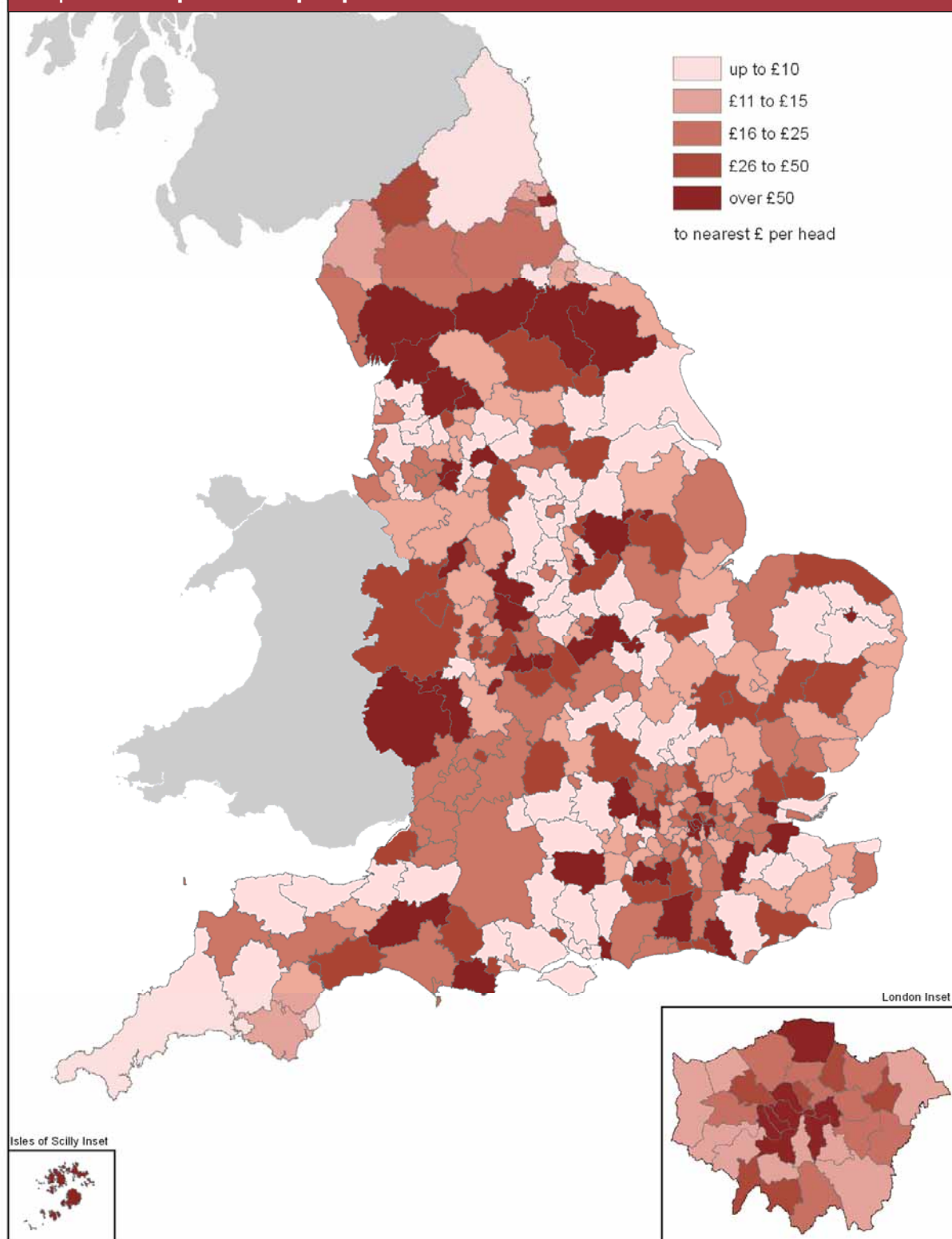
Source: COR/CER returns

(a) Owing to form changes reflecting Best Value Accounting Code of Practice (BVACOP) revisions, from 2009-10 Sport & Recreation (now Recreation & Sport) is now part of Culture & Related Services category. The 2009-10 to 2011-12 receipts totals excludes any disposals of share and loan capital, usually negligible.

Table 4.5c: Capital receipts by service and economic category 2011-12

	£ million				
	Sales of tangible fixed assets	Sale of intangible assets	Repayments of grants, loans and financial assistance	Disposal of investments including share and loan capital	Total capital receipts
Education	79	2	2	0	83
Transport	22	0	1	1	24
Social Services	62	0	0	0	62
Housing	820	13	25	1	859
Culture & related services	54	0	1	0	55
Environmental services	64	1	2	0	67
Planning & development services	129	0	3	0	132
Police	104	1	1	0	106
Fire & rescue	11	0	0	0	11
Central services	361	4	9	24	398
Trading services	216	0	0	0	216
Total	1,923	21	43	27	2,013
Source: COR returns					

Map 4.5d: Capital receipts per head 2011-12



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Data Sources:

COR4 returns,
UK Census 2011

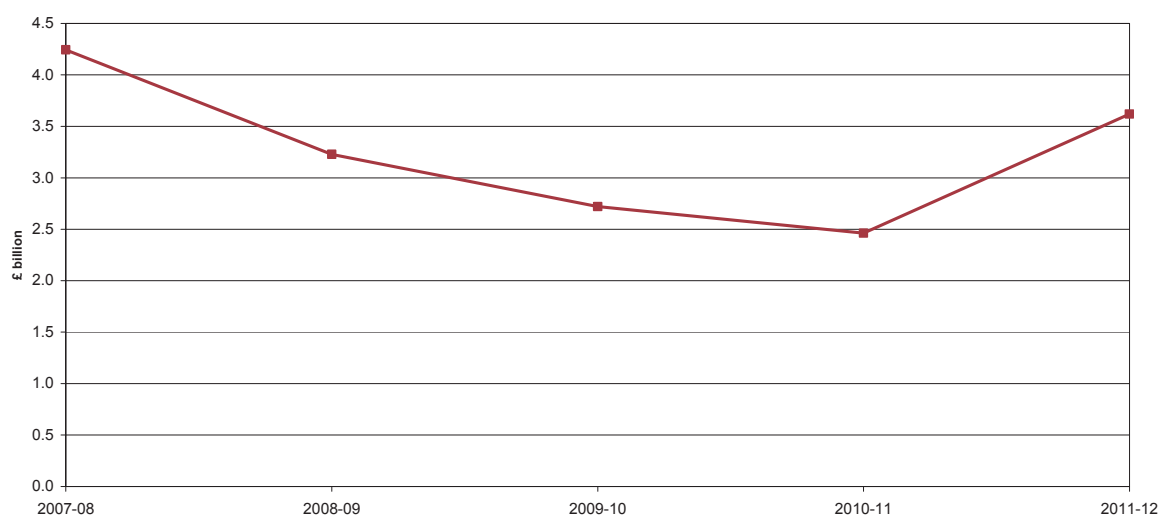
Table 4.5e: Usable and set aside receipts 2007-08 to 2011-12

	£ million				
	2007-08	2008-09	2009-10	2010-11	2011-12
USABLE CAPITAL RECEIPTS ^(a)					
Usable receipts held at 1 April	3,888	4,177	3,078	2,621	2,402
In-year usable receipts	3,992	1,353	1,427	1,498	8,724
Usable receipts used to meet capital expenditure	2,665	2,040	1,603	1,409	1,647
Usable receipts voluntarily set aside as provision to meet credit liabilities	320	108	65	94	5,805
Pooling of housing capital receipts	653	153	117	154	125
Interest on late pooling payments	0	1	0	0	0
Usable receipts at 31 March	4,243	3,228	2,721	2,462	3,619

Source: COR returns

(a) From 2004-05, local authorities are not statutorily required to 'reserve' capital receipts.

- The stock of usable capital receipts at 31 March 2012 was 47% higher than a year earlier. This was due to a reform to the Housing Revenue Account (HRA) system of payments in 2011-12 in 2011-12.
- The majority of capital receipts (£6,711 million) in 2011-12 relate to the one-off HRA self-financing determination and premium applicable in that financial year.

Chart 4.5f: Usable receipts at end of year

4.6 Private Finance Initiative

- 4.6.1 The **Private Finance Initiative (PFI)** has provided an additional route for local authorities to secure the provision and use of capital assets such as schools, roads, waste facilities, fire stations, housing, libraries and office accommodation. It offers a form of public-private partnership under which local authorities can pay for the use of new or improved capital assets (and some associated services) rather than themselves borrowing to build or buy the assets. They do this by entering into a contract under which the private sector partner will design, build, finance and then maintain and commonly manage the asset. PFI contracts are normally classed as service concessions and accounted for on the balance sheet of local authorities.
- 4.6.2 Key elements of such contracts are that significant construction and availability risk should rest with the contractor and consequently that payment to the contractor is potentially at significant risk. The level of risk resting with the private sector normally results in there not being a liability for the project in the National Accounts.
- 4.6.3 PFI has been a means by which the Government has provided financial support for local authority capital projects which meet an appropriate set of criteria. Departments received allocations in each Spending Review which were intended to provide for planned PFI activity over the Review period. The plans became reality when PFI funding support was approved for an authority once a contract for a project had been signed. The PFI funding support reflects the supported capital cost of a project which Government would support through a stream of revenue grant. This is similar to the revenue support issued to local authorities for the borrowing costs arising through their mainstream capital programmes under the former credit approval and supported capital expenditure (revenue) systems.
- 4.6.4 DCLG no longer collects or collates details of capital investment by local authorities funded through PFI across all local authority PFI sectors. This ceased following the Spending Review 2010, the abolition of PFI credits and changes in funding and payment arrangements across departments. Such information is therefore excluded from the expenditure figures appearing in the rest of this chapter. Details of such projects can be obtained from the Treasury's published PFI databases.

CHAPTER 5

Assets and liabilities

5.0.1 This chapter sets out the assets and liabilities of local authorities. It is divided into the following sections:

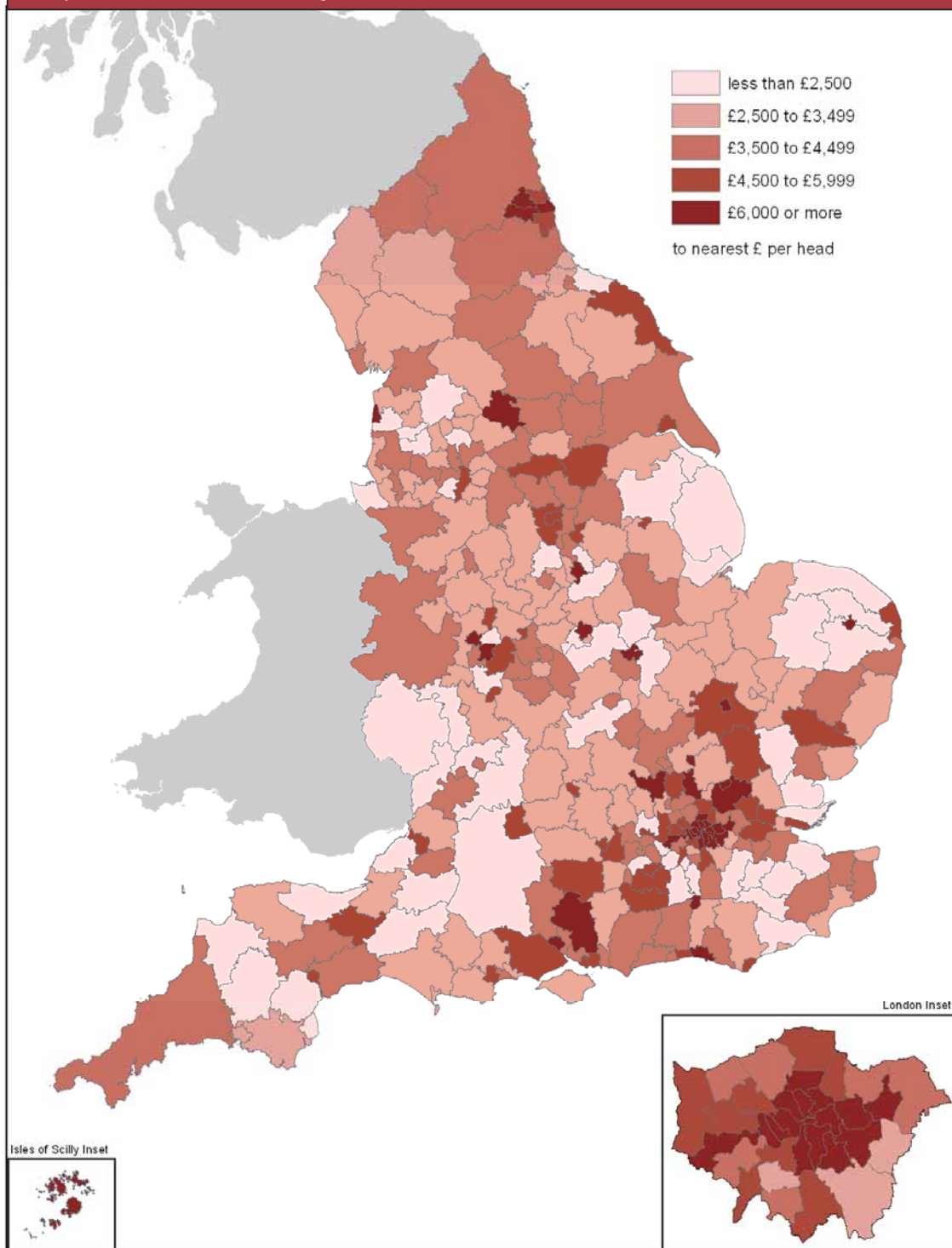
- **Local authority fixed assets** **section 5.1**
- **Outstanding debt and holdings of investments** **section 5.2**
- **Borrowing and investment transactions** **section 5.3**
- **Prudential system** **section 5.4**

5.1 Local authority fixed assets

5.1.1 The following tables and map provide the value of local authority fixed assets at 31 March 2012 in total, by type and by class of authority.

Table 5.1a: Value of fixed assets ^(a) by class of authority as at 31 March 2012							£ million
	London boroughs	Metropolitan districts	Unitary authorities	Shire counties	Shire districts	Other authorities	England
Operational assets:							
i) Council dwellings	21,072	12,406	9,722	5	18,067	0	61,272
ii) Other land & buildings - education	8,378	21,915	11,691	22,392	90	0	64,465
iii) Other land & buildings - other	8,901	8,122	12,155	5,873	8,024	6,269	49,344
iv) Vehicles, plant & equipment	548	934	1,043	956	670	1,260	5,412
v) Infrastructure	3,681	5,985	7,125	10,473	637	3,738	31,639
vi) Community	391	586	762	118	490	39	2,385
vii) Surplus	275	765	566	364	212	22	2,204
viii) Assets under construction	796	1,169	1,353	1,290	287	1,255	6,151
Total operational assets	44,043	51,882	44,416	41,471	28,477	12,583	222,873
Non operational:							
Investment properties	2,555	1,806	1,800	259	2,834	132	9,386
Total value of tangible assets	46,597	53,688	46,217	41,730	31,311	12,715	232,259
Intangible assets	58	141	93	91	70	141	593
Assets for sale	462	106	220	94	89	37	1,008
Total value of fixed assets	47,118	53,935	46,529	41,915	31,471	12,893	233,860
Source: COR returns							
(a) Infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation. Other assets are included in the balance sheet at the lower of the net current replacement cost or net realisable value.							

Map 5.1b: Total assets per head: 31 March 2012



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Data Sources:

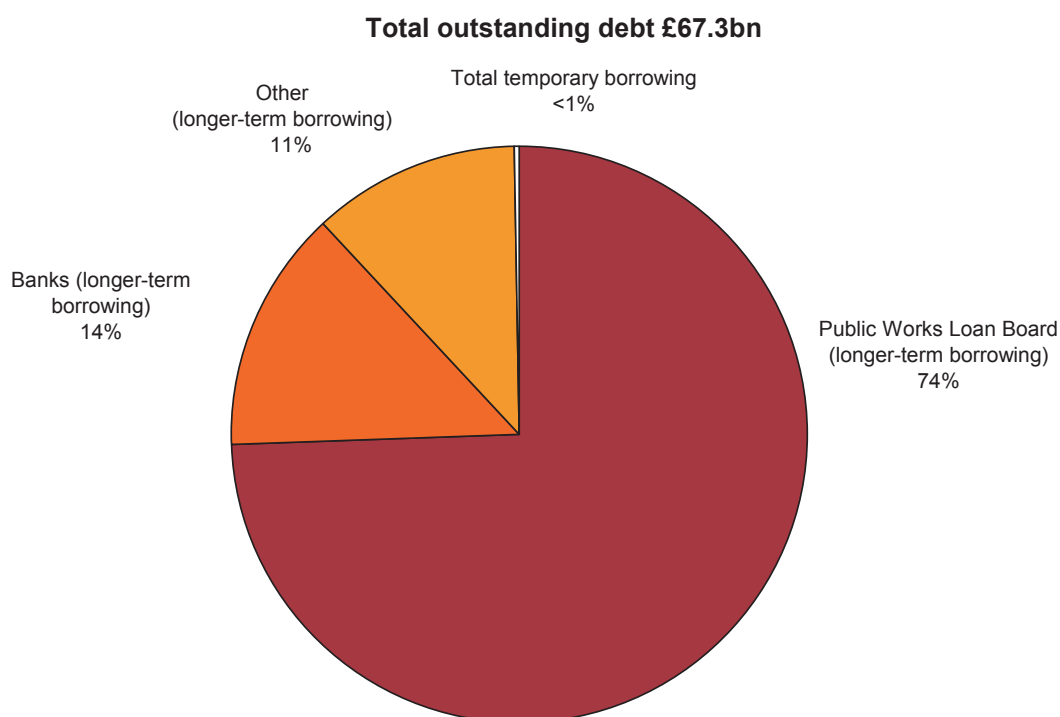
COR returns,
ONS Population Unit

5.2 Outstanding debt and holdings of investments

5.2.1 Outstanding debt includes temporary borrowing for management of cash flow, and longer-term borrowing taken out to finance capital projects.

- The vast majority of outstanding debt is longer-term borrowing (99%) and the largest proportion of that is owed to the Public Works Loan Board (74%).

Chart 5.2a: Outstanding debt as at 31 March 2012

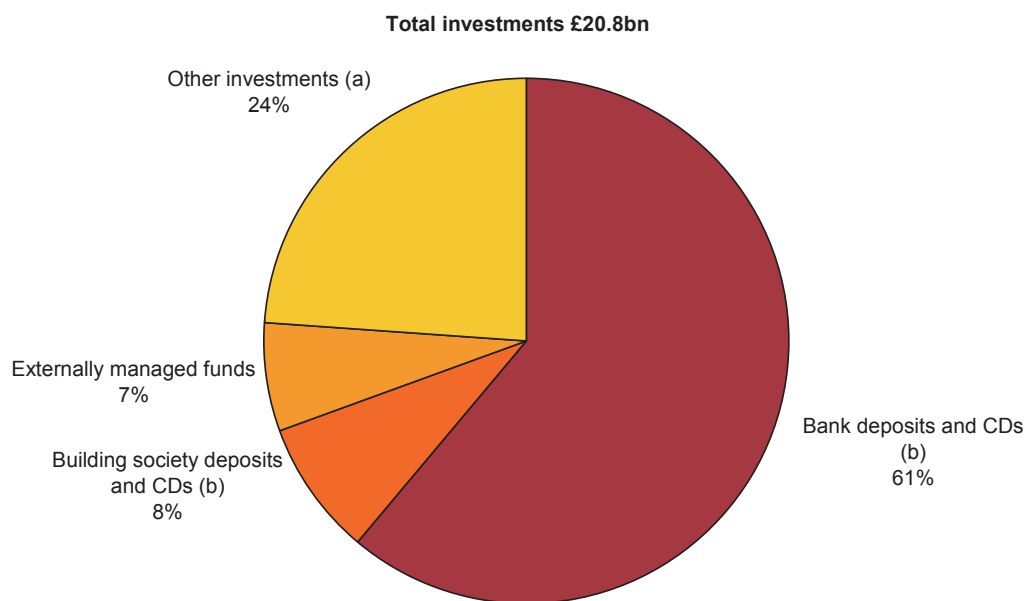


Source: Monthly Borrowing (MB) and Quarterly Borrowing (QB) returns, Public Works Loan Board.

5.2.2 The stock of local authority investments is the financial representation of local authorities' reserves, unused capital receipts and cash flow surpluses, though authorities that are net borrowers may use such resources to reduce their borrowing rather than holding them as investments. The 'other' section includes investments with public corporations, other financial institutions and British Government securities.

- 69% of local authority investments are deposits with banks or building societies.

Chart 5.2b: Investments as at 31 March 2012



(a) Other investments include various investment options including certificates of deposit, loans to other financial intermediaries and public corporations, the debt management account deposit facility, money market funds, rest of the world bank and building society deposits and various other securities and loans.

(b) Deposits exclude investments made with banks or building societies without a branch in the UK.

Source: Monthly Borrowing (MB) and Quarterly Borrowing (QB) returns, Public Works Loan Board.

5.3 Borrowing and investment transactions

5.3.1 New borrowing and drawing down of investments are ways of accessing funds. New borrowing is a major way of financing capital spending. Funds that are received as income or capital receipts, but are not needed for immediate expenditure, may be invested or used to redeem debt.

5.3.2 Local Government Net Cash Requirement summarises changes in local authority borrowing less change in investments. When Net Cash Requirement is positive, local authorities are increasing their borrowing and/or reducing their investments. When Net Cash Requirement is negative, local authorities are reducing their borrowing and/or increasing their investments.

- Local government net cash requirement for 2010-12 was £12.2bn compared with £1.3bn in 2006-07.
- Of this increase, £6.6bn was due to the one-off need for local authorities to borrow from the PWLB to finance settlement of the Housing Revenue Account (HRA) reform in March 2012.

Table 5.3a: Local Government Net Cash Requirement

	£ million				
	2007-08	2008-09	2009-10	2010-11	2011-12
Temporary borrowing	94	155	-538	-214	-261
Longer-term borrowing	3,696	1,034	1,358	2,195	11,115
Total change in borrowing^(a)	3,790	1,190	820	1,982	10,854
Less Net change in investments	3,995	-3,989	-4,002	652	-1,388
Net Cash Requirement	-176	4,653	5,318	1,330	12,242

Source: Monthly Borrowing (MB) and Quarterly Borrowing (QB) returns
^(a) In March 2012 English local authorities borrowed £6.6bn from the Public Loans Board as part of the settlement involved in the reform of the Housing Revenue Account.

- Total outstanding debt at 31 March 2012 for England was £67.3bn compared with £56.4bn at 31 March 2011 and £48.6bn at 31 March 2007.

Table 5.3b: Local authority borrowing 2007-08 to 2011-12

	£ million						
	Outstanding amount at 31 March 2007	Change in borrowing					Outstanding amount at 31 March 2012
	2007	2007-08	2008-09	2009-10	2010-11	2011-12	2012
Temporary borrowing							
Banks	113	-3	66	-109	30	-43	55
Building societies	183	59	96	-277	59	-117	4
Other financial intermediaries	499	173	6	-186	-377	-69	45
Public corporations	160	-138	-3	41	79	-62	77
Private non-financial corporations	6	8	-9	-2	-1	-0	2
Central government	0	0	0	0	1	-1	1
Household sector	39	1	-2	-3	-6	-3	25
Other sources	8	-5	1	-2	1	34	36
Total	1,008	94	155	-538	-214	-261	245
Longer-term borrowing							
Negotiable bonds	593	0	3	1	429	468	1,494
Listed securities other than bonds	489	-8	-94	0	-14	1,853	2,226
Public Works Loan Board	37,627	2,544	460	231	1,127	7,994	49,983
Banks	7,029	1,041	321	616	412	-98	9,320
Building societies	38	-2	-19	29	-37	-4	5
Other financial intermediaries	237	-50	-28	-2	59	85	301
Public corporations	1	-1	1	0	-0	-0	1
Private non-financial corporations	0	0	0	0	0	12	12
Central government	12	-2	-2	-2	-2	-1	3
Household sector	8	-1	-1	0	-2	-1	4
Rest of the World	1,573	177	395	485	223	807	3,659
Other sources	16	-3	-2	0	-0	0	11
Total	47,622	3,696	1,034	1,358	2,195	11,115	67,020
Total borrowing	48,630	3,790	1,190	820	1,982	10,854	67,266
Net HRA settlement payments ^(a)		-	-	-	-	6,584	
Total borrowing less HRA	48,630	3,790	1,190	820	1,982	4,269	60,681

Source: Monthly Borrowing (MB) and Quarterly Borrowing (QB) returns; Public Works Loan Board

(a) Reform of the Housing Revenue Account (HRA) saw net one-off borrowing of £6,584m by English local authorities in March 2012.

- Local authority investments increased by £0.7 billion in 2010-11 and decreased by £1.4 billion in 2011-12.
- In 2011-12 there was a £0.8bn decrease in bank deposits while holdings of British Government Securities increased by £752m. The amount held in money market funds decreased by £1.2bn. Investments in the Debt Management Account deposit facility increased by £183m, after their £2.0bn fall in 2010-11.

Table 5.3c: Local authority investments 2007-08 to 2011-12

	£ million						
	Outstanding amount at 31 March 2007	Change in investments					Outstanding amount at 31 March 2012
		2007-08	2008-09	2009-10	2010-11	2011-12	
Deposits: banks	14,414	1,016	-3,217	182	974	-778	12,592
Deposits: building societies	6,676	2,619	-3,088	-4,006	-377	-85	1,738
Treasury bills	0	6	-6	17	1,012	112	1,141
Certificates of deposit: banks	3	75	92	-11	-159	94	94
Certificates of deposit: building societies	0	6	-1	-5	1	13	14
British Government (Gilt-edge) securities	4	-4	24	57	55	752	887
Other financial intermediaries	36	98	-95	2	6	-17	30
Public corporations	100	4	3	47	3	-3	153
Debt Management Account deposit facility ^(a)	1	74	2,860	-457	-1,998	183	664
National Loans Fund	0	0	0	0	0	0	0
Money market funds ^(a)	225	380	560	182	1,374	-1,248	1,473
Externally managed funds	3,243	-779	-802	406	-334	-357	1,376
Other investments	783	501	-318	-415	95	-54	592
Total investments	25,487	3,995	-3,989	-4,002	652	-1,388	20,753

Source: Monthly Borrowing (MB) and Quarterly Borrowing (QB) returns, Debt Management Office

(a) Changes to the investments regulations with effect from 1st April 2002 enabled authorities to invest in the Government's Debt Management Account deposit facility and in commercial money market funds. More substantial changes to the investment regime with effect from 1st April 2004 gave authorities greater freedom, by removing most restrictions on the choice of investment options and the periods for which funds could be committed.

5.4 Prudential system

5.4.1 The prudential system (Part 1 of the Local Government Act 2003) took effect from 1 April 2004 and applied with effect from 2004-05. It allows local authorities to raise finance for capital expenditure - without government consent - where they can afford to service the debt without extra government support.

5.4.2 Authorities are required to make prudent provision for debt redemption, but decisions about debt management are for authorities. The prudential system has not maintained the artificial incentives to acquire debt-free status that were in place before 1 April 2004.

5.4.3 Final figures for 2011-12, are now available and these are given in **Table 5.4a**.

5.4.4 In planning what level of capital expenditure is affordable, local authorities now follow procedures for setting and revising prudential indicators as set out in the Prudential Code. These include:

- estimates of capital expenditure (see **Chapter 4**)
- estimates of the capital financing requirement that is the underlying need to borrow for a capital purpose. It relates to all capital expenditure (that is including relevant expenditure incurred in previous years) and is calculated directly from the balance sheet
- actual external debt that is gross borrowing and other long-term liabilities
- operational boundary for external debt - based on an authority's working estimate of most likely (that is prudent), but not worst case scenario
- authorised limit for external debt - the intended absolute limit that has to be set by the full council.

5.4.5 **Table 5.4d** sets out the aggregate England figures for these indicators as well as the level of investments.

- About 69% of authorities used the powers to finance capital expenditure through self-financed borrowing in 2011-12, compared with 56% in 2007-08.

Table 5.4a: Prudential system, self-financed borrowing by class of authority

	Percentage of authorities using self-financed borrowing					Amount of expenditure financed					Average amount per authority using self-financed borrowing					
	%					£million					£million					
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12	(b)	2007-08	2008-09	2009-10	2010-11	2011-12
London boroughs	67	70	76	82	91	300	373	466	407	2,493		14	16	19	15	83
Metropolitan districts	97	97	100	100	92	792	1,224	1,137	1,218	2,480		23	35	32	34	75
Unitary authorities	83	83	91	96	98	360	343	679	855	3,496		9	9	13	16	64
Shire counties	88	91	85	96	81	517	739	572	655	519		17	24	25	25	24
Shire districts	39	42	49	49	60	153	187	248	300	7,728		2	2	3	3	64
Greater London Authority	100	100	100	100	100	895	1,114	1,560	2,485	1,267		895	1,114	1,560	2,485	1267
Other authorities ^(a)	53	53	54	54	48	170	243	340	415	424		4	5	7	9	10
All English authorities	56	58	64	66	69	3,186	4,224	5,002	6,335	18,406		12	15	18	22	60

Source: COR returns

(a) Other includes police, fire and rescue, parks and waste authorities.

(b) It is estimated that approximately £13 billion is associated with the financing of the HRA self-financing determination payment.

5.4.6 **Table 5.4b** shows the distribution of proportion of capital spending financed by self-financed borrowing by class of authority.

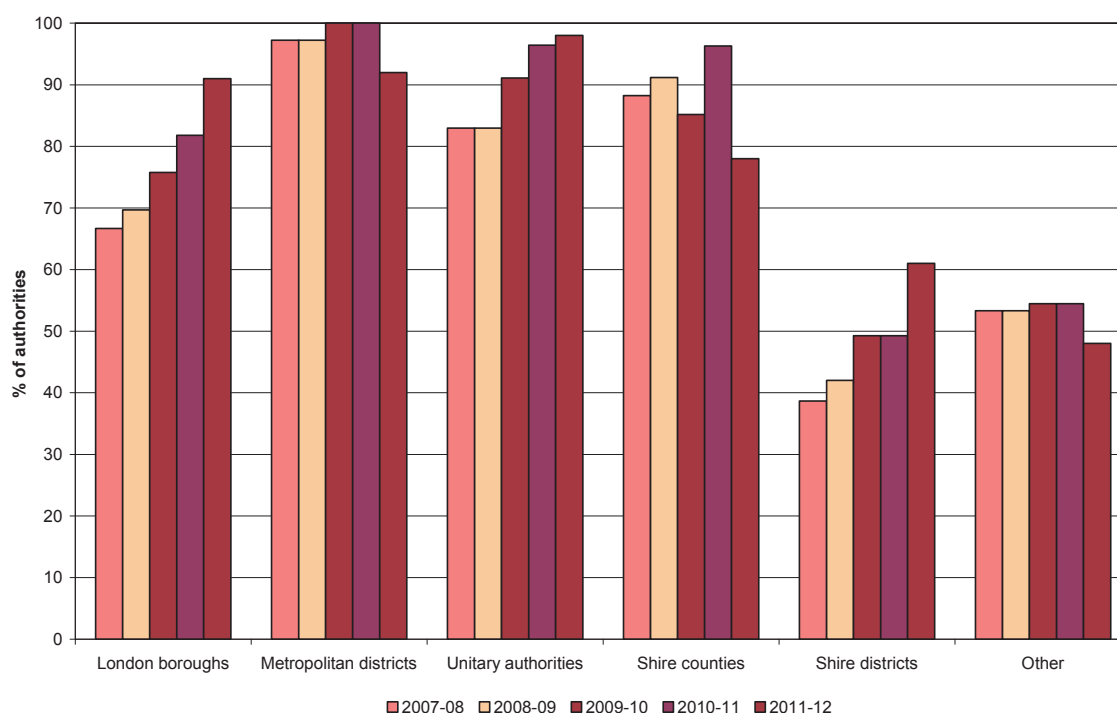
- The extent to which the powers are being used varies considerably by class of authority. The percentage of shire counties using the borrowing powers has fallen to 78%, whilst the equivalent figure for shire districts has risen to 61% in 2011-12.
- 79 shire districts did not finance their capital expenditure by self-financed borrowing compared to only one unitary authority without similar financed borrowing.

Table 5.4b: Proportion of capital spending financed by self-financed borrowing by class of authority 2011-12

Band (%)	Number of authorities						England
	London boroughs	Metropolitan districts	Unitary authorities	Shire counties	Shire districts	Other authorities	
zero	3	3	1	5	79	47	138
> zero less than 10	8	5	12	5	41	37	108
10 up to 20	4	6	9	5	3	3	30
20 up to 50	5	8	10	9	15	2	49
50 up to 100	4	9	10	2	37	0	62
100	9	5	14	1	26	2	57
Total	33	36	56	27	201	91	444

Source: COR returns

Chart 5.4c: Authorities using self-financed borrowing in 2007-08 to 2011-12, by class of authority



- At 1 April 2011 total gross long-term borrowing amounted to 26% of the value of local authority assets at that date. At 31 March 2012 this proportion had changed to almost 30% of the value of local authority assets at that date.

Table 5.4d: Prudential system information 2011-12

			£ million
Reported by local authorities			
	As at 1 April 2011	In 2011-12	As at 31 March 2012
Capital Financing Requirement as at 1 April 2011	78,297		
Capital expenditure to be resourced by means of credit (+)		20,368	
Minimum Revenue Provision (-)		2,311	
Additional contribution from revenue (-)		201	
Contribution from Major Repairs Reserve (-)		-141	
Use of receipts (-) ^(a)		4,667	
Change in Capital Financing Requirement		13,331	
Capital Financing Requirement as at 31 March 2012			91,628
Gross borrowing	60,900		69,096
Other long-term liabilities	7,417		8,336
Total external debt	68,317		77,432
Operational boundary for external debt	87,921		98,455
Authorised limit for external debt	99,673		110,976
Investments			
	22,080		23,713

Source: COR returns

(a) Any capital receipts used to repay principal of any amount borrowed or to meet any liability in respect of credit arrangements, as authorised in Regulation 23(b) and 23(d). Unlike the corresponding line in Table 4.6e "Usable receipts voluntarily set aside as provision to meet credit liabilities", it excludes receipts used under Regulation 23(c) to repay premiums charged in relation to amounts borrowed.

5.4.7 **Table 5.4e** shows the distribution of gross long-term borrowing as a percentage of assets by class of authority as at 31 March 2012.

- Only two London boroughs had no gross long-term borrowing compared to 61 shire districts.
- All shire counties and all but one of the metropolitan districts had gross long-term borrowing of 10% or more of their assets.

Table 5.4e: Gross long-term borrowing as a percentage of assets by class of authority, 31 March 2012

Band (%)	Number of authorities						
	London boroughs	Metropolitan districts	Unitary authorities	Shire counties	Shire districts	Other authorities	England
zero	2	0	1	0	61	14	78
>zero less than 5	1	1	1	0	21	5	29
5 up to 10	2	0	2	0	13	7	24
10 up to 20	9	2	12	5	17	16	61
20 up to 30	12	16	16	10	19	9	82
30 up to 40	6	4	19	8	28	13	78
40 and above	1	13	5	4	42	27	92
Total	33	36	56	27	201	91	444

Source: COR returns

CHAPTER 6

Local government pay and workforce

6.0.1 This chapter provides an overview of local government pay and workforce figures. It is divided into the following sections:

- | | |
|---|--------------------|
| • Summary of local government employment | section 6.1 |
| • Local government expenditure and pay | section 6.2 |
| • Workforce numbers | section 6.3 |

6.1 Summary of local government employment

6.1.1 Local government is collectively one of the largest employers in England, employing nearly 1.7m full time equivalent staff (FTEs). Of all local authority employees, nearly 0.4m FTEs work in education, 0.25m work in protection, law and order: police, traffic wardens, police civilians and firefighters, and almost 1.1m work in administration and other support services.

6.1.2 The main pay negotiating groups in local government employment in England are:

- Teachers
- Police
- Police Support Staff
- Firefighters; and
- Other Local Government Staff.

6.1.3 These pay negotiating groups cover the majority of local government employees. For the purposes of this publication, police and police support staff are treated as one group. Each pay negotiating group is responsible for negotiating, amongst other aspects, the pay rewards for employees in their group.

6.1.4 The group classified as 'Other Local Government Staff' is covered by a number of separate negotiating bodies and includes fire support staff, all non-teachers working in education including teaching assistants, and all other local government employees such as social workers, planners, chief executives, chief officers and other administrative staff.

6.2 Local government expenditure and pay

6.2.1 In 2011-12, local government employee expenditure accounted for 48 per cent of all local government service expenditure (gross of income) and was the single largest area of spending for local government. Employee expenditure includes pay, employers' National Insurance and pensions contributions, location allowances and other employee related costs such as training and recruitment and retention premia.

6.2.2 A large number of schools left local authority control to become academies in 2011-12, which reduced the number of teachers being counted as local authority employees, but not necessarily the number of teachers in schools.

6.2.3 **Table 6.2a** shows employee expenditure as a proportion of service expenditure for each of the service areas for 2011-12. Employee expenditure accounted for 65 per cent of education service expenditure and Police and Fire services employee expenditure accounted for 83 per cent and 77 per cent of service expenditure, respectively.

- In 2011-12, 48 per cent of Local Government **service expenditure** (gross of income) was spent on employees. This is a slight decrease from 49 per cent in 2010-11.

Table 6.2a: Employee expenditure as a proportion of total service expenditure for 2011-12

	£ billion		Employees as %
	Employee expenditure	Total service expenditure	of total service expenditure
Education services	29.0	44.8	65%
Highways, roads and transport services	1.3	8.1	16%
Children Social Care	2.6	7.0	38%
Adult Social Care	3.9	19.5	20%
Housing services ^(a)	0.7	3.3	21%
Cultural and related services	1.6	4.4	37%
Environmental services	1.6	6.7	24%
Planning and development services	1.1	2.7	40%
Police services	10.6	12.7	83%
Fire and rescue services	1.7	2.2	77%
Central services	6.0	12.7	47%
Other services	0.1	0.4	32%
Total service expenditure	60.2	124.6	48%

Source: RSX form (2011-12) on a non-IAS19 basis.
(a) Expenditure on the General Fund Revenue Account only.

6.2.4 **Table 6.2b** illustrates levels of local government pay since 2009-10 for each of the main pay negotiating groups, based on data collected and validated from the Subjective Analysis Return which is completed by a sample of authorities in England (127 returned out of 444 total authorities in 2011-12).

- Employee expenditure decreased from £65.5bn to £60.2bn between 2010-11 and 2011-12, after remaining unchanged between 2009-10 and 2010-11. The majority of this expenditure was on pay (77 per cent), which totalled £46.2bn in 2011-12.

Table 6.2b: Local government pay by pay negotiating group 2009-10 to 2011-12

	2009-10	2010-11	£ billion 2011-12
Teachers	17.3	16.9	15.0
Police and Police Support Staff	7.8	7.8	7.5
Firefighters	1.1	1.1	1.1
Other Local Government Staff	24.8	24.7	22.5
Total pay ^(a)	51.0	50.5	46.2
Total non-pay for all groups ^(b)	12.0	12.2	11.4
Other pay related costs ^(c)	2.5	2.8	2.6
Total employee expenditure ^(d)	65.5	65.5	60.2

Source: Revenue Outturn - Subjective Analysis Return (SAR).

(a) Includes overtime, bonuses, severance payments, etc.

(b) Includes employers' National Insurance, pensions contributions and location allowances.

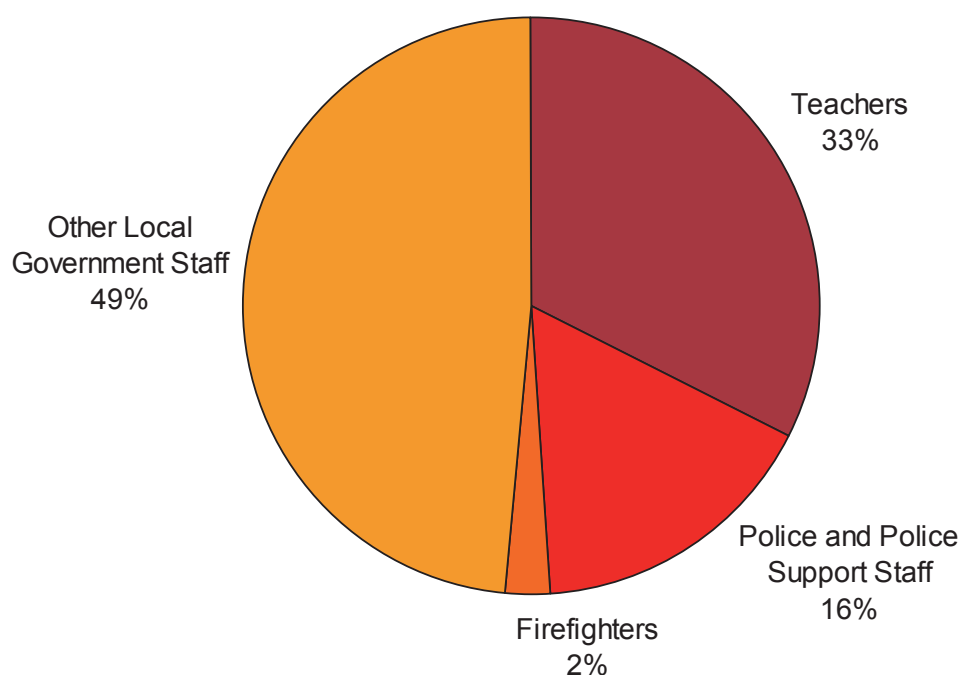
(c) Includes recruitment, retention and training

(d) Includes pay, non-pay and other pay related costs such as recruitment, retention and training, which are not included elsewhere above.

6.2.5 **Chart 6.2c** shows the proportion of local government pay accounted for by each pay negotiating group in 2011-12.

- Nearly half (49 per cent) of total pay was accounted for by Other Local Government staff, with a further 33 per cent accounted for by Teachers.

Chart 6.2c: Proportion of local government pay by pay negotiating group in 2011-12



6.2.6 **Table 6.2d** illustrates how pay has decreased across all pay negotiating groups since 2009-10.

- Total employee expenditure decreased by 8.1 per cent between 2010-11 and 2011-12, with pay costs decreasing by 8.7 per cent and non-pay costs decreasing by 6.6 per cent.
- Between 2010-11 and 2011-12, the largest change was in expenditure on Teachers' pay which decreased by 11.5 per cent, and the smallest in Fire Staff which decreased by 0.4 per cent.

Table 6.2d: Annual percentage change in pay by negotiating group 2009-10 to 2011-12

	2009-10	2010-11	% change 2011-12
Teachers	2.3	-2.0	-11.5
Police and Police Support Staff	2.1	-0.1	-3.3
Fire	1.6	-0.6	-0.4
Other Local Government Staff	3.8	-0.5	-8.8
Total pay ^(a)	2.9	-1.0	-8.7
Total non-pay across all groups ^(b)	2.8	1.7	-6.6
Other pay related costs ^(c)	48.8	9.9	-5.5
Total employee expenditure ^(d)	4.1	-0.1	-8.1

Source: Revenue Outturn - Subjective Analysis Return (SAR).
(a) Includes overtime, bonuses, golden handshakes, etc.
(b) Includes employers' National Insurance, pensions contributions and location allowances.
(c) Includes recruitment, retention and training etc.
(d) Includes pay, non-pay and other pay related costs such as recruitment, retention and training, which are not included elsewhere above.

6.3 Workforce numbers

6.3.1 **Table 6.3a** shows the number of FTE staff in local government between 2009-10 and 2011-12 in England.

- In 2011-12, there were nearly 1.7m FTE staff in local government, of which almost 1.1m were Other Local Government Staff and almost 0.4m were teachers.
- The numbers of teachers employed by local government fell by 66,000 in the year to 2011-12. Rather than there simply being fewer teachers, this was largely due to the large number of formerly local authority maintained schools converting to academy status, and so falling outside local government control (the number of teachers in academies rose by 57,000 over the same period).

Table 6.3a: Number of full-time equivalent employees ^(a) 2009-10 to 2011-12

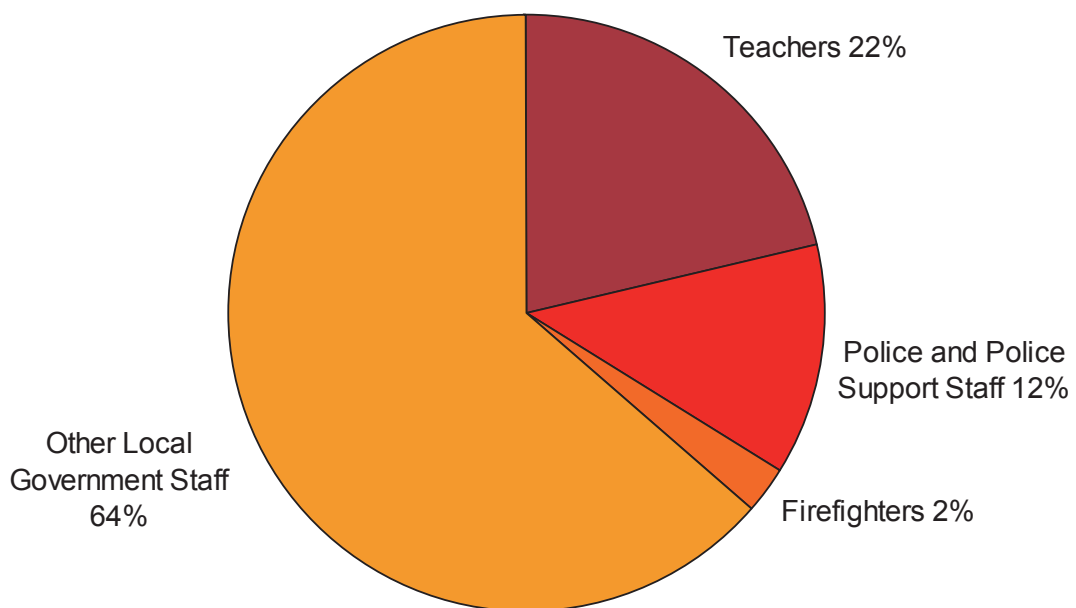
	2009-10	2010-11	thousand 2011-12	% change 2009-10 to 2011-12	% of total 2011-12
Teachers ^(b)	433	425	359	-17.1	22
Police ^(c)	136	132 (R)	127	-6.7	8
Police Support Staff ^(d)	96	89	81	-14.9	5
Firefighters ^(e)	43	43	41	-4.4	2
Other Local Government Staff ^(f)	1,086 (R)	1,096 (R)	1,060	-2.4	64
Total	1,794 (R)	1,785 (R)	1,668	-7.0	100

(a) Full-time equivalent figures including those on maternity/paternity leave.
(b) Source: Department for Education
(c) Source: Home Office. Includes ACPO ranks, Chief Superintendents, Superintendents, Chief Inspectors, Inspectors, Sergeants and Constables.
(d) Source: Home Office. Includes Traffic Wardens, Police Community Support Officers and Designated Officers. Also includes staff on career breaks.
(e) Source: DCLG
(f) Source: Office for National Statistics

6.3.2 **Chart 6.3b** illustrates the proportion of FTE staff working in each area of local government in 2011-12.

- In 2011-12, other Local Government employees accounted for the majority of all local government employees, making up 64 per cent. The next largest group of employees was Teachers who accounted for 22 per cent.

Chart 6.3b: Number of full-time equivalent employees in 2011-12



CHAPTER 7

Local authority pension funds

7.0.1 This chapter describes the pensions for local authority employees. It is divided into the following sections:

- | | |
|---|--------------------|
| • Pensions for local authority employees | section 7.1 |
| • The Local Government Pension Scheme | section 7.2 |
| • The Firefighters' Pension Schemes | section 7.3 |

7.1 Pensions for local authority employees

7.1.1 The Local Government Pension Scheme is operated in England via 81 **pension funds** at local authority level to provide pensions for most local authority employees. These authorities have the responsibility to meet pension liabilities as and when they fall and the income stream from the assets held assist in amortising liabilities and stabilising employer contribution rates to the Scheme over the medium and long term. The assets of the pension funds are part of the financial corporations sector in the National Accounts, not part of the local government sector. Pensions paid out under the scheme are therefore part of the expenditure of the pension funds, not of the local authorities that administer them. Employers' and employees' contributions, part of the income of the funds, are recorded as expenditure by local authorities in their revenue accounts, either directly or indirectly under employees' expenses.

7.1.2 Separate arrangements apply for the pensions of the police, fire fighters and teachers. The police and fire fighters' pensions are provided through unfunded schemes administered locally, and the cost of police and fire fighters' pensions are therefore included in local authority expenditure. Teachers' pensions are provided through a notionally funded scheme administered by the Department for Education (DfE). There is no fund of assets, and teachers' pensions are paid by the DfE. Employers' and employees' contributions are paid by local authorities to the DfE and are recorded as expenditure in their revenue accounts.

7.2 The Local Government Pension Scheme

7.2.1 The following tables, charts and commentary provide information and statistics on Local Government Pension Scheme expenditure, income, the number of Local Government Pension Scheme members, the market value of the fund and the number and type of retirees from the scheme.

- Local Government Pension Scheme expenditure on benefits in 2011-12 was £7.5bn, compared with £6.7bn in 2010-11, an increase of 12%.
- In 2011-12, 88% of Local Government Pension Scheme expenditure in England was on benefits in the form of pensions and annuities or lump sums, for retired members and their dependents.
- Expenditure on lump sums paid on retirement in 2011-12 was £1,706m. This compares with £1,441m in 2010-11.

Table 7.2a: Local Government Pension Scheme expenditure 2002-03 to 2011-12

		Disposal of liabilities					£ million
	Expenditure on benefits ^(a)	Transfer values	Pensions Act premiums	Refunds of contributions ^(b)	Costs charged to the funds ^(c)	Other expenditure	Total expenditure
2002-03	3,623	609	34	22	197	15	4,501
2003-04	3,770	645	31	27	218	18	4,709
2004-05	4,014	768	28	24	251	16	5,101
2005-06	4,272	853	29	14	290	15	5,473
2006-07	4,757	598	26	5	349	19	5,754
2007-08	<u>5,230</u>	540	10	4	375	27	<u>6,185</u>
2008-09	5,611	502	11	-	359	19	6,502
2009-10	6,317	846	12	-	384	19	7,578
2010-11	6,730	818	12	-	437	10	8,007
2011-12	7,534	551	0	-	468	38	8,592

Source: SF3 returns

(a) A breakdown of expenditure on benefits is shown in Table 7.2b

(b) The rules on refunds changed as at 1 April 2008

(c) Administration and fund management costs

Table 7.2b: Local Government Pension Scheme expenditure on benefits 2002-03 to 2011-12

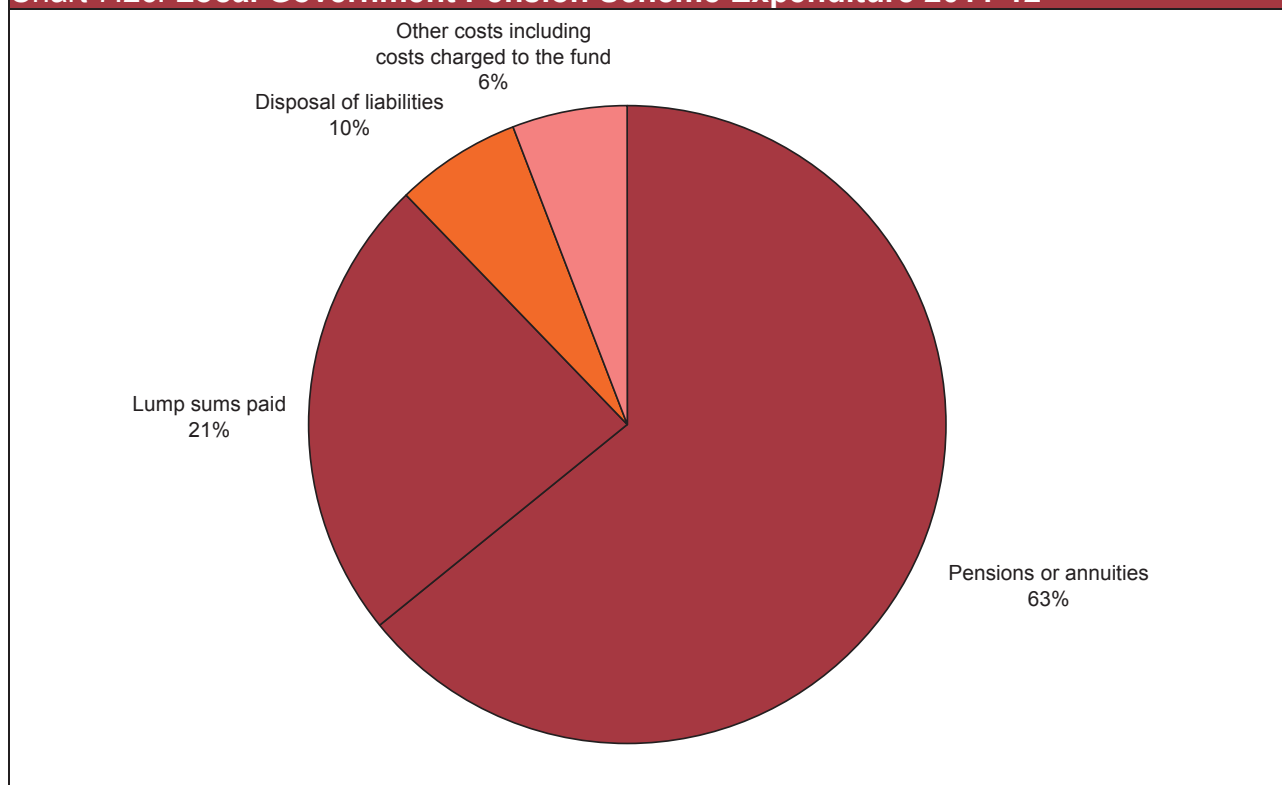
		£ million				
	Pensions or annuities paid to retired employees or dependants	Lump sums paid		Optional lump sum ^(c)	Other benefits	Total benefits
		On retirement ^(a)	On death ^(b)			
2002-03	3,101	458	62	-	2	3,623
2003-04	3,215	483	69	-	3	3,770
2004-05	3,404	540	69	-	2	4,014
2005-06	3,611	581	78	-	2	4,272
2006-07	3,816	859	81	-	1	4,757
2007-08	4,100	<u>1,038</u>	<u>84</u>	-	1	<u>5,230</u>
2008-09	4,398	1,048	123	41	1	5,611
2009-10	4,774	1,323	137	82	1	6,317
2010-11	5,021	1,441	153	114	1	6,730
2011-12	5,503	1,706	164	161	1	7,534

Source: SF3 returns

(a) The rules governing the payment of lump sums on retirement changed in 2006-07 and now allow beneficiaries to take some of their pension as a lump sum and less as a continuing pension.

(b) The rules changed from 1 April 2008. Prior to this date death benefit was twice salary, after this date it is three times salary.

(c) This was introduced in April 2008

Chart 7.2c: Local Government Pension Scheme Expenditure 2011-12

- In 2011-12, 67% of Local Government Pension Scheme income came from employers' and employees' contributions whilst income from investments and other income provided 27% of the total.
- Income from employees' contributions to the Local Government Pension Scheme in 2011-12 was £1.8bn, down from £2.0bn, or 6%, on 2010-11. Income from employers' contributions to the scheme was virtually unchanged in the same period.
- In 2011-12, income from investments rose by 13% when compared to 2010-11 to £3.0bn; this is still below the level of 2007-08.

Table 7.2d: Local Government Pension Scheme income 2002-03 to 2011-12

	Contributions (including those from admitted authorities)					£ million
	Employees ^(a)	Employers ^(b)	Investment income (gross)	Transfer values	Other income	Total income
2002-03	1,228	2,916	2,054	790	26	7,014
2003-04	1,334	3,217	2,145	840	37	7,573
2004-05	1,431	3,544	2,322	987	40	8,325
2005-06	1,576	4,124	2,639	1,044	43	9,426
2006-07	1,605	4,626	3,019	754	59	10,063
2007-08	1,680	5,009	3,165	707	50	10,610
2008-09	1,926	5,400	2,873	557	50	10,806
2009-10	1,974	5,759	2,572	800	58	11,163
2010-11	1,966	5,947	2,696	791	96	11,496
2011-12	1,839	5,920	3,045	662	82	11,547

Source: SF3 returns

(a) The rate of employee's contribution to the scheme changed from 1 April 2008 from a flat rate for all employees to a variable rate dependent on salary.

(b) Includes employers' secondary contributions

Chart 7.2e: Local Government Pension Scheme income 2011-12

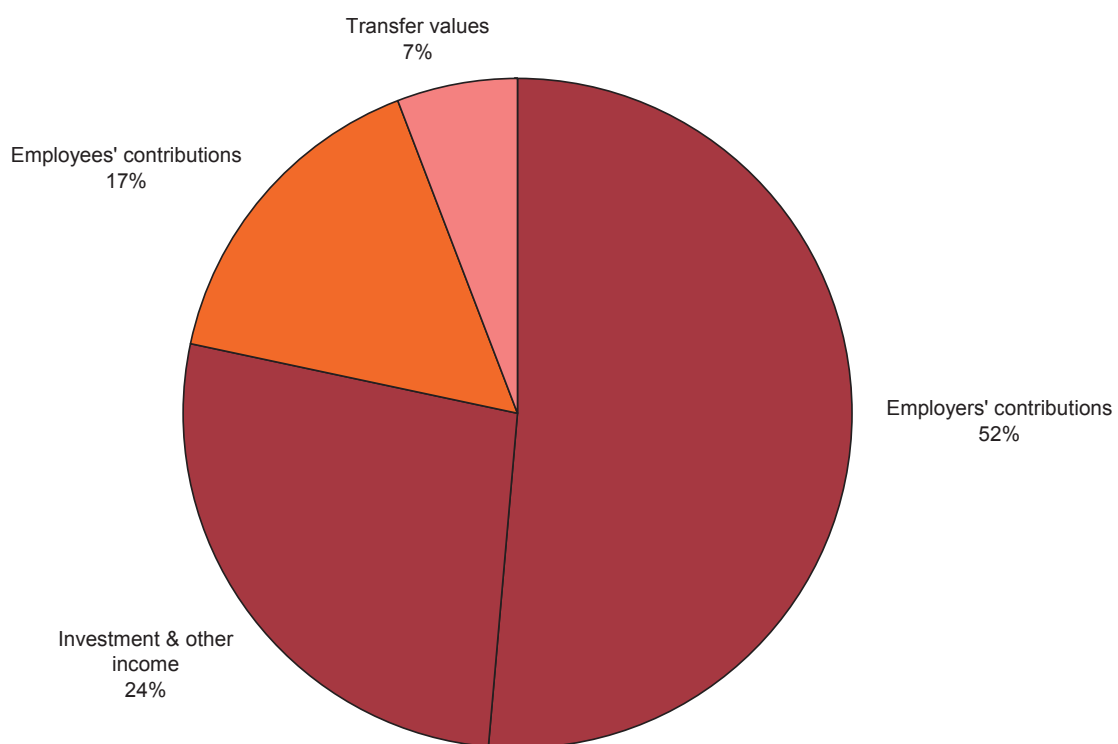
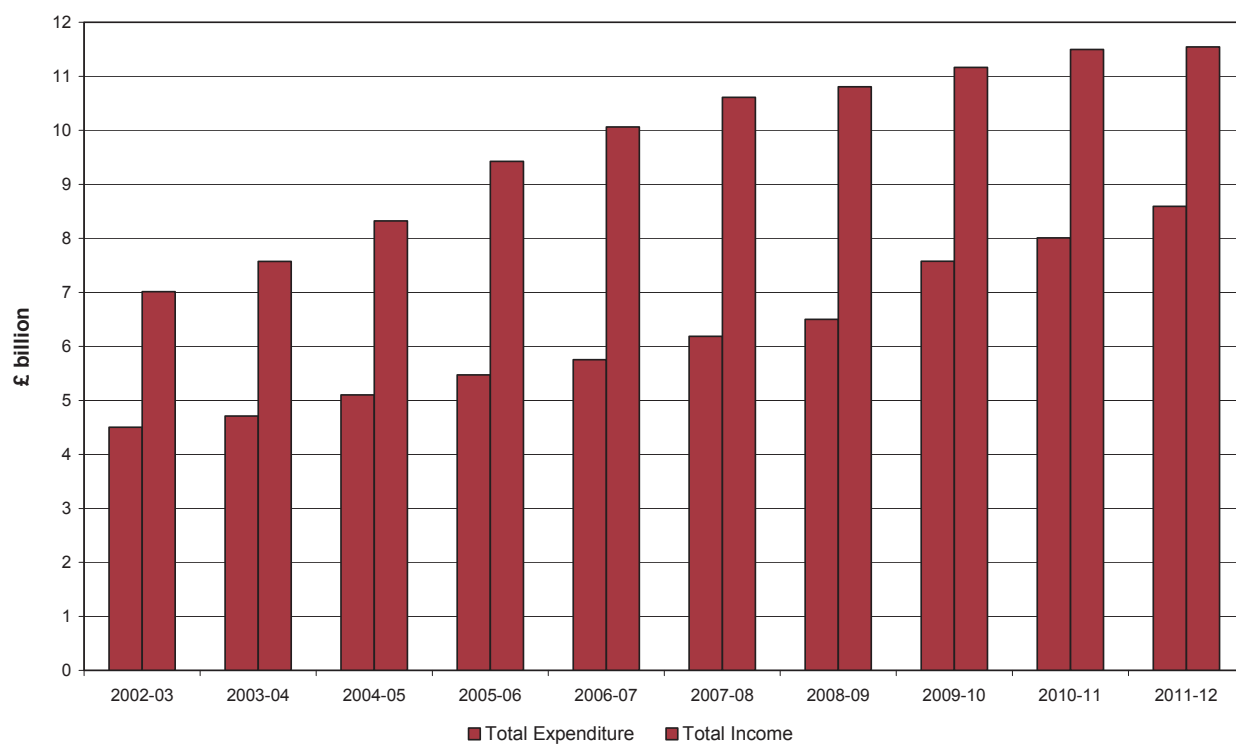


Chart 7.2f: Local Government Pension Scheme total expenditure and income 2002-03 to 2011-12



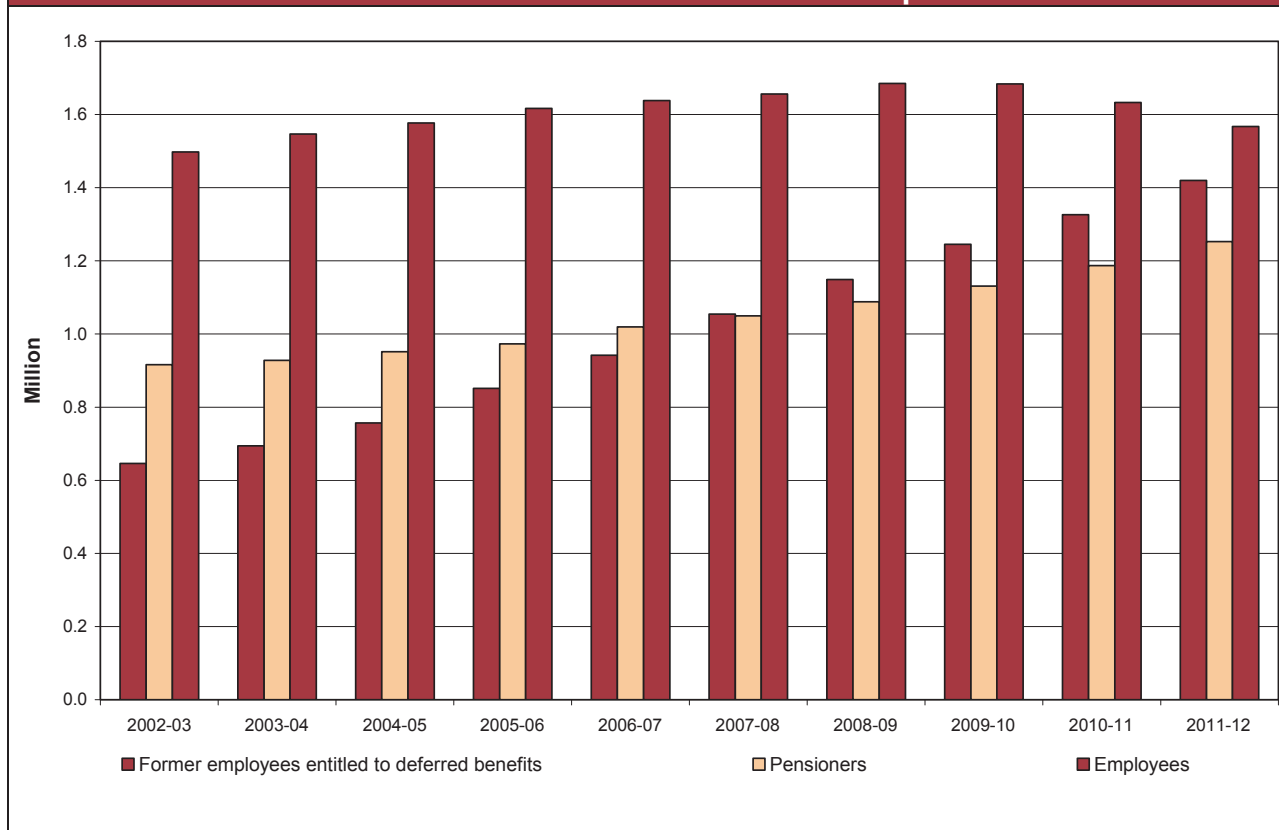
- There were fewer than 1.6m employees in the Local Government Pension Scheme at the end of March 2012, a decrease of 66,000, or 4%, over the figure for March 2011. There are now fewer employees in the Local Government Pension Scheme than at the end of March 2005.
- During 2011-12 the number of pensioners rose by 66,000 to 1.3m, an increase of 6% over the figure for the end of 2010-11.
- In 2010-11, the number of former employees entitled to deferred benefits rose by 94,000 to 1.4m, an increase of 7% over 2010-11 and an increase of 51% over 2006-07.
- The market value of the funds at end of March 2011 was £148bn, an increase of 52% on March 2009 and an increase of 4% on March 2011.

Table 7.2g: Number of Local Government Pension Scheme members and market value of funds 2002-03 to 2011-12

	Number of scheme members at end of each year (thousand)				Market value of funds at end of year (£ million)
	Employees	Pensioners	Former employees entitled to deferred benefits	Former employees to whom Reg. 18 applies (a)	
2002-03	1,498	916	646	-	63,728
2003-04	1,547	928	694	-	79,382
2004-05	1,577	952	757	-	89,530
2005-06	1,617	973	851	-	112,967
2006-07	1,638	1,019	942	0	122,402
2007-08	1,656	1,049	1,055	1	119,959
2008-09	1,685	1,088	1,149	2	97,272
2009-10	1,684	1,131	1,245	4	132,012
2010-11	1,633	1,187	1,326	9	142,716
2011-12	1,567	1,253	1,420	9	147,719

Source: SF3 returns
(a) Former members to whom Regulation 18 of the 2007 Benefit Regulations (flexible retirees) applies.

Chart 7.2h: Local Government Pension Scheme membership 2002-03 to 2011-12



- The number of people leaving the Local Government Pension Scheme in 2011-12 because of redundancy increased by 56% over the 2010-11 figure.
- In 2011-12, the number of people leaving the Local Government Pension Scheme each year due to retirement (total retirements) increased by 19% from 2010-11.

Table 7.2i: Type of retirements from the Local Government Pension Scheme 2004-05 to 2011-12

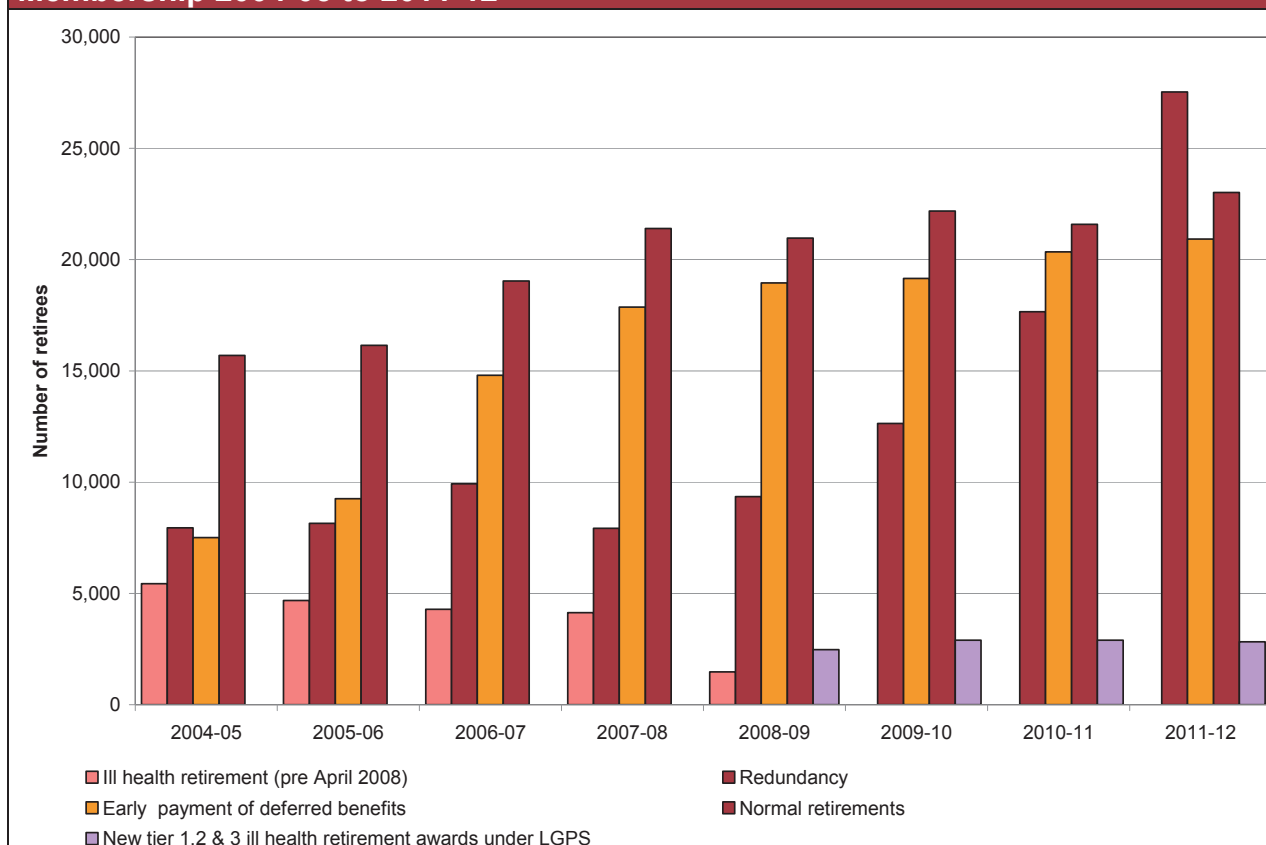
	Redundancy	Ill health retirement (pre April 2008)	New tier 1, 2 & 3 ill health retirement under LGPS ^(a)	Early payment of deferred benefits benefits ^(b)	Normal retirements	Total retirements
2004-05	7,949	5,440	-	7,506	15,689	36,584
2005-06	8,146	4,687	-	9,255	16,151	38,238
2006-07	9,923	4,279	-	14,804	19,038	48,044
2007-08	7,927	4,134	-	17,867	21,393	51,321
2008-09	9,346	1,470	2,475	18,952	20,967	53,210
2009-10	12,637	-	2,898	19,150	22,180	56,865
2010-11	17,657	-	2,903	20,344	21,585	62,489
2011-12	27,525	-	2,820	20,923	23,016	74,284

Source: SF3 forms

a) Under the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 which came into effect on 1 April 2008, there are now three levels of ill-health retirement pension payable. These levels depend on the extent to which the incapacitating condition which gave rise to the termination of employment in local government prevents the scheme member from obtaining gainful employment in the general workforce.

b) Members who leave the scheme having completed the minimum period of service but who are not entitled to the immediate payment of a pension benefit, are awarded a deferred benefit which, under normal circumstances, becomes payable when the person reaches their normal retirement age.

Chart 7.2j: Type of retirement from the Local Government Pension Scheme Membership 2004-05 to 2011-12



7.3 The Firefighters' Pension Schemes

7.3.1 The following tables provide information on the expenditure and income streams for the two firefighter pension schemes currently operating in England: the Firefighters' Pension Scheme 1992, which was available to regular firefighters and which closed to new membership on 5 April 2006, and the New Firefighters Pension Scheme (NFPS), which was introduced for both regular and retained firefighters employed after 5 April 2006.

7.3.2 Both the employer and employee pension contributions together with other sources of pension income, including transfer-in payments, ill-health charges etc, are paid into a locally managed pension fund account. Any authorised expenditure, to include pension payments, commutation lump sums and transfer-out payments, are paid out of the pension account. The annual shortfall (cashflow deficit) between the total annual pensions income received and the total annual pension expenditure paid is reimbursed to each employing Fire and Rescue Authority through the mechanism of the annual Firefighters' Pension Top Up grant, which is paid by the Department for Communities and Local Government under Annually Managed Expenditure arrangements.

- The Firefighters Pension Schemes' expenditure rose by 7% from £604m in 2010-11 to £644m in 2011-12, which almost returned it to the 2009-10 level.

Table 7.3a: Firefighters Pension Schemes Expenditure 2008-09 to 2011-12

	£ million				%change
	2008-09	2009-10	2010-11	2011-12 ¹	2011-12
Pension outgoings	588.3	633.6	599.7	640.3	7%
of which:					
Commutation payments	166.4	170.9	126.9	132.3	4%
Recurring outgoing payments	422.1	462.7	472.8	508.0	7%
Transfers out ²	2.5	9.1	4.7	3.4	-27%
Miscellaneous	0.5	2.0	0.1	0.1	-14%
Total	591.3	644.8	604.5	643.8	7%

¹2011-12 figures are unaudited, previous years' are audited.
²This only includes transfers out of FPS and NFPS to other pension schemes.

- Both employee and employer contributions to the Firefighters Pension Schemes have fallen slightly in each of the last three years.

Table 7.3b: Firefighters Pension Schemes Income 2008-09 to 2011-12

	£ million				%change
	2008-09	2009-10	2010-11	2011-12 ¹	2011-12
Employee contributions	108.7	107.5	106.0	102.9	-3%
Employer contributions	203.5	198.5	194.7	188.0	-3%
Ill Health	6.5	4.3	3.7	4.8	28%
Miscellaneous	5.1	23.8	0.0	0.2	-
<i>of which:</i>					
<i>Special second commutation payment</i>	-	23.8	-	-	-
Transfers	8.8	9.1	6.2	2.6	-58%
Total	332.7	342.9	310.6	298.4	-4%

¹2011-12 figures are unaudited, previous years' are audited.

ANNEX A

Local government geography and history

This annex contains the following geographical and historical information:

- **Maps of local authority areas in England** **section A1**
- **English local authority structure** **section A2**
- **Parish and town councils** **section A3**
- **Changes in English local authority functions and structure** **section A4**

A1 Maps of local authority areas in England

Chapter 1.3 describes the structure of local government. The following maps show all the individual shire counties and districts, metropolitan districts, unitary authorities, London boroughs and single purpose authorities from whom the Department of Communities and Local Government collects local government finance data. **Map A1a** shows all English county and regional boundaries, which are broken down to districts on **Maps A1b to A1f**.

- **All England** **Map A1a**
- **Northern England** **Map A1b**
- **Central England** **Map A1c**
- **South Western England** **Map A1d**
- **South Eastern England** **Map A1e**
- **London** **Map A1f**
- **Fire (and passenger transport) authorities** **Map A1g**
- **Police commissioners** **Map A1h**
- **Parks and waste authorities** **Map A1i**
- **Rural/urban classification at lower tier level** **Map A1j**
- **Rural/urban classification at higher geographies levels** **Map A1k**

County Councils

Greater London Authority

Metropolitan Districts

Unitary Authorities

0 25 50 100 Kilometres

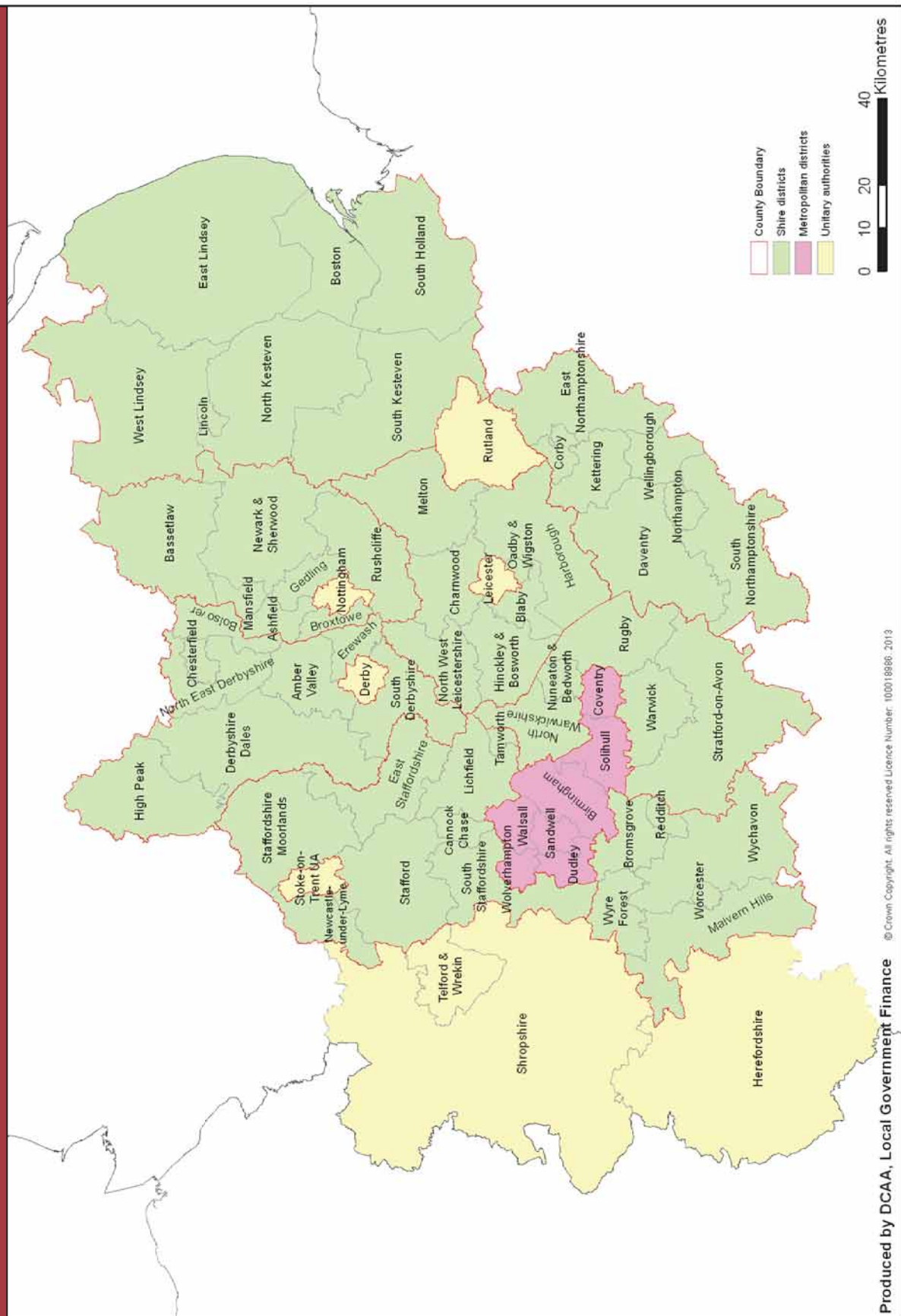
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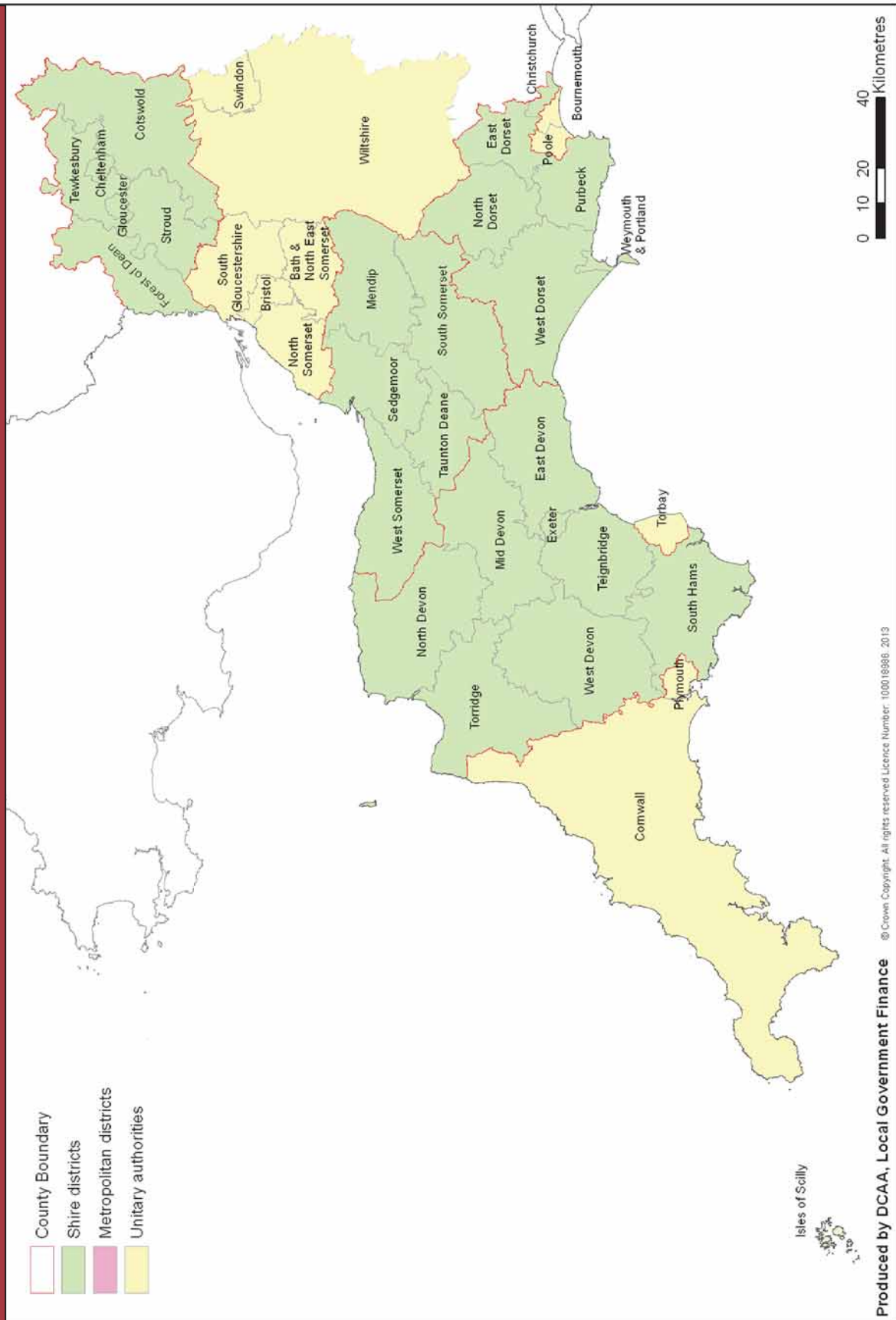
Map A1b: Local authority lower tier boundaries as at 1 April 2012, Northern England



Map A1c: Local authority lower tier boundaries as at 1 April 2012, Central England



Map A1d: Local authority lower tier boundaries as at 1 April 2012, South Western England



This map illustrates the administrative boundaries of the South East of England. The legend identifies four types of boundaries: County Boundary (red outline), Shire districts (light green fill), Unitary authorities (yellow fill), and Greater London Authority (pink fill). The map shows numerous local government areas, including North Norfolk, Broadland, Norwich, South Norfolk, Waveney, Breckland, Fenland, King's Lynn & West Norfolk, Peterborough, Huntingdonshire, East Cambridgeshire, Forest Heath, Cambridgeshire, Bedford, Milton Keynes, Central Bedfordshire, Luton, North Hertfordshire, Stevenage, Uttlesford, Braintree, Babergh, Ipswich, Mid Suffolk, Suffolk Coastal, Tendring, Colchester, Maldon, Chelmsford, Epping Forest, Harlow, Welwyn Hatfield, Broxbourne, St Albans, Dacorum, Watford, Three Rivers, Hertsmere, Spelthorne, Epsom & Ewell, Elmbridge, Reigate & Banstead, Tandridge, Crawley, Mid Sussex, Wealden, Rother, Hastings, Eastbourne, Brighton & Hove, Adur, Arun, Worthing, Havant, Portsmouth, Fareham, Gosport, Isle of Wight, Southampton, Winchester, Eastleigh, Test Valley, Basingstoke & Deane, Wokingham, Bracknell Forest, Windsor & Maidenhead, Slough, Wycombe, South Bucks, Chiltern, Reading, West Berkshire, Vale of White Horse, South Oxfordshire, Oxford, Cherwell, Aylesbury Vale, West Oxfordshire, Thurrock, Medway, Gravesham, Dartford, Basildon, Rochford, Castle Point, Southend-on-Sea, Thanet, Canterbury, Dover, Swale, Maidstone, Tonbridge & Malling, Tunbridge Wells, Ashford, Shepway, and Sevenoaks. The Greater London Authority is shown as a pink-shaded area in the center of the map.

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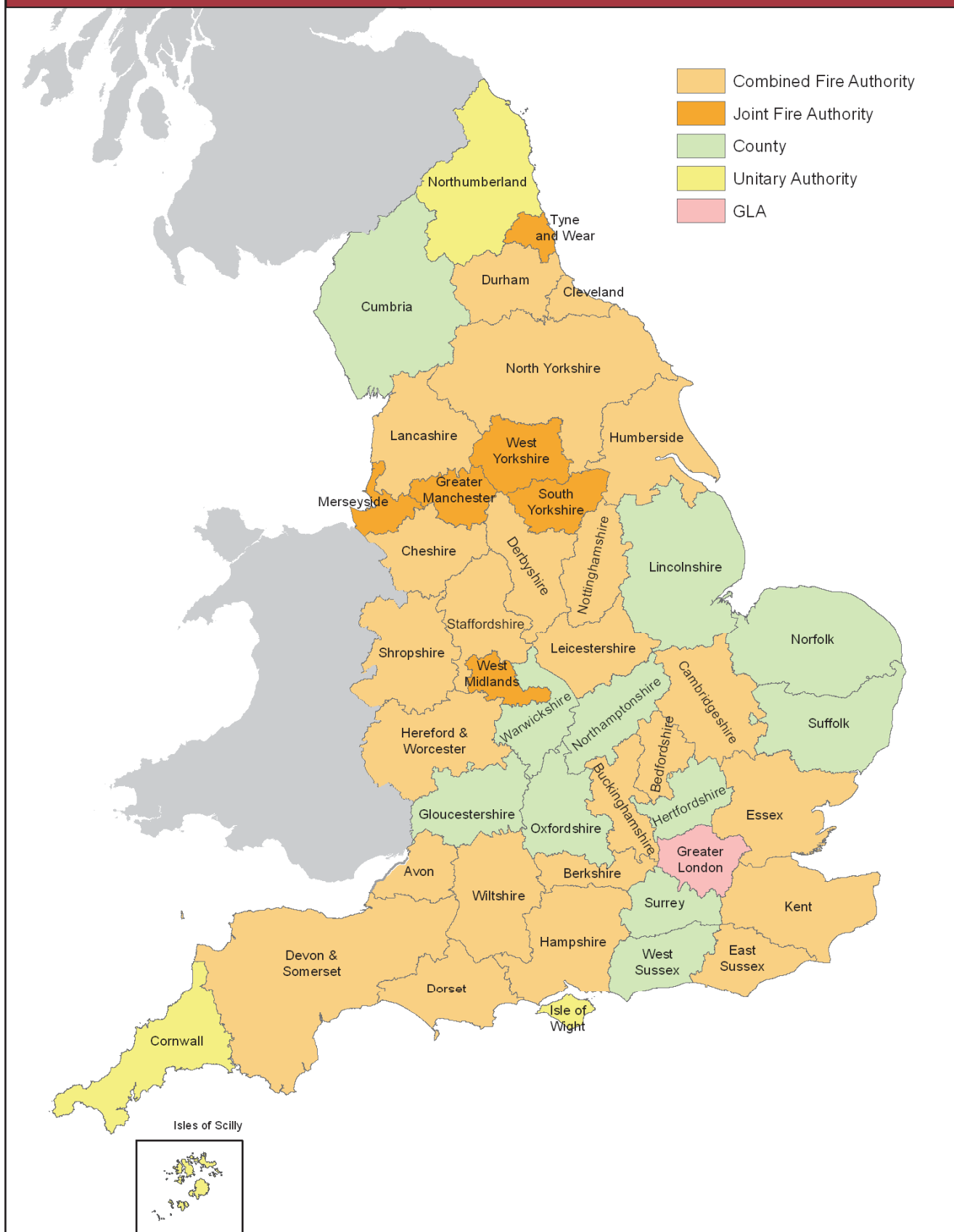
- This map shows how the London boroughs are grouped into Inner and Outer London areas for the purposes of the local government finance system, as classified by the London Government Act, 1963. The City of London is normally included within statistics for Inner London.

Map A1f: Local authority lower tier boundaries as at 1 April 2012 – Greater London



- This map also effectively shows **Passenger Transport Authority** areas, which share the same boundaries and names as joint fire authorities.

Map A1g: Fire authorities as at 1 April 2012



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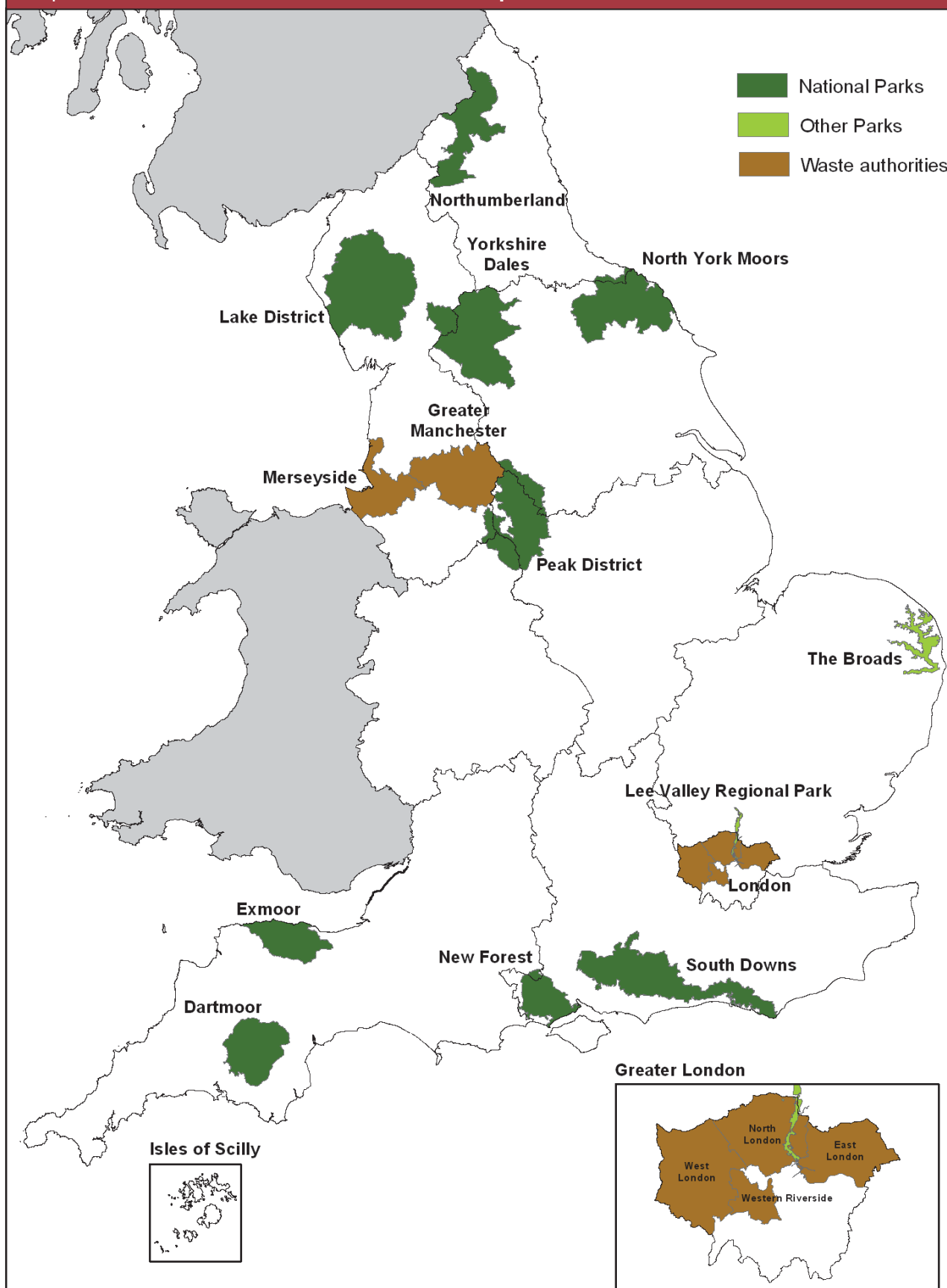
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Map A1h: Police authorities as at 1 April 2012



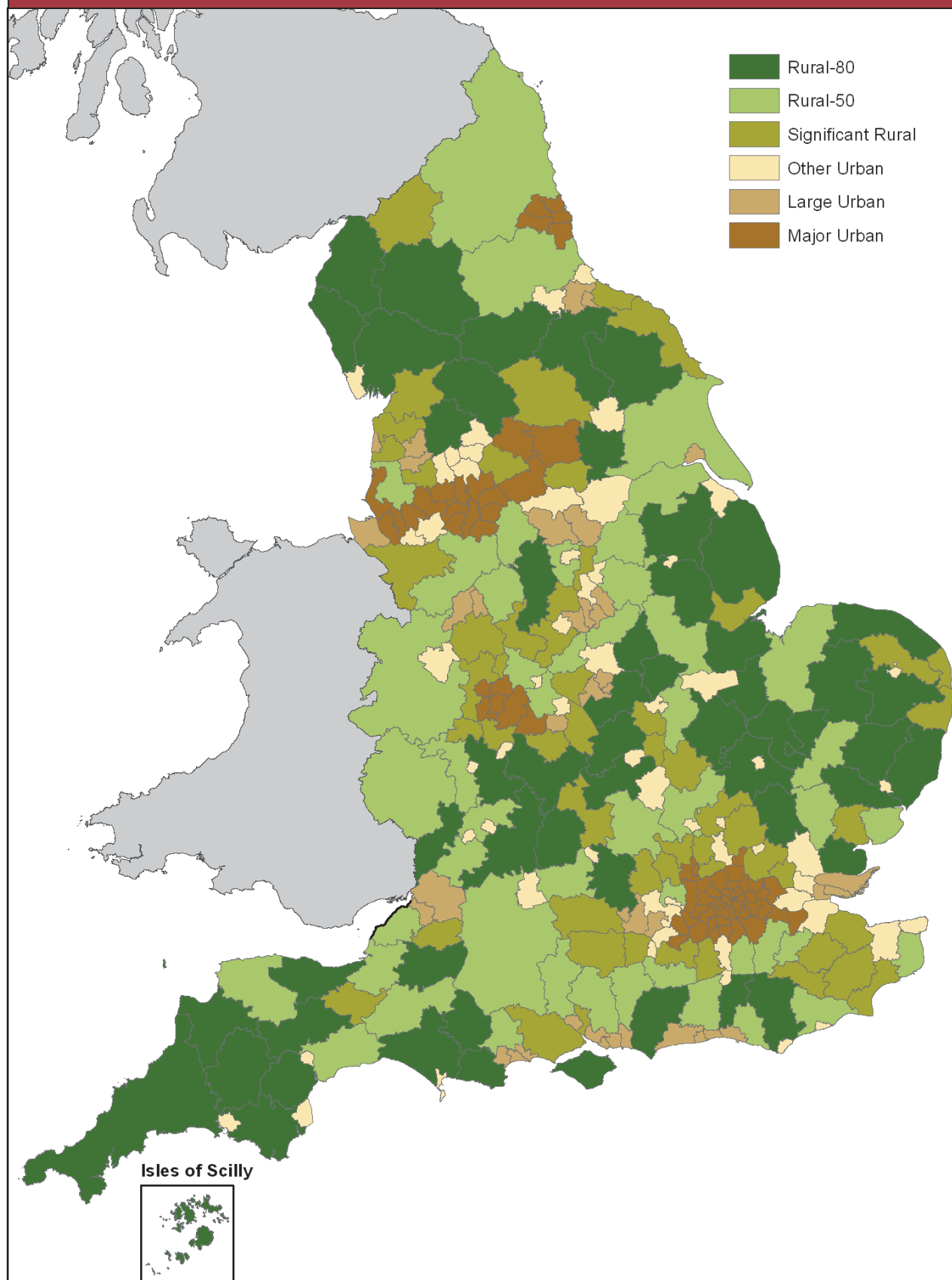
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Map A1i: Parks and waste authorities as at 1 April 2012



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 Note: National Parks as designated by Natural England

Map A1j: Rural/urban classification at lower tier level



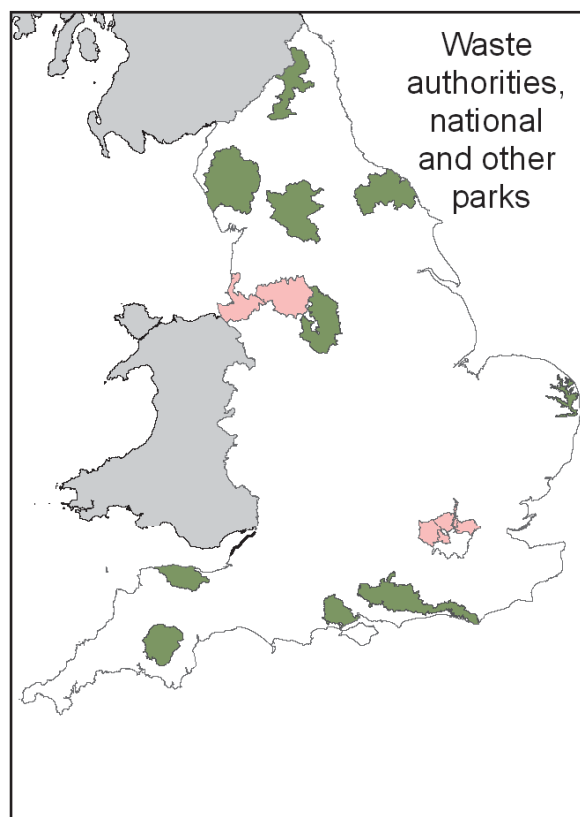
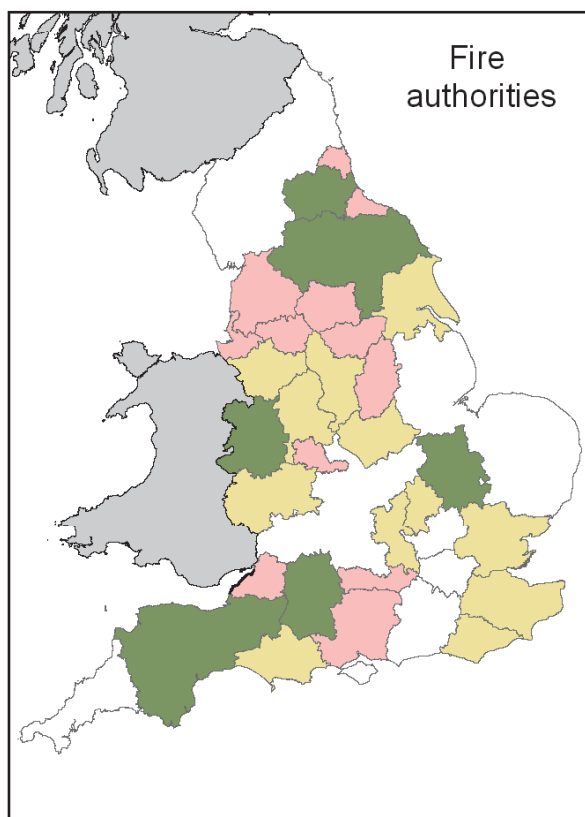
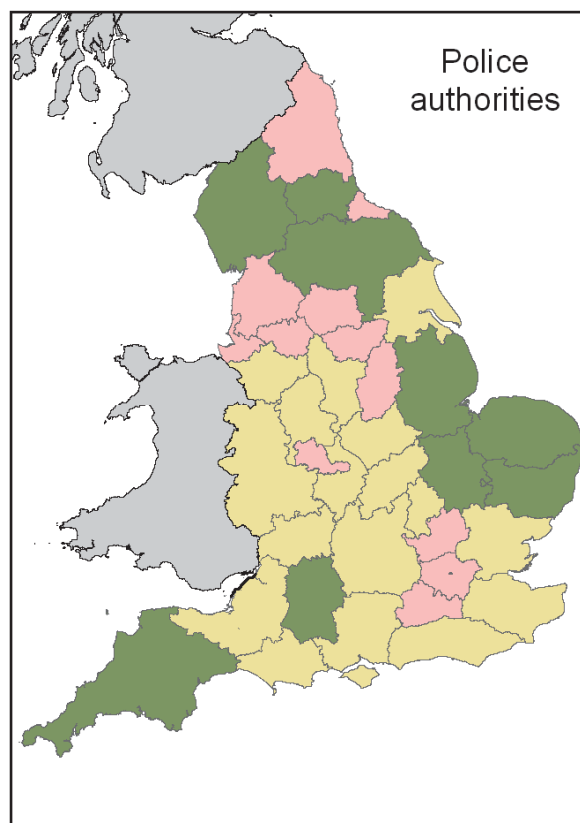
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Source: Rural Definition and Local Authority Classification, Defra 2011

For more detail: <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/series/rural-urban-definition>

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Map A1k: Rural/urban classification at higher geography levels



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Notes: Based on higher geographies datasets from the Rural Definition and Local Authority Classification defined by Defra and updated in 2009.

For more detail see: <http://www.defra.gov.uk/statistics/rural/what-is-rural/rural-urban-classification/>

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NAME

- England ex-London
- Predominantly Rural
- Predominantly Urban
- Significant Rural

Rural/urban classification at lower tier level

Local Authority Classification	Description
Major Urban	Local authorities with either 100,000 people or 50% of their population in urban areas with a population of more than 750,000
Large Urban	Local authorities with either 50,000 people or 50% of their population in one of 17 urban areas with a population between 250,000 and 750,000
Other Urban	Local authorities that have less than 26% of their population in rural settlements (including larger market towns) and do not have a substantial quantity or proportion of their population living within major or large urban areas
Significant Rural	Local authorities with more than 26% but less than 50% of their population in rural settlements and larger market towns
Rural-50	Local authorities with at least 50% but less than 80% of their population in rural settlements and larger market towns
Rural-80	Local authorities with at least 80% of their population in rural settlements and larger market towns

Rural/urban classification at higher geography levels (using similar criteria to the LA classification):

Classification	% Urban	% Rural
Predominantly Urban	>=74%	<26%
Predominantly Rural	<50%	>=50%
Significant Rural	<74%	>=26%

Please note that amendments to the LA classification in April 2009, due to local authority restructuring, may have resulted in some changes in classifications from the 2010 LGFS.

See: <https://www.gov.uk/government/publications/local-authority-rural-urban-classification>

A2 English local authority structure

This annex shows each billing authority as at 1 April 2012 and its relationship with other tiers of local government.

Table A2a: English local authority structure as at 1 April 2012 - Shire Districts

Billing Authority	Upper Tier (County Council)	Police Authority	Fire & Rescue Authority
Adur	West Sussex	Sussex Police	West Sussex CC
Allerdale	Cumbria	Cumbria Police	Cumbria CC
Amber Valley	Derbyshire	Derbyshire Police	Derbyshire Fire
Arun	West Sussex	Sussex Police	West Sussex CC
Ashfield	Nottinghamshire	Nottinghamshire Police	Nottinghamshire Fire
Ashford	Kent	Kent Police	Kent Fire
Aylesbury Vale	Buckinghamshire	Thames Valley Police	Buckinghamshire Fire
Babergh	Suffolk	Suffolk Police	Suffolk CC
Barrow-in-Furness	Cumbria	Cumbria Police	Cumbria CC
Basildon	Essex	Essex Police	Essex Fire
Basingstoke & Deane	Hampshire	Hampshire Police	Hampshire Fire
Bassetlaw	Nottinghamshire	Nottinghamshire Police	Nottinghamshire Fire
Blaby	Leicestershire	Leicestershire Police	Leicestershire Fire
Bolsover	Derbyshire	Derbyshire Police	Derbyshire Fire
Boston	Lincolnshire	Lincolnshire Police	Lincolnshire CC
Braintree	Essex	Essex Police	Essex Fire
Breckland	Norfolk	Norfolk Police	Norfolk CC
Brentwood	Essex	Essex Police	Essex Fire
Broadland	Norfolk	Norfolk Police	Norfolk CC
Bromsgrove	Worcestershire	West Mercia Police	Hereford and Worcester Fire
Broxbourne	Hertfordshire	Hertfordshire Police	Hertfordshire CC
Broxtowe	Nottinghamshire	Nottinghamshire Police	Nottinghamshire Fire
Burnley	Lancashire	Lancashire Police	Lancashire Fire
Cambridge	Cambridgeshire	Cambridgeshire Police	Cambridgeshire Fire
Cannock Chase	Staffordshire	Staffordshire Police	Staffordshire Fire
Canterbury	Kent	Kent Police	Kent Fire
Carlisle	Cumbria	Cumbria Police	Cumbria CC
Castle Point	Essex	Essex Police	Essex Fire
Charnwood	Leicestershire	Leicestershire Police	Leicestershire Fire
Chelmsford	Essex	Essex Police	Essex Fire
Cheltenham	Gloucestershire	Gloucestershire Police	Gloucestershire CC
Cherwell	Oxfordshire	Thames Valley Police	Oxfordshire CC
Chesterfield	Derbyshire	Derbyshire Police	Derbyshire Fire
Chichester	West Sussex	Sussex Police	West Sussex CC
Chiltern	Buckinghamshire	Thames Valley Police	Buckinghamshire Fire
Chorley	Lancashire	Lancashire Police	Lancashire Fire
Christchurch	Dorset	Dorset Police	Dorset Fire
Colchester	Essex	Essex Police	Essex Fire
Copeland	Cumbria	Cumbria Police	Cumbria CC
Corby	Northamptonshire	Northamptonshire Police	Northamptonshire CC
Cotswold	Gloucestershire	Gloucestershire Police	Gloucestershire CC
Craven	North Yorkshire	North Yorkshire Police	North Yorkshire Fire
Crawley	West Sussex	Sussex Police	West Sussex CC
Dacorum	Hertfordshire	Hertfordshire Police	Hertfordshire CC
Dartford	Kent	Kent Police	Kent Fire
Daventry	Northamptonshire	Northamptonshire Police	Northamptonshire CC
Derbyshire Dales	Derbyshire	Derbyshire Police	Derbyshire Fire
Dover	Kent	Kent Police	Kent Fire
East Cambridgeshire	Cambridgeshire	Cambridgeshire Police	Cambridgeshire Fire
East Devon	Devon	Devon & Cornwall Police	Devon and Somerset Fire
East Dorset	Dorset	Dorset Police	Dorset Fire
East Hampshire	Hampshire	Hampshire Police	Hampshire Fire
East Hertfordshire	Hertfordshire	Hertfordshire Police	Hertfordshire CC
East Lindsey	Lincolnshire	Lincolnshire Police	Lincolnshire CC
East Northamptonshire	Northamptonshire	Northamptonshire Police	Northamptonshire CC
East Staffordshire	Staffordshire	Staffordshire Police	Staffordshire Fire
Eastbourne	East Sussex	Sussex Police	East Sussex Fire
Eastleigh	Hampshire	Hampshire Police	Hampshire Fire
Eden	Cumbria	Cumbria Police	Cumbria CC
Elmbridge	Surrey	Surrey Police	Surrey CC
Epping Forest	Essex	Essex Police	Essex Fire
Epsom & Ewell	Surrey	Surrey Police	Surrey CC
Erewash	Derbyshire	Derbyshire Police	Derbyshire Fire
Exeter	Devon	Devon & Cornwall Police	Devon and Somerset Fire

(a) Waste disposal services are provided by the County Council

(b) CC represents County Council

Table A2a: English local authority structure as at 1 April 2012 - Shire Districts (continued)

Billing Authority	Upper Tier (County Council)	Police Authority	Fire & Rescue Authority
Fareham	Hampshire	Hampshire Police	Hampshire Fire
Fenland	Cambridgeshire	Cambridgeshire Police	Cambridgeshire Fire
Forest Heath	Suffolk	Suffolk Police	Suffolk CC
Forest of Dean	Gloucestershire	Gloucestershire Police	Gloucestershire CC
Fylde	Lancashire	Lancashire Police	Lancashire Fire
Gedling	Nottinghamshire	Nottinghamshire Police	Nottinghamshire Fire
Gloucester	Gloucestershire	Gloucestershire Police	Gloucestershire CC
Gosport	Hampshire	Hampshire Police	Hampshire Fire
Gravesham	Kent	Kent Police	Kent Fire
Great Yarmouth	Norfolk	Norfolk Police	Norfolk CC
Guildford	Surrey	Surrey Police	Surrey CC
Hambleton	North Yorkshire	North Yorkshire Police	North Yorkshire Fire
Harborough	Leicestershire	Leicestershire Police	Leicestershire Fire
Harlow	Essex	Essex Police	Essex Fire
Harrogate	North Yorkshire	North Yorkshire Police	North Yorkshire Fire
Hart	Hampshire	Hampshire Police	Hampshire Fire
Hastings	East Sussex	Sussex Police	East Sussex Fire
Havant	Hampshire	Hampshire Police	Hampshire Fire
Hertsmere	Hertfordshire	Hertfordshire Police	Hertfordshire CC
High Peak	Derbyshire	Derbyshire Police	Derbyshire Fire
Hinckley & Bosworth	Leicestershire	Leicestershire Police	Leicestershire Fire
Horsham	West Sussex	Sussex Police	West Sussex CC
Huntingdonshire	Cambridgeshire	Cambridgeshire Police	Cambridgeshire Fire
Hyndburn	Lancashire	Lancashire Police	Lancashire Fire
Ipswich	Suffolk	Suffolk Police	Suffolk CC
Kettering	Northamptonshire	Northamptonshire Police	Northamptonshire CC
King's Lynn & West Norfolk	Norfolk	Norfolk Police	Norfolk CC
Lancaster	Lancashire	Lancashire Police	Lancashire Fire
Lewes	East Sussex	Sussex Police	East Sussex Fire
Lichfield	Staffordshire	Staffordshire Police	Staffordshire Fire
Lincoln	Lincolnshire	Lincolnshire Police	Lincolnshire CC
Maidstone	Kent	Kent Police	Kent Fire
Maldon	Essex	Essex Police	Essex Fire
Malvern Hills	Worcestershire	West Mercia Police	Hereford and Worcester Fire
Mansfield	Nottinghamshire	Nottinghamshire Police	Nottinghamshire Fire
Melton	Leicestershire	Leicestershire Police	Leicestershire Fire
Mendip	Somerset	Avon & Somerset Police	Devon and Somerset Fire
Mid Devon	Devon	Devon & Cornwall Police	Devon and Somerset Fire
Mid Suffolk	Suffolk	Suffolk Police	Suffolk CC
Mid Sussex	West Sussex	Sussex Police	West Sussex CC
Mole Valley	Surrey	Surrey Police	Surrey CC
New Forest	Hampshire	Hampshire Police	Hampshire Fire
Newark & Sherwood	Nottinghamshire	Nottinghamshire Police	Nottinghamshire Fire
Newcastle-under-Lyme	Staffordshire	Staffordshire Police	Staffordshire Fire
North Devon	Devon	Devon & Cornwall Police	Devon and Somerset Fire
North Dorset	Dorset	Dorset Police	Dorset Fire
North East Derbyshire	Derbyshire	Derbyshire Police	Derbyshire Fire
North Hertfordshire	Hertfordshire	Hertfordshire Police	Hertfordshire CC
North Kesteven	Lincolnshire	Lincolnshire Police	Lincolnshire CC
North Norfolk	Norfolk	Norfolk Police	Norfolk CC
North Warwickshire	Warwickshire	Warwickshire Police	Warwickshire CC
North West Leicestershire	Leicestershire	Leicestershire Police	Leicestershire Fire
Northampton	Northamptonshire	Northamptonshire Police	Northamptonshire CC
Norwich	Norfolk	Norfolk Police	Norfolk CC
Nuneaton & Bedworth	Warwickshire	Warwickshire Police	Warwickshire CC
Oadby & Wigston	Leicestershire	Leicestershire Police	Leicestershire Fire
Oxford	Oxfordshire	Thames Valley Police	Oxfordshire CC
Pendle	Lancashire	Lancashire Police	Lancashire Fire
Preston	Lancashire	Lancashire Police	Lancashire Fire
Purbeck	Dorset	Dorset Police	Dorset Fire
Redditch	Worcestershire	West Mercia Police	Hereford and Worcester Fire
Reigate & Banstead	Surrey	Surrey Police	Surrey CC
Ribble Valley	Lancashire	Lancashire Police	Lancashire Fire
Richmondshire	North Yorkshire	North Yorkshire Police	North Yorkshire Fire
Rochford	Essex	Essex Police	Essex Fire
Rossendale	Lancashire	Lancashire Police	Lancashire Fire
Rother	East Sussex	Sussex Police	East Sussex Fire
Rugby	Warwickshire	Warwickshire Police	Warwickshire CC
Runnymede	Surrey	Surrey Police	Surrey CC
Rushcliffe	Nottinghamshire	Nottinghamshire Police	Nottinghamshire Fire
Rushmoor	Hampshire	Hampshire Police	Hampshire Fire

Table A2a: English local authority structure as at 1 April 2012 - Shire Districts (continued)

Billing Authority	Upper Tier (County Council)	Police Authority	Fire & Rescue Authority
Scarborough	North Yorkshire	North Yorkshire Police	North Yorkshire Fire
Sedgemoor	Somerset	Avon & Somerset Police	Devon and Somerset Fire
Selby	North Yorkshire	North Yorkshire Police	North Yorkshire Fire
Sevenoaks	Kent	Kent Police	Kent Fire
Shepway	Kent	Kent Police	Kent Fire
South Bucks	Buckinghamshire	Thames Valley Police	Buckinghamshire Fire
South Cambridgeshire	Cambridgeshire	Cambridgeshire Police	Cambridgeshire Fire
South Derbyshire	Derbyshire	Derbyshire Police	Derbyshire Fire
South Hams	Devon	Devon & Cornwall Police	Devon and Somerset Fire
South Holland	Lincolnshire	Lincolnshire Police	Lincolnshire CC
South Kesteven	Lincolnshire	Lincolnshire Police	Lincolnshire CC
South Lakeland	Cumbria	Cumbria Police	Cumbria CC
South Norfolk	Norfolk	Norfolk Police	Norfolk CC
South Northamptonshire	Northamptonshire	Northamptonshire Police	Northamptonshire CC
South Oxfordshire	Oxfordshire	Thames Valley Police	Oxfordshire CC
South Ribble	Lancashire	Lancashire Police	Lancashire Fire
South Somerset	Somerset	Avon & Somerset Police	Devon and Somerset Fire
South Staffordshire	Staffordshire	Staffordshire Police	Staffordshire Fire
Spelthorne	Surrey	Surrey Police	Surrey CC
St Albans	Hertfordshire	Hertfordshire Police	Hertfordshire CC
St Edmundsbury	Suffolk	Suffolk Police	Suffolk CC
Stafford	Staffordshire	Staffordshire Police	Staffordshire Fire
Staffordshire Moorlands	Staffordshire	Staffordshire Police	Staffordshire Fire
Stevenage	Hertfordshire	Hertfordshire Police	Hertfordshire CC
Stratford-on-Avon	Warwickshire	Warwickshire Police	Warwickshire CC
Stroud	Gloucestershire	Gloucestershire Police	Gloucestershire CC
Suffolk Coastal	Suffolk	Suffolk Police	Suffolk CC
Surrey Heath	Surrey	Surrey Police	Surrey CC
Swale	Kent	Kent Police	Kent Fire
Tamworth	Staffordshire	Staffordshire Police	Staffordshire Fire
Tandridge	Surrey	Surrey Police	Surrey CC
Taunton Deane	Somerset	Avon & Somerset Police	Devon and Somerset Fire
Teignbridge	Devon	Devon & Cornwall Police	Devon and Somerset Fire
Tendring	Essex	Essex Police	Essex Fire
Test Valley	Hampshire	Hampshire Police	Hampshire Fire
Tewkesbury	Gloucestershire	Gloucestershire Police	Gloucestershire CC
Thanet	Kent	Kent Police	Kent Fire
Three Rivers	Hertfordshire	Hertfordshire Police	Hertfordshire CC
Tonbridge & Malling	Kent	Kent Police	Kent Fire
Torridge	Devon	Devon & Cornwall Police	Devon and Somerset Fire
Tunbridge Wells	Kent	Kent Police	Kent Fire
Uttlesford	Essex	Essex Police	Essex Fire
Vale of White Horse	Oxfordshire	Thames Valley Police	Oxfordshire CC
Warwick	Warwickshire	Warwickshire Police	Warwickshire CC
Watford	Hertfordshire	Hertfordshire Police	Hertfordshire CC
Waveney	Suffolk	Suffolk Police	Suffolk CC
Waverley	Surrey	Surrey Police	Surrey CC
Wealden	East Sussex	Sussex Police	East Sussex Fire
Wellingborough	Northamptonshire	Northamptonshire Police	Northamptonshire CC
Welwyn Hatfield	Hertfordshire	Hertfordshire Police	Hertfordshire CC
West Devon	Devon	Devon & Cornwall Police	Devon and Somerset Fire
West Dorset	Dorset	Dorset Police	Dorset Fire
West Lancashire	Lancashire	Lancashire Police	Lancashire Fire
West Lindsey	Lincolnshire	Lincolnshire Police	Lincolnshire CC
West Oxfordshire	Oxfordshire	Thames Valley Police	Oxfordshire CC
West Somerset	Somerset	Avon & Somerset Police	Devon and Somerset Fire
Weymouth & Portland	Dorset	Dorset Police	Dorset Fire
Winchester	Hampshire	Hampshire Police	Hampshire Fire
Woking	Surrey	Surrey Police	Surrey CC
Worcester	Worcestershire	West Mercia Police	Hereford and Worcester Fire
Worthing	West Sussex	Sussex Police	West Sussex CC
Wychavon	Worcestershire	West Mercia Police	Hereford and Worcester Fire
Wycombe	Buckinghamshire	Thames Valley Police	Buckinghamshire Fire
Wyre	Lancashire	Lancashire Police	Lancashire Fire
Wyre Forest	Worcestershire	West Mercia Police	Hereford and Worcester Fire

(a) Waste disposal services are provided by the County Council

(b) CC represents County Council

Table A2b: English local authority structure as at 1 April 2012 - Metropolitan Districts

Billing Authority	Police Authority	Fire & Rescue Authority	Waste Disposal Authority	Passenger Transport Authority
Barnsley	South Yorkshire Police	South Yorkshire Fire	Barnsley	South Yorkshire PTA
Birmingham	West Midlands Police	West Midlands Fire	Birmingham	West Midlands PTA
Bolton	Greater Manchester Police	Greater Manchester Fire	Greater Manchester WDA	Greater Manchester PTA
Bradford	West Yorkshire Police	West Yorkshire Fire	Bradford	West Yorkshire PTA
Bury	Greater Manchester Police	Greater Manchester Fire	Greater Manchester WDA	Greater Manchester PTA
Calderdale	West Yorkshire Police	West Yorkshire Fire	Calderdale	West Yorkshire PTA
Coventry	West Midlands Police	West Midlands Fire	Coventry	West Midlands PTA
Doncaster	South Yorkshire Police	South Yorkshire Fire	Doncaster	South Yorkshire PTA
Dudley	West Midlands Police	West Midlands Fire	Dudley	West Midlands PTA
Gateshead	Northumbria Police	Tyne and Wear Fire	Gateshead	Tyne and Wear PTA
Kirklees	West Yorkshire Police	West Yorkshire Fire	Kirklees	West Yorkshire PTA
Knowsley	Merseyside Police	Merseyside Fire	Merseyside WDA	Merseyside PTA
Leeds	West Yorkshire Police	West Yorkshire Fire	Leeds	West Yorkshire PTA
Liverpool	Merseyside Police	Merseyside Fire	Merseyside WDA	Merseyside PTA
Manchester	Greater Manchester Police	Greater Manchester Fire	Greater Manchester WDA	Greater Manchester PTA
Newcastle-upon-Tyne	Northumbria Police	Tyne and Wear Fire	Newcastle-upon-Tyne	Tyne and Wear PTA
North Tyneside	Northumbria Police	Tyne and Wear Fire	North Tyneside	Tyne and Wear PTA
Oldham	Greater Manchester Police	Greater Manchester Fire	Greater Manchester WDA	Greater Manchester PTA
Rochdale	Greater Manchester Police	Greater Manchester Fire	Greater Manchester WDA	Greater Manchester PTA
Rotherham	South Yorkshire Police	South Yorkshire Fire	Rotherham	South Yorkshire PTA
Salford	Greater Manchester Police	Greater Manchester Fire	Greater Manchester WDA	Greater Manchester PTA
Sandwell	West Midlands Police	West Midlands Fire	Sandwell	West Midlands PTA
Sefton	Merseyside Police	Merseyside Fire	Merseyside WDA	Merseyside PTA
Sheffield	South Yorkshire Police	South Yorkshire Fire	Sheffield	South Yorkshire PTA
Solihull	West Midlands Police	West Midlands Fire	Solihull	West Midlands PTA
South Tyneside	Northumbria Police	Tyne and Wear Fire	South Tyneside	Tyne and Wear PTA
St Helens	Merseyside Police	Merseyside Fire	Merseyside WDA	Merseyside PTA
Stockport	Greater Manchester Police	Greater Manchester Fire	Greater Manchester WDA	Greater Manchester PTA
Sunderland	Northumbria Police	Tyne and Wear Fire	Sunderland	Tyne and Wear PTA
Tameside	Greater Manchester Police	Greater Manchester Fire	Greater Manchester WDA	Greater Manchester PTA
Trafford	Greater Manchester Police	Greater Manchester Fire	Greater Manchester WDA	Greater Manchester PTA
Wakefield	West Yorkshire Police	West Yorkshire Fire	Wakefield	West Yorkshire PTA
Walsall	West Midlands Police	West Midlands Fire	Walsall	West Midlands PTA
Wigan	Greater Manchester Police	Greater Manchester Fire	Greater Manchester WDA	Greater Manchester PTA
Wirral	Merseyside Police	Merseyside Fire	Merseyside WDA	Merseyside PTA
Wolverhampton	West Midlands Police	West Midlands Fire	Wolverhampton	West Midlands PTA

Table A2c: English local authority structure as at 1 April 2012 - Unitary Authorities

Billing Authority	Police Authority	Fire & Rescue Authority
Bath & North East Somerset UA	Avon & Somerset Police	Avon Fire
Bedford UA	Bedfordshire Police	Bedfordshire Fire
Blackburn with Darwen UA	Lancashire Police	Lancashire Fire
Blackpool UA	Lancashire Police	Lancashire Fire
Bournemouth UA	Dorset Police	Dorset Fire
Bracknell Forest UA	Thames Valley Police	Berkshire Fire
Brighton & Hove UA	Sussex Police	East Sussex Fire
Bristol UA	Avon & Somerset Police	Avon Fire
Central Bedfordshire UA	Bedfordshire Police	Bedfordshire Fire
Cheshire East UA	Cheshire Police	Cheshire Fire
Cheshire West and Chester UA	Cheshire Police	Cheshire Fire
Cornwall	Devon & Cornwall Police	Cornwall UA
Darlington UA	Durham Police	Durham Fire
Derby UA	Derbyshire Police	Derbyshire Fire
Durham UA	Durham Police	Durham Fire
East Riding of Yorkshire UA	Humberside Police	Humberside Fire
Halton UA	Cheshire Police	Cheshire Fire
Hartlepool UA	Cleveland Police	Cleveland Fire
Herefordshire UA	West Mercia Police	Hereford and Worcester Fire
Isle of Wight Council UA	Hampshire Police	Isle of Wight Council UA
Isles of Scilly	Devon & Cornwall Police	Isles of Scilly
Kingston-upon-Hull UA	Humberside Police	Humberside Fire
Leicester UA	Leicestershire Police	Leicestershire Fire
Luton UA	Bedfordshire Police	Bedfordshire Fire
Medway UA	Kent Police	Kent Fire
Middlesbrough UA	Cleveland Police	Cleveland Fire
Milton Keynes UA	Thames Valley Police	Buckinghamshire Fire
North East Lincolnshire UA	Humberside Police	Humberside Fire
North Lincolnshire UA	Humberside Police	Humberside Fire
North Somerset UA	Avon & Somerset Police	Avon Fire
Northumberland UA	Northumbria Police	Northumberland UA
Nottingham UA	Nottinghamshire Police	Nottinghamshire Fire
Peterborough UA	Cambridgeshire Police	Cambridgeshire Fire
Plymouth UA	Devon & Cornwall Police	Devon and Somerset Fire
Poole UA	Dorset Police	Dorset Fire
Portsmouth UA	Hampshire Police	Hampshire Fire
Reading UA	Thames Valley Police	Berkshire Fire
Redcar & Cleveland UA	Cleveland Police	Cleveland Fire
Rutland UA	Leicestershire Police	Leicestershire Fire
Shropshire UA	West Mercia Police	Shropshire Fire
Slough UA	Thames Valley Police	Berkshire Fire
South Gloucestershire UA	Avon & Somerset Police	Avon Fire
Southampton UA	Hampshire Police	Hampshire Fire
Southend-on-Sea UA	Essex Police	Essex Fire
Stockton-on-Tees UA	Cleveland Police	Cleveland Fire
Stoke-on-Trent UA	Staffordshire Police	Staffordshire Fire
Swindon UA	Wiltshire Police	Wiltshire Fire
Telford & Wrekin UA	West Mercia Police	Shropshire Fire
Thurrock UA	Essex Police	Essex Fire
Torbay UA	Devon & Cornwall Police	Devon and Somerset Fire
Warrington UA	Cheshire Police	Cheshire Fire
West Berkshire UA	Thames Valley Police	Berkshire Fire
Wiltshire UA	Wiltshire Police	Wiltshire Fire
Windsor & Maidenhead UA	Thames Valley Police	Berkshire Fire
Wokingham UA	Thames Valley Police	Berkshire Fire
York UA	North Yorkshire Police	North Yorkshire Fire

(a) Waste disposal services are provided by the Unitary Authority

(b) Fire services are provided by the Unitary Authority

Table A2d: English local authority structure as at 1 April 2012 - Inner & Outer London Boroughs

Billing Authority	Upper Tier	Police Authority	Fire & Rescue Authority	Waste Disposal Authority
Inner London Boroughs				
Camden	GLA	GLA	GLA	North London WDA
City of London	GLA	City of London	GLA	City of London
Greenwich	GLA	GLA	GLA	Greenwich
Hackney	GLA	GLA	GLA	North London WDA
Hammersmith & Fulham	GLA	GLA	GLA	Western Riverside WDA
Islington	GLA	GLA	GLA	North London WDA
Kensington & Chelsea	GLA	GLA	GLA	Western Riverside WDA
Lambeth	GLA	GLA	GLA	Western Riverside WDA
Lewisham	GLA	GLA	GLA	Lewisham
Southwark	GLA	GLA	GLA	Southwark
Tower Hamlets	GLA	GLA	GLA	Tower Hamlets
Wandsworth	GLA	GLA	GLA	Western Riverside WDA
Westminster	GLA	GLA	GLA	Westminster
Outer London Boroughs				
Barking & Dagenham	GLA	GLA	GLA	East London WDA
Barnet	GLA	GLA	GLA	North London WDA
Bexley	GLA	GLA	GLA	Bexley
Brent	GLA	GLA	GLA	West London WDA
Bromley	GLA	GLA	GLA	Bromley
Croydon	GLA	GLA	GLA	Croydon
Ealing	GLA	GLA	GLA	West London WDA
Enfield	GLA	GLA	GLA	North London WDA
Haringey	GLA	GLA	GLA	North London WDA
Harrow	GLA	GLA	GLA	West London WDA
Havering	GLA	GLA	GLA	East London WDA
Hillingdon	GLA	GLA	GLA	West London WDA
Hounslow	GLA	GLA	GLA	West London WDA
Kingston-upon-Thames	GLA	GLA	GLA	Kingston-upon-Thames
Merton	GLA	GLA	GLA	Merton
Newham	GLA	GLA	GLA	East London WDA
Redbridge	GLA	GLA	GLA	East London WDA
Richmond-upon-Thames	GLA	GLA	GLA	West London WDA
Sutton	GLA	GLA	GLA	Sutton
Waltham Forest	GLA	GLA	GLA	North London WDA

Table A2e: English local authority structure as at 1 April 2012 - Parks

National park authorities

Dartmoor
 Exmoor
 Lake District
 New Forest
 North York Moors
 Northumberland
 Peak District
 South Downs
 Yorkshire Dales

Other park authorities

The Broads
 Lee Valley Regional Park

A3 Parishes and Charter Trustees in England

There are over 11,000 civil parishes in England. Of these, almost 10,000 are represented by bodies which may raise precepts. In this release parish refers to a parish represented by such a body. A Parish may be represented by a parish council, a town council or community council. In the case of small parishes, the parish meeting (an annual meeting of all electors in a parish) can take on the role of parish council. In a handful of cases parishes, such as Wells, have been granted city status and the parish council may call itself a city council. Parishes represent the most local level of Government in England - the third tier of local government.

In a small number of the un-parished areas bodies called charter trustees exist. These bodies exist to administer ceremonial functions, such as the appointment of a mayor, where there is no parish to administer them. There are currently 17 such bodies in England.

Parishes and charter trustees (together with the two Temples of London as described below) are collectively known as local precepting authorities. This means they have the power to raise a precept on properties in their area in order to finance the functions that they perform. This precept, known as the parish precept, is included in the council tax of the billing authority of which they are a constituent.

Parishes vary widely in the populations they represent and the functions they perform. They can represent populations from less than 100 to tens of thousands of people, with budgets ranging from very modest amounts to over £1 million. The role they play also varies widely. Some play a very modest and local role, but others are more active, with a role similar to that of a smaller district council. Typically parish responsibilities include village halls, war memorials, cemeteries, allotments, open spaces, leisure facilities, playgrounds, maintenance of public footpaths and cultural projects.

Parishes do not exist across the whole of England. Some areas are un-parished, including the whole of London where parishes were abolished in the London Government Act of 1963. However, since the Local Government and Public Involvement in Health Act 2007 there is the power to set up new local councils, including in London.

There are two further local precepting authorities - the Inner and Middle Temples of London ("the Temples") situated within the Temple area of the City of London. The Temples are different from parishes and charter trustees as they perform the functions within their area that are performed by the City of London authority ("the City") in the rest of London. In exchange for performing these functions the City pays the Temples an annual precept apportioned from the council tax raised by the City.

Table A3a shows the total number of local precepting authorities in England, as well as the combined tax base of the areas covered by them.

In England in 2012-13 there are 9,967 parishes, 17 charter trustees and 2 Temples of London. This gives a total of 9,984 local precepting authorities. Of the 9,984 parishes and charter trustees, 9,065 have set a non-zero precept in 2012-13.

Table A3a: Local precepting authorities in England 2011-12 and 2012-13

		Year		
		2011-12 (R)	2012-13	% change
Parishes	Number	9,945	9,967	0.2
	Tax base (thousands)	7,898.2	7,997.4	1.3
Charter trustees	Number	17	17	0.0
	Tax base (thousands)	303.7	305.2	0.5
Total	Number	9,962	9,984	0.2
	Tax base (thousands)	8,201.9	8,302.6	1.2
of which: setting their own precept	Number	9,115	9,065	-0.5
	Tax base (thousands)	7,984.1	8,046.2	0.8
Temples of London	Number	2	2	0.0
	Tax base (thousands)	0.1	0.1	4.0

Table A3b gives the tax base and average parish precept per Band D property by class of authority, where parishes or charter trustees are charging a non-zero precept in 2011-12 and 2012-13.

The average Band D parish precept in England for 2012-13 is £47.74. This is an increase of 3.8% from 2011-12.

Most parishes are in shire districts. The greatest increase in parish precept is for unitary authorities with an average Band D parish precept increasing 4.8% from 2011-12 to 2012-13.

Table A3b: Parish precepts by class of authority 2011-12 and 2012-13 ^(a)

	Parishes and charter trustees charging a non-zero precepts								
	Total Number		Tax base (thousands)		Aggregate of Local Precepts (b) (£'000)		Average parish precept per Band D (£)		
	2011-12(R)	2012-13	2011-12(R)	2012-13	2011-12(R)	2012-13	2011-12(R)	2012-13	% Change
England	9,115	9,065	7,984.1	8,046.2	367,056	384,104	45.97	47.74	3.8
London	0	0	0.0	0.0	0	0	-	-	-
Metropolitan Areas	230	229	459.0	461.7	15,198	15,749	33.11	34.11	3.0
Unitary Authorities	2,120	2,116	2,216.8	2,245.7	109,502	116,304	49.40	51.79	4.8
Shire Districts	6,765	6,720	5,308.3	5,338.8	242,356	252,051	45.66	47.21	3.4

(a) Excludes the Temples of London
(b) This is the total amount collected by the constituent billing authorities on behalf of parishes and charter trustees.

A4 Changes in English local authority functions and structure

This annex should be read in conjunction with the sections at the end of **Annexes C** and **D**, which summarise changes in the local government revenue and capital finance systems in recent years respectively.

Changes in the volume of local authority activity (and hence in expenditure and employment) may be associated with the addition or removal of functions, as detailed below; changes in demand for obligatory functions (for example, changes in the number of school-age children); policy changes in relation to discretionary functions (for example, the provision of new leisure centres); or changes in ways of providing the same services (for example, the introduction of computers).

BEFORE THE 1970s

Before the nineteenth century, local government provided few nationwide services: the poor law and highway maintenance (administered mainly by parishes) and the local courts and prisons (administered mainly by county quarter sessions) were the main ones. Other local services were provided as a result of local initiative, based mainly on local Acts of Parliament.

In the nineteenth century, there was a gradual development of systematic, nationwide provision of local government services. Some of these were the result of initiatives by central government (such as most of the public health services) whilst others were developed by local initiatives (such as the municipal gas and electricity undertakings). Some were the result of the work of non-governmental organisations, later taken over by local government bodies (such as primary education).

As the nineteenth century progressed, the tendency to create new specialised agencies for each new service was replaced by a tendency to concentrate services, especially after the creation of county councils in 1888 and county district councils in 1894. At the same time, central government recognised increasingly the need to ensure uniform national standards and created the methods to do so, by guidance, conditional grants, inspectorate appeals systems and default powers.

The introduction of more and more local services was counterbalanced by the transfer of some services to central government (for example, prisons (1872), trunk roads (1930), gas and electricity (1947) and hospitals (1948)). In 1929, the abolition of the Boards of Guardians consolidated local government services in the hands of, in large towns, county borough councils and, in London and the metropolitan counties, the London County Council and metropolitan boroughs. Outside these areas the abolition of the Boards of Guardians consolidated local government services for county councils to county district councils and (in rural districts) parish councils and meetings. This structure endured until, in Greater London, the reform of 1965 (when the Greater London Council was formed) and elsewhere the reforms of 1974.

SINCE 1970

1973	Responsibility for upper-tier criminal courts (assizes and quarter sessions) transferred to central government.
1 April 1974	Local government reorganisation outside London: new structure of six metropolitan counties and 39 shire counties, divided into 36 metropolitan and 296 non-metropolitan districts, introduced. Responsibility for water and sewerage transferred to water authorities. Ambulance and some health services transferred to health authorities.
1 April 1985	London Regional Transport transferred from the local authority sector.
1 April 1986	Abolition of Greater London Council and metropolitan county councils. In London, functions transferred to City of London, London Boroughs, Inner London Education Authority (ILEA), the London Fire and Civil Defence Authority, the London Waste Regulation Authority, waste disposal authorities and other bodies such as the London Planning Advisory Committee. In metropolitan areas, functions passed to metropolitan districts, waste disposal authorities (in Merseyside and Greater Manchester) and joint authorities for police, fire and civil defence, and transport. Residuary bodies were set up to wind up the affairs of the abolished councils.
26 October 1986	Responsibility for municipal bus services transferred to public transport companies.
1986	Introduction of devolved budgets for schools, resulting in the creation of schools as semi-independent institutions.
1 April 1987	Responsibility for municipal airports (except Manchester) transferred to public airport companies.
1 April 1989	Funding of polytechnics and higher education colleges transferred to the Polytechnics and Colleges Funding Council (PCFC).
1 Sept 1989	The first Grant Maintained schools came into existence following the 1988 Education Reform Act. These schools were independent of local authority control. They were funded by central government through the Funding Agency for Schools. Part of local authority expenditure on education consisted of payments back to the government for the funding of these schools.
1 April 1990	Inner London Education Authority (ILEA) abolished. Responsibility for education in Inner London transferred to London boroughs.
1 July 1992	Local Government Commission set up to review the structure of local government in England.
1 April 1993	Local authorities became responsible for implementing new legislation on Community Care. Funding of colleges of further education and sixth form colleges transferred from local authorities to the Further Education Funding Council (FEFC).
1 April 1995	The Isle of Wight unitary authority replaced the county council and

two district councils. New police authorities were set up in the shire areas taking all policing responsibilities away from county councils.

- | | |
|--------------|---|
| 1 April 1996 | Unitary authorities were created in Avon, Cleveland, Humberside and North Yorkshire, replacing both shire districts and Avon, Cleveland and Humberside county councils. New combined fire authorities were created in each of these four authorities. Waste regulation became the responsibility of the Environment Agency, resulting in the abolition of the London Waste Regulation Authority. |
| 1 April 1997 | Unitary authorities were created in Bedfordshire, Buckinghamshire, Derbyshire, Dorset, Durham, East Sussex, Hampshire, Leicestershire, Staffordshire and Wiltshire, replacing some of the shire districts in these areas. New combined fire authorities were also created in these areas. |
| 1 April 1998 | Unitary authorities were created in Berkshire, Cambridgeshire, Cheshire, Devon, Essex, Hereford and Worcester, Kent, Lancashire, Nottinghamshire and Shropshire, replacing some shire districts and Berkshire County Council. New combined fire authorities were also created in each of these areas. |
| 1 April 1999 | Funding of Grant Maintained schools transferred to local authorities. |
| 3 July 2000 | <p>A new Greater London Authority (GLA) was created which consists of a directly elected Mayor, a separately elected Assembly and about 400 support staff, and four functional bodies. The four functional bodies are:</p> <ul style="list-style-type: none"> (i) The Metropolitan Police Authority (MPA) oversees policing in London (excluding the City). This was an entirely new local authority, the Receiver for the Metropolitan Police having been abolished. (ii) The London Fire and Emergency Planning Authority (LFEPA) is essentially a reconstitution of the old London Fire and Civil Defence Authority (LFCDA). (iii) Transport for London (TfL) has strategic responsibility for transport in London; TfL also has responsibility for London buses and it is also highway and traffic authority for certain major roads in London. (iv) The London Development Agency (LDA) promotes economic development and regeneration in London. |
| 1 April 2001 | Magistrates' courts in London became the responsibility of the Greater London Magistrates' Court Authority. |
| 1 April 2002 | Funding of sixth form education transferred from local authorities to the Learning and Skills Council (LSC). |
| 15 July 2003 | Control of London Underground was transferred from the Department for Transport to Transport for London. |
| 1 April 2004 | Combined fire authorities in shire areas become major precepting authorities, having previously been financed by payments from the county or unitary councils in their area. |

1 March 2005	The New Forest National Park came into existence.
1 April 2005	Responsibility for magistrates' courts transferred from local authorities to Her Majesty's Courts Service.
1 April 2006	The New Forest National Park became fully functional. New financial arrangements for police and firefighter pensions took effect.
1 April 2009	Unitary authorities created in Cornwall, Durham, Northumberland, Shropshire and Wiltshire. Cheshire split into two new unitary authorities, 'Cheshire East' and 'Cheshire West and Chester'; Bedfordshire split into two new unitary authorities, 'Bedford UA' and 'Central Bedfordshire'.
1 April 2010	The South Downs National Park came in to existence.
1 April 2011	South Downs National Park became a full authority.

ANNEX B

Council tax exemptions

This annex gives detailed information about council tax exemptions relating to **Chapter 2**.

Table B1 gives figures for each class of exemption. The totals for each year are consistent with those given in **Table 2.2m** in **Chapter 2**.

Table B1: Number of dwellings exempt from council tax by class of exemption 2008 to 2012						
Class of exemption	Dwellings (thousands)^(a)					As % of exemptions
	2008	2009	2010	2011	2012	
Class A	39.7	32.0	32.9	34.9	33.6	4.4
Class B	1.6	1.9	1.6	2.3	4.4	0.3
Class C	274.5	281.3	266.1	268.6	277.9	34.1
Class D	1.8	1.9	2.0	2.0	1.9	0.3
Class E	30.6	32.7	33.5	34.6	33.7	4.4
Class F	73.1	69.6	70.5	69.9	72.2	8.9
Class G	12.7	11.7	10.7	10.3	10.1	1.3
Class H	1.1	1.1	1.0	1.0	0.9	0.1
Class I	3.1	3.3	3.5	3.6	3.3	0.5
Class J	0.7	0.8	0.9	0.9	0.9	0.1
Class K	0.6	0.6	0.5	0.4	0.3	0.0
Class L	15.9	15.5	11.8	11.1	9.4	1.4
Class M	31.6	33.3	37.9	42.6	46.6	5.4
Class N	162.4	167.5	171.5	173.2	173.6	22.0
Class O	45.7	46.0	45.4	45.0	44.9	5.7
Class P	11.5	11.0	10.8	10.9	10.3	1.4
Class Q	0.7	1.8	2.1	2.2	1.8	0.3
Class R	4.3	4.3	4.5	4.5	4.6	0.6
Class S	7.4	7.5	7.0	6.4	5.8	0.8
Class T	3.9	4.3	4.8	5.1	5.5	0.6
Class U	43.1	45.1	46.5	47.8	49.2	6.1
Class V	4.0	3.9	3.9	3.9	3.9	0.5
Class W	6.9	7.1	7.2	7.3	7.5	0.9
Total	777.0	784.2	776.6	788.1	802.2	100.0
Source: CTB(Supplementary) return						
(a) As at 15 September 2008, 14 September 2009, 13 September 2010, 12 September 2011 & 1 October 2012						

Table B2 gives the definition for each class of council tax exemption.

Table B2: Definitions of the council tax exemption classes	
Class A	Vacant dwellings where major repair works or structural alterations are required, under way or recently completed (up to twelve months).
Class B	Unoccupied dwellings owned by a charity (up to six months).
Class C	A vacant dwelling (i.e. empty and substantially unfurnished) (up to six months).
Class D	A dwelling left unoccupied by people who are in prison.
Class E	An unoccupied dwelling which was previously the sole or main residence of a person who has moved into a hospital or care home.
Class F	Dwellings left unoccupied by deceased persons from the date of death until up to six months after probate or letters of administration have been signed.
Class G	An unoccupied dwelling where the occupation is prohibited by law.
Class H	Unoccupied clergy dwellings.
Class I	An unoccupied dwelling which was previously the sole or main residence of a person who is the owner or tenant and has moved to receive personal care.
Class J	An unoccupied dwelling which was previously the sole or main residence of a person who is the owner or tenant and who has moved in order to provide personal care to another person.
Class K	An unoccupied dwelling where the owner is a student who last lived in the dwelling as their main home.
Class L	An unoccupied dwelling which has been taken into possession by a mortgage lender.
Class M	A hall of residence provided predominantly for the accommodation of students.
Class N	A dwelling which is occupied only by students, the foreign spouses of students, or school and college leavers.
Class O	Armed forces' accommodation. (Included as exempt dwellings rather than chargeable dwellings because contributions in lieu will be paid in respect of them, allowed for in line 20 of the CTB form).
Class P	A dwelling where at least one person who would otherwise be liable has a relevant association with a Visiting Force.
Class Q	An unoccupied dwelling where the person who would otherwise be liable is a trustee in bankruptcy.
Class R	Unoccupied caravan pitches and boat moorings.
Class S	A dwelling occupied only by a person, or persons, aged under 18.
Class T	An unoccupied dwelling which forms part of a single property which includes another dwelling and may not be let separately from that dwelling, without a breach of planning control.
Class U	A dwelling occupied only by a person, or persons, who is or are severely mentally impaired who would otherwise be liable to pay the council tax or only by one or more severely mentally impaired persons and one or more students, students' foreign spouses and school and college leavers.
Class V	A dwelling in which at least one person who would otherwise be liable is a diplomat.
Class W	A dwelling which forms part of a single property, including at least one or other dwelling, and which is the sole or main residence of a dependent relative of a person who is resident in the other dwelling.

ANNEX C

General fund revenue accounts

This annex gives detailed information about local authority **General Fund Revenue Account** expenditure relating to **Chapter 3**. The information is represented in the same way as it is returned to Department for Communities and Local Government and, generally, at the same level of detail. It forms the basis of many of the summary tables in the main part of this publication.

Some notes on the figures in the tables are given in this annex, but the more extensive notes, which accompany each form sent to local authorities, have not been reproduced here. The most recent year's forms and notes are available from the Department's internet site at:

<https://www.gov.uk/local-government-finance-revenue-forms>

Annex C is divided into the following sections:

- **Detailed revenue outturn data** **section C1**
 - from **RO**, **TSR** and **SAR** forms 2011-12
- **Revenue outturn summary and grants** **section C2**
 - from **RS** and **RG** forms 2011-12
- **Revenue account net expenditure summaries** **section C3**
 - by **LA class** 2011-12
- **Revenue account budget estimates** **section C4**
 - from **RA** and **SG** forms 2012-13
- **Changes to English local government revenue finance systems** **section C5**

C1 Detailed revenue outturn data

This section gives 2011-12 **General Fund Revenue Account** and **Trading Services Revenue Account** outturn information from the *Revenue Outturn (RO)* returns:

	source	tables
Education services	RO1	C1a
Highways, roads and transport services	RO2	C1b
Social care	RO3	C1c
Housing services (excluding Housing Revenue Account)	RO4	C1d
Cultural, environmental and planning services	RO5	C1e
Protective, central and other services	RO6	C1f
Trading services Revenue Account	TSR	C1g
Subjective analysis	SAR	C1h

Important note

In this section all of the data in the tables were collected on a **non International Accounting Standard 19 (IAS19)** basis. Figures in these tables may therefore be inconsistent with those in **chapter 3**. More information on IAS19 can be found in **Section 3.1**.

DEFINITIONS OF COLUMN HEADINGS IN REVENUE OUTTURN TABLES

The column headings in **Tables C1a to C1h** are standard subjective headings which are defined, subject to DCLG requirements, in accordance with the *Service Reporting Accounting Code of Practice (SeRCOP) Recommended Standard Subjective Analysis (Section 4)* where full details will be found. Grants inside and outside **AEF** are not regarded as income and are not included in total income figures (see **Table C2b**).

SUBJECTIVE ANALYSIS

The subjective analysis in **Table C1h** shows the labour, goods and services purchased by local authorities, what the expenditure was on rather than what it was for. **Table C1h** is based on the results of the **Subjective Analysis Return (SAR)**, a sample survey of 136 local authorities in 2011-12. The sample results are grossed up to the local authority population using information from the **Revenue Outturn** forms. See also **section 3.4**.

Table C1a: Revenue Outturn Education services (RO1) 2011-12

	EXPENDITURE				INCOME			Net Total Cost (excluding specific grants)
	Running expenses		Total expenditure	Sales, fees & charges	Other income	Total income	Net current expenditure	Capital Charges
	Employees							
Schools								
10 Early Years	893,534	1,840,001	2,733,534	115,628	143,238	258,865	2,474,668	167,033
20 Primary schools	14,019,966	5,108,323	19,128,289	701,791	948,028	1,649,820	17,478,470	2,074,001
30 Secondary schools	10,154,112	4,770,347	14,924,458	588,244	811,712	1,399,957	13,524,502	1,791,096
40 Special schools	1,678,669	1,131,530	2,810,199	105,700	211,179	316,879	2,493,320	252,627
Services to Young People								
51 Adult and Community Learning	308,236	289,947	598,185	80,817	67,873	148,690	449,495	41,534
52 Other services to young people	483,331	531,156	1,014,487	37,094	84,273	121,369	893,118	81,820
Other School-related Education Functions								
61 Special Education	275,066	423,183	698,249	25,354	75,243	100,597	597,652	11,659
62 Learner Support	419,567	938,201	1,357,768	64,696	96,249	160,945	1,196,823	28,583
63 Access	176,499	219,486	395,984	58,443	81,574	140,016	255,970	162,938
64 Local authority education functions	542,716	556,603	1,099,319	63,015	181,206	244,223	855,095	149,856
90 TOTAL EDUCATION SERVICES	28,951,698	15,808,778	44,760,473	1,840,782	2,700,575	4,541,360	40,219,115	4,761,150
								44,980,265

£ thousand

Table C1b: Revenue Outturn Highways and Transport services (RO2) 2011-12 (continued)

	EXPENDITURE				INCOME			£ thousand	
	Employees	Running expenses	Total expenditure	Sales, fees & charges	Other income	Total income	Net current expenditure	Capital Charges	Net Total Cost (excluding specific grants)
Traffic management and road safety									
51 Congestion charging	10,675	101,638	112,313	264,548	0	264,548	-152,235	0	-152,235
54 Road safety education and safe routes (including school crossing patro	65,773	85,037	150,809	30,456	21,527	51,983	98,826	6,289	105,115
58 Other traffic management	76,654	134,860	211,513	57,519	44,448	101,966	109,547	68,278	177,825
Parking services									
61 On-street parking	108,609	348,876	457,485	714,499	39,093	753,592	-296,108	17,430	-278,678
of which:									
161 Penalty Charge Notice income	...	...	...	340,430	...	...	...	...	...
162 Other sales, fees and charges	...	...	...	374,069	...	...	...	...	...
62 Off-street parking	71,819	277,449	349,269	580,176	38,356	618,533	-269,264	136,498	-132,766
Public transport									
71 Concessionary fares	9,053	1,175,131	1,184,183	27,249	47,530	74,779	1,109,404	5,535	1,114,939
72 Support to operators - bus services	19,464	979,752	999,216	40,768	101,340	142,108	857,108	26,825	883,934
of which:									
172 Payment to operators in respect of depreciation (GLA only)	0	27,424	27,424	0	0	0	27,424	0	27,424
73 Support to operators - rail services	989	689,332	690,321	297	748	1,045	689,276	3,041	692,317
of which:									
173 Payment to operators in respect of depreciation (GLA only)	0	214,623	214,623	0	0	0	214,623	0	214,623
74 Support to operators - other	5,264	199,132	204,397	6,343	355	6,699	197,698	11,368	209,066
of which:									
174 Payment to operators in respect of depreciation (GLA only)	0	40,474	40,474	0	0	0	40,474	0	40,474
76 Public transport co-ordination	193,721	357,578	551,299	19,238	69,010	88,248	463,051	316,490	779,541
80 Airports, harbours and toll facilities	11,498	22,656	34,154	34,037	3,303	37,340	-3,186	10,600	7,414
90 TOTAL HIGHWAYS AND TRANSPORT SERVICES	1,263,916	6,854,182	8,118,097	1,984,309	753,729	2,738,039	5,380,058	2,731,338	8,111,397

Table C1c: Revenue Outturn Social Care (RO3) 2011-12

	EXPENDITURE				INCOME			Net Total Cost (excluding specific grants)	£ thousand	
	Running expenses		Total expenditure	Sales, fees & charges	Other income	Total income	Net current expenditure			Capital Charges
	Employees									
Children's social care										
11 Children's social care - Service Strategy	840,031	546,307	1,386,336		9,870	86,535	96,403	1,289,932	24,730	1,314,662
21 Children's social care - Children Looked After	627,538	2,302,605	2,930,143		22,073	84,797	106,870	2,823,274	31,089	2,854,362
22 Children's social care - Family Support Services	357,329	544,424	901,752		11,154	88,890	100,044	801,708	19,250	820,957
23 Children's social care - Youth Justice	221,263	120,463	341,726		31,908	92,698	124,606	217,121	6,650	223,772
24 Children's social care - Children And Young People's Safety	244,405	159,004	403,409		7,561	24,618	32,179	371,229	3,134	374,363
25 Children's social care - Asylum Seekers	20,785	88,523	109,308		3,919	5,860	9,780	99,529	1,433	100,962
28 Children's social care - Other children's and families services	319,742	588,477	908,219		28,912	59,386	88,297	819,924	52,304	872,227
29 TOTAL CHILDREN SOCIAL CARE	2,631,089	4,349,804	6,980,893		115,397	442,782	558,179	6,422,715	138,589	6,561,304
of which:										
98 Supporting people ancillary expenditure included within children social care										
	248	15,901	16,149		97	1,128	1,225	14,924	6	14,930
Adults social care										
30 Social care strategy - Adults	51,333	59,745	111,079		7,691	54,597	62,288	48,791	4,339	53,129
40 Older people (aged 65 or over) including older mentally ill	2,071,374	7,733,261	9,804,635		2,059,815	915,741	2,975,555	6,829,081	211,066	7,040,145
51 Adults aged under 65 with physical disability or sensory impairment	295,614	1,440,015	1,735,629		121,514	142,192	263,707	1,471,921	26,647	1,498,567
52 Adults aged under 65 with learning disabilities	1,027,126	4,814,817	5,841,942		289,301	620,363	909,663	4,932,279	99,753	5,032,035
53 Adults aged under 65 with mental health needs	367,401	1,016,673	1,384,073		69,924	206,524	276,447	1,107,625	26,603	1,134,228
75 Other adult Social care - asylum seekers - lone adults	5,603	26,085	31,688		4,340	4,480	8,820	22,868	29	22,897
79 Other adult social care - other	117,977	505,593	623,567		17,714	280,731	298,445	325,123	19,354	344,476
80 TOTAL ADULT SOCIAL CARE	3,936,427	15,596,188	19,532,613		2,570,297	2,224,627	4,794,927	14,737,687	387,787	15,125,474
of which:										
99 Supporting people ancillary expenditure included within adult social care										
	7,806	127,739	135,545		6,652	6,082	12,734	122,811	237	123,048
90 TOTAL SOCIAL CARE	6,567,517	19,945,991	26,513,508		2,685,695	2,667,409	5,353,106	21,160,403	526,377	21,686,778

£ thousand

Table C1d: Revenue Outturn Housing Services (RO4) 2011-12

	EXPENDITURE							INCOME			Net Total Cost (excluding specific grants)	£ thousand
	Running expenses			Total	Sales, fees & charges	Other income	Total income	Net current expenditure	Capital Charges			
	Employees											
10 Housing strategy, advice and enabling	126,911	138,719	265,632	17,070	70,750	87,818	177,812	94,326			272,138	
20 Housing advances	1,212	2,503	3,715	687	1,371	2,058	1,657	1,930			3,587	
Private sector housing renewal												
31 Administration of financial support for repairs and improvements	44,789	46,978	91,767	11,872	26,866	38,736	53,031	111,911			164,942	
38 Other private sector housing renewal	49,691	43,600	93,291	9,922	19,915	29,838	63,453	103,954			167,407	
Homelessness												
39 Other nightly paid, privately managed accommodation	1,998	23,782	25,780	25,227	626	25,853	-73	865			792	
40 Private managed accommodation leased by the authority	3,050	146,707	149,757	115,269	39,971	155,240	-5,483	891			-4,592	
41 Hostels (non-HRA support)	15,030	30,635	45,665	29,983	7,133	37,117	8,549	1,334			9,883	
42 Bed/breakfast accommodation	4,910	110,898	115,808	53,169	28,182	81,351	34,456	392			34,848	
43 Private managed accommodation leased by RSLs	1,156	35,194	36,350	26,126	1,889	28,015	8,335	33			8,368	
44 Directly with a private sector landlord	559	62,179	62,738	55,342	8,664	64,006	-1,268	246			-1,022	
45 Accommodation within the authority's own stock (non-HRA)	2,340	9,713	12,053	8,473	609	9,082	2,971	3,208			6,179	
46 Other temporary accommodation	7,956	78,318	86,274	43,769	15,056	58,825	27,449	3,538			30,987	
47 Homelessness: Administration	88,364	113,815	202,179	22,185	22,804	44,990	157,190	5,812			163,002	
48 Accommodation within RSL stock	4,405	6,618	11,023	5,475	591	6,066	4,957	9			4,966	
49 Homelessness: Prevention	24,983	37,000	61,982	2,802	8,919	11,721	50,262	662			50,924	
50 Homelessness: Support	11,535	16,786	28,321	1,105	9,943	11,048	17,273	94			17,367	
Housing benefits												
51 Rent allowances - discretionary payments	1,054	32,780	33,834	4,479	15,126	19,605	14,230	0			14,231	
52 Non-HRA rent rebates - discretionary payments	12	3,685	3,697	995	2,143	3,138	559	26			585	
53 Rent rebates to HRA tenants - discretionary payments	1,619	11,667	13,286	391	11,876	12,267	1,020	402			1,422	
57 Housing benefits administration	241,153	615,704	856,857	19,243	353,737	372,980	483,877	7,872			491,749	
60 Other council property (Non-HRA)	15,104	41,628	56,732	40,552	14,800	55,351	1,380	28,366			29,746	
Housing welfare												
75 Supporting People	36,735	998,716	1,035,451	11,111	39,454	50,565	984,886	4,864			989,750	
78 Other welfare services	21,595	22,008	43,603	9,835	18,269	28,104	15,499	6,591			22,089	
90 TOTAL HOUSING SERVICES (GFRA only)	706,161	2,629,636	3,335,797	515,084	718,690	1,233,775	2,102,023	377,324			2,479,349	

£ thousand

Table C1e: Revenue Outturn Cultural, Environmental, Regulatory and Planning services (RO5) 2011-12

	EXPENDITURE				INCOME			Net Total Cost (excluding specific grants)	£ thousand
	Employees	Running expenses	Total expenditure	Sales, fees & charges	Other income	Total income			
CULTURAL AND RELATED SERVICES									
Culture and heritage									
111 Archives	33,042	25,365	58,407	4,638	6,768	11,406	22,090	69,091	
112 Arts development and support	32,857	104,630	137,486	19,187	15,133	34,322	103,165	134,052	
113 Heritage	26,602	42,764	69,368	20,742	8,570	29,310	40,057	46,442	
114 Museums and galleries	96,582	158,708	255,289	32,256	28,709	60,964	194,325	268,358	
115 Theatres and public entertainment	82,233	244,072	326,306	145,876	21,265	167,141	159,166	226,118	
Recreation and sport									
121 Community centres and public halls	31,275	70,596	101,871	22,386	12,007	34,393	67,476	43,328	110,804
122 Foreshore	6,998	18,517	25,516	13,994	5,667	19,661	5,855	7,540	13,395
123 Sports development and community recreation	112,879	236,641	349,521	41,124	85,334	126,457	223,065	34,554	257,619
128 Sports and recreation facilities, including golf courses	320,191	605,591	925,785	369,671	79,358	449,029	476,755	436,083	912,838
130 Open spaces	368,472	691,794	1,060,265	128,916	185,304	314,221	746,044	176,616	922,661
140 Tourism	45,606	98,680	144,287	33,037	20,987	54,025	90,262	53,915	144,176
150 Library service	489,304	480,097	969,401	57,077	44,350	101,428	867,973	144,190	1,012,164
190 TOTAL CULTURAL AND RELATED SERVICES	1,646,043	2,777,457	4,423,501	888,908	513,452	1,402,359	3,021,144	1,096,570	4,117,714
ENVIRONMENTAL AND REGULATORY SERVICES									
210 Cemetery, cremation and mortuary services	70,677	147,139	217,815	229,302	16,253	245,555	-27,741	33,434	5,692
Regulatory services									
219 Trading standards	111,228	66,234	177,462	14,261	12,361	26,622	150,841	3,170	154,009
220 Water safety	1,379	2,182	3,561	585	131	716	2,845	69	2,913
221 Food safety	72,322	42,414	114,736	5,814	4,453	10,266	104,469	556	105,026
222 Environmental protection	92,061	73,128	165,190	11,123	12,886	24,008	141,181	11,548	152,729
223 Private rented housing standards	23,494	13,856	37,350	5,922	3,690	9,611	27,738	10,211	37,949
224 Health and safety	28,659	18,600	47,260	1,997	5,175	7,172	40,087	676	40,763
225 Port health	8,127	7,205	15,332	10,981	2,399	13,380	1,952	139	2,091
226 Pest control	23,156	23,123	46,278	15,789	3,438	19,228	27,051	598	27,648
227 Public conveniences	11,587	67,101	78,689	2,285	1,670	3,955	74,733	20,112	94,844
228 Animal and public health; infectious disease control	86,337	76,623	162,959	19,249	23,498	42,747	120,213	8,011	128,224
229 Licensing - Alcohol and entertainment licensing; taxi licensing	81,584	94,801	176,387	128,676	37,844	166,520	9,866	2,054	11,920
continued									

continued

Table C1e: Revenue Outturn Cultural, Environmental Regulatory and Planning Services (RO5) 2011-12 (continued)

	EXPENDITURE			INCOME			Net Total Cost (excluding specific grants)			
	Employees	Running expenses	Total expenditure	Sales, fees & charges	Other income	Total income				
ENVIRONMENTAL AND REGULATORY SERVICES (continued)										
Community Safety										
231 Crime Reduction	94,662	167,390	262,052	12,021	56,609	68,629	193,424	8,477	201,902	
232 Safety Services	85,565	81,562	167,127	10,617	32,405	43,022	124,106	3,640	127,746	
233 CCTV	28,784	52,080	80,864	6,936	20,809	27,746	53,118	10,255	63,373	
Flood defence, land drainage and coast protection										
241 Defences against flooding	5,854	16,358	22,211	778	2,804	3,582	18,629	7,035	25,664	
243 Land drainage and related work	2,801	37,116	39,917	663	2,390	3,053	36,864	2,986	39,850	
247 Coast protection	3,561	14,040	17,601	1,645	2,667	4,312	13,289	23,696	36,985	
250 Agricultural and fisheries services	1,670	13,425	15,095	18,017	4,485	22,502	-7,407	6,684	-723	
270 Street cleansing (not chargeable to Highways)	294,490	542,412	836,903	22,299	84,028	106,326	730,576	21,257	751,832	
Waste management										
281 Waste collection	287,853	816,363	1,104,215	103,547	102,556	206,103	898,112	98,612	996,723	
282 Waste disposal	60,903	1,915,342	1,976,246	117,159	90,920	208,079	1,768,168	80,459	1,848,627	
283 Trade waste	20,621	112,789	133,410	152,767	13,665	166,432	-33,022	2,236	-30,786	
284 Recycling	107,519	674,016	781,534	118,809	99,628	218,436	563,097	42,267	605,364	
285 Waste minimisation	3,713	16,287	20,000	873	1,363	2,236	17,765	927	18,692	
286 Climate change costs	7,304	13,508	20,812	690	1,940	2,630	18,182	1,874	20,056	
290 TOTAL ENVIRONMENTAL AND REGULATORY SERVICES	1,615,910	5,105,092	6,721,002	1,012,804	640,066	1,652,870	5,068,134	400,980	5,469,111	
PLANNING AND DEVELOPMENT SERVICES										
310 Building control	120,936	95,339	216,277	116,296	19,298	135,594	80,683	7,354	88,037	
320 Development control	309,704	287,463	597,168	230,335	42,874	273,209	323,957	10,664	334,621	
Planning policy										
335 Conservation and listed buildings planning policy	21,023	14,942	35,965	2,477	3,156	5,633	30,332	2,412	32,744	
338 Other planning policy	148,886	140,432	289,319	19,503	36,318	55,821	233,498	37,275	270,773	
340 Environmental initiatives	55,333	71,849	127,184	12,254	25,854	38,108	89,076	21,360	110,436	
350 Economic development	244,985	657,614	902,602	175,310	220,964	396,273	506,327	328,954	835,281	
351 Economic research	5,162	11,366	16,528	7,239	3,474	10,713	5,815	3,969	9,784	
352 Business support	22,891	67,631	90,522	36,566	16,055	52,621	37,901	21,420	59,321	
360 Community development	146,476	291,339	437,814	13,206	80,638	93,845	343,969	75,885	419,853	
390 TOTAL PLANNING AND DEVELOPMENT SERVICES	1,075,398	1,637,976	2,713,376	613,184	448,633	1,061,816	1,651,561	509,292	2,160,852	
400 TOTAL CULTURAL, ENVIRONMENTAL, REGULATORY AND PLANNING SERVICES								9,740,839	2,006,842	11,747,681

£ thousand

Table C1f: Revenue Outturn Protective, Central and Other services (RO6) 2011-12

	EXPENDITURE				INCOME				£ thousand
	Employees	Running expenses	Total expenditure	Sales, fees & charges	Other income	Total Net current income/expenditure	Capital Charges	Net Total Cost (excluding specific grants)	
PROTECTIVE SERVICES									
100 TOTAL POLICE SERVICES	10,576,910	2,151,205	12,728,115	445,556	632,400	1,077,956	556,477	12,206,636	
FIRE AND RESCUE SERVICES									
210 Community fire safety	202,789	58,144	260,933	6,430	7,673	14,103	246,830	16,463	263,293
220 Fire fighting and rescue operations	1,470,662	450,941	1,921,603	18,024	44,869	62,893	1,858,710	157,245	2,015,955
230 Fire and rescue service emergency planning and civil defence	9,704	4,208	13,912	469	1,377	1,846	12,066	8,485	20,551
290 TOTAL FIRE AND RESCUE SERVICES	1,683,155	513,293	2,196,448	24,923	53,919	78,842	2,117,606	182,193	2,299,799
CENTRAL SERVICES									
410 CORPORATE AND DEMOCRATIC CORE	522,831	1,262,964	1,785,793	46,790	256,408	303,196	1,482,600	85,233	1,567,833
CENTRAL SERVICES TO THE PUBLIC									
Local tax collection									
421 Council tax collection	157,198	318,026	475,225	84,177	88,022	172,199	303,028	4,314	307,340
422 Council tax discounts for prompt payment	1	320	321	0	200	200	121	0	121
423 Council tax discounts locally funded	62	3,561	3,623	1	104	105	3,518	1	3,519
425 Council tax benefits administration	105,153	167,657	272,810	7,339	26,472	33,811	238,999	2,503	241,502
426 Non-domestic rates collection	26,698	63,811	90,511	16,953	67,189	84,142	6,369	711	7,080
428 BID ballots	112	458	570	194	417	611	-41	3	-38
430 Registration of births, deaths and marriages	75,196	41,497	116,693	83,763	5,754	89,517	27,176	2,675	29,851
Elections									
441 Registration of electors	34,165	43,882	78,047	3,094	3,590	6,685	71,361	527	71,888
442 Conducting elections	23,934	57,881	81,815	7,878	16,628	24,508	57,310	481	57,791
450 Emergency planning	31,895	23,632	55,528	4,194	6,013	10,206	45,322	670	45,991
460 Local land charges	21,540	39,268	60,808	72,170	3,885	76,055	-15,247	1,441	-13,807
470 General grants, bequests and donations	4,719	96,400	101,119	2,748	7,172	9,920	91,199	-18,017	73,183
									continued

continued

Table C1f: Revenue Outturn Protective, Central and Other services (RO6) 2011-12 (continued)

	EXPENDITURE					INCOME		Net Total Cost (excluding specific grants)		
	Running expenses			Total expenditure	Sales, fees & charges	Other income	Total Net current income expenditure		Capital Charges	
	Employees									
CENTRAL SERVICES TO THE PUBLIC (continued)										
475 Coroners' court services	21,083	76,074		97,157		2,847	19,916	74,394	2,585	76,979
476 Other court services	5,838	5,812		11,650		1,025	3,736	6,888	1,947	8,835
NON-DISTRIBUTED COSTS										
481 Retirement benefits	532,028	56,923		588,951		3,356	42,785	542,809	36,672	579,481
482 Costs of unused shares of IT facilities and other assets	19,749	28,444		48,193		1,221	2,662	44,310	51,143	95,453
483 Depreciation / impairment of surplus assets etc	0	0		0		0	0	0	115,395	115,395
484 Revenue expenditure on surplus assets	364	20,557		20,921		5,534	4,158	11,229	10,931	22,160
489 MANAGEMENT AND SUPPORT SERVICES	4,384,429	4,402,415		8,786,845		643,311	8,181,770	-38,235	598,151	559,915
490 TOTAL CENTRAL SERVICES	5,966,997	6,709,585		12,676,584		986,595	8,736,881	2,953,109	897,367	3,850,472
MANAGEMENT AND SUPPORT SERVICES										
491 Recharges within central services							2,014,083			
492 Recharges to general fund revenue account (excluding central services)							4,783,584			
493 Recharges to central government							26,319			
494 Recharges to other accounts							821,027			
495 Other management and support services income (excluding recharges)							536,757			
500 TOTAL OTHER SERVICES	141,060	299,457		440,516		75,767	252,638	112,112	6,000	118,112

£ thousand

Table C1g: Trading Services Revenue Account (TSR) 2011-12

	EXPENDITURE				INCOME			£ thousand		
	Employees	Running expenses	Total expenditure	Total	Sales, fees & charges	Other income	Total income	Gross surplus (-)/ deficit (+)	Capital Charges	Net surplus (-)/ deficit (+)
External Trading Accounts										
260 Car Parks	1,875	11,565	13,440		21,618	1,014	22,632	-9,192	5,979	-3,213
281 Airports	683	500	1,183		2,215	2,048	4,263	-3,080	438	-2,642
282 Ports	1,308	1,697	3,005		2,481	75	2,556	449	1,443	1,892
283 Piers	0	0	0		0	0	0	0	0	0
284 Toll bridges and roads	5,346	23,415	28,761		53,254	785	54,039	-25,278	11,522	-13,756
514 Museums	487	616	1,103		971	37	1,008	95	357	452
515 Theatres	6,173	16,295	22,468		17,225	2,677	19,902	2,566	662	3,228
521 Civic halls	1,837	4,860	6,697		2,861	1,912	4,773	1,923	1,572	3,495
525 Civic restaurants	3,925	4,922	8,847		5,934	1,540	7,474	1,373	2,103	3,476
528 Sports facilities	7,883	10,898	18,781		13,798	346	14,144	4,637	2,080	6,717
535 Crematoria	2,746	3,204	5,950		6,747	41	6,788	-838	115	-723
550 Fishery harbours	975	3,787	4,761		5,116	62	5,178	-417	1,310	893
580 Trade waste	2,209	12,421	14,630		14,771	1,549	16,319	-1,689	439	-1,250
591 Building control	10,213	7,822	18,035		13,164	1,035	14,198	3,837	44	3,881
594 Corporation estates	2,387	24,832	27,219		55,255	20,993	76,248	-49,029	22,322	-26,707
595 Industrial estates	6,068	46,639	52,707		105,284	28,323	133,606	-80,898	20,980	-59,918
596 Investment properties	4,244	57,948	62,193		154,187	47,891	202,078	-139,885	45,194	-94,691
597 Market undertakings	17,655	49,729	67,385		72,404	11,338	83,742	-16,357	13,862	-2,495
691-695 Other External Trading Accounts	60,941	396,987	457,928		370,804	90,931	461,735	-3,807	20,051	16,244
698 TOTAL EXTERNAL TRADING ACCOUNTS	136,956	678,137	815,093		918,088	212,597	1,130,684	-315,591	150,473	-165,119
<i>of which:</i>										
931 Depreciation									71,167	
933 Loss on impairment of assets									75,220	
935 Credit for capital grants									634	
936 Revenue Expenditure funded from Capital by Statute (RECS)									3,449	
939 Total capital charges (total of lines 931 to 935)									150,470	

continued

Table C1g: Trading Services Revenue Account (TSR) 2011-12 (continued)

	EXPENDITURE				INCOME			£ thousand		
	Running expenses		Total expenditure	Sales, fees & charges	Other income	Total income	Gross surplus (-)/ deficit (+)	Capital Charges	Surplus (-)/ Deficit (+)	Net
	Employees									
Internal Trading Accounts										
716 Administrative Education support services	11,356	19,657	31,013	24,272	8,243	32,515	-1,502	3	-1,499	
717 Specialist Education support services	20,777	8,576	29,353	14,970	10,703	25,673	3,680	191	3,871	
723 Highways maintenance	158,292	338,352	496,644	152,621	357,317	509,938	-13,294	5,628	-7,666	
726 On-street parking	2,787	2,768	5,555	5,011	1,559	6,570	-1,015	36	-979	
733 Social Services: residential homes	12,750	2,855	15,605	4,057	11,496	15,553	52	0	52	
734 Social Services: home care services	5,137	1,797	6,934	1,291	6,858	8,149	-1,215	0	-1,215	
741 Housing management	10,879	7,063	17,942	0	17,187	17,187	755	3,801	4,556	
752 Leisure management	5,130	3,098	8,228	4,754	3,430	8,184	44	42	86	
757 Environmental cleaning and sweeping	13,049	8,232	21,281	8,518	14,391	22,909	-1,628	389	-1,239	
810 Construction and property services	118,893	144,342	263,235	39,711	233,562	273,273	-10,038	3,769	-6,269	
821 Building cleaning	176,145	46,637	222,782	78,653	145,951	224,604	-1,822	389	-1,433	
825 Building maintenance	122,308	179,037	301,345	174,095	127,920	302,015	-670	1,570	900	
830 Grounds maintenance	64,960	62,943	127,903	20,145	88,341	108,485	19,418	2,337	21,755	
841 Vehicle maintenance	51,786	142,532	194,319	63,895	148,041	211,936	-17,619	19,233	1,614	
845 Vehicle management and transport	49,691	181,788	231,479	77,951	197,025	274,975	-43,497	27,705	-15,792	
850 Refuse collection	20,290	20,890	41,180	17,699	27,831	45,530	-4,350	1,570	-2,780	
860 Catering services (staff, welfare, education etc)	270,891	259,148	530,038	304,124	222,781	526,905	3,134	914	4,048	
871 Office services (printing, security, etc)	16,070	35,010	51,080	5,375	47,146	52,521	-1,441	747	-694	
872 Information Technology	45,707	92,148	137,855	21,744	137,537	159,281	-21,426	16,704	-4,722	
873 Finance services	39,509	25,126	64,635	10,168	53,005	63,173	1,462	431	1,893	
874 Legal services	46,424	29,601	76,025	16,562	59,732	76,294	-269	347	78	
875 Personnel services	31,024	19,540	50,564	7,159	36,728	43,887	6,677	217	6,894	
891-895 Other Internal Trading Accounts	208,774	270,862	479,636	171,353	299,391	470,744	8,892	7,319	16,211	
898 TOTAL INTERNAL TRADING ACCOUNTS	1,502,627	1,902,002	3,404,630	1,224,127	2,256,175	3,480,302	-75,671	93,342	17,671	
<i>of which:</i>										
931 Depreciation								81,241		
933 Loss on impairment of assets								6,543		
935 Credit for capital grants								2		
936 Revenue Expenditure funded from Capital by Statute (RECS)								5,557		
939 Total capital charges (total of lines 931 to 935)								93,343		
899 TOTAL EXTERNAL+ INTERNAL TRADING ACCOUNTS	1,639,583	2,580,139	4,219,723	2,142,216	2,468,772	4,610,985	-391,262	243,815	-147,448	

Table C1h: Subjective Analysis (SAR) (grossed up all England) 2011-12

£ thousand													
Management and support services (inc in Central services)													
	Education services	Highways and transport services	Social Care	Housing services (excluding HRA)	Cultural services and related services	Environmental and regulatory services	Planning and development services	Police services	Fire & rescue services	Other services	TOTAL ALL SERVICES		
PART A - PAY ESTIMATES													
1 Teacher salary	14,943,334	283	51,695	0	5,969	0	0	0	0	1,625	0	15,002,906	1,545
2 Employers' National Insurance contributions	1,156,928	8	4,303	0	383	0	0	0	0	11	0	1,161,633	11
3 Employers' Pension contributions	1,975,049	21	7,340	0	475	0	0	0	0	19	0	1,982,904	19
4 Location allowance	7,357	0	0	0	0	0	0	0	0	0	0	7,357	0
5 TOTAL TEACHERS GROUP (Total of lines 1 to 4)	18,082,668	312	63,338	0	6,827	0	0	0	0	1,655	0	18,154,800	1,575
6 Police & Fire salary	0	2	5	0	0	0	5,417,714	1,129,782	44,353	0	6,591,856	38,312	
7 Employers' National Insurance contributions	0	0	0	0	0	0	487,437	88,242	4,724	0	580,403	3,896	
8 Employers' Pension contributions	0	0	0	0	0	0	1,619,915	206,503	23,731	0	1,850,149	7,538	
9 Location allowance	0	0	0	0	0	0	211,341	29,585	0	0	240,926	0	
10 TOTAL POLICE & FIRE GROUP (Total of lines 6 to 9)	0	2	5	0	0	0	7,736,406	1,454,112	72,808	0	9,263,333	49,745	
11 All Other Staff salary	8,227,584	969,558	5,062,749	554,923	1,314,237	1,269,713	831,741	2,114,062	121,873	4,050,668	86,610	24,603,718	3,241,892
12 Employers' National Insurance contributions	447,678	67,362	409,623	42,297	82,971	94,579	64,793	162,267	9,993	308,245	6,754	1,696,562	237,416
13 Employers' Pension contributions	1,092,665	148,401	739,322	85,262	175,200	184,824	128,141	374,155	23,824	774,569	13,114	3,739,477	463,573
14 Location allowance	7,094	6,262	30,385	2,527	10,046	4,728	5,816	52,583	4,821	13,323	86	137,671	4,798
15 TOTAL ALL OTHER STAFF GROUP (Total of lines 11 to 14)	9,775,021	1,191,583	6,242,079	685,009	1,582,454	1,553,844	1,030,491	2,703,067	160,511	5,146,805	106,564	30,177,428	3,947,679
16 Other Pay Related Costs	1,094,009	72,019	262,095	21,152	56,762	62,066	44,907	137,437	68,532	745,729	34,496	2,599,204	385,430
17 TOTAL Part A (Total of lines 5, 10, 15, 16a & 16b)	28,951,698	1,263,916	6,567,517	706,161	1,646,043	1,615,910	1,075,398	10,576,910	1,683,155	5,966,997	141,060	60,194,765	4,384,429
PART B - RUNNING EXPENSES													
18 Repairs, Alterations and Maintenance of Buildings	882,542	108,792	59,655	17,627	171,499	63,539	36,317	186,955	26,877	257,373	16,406	1,827,582	223,199
19 Energy Costs - Electricity	279,973	160,311	24,542	6,678	64,818	11,991	13,228	52,129	8,447	72,956	2,835	697,908	64,721
20 Energy Costs - Gas and Other	221,419	2,660	26,097	1,487	44,098	10,052	5,888	20,442	7,127	31,217	1,303	371,790	27,665
21 Rents	131,583	29,410	69,813	171,385	31,814	17,095	24,209	88,313	5,072	170,475	11,846	751,015	145,901
22 Rates	435,337	75,331	22,538	2,245	108,888	35,234	23,317	105,855	34,336	176,707	6,567	1,026,355	158,737
23 Water Services	108,910	2,899	11,874	2,535	26,703	11,970	3,995	8,191	3,263	12,366	835	193,541	10,397
24 Fixtures & Fittings	24,810	744	2,185	655	5,986	2,314	581	577	863	3,047	2,334	44,096	2,411
25 Cleaning and Domestic Supplies	408,359	7,482	31,660	1,608	38,234	33,459	7,670	35,189	8,993	59,346	3,329	635,229	52,563
26 Grounds Maintenance Costs	105,550	68,679	4,158	1,140	131,391	48,550	4,087	2,445	1,211	10,247	2,831	380,289	7,619
27 Premises Insurance	94,000	3,719	4,763	1,078	18,131	2,414	3,663	3,686	1,344	32,240	14,540	179,578	28,549
28 Other Premises Related Expenditure	282,704	60,580	19,893	9,797	29,048	25,042	13,297	32,542	3,035	83,938	6,416	566,292	47,415
29 TOTAL PREMISES EXPENSES (Total of lines 18 to 28)	2,975,187	520,607	277,178	216,235	670,610	261,660	136,252	536,324	100,468	909,912	69,242	6,873,675	769,177
30 Vehicle Transport Costs - vehicle repair & maintenance	40,416	14,304	14,511	244	16,425	6,168	304	6,175	8,815	23,581	4,300	256,305	20,309
31 Direct Transport Costs - Vehicle Running Costs	71,912	24,273	36,183	641	21,903	133,694	673	108,024	21,148	31,580	4,521	454,552	24,703
32 Contract Hire and Operating Leases	404,227	154,058	119,760	1,795	26,535	99,922	3,058	16,764	32,914	31,964	7,549	898,546	25,608
33 Car Allowances for Travelling Expenses	67,843	13,174	153,247	5,499	8,787	16,428	11,926	29,217	7,612	37,137	1,543	352,413	24,333
34 Public Transport Allowances for Travelling Expenses	100,343	55,895	28,328	648	2,198	2,598	2,972	18,165	2,608	6,158	303	220,216	3,927
35 Transport Insurance	8,977	3,835	1,907	67	2,380	13,500	349	20,942	3,849	10,411	216	66,433	9,272
36 Other Transport Related Expenditure	242,958	176,268	62,269	1,200	12,529	32,306	2,288	31,211	1,703	13,039	764	576,535	9,317
37 TOTAL TRANSPORT EXPENSES (Total of lines 30 to 36)	936,678	442,467	416,205	10,094	90,757	366,216	21,570	291,498	78,649	153,870	19,196	2,827,200	117,725
continued													

Table C11: Subjective Analysis (SAR) (grossed up all England) 2011-12 (continued)

	Education services	Highways and transport services	Social Care	Housing services (excluding and related HRA)	Cultural services	Environmental and regulatory services	Planning and development services	Police services	Fire & rescue services	Central services	Other services	TOTAL ALL SERVICES	£ thousand Management and support services (inc. in Central)
PART B - RUNNING EXPENSES (continued)													
Supplies & Services													
38 Equipment, Furniture & Materials	821,816	109,061	194,928	24,021	179,157	99,372	15,743	80,046	28,615	135,796	8,496	1,697,051	107,510
39 Catering	831,108	3,413	64,523	390	22,955	728	2,753	14,051	2,582	10,613	1,665	964,781	6,509
40 Clothing, Uniforms & Laundry	8,447	2,066	7,198	246	3,650	5,749	329	32,850	16,842	6,547	670	84,594	5,564
41 Printing, Stationery and General Office Expenses	264,605	19,064	45,022	7,174	32,195	14,899	21,661	28,622	3,528	152,153	5,112	594,035	100,595
42 Communications and Computing - Postage	29,790	3,691	7,469	5,055	6,129	3,245	3,684	7,845	433	77,637	1,608	146,586	46,260
43 Communications and Computing - Telephone	88,079	28,409	34,599	3,486	13,157	12,782	6,940	113,537	10,877	125,303	1,125	438,294	101,481
44 Communications and Computing - Computer Costs	330,993	90,186	54,051	16,716	30,971	15,849	18,766	291,457	24,697	356,681	5,435	1,235,802	297,805
45 Communications and Computing - Other	30,546	4,539	5,495	729	14,175	3,855	4,458	67,579	4,432	54,387	1,099	191,294	34,300
46 Subsistence and Conference Expenses	32,522	1,717	13,142	652	3,923	1,860	4,106	14,456	2,394	40,253	401	115,426	9,876
47 Subscriptions	67,091	4,683	14,921	10,008	8,753	6,180	39,329	2,264	1,232	53,769	1,696	209,926	26,062
48 Insurance	109,936	99,935	13,717	1,826	16,049	5,529	3,633	29,069	808	94,882	21,837	397,221	73,769
49 Schools' Non ICT Learning Resources	631,518	5	1,430	0	556	24	29	0	0	40	0	633,602	24
50 Schools' ICT Learning Resources	210,487	2	414	0	81	0	0	0	0	4	0	210,988	2
51 Exam Fees	221,358	3	209	0	29	24	205	520	0	72	0	222,420	66
52 Other Supplies and Services Expenditure	3,386,171	1,361,238	1,969,531	361,480	471,124	885,881	430,672	477,182	40,282	1,091,016	53,560	10,528,137	518,976
53 TOTAL SUPPLIES & SERVICES EXPENDITURE (Total of lines 38 to 52)	7,064,467	1,728,012	2,426,649	431,783	802,904	1,055,977	552,308	1,159,478	136,722	2,199,153	102,704	17,560,157	1,328,799
Third Party Payments													
54 Joint Authorities and Other Local Authorities	358,088	498,476	814,722	37,957	75,340	328,309	37,143	39,208	1,437	98,798	5,317	2,294,795	45,991
55 Grants to Voluntary Bodies	481,851	100,139	713,234	743,459	150,353	53,827	192,026	8,065	580	178,397	5,419	2,627,350	101,943
56 Private Contractors and Other Agencies - Professional Services	512,393	339,039	3,718,195	141,564	127,868	537,248	110,829	30,125	18,131	554,644	34,556	6,124,592	405,236
57 Private Contractors and Other Agencies - Agency Staff	367,668	72,982	828,265	66,976	24,193	76,360	22,500	39,244	5,213	113,030	2,260	1,618,691	90,162
58 Private Contractors and Other Agencies - Other	1,750,952	1,508,113	8,770,432	580,840	247,630	1,625,531	104,535	41,220	267	393,727	6,897	15,030,124	290,914
59 Internal Trading Organisations	373,736	1,196,828	177,201	12,041	37,054	153,021	16,374	1	266	62,301	12,502	2,041,325	48,388
60 TOTAL THIRD PARTY PAYMENTS (Total of lines 54 to 59)	3,844,688	3,715,577	15,022,049	1,582,837	662,438	2,774,296	483,407	157,863	25,874	1,400,897	66,951	29,736,877	982,634
61 Total Transfer Payments (Discretionary)	22,019	30,845	583,978	48,132	1,953	4,610	11,225	0	0	31,670	2,642	737,074	14,101
62 Expenditure on Management and Support Services	965,739	416,674	1,219,932	340,555	548,795	642,333	433,214	6,042	171,580	2,014,083	38,722	6,797,669	1,189,979
63 TOTAL Part B (Total of lines 29, 37, 53, 60, 61 & 62)	15,808,778	6,854,182	19,945,991	2,629,636	2,777,457	5,105,092	1,637,976	2,151,205	513,293	6,709,585	299,457	64,432,652	4,402,415
PART C - INCOME													
64 Rental Income	144,202	18,038	40,312	282,747	96,895	19,007	212,466	16,982	5,328	103,456	60,091	999,524	88,709
65 Recharges	565,050	461,121	500,264	125,095	188,826	260,058	165,873	10,726	1,863	7,645,013	83,108	10,006,997	7,344,279
66 All Other Income	3,832,108	2,258,880	4,812,530	825,933	1,116,638	1,373,805	683,477	1,050,248	71,651	1,975,007	185,206	18,185,483	1,392,093
67 TOTAL Part C (Lines 64 to 66)	4,541,360	2,738,039	5,353,106	1,233,775	1,402,359	1,652,870	1,061,816	1,077,956	78,842	9,723,476	328,405	29,192,004	8,825,081
PART D - SUMMARY													
68 TOTAL PART A (= Line 17)	28,951,698	1,263,916	6,567,517	706,161	1,646,043	1,615,910	1,075,398	10,576,910	1,683,155	5,966,997	141,060	60,194,765	4,384,429
69 TOTAL PART B (= Line 63)	15,808,778	6,854,182	19,945,991	2,629,636	2,777,457	5,105,092	1,637,976	2,151,205	513,293	6,709,585	299,457	64,432,652	4,402,415
70 TOTAL PART C (= Line 67)	4,541,360	2,738,039	5,353,106	1,233,775	1,402,359	1,652,870	1,061,816	1,077,956	78,842	9,723,476	328,405	29,192,004	8,825,081
71 TOTAL SERVICE EXPENDITURE (Lines 68 + 69 - 70)	40,219,115	5,380,058	21,160,402	2,102,023	3,021,144	5,068,135	1,651,561	11,650,159	2,117,606	2,953,108	112,112	95,435,423	-38,235

C2 Revenue outturn summary and grants

Table C2a gives 2011-12 **General Fund Revenue Account** outturn information from the *Revenue Summary (RS)* return. The expenditure recorded on each of the service lines of this return is on the basis of **Net Current Expenditure** as defined in **section 3.1**. The *RS* return gives a summary of the information collected on individual *RO* returns as well as a detailed breakdown of income and expenditure not recorded on *RO* returns, including items which cannot be allocated to any single service. **Table C2c** give a subjective summary of Total Service Expenditure across all the *RO* returns.

The data in **Tables C2a** and **C2c** were collected on a non-International Accounting Standard (IAS19) basis. More information on IAS19 can be found in **section 3.1**.

Table C2b gives 2011-12 specific and special grants outturn information from the *Revenue Grants (RG)* return.

With the exception of table **C1h** Subjective Analysis (SAR) which is only a sample survey, the individual local authority data in tables C1 and C2, are published on the DCLG web site at:

<https://www.gov.uk/government/publications/local-authority-revenue-expenditure-and-financing-england-2011-to-2012-individual-local-authority-data--2>

Table C2a: Revenue Outturn Summary (RS) 2011-12

	£ thousand		
	Net current expenditure	Capital charges	Net total cost excluding specific grants
190 Education services	40,219,115	4,761,151	44,980,264
290 Highways and transport services	5,380,058	2,731,338	8,111,397
390 Children's Social Care	6,422,715	138,589	6,561,304
399 Adult Social Care	14,737,687	387,787	15,125,474
490 Housing services (GFRA only)	2,102,023	377,324	2,479,349
509 Cultural and related services	3,021,144	1,096,570	4,117,714
590 Environmental and regulatory services	5,068,135	400,980	5,469,113
599 Planning and development services	1,651,561	509,292	2,160,852
601 Police services	11,650,159	556,477	12,206,636
602 Fire and rescue services	2,117,606	182,193	2,299,799
690 Central services	2,953,108	897,367	3,850,472
698 Other services	112,112	6,000	118,112
699 TOTAL SERVICE EXPENDITURE (TOTAL OF LINES 190 TO 698)	95,435,420	12,045,067	107,480,486
711 Housing benefits: rent allowances - mandatory payments	15,163,334		
712 Housing benefits: non-HRA rent rebates - mandatory payments	497,234		
713 Housing benefits: rent rebates to HRA tenants - mandatory payments	4,105,167		
714 Housing benefits: subsidy limitation transfers from HRA	-7,398		
718 Contribution to the HRA re items shared by the whole community	8,043		
721 Parish precepts	367,364		
722 Integrated Transport Authority levy	0		
724 Waste Disposal Authority levy	0		
727 London Pensions Fund Authority levy	23,266		
728 Other levies	27,131		
731 External Trading Accounts net surplus(-)/ deficit(+)	-165,119		
732 Internal Trading Accounts net surplus(-)/ deficit(+)	17,671		
741 Capital charges accounted for in External Trading Accounts	-150,473		
742 Capital charges accounted for in Internal Trading Accounts	-93,342		
748 Adjustments to net current expenditure	-14,606		
749 NET CURRENT EXPENDITURE (TOTAL OF LINES 699 TO 748)	115,213,694		
754 Local tax collection: Council tax benefit paid to the Collection Fund	4,162,428		
757 Local tax collection: Non-domestic rate relief - discretionary payment:	29,552		
759 Levy: Environment Agency flood defence	31,138		
765 Capital expenditure charged to the GF Revenue Account (CERA)	2,915,079		
771 Provision for bad debts	107,848		
773 Provision for repayment of principal	1,981,557		
776 Leasing payments	48,018		
781 Interest payable and similar charges	3,407,802		
783 Interest: HRA item 8 payments and receipts	-798,412		
785 SUB-TOTAL (total of lines 749 to 783)	127,098,701		
786 Interest and investment income (-): external receipts and dividends	-860,159		
788 Private Finance Initiative (PFI) schemes - difference from service charge	5,027		
789 Appropriations to(+)/ from(-) financial instruments adjustment account	-217,230		
790 Appropriations to(+)/ from(-) unequal pay back pay account	-15,201		
791 Specific and special revenue grants outside AEF	-26,541,320		
792 Appropriations to(+)/ from (-) Accumulated Absences Account	5,887		
793 Business Rates Supplement	-229,672		
794 Community Infrastructure Levy	454		
795 Carbon Reduction Commitment transactions (expenditure) (+)	32,156		
796 Carbon Reduction Commitment transactions (income) (-)	-1,071		
800 REVENUE EXPENDITURE (TOTAL OF LINES 785 TO 796)	99,277,572		

continued

Table C2a: Revenue Outturn Summary (RS) 2011-12 (continued)

£ thousand

	Net current expenditure		
803 Local Services Support Grant (LSSG)	-252,673		
804 Specific and special revenue grants inside AEF	-45,501,513		
805 NET REVENUE EXPENDITURE (TOTAL OF LINES 800 TO 804)	53,523,385		
806 Inter-authority transfers in respect of reorganisation	-334		
811 Appropriations to(+)/ from(-) schools' reserves	367,955		
815 Appropriations to(+)/ from(-) other earmarked financial reserves	1,960,919		
816 Appropriations to(+)/ from(-) unallocated financial reserves	224,385		
830 THE BUDGET REQUIREMENT (TOTAL OF LINES 805 TO 816)	56,076,311		
851 Revenue Support Grant	-5,872,949		
856 Police grant	-4,546,391		
858 General GLA grant	-63,419		
870 Redistributed non-domestic rates	-19,016,702		
880 Other items	-125,585		
890 COUNCIL TAX REQUIREMENT (TOTAL OF LINES 830 TO 880)	26,451,267		
Financial reserves levels at start and end of 2011-12	At 1 April 2011	At 31 March 2012	
911 Schools reserves level	2,044,409	2,412,364	
915 Other earmarked financial reserves level	10,407,250	12,368,169	
916 Unallocated financial reserves level	3,843,786	4,068,171	
920 Prior Year Adjustments	18,495		
Capital charges	2011-12		
931 Depreciation	5,584,282		
933 Loss on impairment of assets	4,317,746		
935 Credit for amortisation of capital grants and other capital contribution:	-1,189,466		
936 Revenue Expenditure funded from Capital by Statute	3,332,506		
939 Total capital charges (TOTAL OF LINES 931 TO 936)	12,045,068		
Equal pay costs			
941 One off equal pay costs - falling on the schools budget	10,532		
942 One off equal pay costs - chargeable to any other revenue account	106,423		
Icelandic bank impairment			
951 Interest payable and similar charges ^(a)	-17,719		
952 Interest and investment income (-): external receipts and dividends ^(b)	-136,110		
979 Total service expenditure on non-IAS19 and PFI "On Balance Sheet"	93,774,187		

(a) Change to the impairment charge calculated in previous years

(b) Interest credited in respect of impaired Icelandic investments

Table C2b: Income from specific grants (RG) 2011-12

	£ thousand
Grants within Aggregate External Finance (AEF)	
102 Dedicated Schools Grant (DSG)	32,589,438
103 Pupil Premium Grant	534,631
158 Early Intervention Grant	2,212,557
221 GLA Transport Grant	3,260,786
231 Metropolitan Railway Passenger Services	100,153
232 Mersey Travel	92,322
235 Local Sustainable Transport Fund	24,538
312 Learning Disability and Health Reform Grant	1,204,834
405 Housing and Council Tax Benefit Administration Study	497,118
481 Work Choice	4,944
484 Right to Control Trailblazers	1,470
514 Housing Growth & Housing Market Renewal Transitional Fund	4,754
540 New Homes Bonus	196,907
543 Fire Revenue Grant	43,019
545 The Private Finance Initiative (PFI)	889,094
550 Council Tax Freeze Grant	613,626
573 Commons Pioneer Authorities	0
581 National Parks & Broads	55,558
611 Asylum Seekers	111,011
626 Olympic Safety and Security	42,026
631 Counter Terrorism	449,921
643 Neighbourhood Policing Fund	276,112
645 Royal Parks Policing Grant	0
647 Probation Loan Charges	907
698 Other grants within AEF ^(a)	2,295,789
699 TOTAL GRANTS INSIDE AEF (Total of Lines 102 to 698)	45,501,513
Grants outside Aggregate External Finance (AEF)	
708 Further Education funding from Skills Funding Agency	112,763
713 Higher Education Funding Council (HEFCE) Payments	23,196
715 Adult and Community Learning from Skills Funding Agency	268,837
716 Sixth Form Funding from Young People's Learning Agency (YPLA)	1,484,942
741 Council Tax Benefit: subsidy	4,261,090
744 Discretionary Housing Payments (DHPs)	137,908
745 Mandatory Rent Allowances: subsidy	14,650,411
746 Mandatory Rent Rebates outside HRA: subsidy	1,235,119
747 Rent Rebates Granted to HRA Tenants: subsidy	3,666,704
752 Housing Acts Urban Developments - contributions towards cost of loan charges	8,407
773 Rural Community Action Network (RCAN)	1,279
791 European Community Grants	43,630
798 Other grants outside AEF ^(a)	647,038
799 TOTAL GRANTS OUTSIDE AEF (total of lines 708 to 798)	26,541,320
800 TOTAL SPECIFIC AND SPECIAL REVENUE GRANTS (total of lines 699 + 799)	72,042,834
<small>(a) This category may include amounts which should have been allocated to one of the main grants in the preceding rows</small>	

Table C2c: Revenue Outturn Service Expenditure Summary (RSX) 2011-12

	EXPENDITURE			INCOME			Net Total Cost (excluding specific grants)	£ thousand	
	Running expenses		Total expenditure	Sales, fees & charges	Other income	Total income			
	Employees								Capital Charges
190 Education services	28,951,698	15,808,778	44,760,473	1,840,782	2,700,575	4,541,360	40,219,115	4,761,151	44,980,264
290 Highways and transport services	1,263,916	6,854,182	8,118,097	1,984,309	753,730	2,738,039	5,380,058	2,731,338	8,111,397
390 Children Social Care	2,631,089	4,349,804	6,980,894	115,397	442,782	558,179	6,422,715	138,589	6,561,304
399 Adult Social Care	3,936,427	15,596,186	19,532,613	2,570,298	2,224,627	4,794,927	14,737,687	387,787	15,125,474
490 Housing services (GFRA only)	706,161	2,629,636	3,335,797	515,084	718,690	1,233,775	2,102,023	377,324	2,479,349
509 Cultural and related services	1,646,043	2,777,457	4,423,501	888,908	513,452	1,402,359	3,021,144	1,096,570	4,117,714
590 Environmental and regulatory services	1,615,911	5,105,092	6,721,003	1,012,804	640,066	1,652,869	5,068,135	400,980	5,469,112
599 Planning and development services	1,075,398	1,637,976	2,713,376	613,184	448,633	1,061,816	1,651,561	509,292	2,160,852
601 Police services	10,576,910	2,151,205	12,728,115	445,556	632,400	1,077,956	11,650,159	556,477	12,206,636
602 Fire and rescue services	1,683,155	513,293	2,196,448	24,923	53,919	78,842	2,117,606	182,193	2,299,799
690 Central services	5,966,997	6,709,585	12,676,584	986,595	8,736,881	9,723,476	2,953,108	897,367	3,850,472
698 Other services	141,060	299,457	440,516	75,767	252,638	328,405	112,112	6,000	118,112
699 Total service expenditure (total of lines 190 to 698)	60,194,770	64,432,650	124,627,419	11,073,609	18,118,393	29,192,000	95,435,420	12,045,067	107,480,486

(a) Does not include levies and transfers; see table C2a

(a) Does not include levies and transfers; see table C2a

C3 Revenue account net expenditure summaries

In this section all of the data in the tables were collected on a non-International Accounting Standard 19 (IAS19) basis. More information on IAS19 can be found in **section 3.1**. Table **C3a** below shows net current expenditure by service and how it is financed.

Table C3a: Revenue net current expenditure by service and financing and class of authority 2011-12							£ million
	London boroughs	Metropolitan districts	Unitary authorities	Shire counties	Shire districts	Other authorities	Total England
Education	7,076	9,782	8,868	14,493	0	0	40,219
Highways and transport	330	1,188	751	1,400	-112	1,822	5,380
Social care	3,719	4,861	4,848	7,720	12	1	21,160
of which:							
Children's Social Care	1,300	1,624	1,484	2,014	0	1	6,423
Adult Social Care	2,419	3,237	3,364	5,706	12	0	14,738
Housing (excluding Housing Revenue Account) ^(a)	6,324	4,831	4,688	175	5,841	9	21,868
Cultural, environmental and planning	1,669	2,072	2,217	1,644	1,837	303	9,741
of which:							
Cultural	481	721	691	442	553	133	3,021
Environmental	960	1,004	1,153	1,037	914	-1	5,068
Planning and development	228	347	373	164	369	170	1,652
Police	80	0	0	0	0	11,570	11,650
Fire and rescue	0	0	50	303	0	1,765	2,118
Central services	478	644	648	382	964	227	3,344
Other Services	-13	3	-86	0	-141	-30	-267
Appropriations to (+) / from (-) accumulated absences accounts	-6	-7	-12	14	-1	18	6
Total net current expenditure	19,658	23,374	21,972	26,131	8,400	15,684	115,220
Capital financing ^(b)	429	1,181	791	1,113	127	998	4,639
Capital expenditure charged to Revenue Account	148	110	148	342	104	2,062	2,915
Other non-current expenditure ^(c)	813	1,074	988	19	1,437	0	4,331
Private Finance Initiative (PFI) schemes - difference from service charges	8	1	3	-8	-1	1	5
Appropriations to(+)/ from(-) financial instruments adjustment account	0	-8	3	3	3	-219	-217
Appropriations to(+)/ from(-) unequal pay back pay account ^(e)	0	-29	6	8	0	0	-15
less interest receipts	122	119	102	123	105	289	860
less specific grants outside AEF ^(f)	7,000	5,947	5,576	864	6,967	187	26,541
less Business Rates Supplement	3	0	0	0	0	226	230
less Community Infrastructure Levy	0	0	0	0	0	0	0
less Carbon Reduction Commitment	-5	-10	-7	-7	0	-2	-31
Revenue expenditure (non-IAS19)	13,936	19,646	18,241	26,630	2,999	17,826	99,278
Financed by:							
Reserves and Other	-416	-255	-231	-529	-122	-875	-2,428
Transfers and Adjustments ^(g)	0	0	0	-1	0	0	0
Appropriations to(+)/ from (-) revenue reserves (including school reserves)	-440	-269	-254	-566	-129	-896	-2,553
Other items	24	14	23	38	6	21	126
Total Government Funding	11,332	15,737	13,436	18,516	1,572	14,661	75,254
Specific grants inside AEF ^(f)	6,987	9,762	8,791	13,930	271	5,762	45,502
Local Services Support Grant (LSSG)	45	70	46	40	42	11	253
Formula grant	4,300	5,905	4,599	4,547	1,260	8,825	29,436
of which:							
Revenue Support Grant	1,004	1,394	1,086	1,074	297	1,018	5,873
Redistributed non-domestic rates	3,264	4,511	3,513	3,473	962	3,293	19,017
Police grant	32	0	0	0	0	4,515	4,546
General Greater London Authority (GLA) grant	0	0	0	0	0	63	63
Council tax requirement	3,019	4,165	5,037	8,642	1,549	4,041	26,451

Source: Revenue Outturn (RO) and Revenue Summary (RS) returns

(a) Includes rent allowances; rent rebates to non-HRA tenants; and rent rebates to HRA tenants.

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

(c) Includes council tax benefit; Discretionary Non-Domestic Rate relief; bad debt provision; and flood defence payments to Environment Agency.

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

(e) 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.

(f) Aggregate External Finance.

(g) Inter-authority transfers in respect of reorganisation.

C4 Revenue account budget estimates

Table C4a gives full details of 2012-13 revenue budgets, from the *RA* return. The estimates are all at outturn prices. Detailed figures for budgeted service expenditure by individual local authorities are available from the DCLG web site at:

<https://www.gov.uk/government/publications/local-authority-revenue-expenditure-and-financing-england-2012-to-2013-individual-local-authority-data>

In **Table C4a** all of the data in the tables were collected on a non International Accounting Standard 19 (IAS19) basis. More information on IAS19 can be found in **section 3.1**.

Table C4b gives 2012-13 specific and special grants budget information from the *SG* return.

Table C4a: Revenue Account Budget Estimates (RA) 2012-13

		£ thousand	
	Net current expenditure	Capital charges	Net Total Cost (excl. specific grants)
Education Services			
110 Early years	2,801,132	64,045	2,865,176
120 Primary schools	17,535,427	984,508	18,519,936
130 Secondary schools	12,035,503	908,154	12,943,657
140 Special schools	2,576,579	88,546	2,665,124
150 Services to young people and other community learners	1,466,137	78,881	1,545,018
160 Other strategic functions	2,874,336	171,690	3,046,029
190 TOTAL EDUCATION SERVICES (total of lines 110 to 160)	39,289,117	2,295,825	41,584,943
Highways and Transport Services			
210 Transport planning, policy and strategy	253,279	39,393	292,671
220 Capital charges relating to construction projects	0	1,418,465	1,418,465
230 Structural maintenance	630,168	373,058	1,003,226
247 Environmental, safety and routine maintenance	903,620	226,322	1,129,941
248 Winter service	152,079	6,181	158,260
249 Street lighting (including energy costs)	548,735	43,542	592,278
251 Traffic management and road safety: congestion charging school crossing patrols)	-136,284	61	-136,223
	88,546	26,462	115,008
258 Traffic management and road safety: other	281,337	32,030	313,367
260 Parking services	-601,028	68,411	-532,617
271 Public transport: statutory concessionary fares	1,070,640	7,897	1,078,537
272 Public transport: discretionary concessionary fares	141,978	640	142,618
275 Public transport: support to operators	1,278,684	43,697	1,322,380
276 Public transport: co-ordination	667,372	495,231	1,162,603
280 Airports, harbours and toll facilities	-6,953	31,250	24,297
290 TOTAL HIGHWAYS AND TRANSPORT SERVICES (total of lines 210 to 280)	5,272,172	2,812,638	8,084,812
Children's Social Care			
311 Children's social care: Service strategy	330,434	10,759	341,192
312 Children's social care: Commissioning and social work	1,330,615	4,917	1,335,533
321 Children's social care: Children looked after	2,723,283	10,816	2,734,100
322 Children's social care: Family support services	844,693	7,300	851,992
323 Children's social care: Youth justice	226,698	498	227,196
324 Children's social care: Children's and young people's safety	248,149	950	249,099
325 Children's social care: Asylum seekers	92,423	262	92,684
328 Children's social care: Other children's and families' services	716,915	8,654	725,569
329 TOTAL CHILDREN'S SOCIAL CARE (total of lines 311 to 328)	6,513,208	44,154	6,557,364
Adult Social Care			
330 Social care strategy - adults	64,421	1,354	65,773
340 Older people (aged 65 or over) including older mentally ill	6,799,771	95,463	6,895,234
351 Adults aged under 65 with physical disability or sensory impairment	1,470,369	13,168	1,483,538
352 Adults aged under 65 with learning disabilities	5,005,606	49,777	5,055,385
353 Adults aged under 65 with mental health needs	1,079,169	11,007	1,090,175
375 Other adult social care - asylum seekers - lone adults	15,054	141	15,195
379 Other adult social care - other	301,130	12,108	313,237
390 TOTAL ADULT SOCIAL CARE (total of lines 330 to 379)	14,735,517	183,016	14,918,536
Housing Services (GFRA only)			
409 Housing strategy, advice, advances, enabling, renewals and licensing	282,669	158,035	440,706
440 Homelessness	309,328	755,479	1,064,807
456 Housing benefits: rent allowances and rent rebates - discretionary payments	22,137	49	22,186
457 Housing benefits administration	476,892	5,258	482,150
460 Other council property - travellers' sites and non-HRA housing	21,522	18,771	40,292
475 Housing welfare: Supporting People	1,026,877	1,465	1,028,343
478 Other welfare services	20,381	2,647	23,028
490 TOTAL HOUSING SERVICES (GFRA only) (total of lines 409 to 478)	2,159,802	941,704	3,101,507

(continued)

Table C4a: Revenue Account Budget Estimates (RA) 2012-13 (continued)

		£ thousand	
	Net current expenditure	Capital charges	Net Total Cost (excl. specific grants)
Cultural and related Services			
500 Archives	41,229	3,859	45,088
501 Culture and heritage (excluding Archives)	471,279	92,898	564,177
502 Recreation and sport	752,200	264,122	1,016,323
503 Open spaces	748,602	93,309	841,909
504 Tourism	82,527	7,909	90,436
505 Library service	817,066	74,026	891,092
509 TOTAL CULTURAL AND RELATED SERVICES (total of lines 500 to 505)	2,912,904	536,120	3,449,026
Environmental and Regulatory Services			
510 Cemetery, cremation and mortuary services	-32,585	19,690	-12,895
519 Regulatory services: Trading standards	148,138	1,319	149,457
520 Regulatory services: Water safety	2,164	20	2,184
521 Regulatory services: Food safety	107,027	666	107,694
522 Regulatory services: Environmental protection; noise and nuisance	151,963	2,133	154,095
523 Regulatory services: Housing standards	40,535	7,551	48,086
524 Regulatory services: Health and safety	47,010	333	47,343
525 Regulatory services: Port health	2,424	152	2,576
526 Regulatory services: Pest control	26,035	397	26,433
527 Regulatory services: Public conveniences	70,238	13,781	84,019
528 Regulatory services: Animal and public health; infectious disease	91,698	2,171	93,870
529 Regulatory services: Licensing - Alcohol and entertainment licensing; taxi licensing	6,090	792	6,882
531 Community safety (Crime reduction)	188,547	3,669	192,216
532 Community safety (Safety services)	113,593	1,519	115,111
533 Community safety (CCTV)	56,054	11,238	67,292
541 Defences against flooding	26,331	3,558	29,889
543 Land drainage and related work	38,978	1,563	40,541
547 Coast protection	14,422	20,859	35,281
550 Agriculture and fisheries services	-6,441	2,839	-3,602
570 Street cleansing (not chargeable to Highways)	715,960	12,396	728,355
581 Waste collection	887,294	64,600	951,894
582 Waste disposal	1,976,025	37,052	2,013,078
583 Trade waste	-30,950	1,526	-29,424
584 Recycling	583,768	32,309	616,077
585 Waste minimisation	17,972	2,428	20,400
586 Climate change costs	16,479	93	16,572
586)	5,258,765	244,656	5,503,421
Planning and development Services			
591 Building control	64,425	4,434	68,860
592 Development control	271,353	9,668	281,021
593 Planning policy	252,502	9,049	261,552
594 Environmental initiatives	71,062	19,782	90,846
595 Economic development	322,427	97,199	419,625
596 Community development	292,902	12,196	305,097
597 Economic research	8,133	139	8,273
598 Business Support	5,321	14,424	19,744
599 TOTAL PLANNING AND DEVELOPMENT SERVICES (total of lines 591 to 598)	1,288,126	166,893	1,455,015
601 TOTAL POLICE SERVICES	11,604,288	396,584	12,000,872
602 TOTAL FIRE AND RESCUE SERVICES	2,217,174	115,681	2,332,855
Central Services			
604 Coroners' court services	72,638	456	73,094
605 Other court services	2,809	2,054	4,863
610 Corporate and democratic core	1,602,677	73,488	1,676,166
623 Local tax collection: council tax discounts - locally funded	10,743	96	10,839
625 Local tax collection: council tax benefits administration	284,907	3,487	288,393
628 Local tax collection: other	256,780	4,771	261,550
650 Emergency planning	52,669	1,695	54,363
675 Central services to the public: other	297,303	40,514	337,818
681 Non-distributed costs - retirement benefits	573,326	2,471	575,797
682 Non-distributed costs - costs of unused shares of IT facilities and other assets	5,299	31,105	36,404
683 Non-distributed costs - depreciation / impairment of surplus costs etc	0	25,459	25,459
690 TOTAL CENTRAL SERVICES (total of lines 604 to 683)	3,159,149	185,596	3,344,745
698 TOTAL OTHER SERVICES	326,663	107,919	434,579
699 TOTAL SERVICE EXPENDITURE (total of lines 190, 290, 329, 390, 490, 509, 590, 599, 601, 602, 690 and 698)	94,736,883	8,030,786	102,767,667

(continued)

Table C4a: Revenue Account Budget Estimates (RA) 2012-13 (continued)

	£ thousand
	Net current expenditure
711 Housing benefits: rent allowances - mandatory payments	14,936,498
712 Housing benefits: non-HRA rent rebates - mandatory payments	476,112
713 Housing benefits: rent rebates to HRA tenants - mandatory payments	4,170,260
714 Housing benefits: subsidy limitation transfers from HRA	5,795
718 Contribution to the HRA re items shared by the whole community	13,039
Precepts and levies	
721 Parish Precepts	384,416
722 Integrated Transport Authority levy	1
724 Waste Disposal Authority levy	0
727 London Pensions Fund Authority levy	26,295
728 Other levies	32,619
731 External Trading Accounts net surplus(-)/ deficit(+)	-204,591
732 Internal Trading Accounts net surplus(-)/ deficit(+)	-9,166
741 Capital charges accounted for in External Trading Accounts	-64,890
742 Capital charges accounted for in Internal Trading Accounts	-88,194
748 Adjustments to net current expenditure	16,519
749 NET CURRENT EXPENDITURE (total of lines 699 to 748)	114,431,596
754 Local tax collection: Council tax benefit paid to the Collection Fund	4,188,831
757 Local tax collection: Non-domestic rate relief - discretionary payments	29,830
759 Levy: Environment Agency flood defence	31,331
765 Capital expenditure charged to the GF Revenue Account (CERA)	1,740,614
771 Provision for bad debts (+/-)	48,653
773 Provision for repayment of principal	1,980,372
776 Leasing payments	15,297
781 Interest: external payments	3,043,246
783 Interest: HRA item 8 payments and receipts	-695,167
785 SUB-TOTAL (total of lines 749 to 783)	124,814,600
786 Interest and investment income (-): external receipts and dividends	-404,101
788 Private Finance Initiative (PFI) schemes - difference from service charge	57,141
789 Appropriations to(+)/ from(-) financial instruments adjustment account	-31,297
790 Appropriations to(+)/ from(-) unequal pay back pay account	7,564
791 Specific and special grants outside AEF [SG line 799 as income]	-25,826,216
792 Appropriations to(+) / from(-) Accumulated Absences Account	-10,841
793 Business Rates Supplement	-226,000
794 Community Infrastructure levy	0
795 Carbon Reduction Commitment (CRC) transactions (expenditure) (+)	37,143
796 Carbon Reduction Commitment (CRC) transactions (income) (-)	-1,549
800 REVENUE EXPENDITURE (total of lines 785 to 796)	98,416,444
	(continued)

Table C4a: Revenue Account Budget Estimates (RA) 2012-13 (continued)

£ thousand

Net current
expenditure

803 Local Services Support Grant	-160,143
804 Specific and special grants inside AEF [SG line 699 as income]	-43,538,575
805 NET REVENUE EXPENDITURE (total of lines 800 to 804)	54,717,726
806 Inter-authority transfers in respect of reorganisation	35
811 Appropriations to(+)/ from(-) schools' reserves	-51,938
815 Appropriations to(+)/ from(-) other earmarked financial reserves	254,593
816 Appropriations to(+)/ from(-) unallocated financial reserves	-223,323
851 Revenue Support Grant	-448,157
856 Police grant	-4,224,449
858 General GLA grant	-49,895
870 Redistributed non-domestic rates	-23,129,272
880 Other items	-130,733
890 COUNCIL TAX REQUIREMENT (total of lines 805 to 880)	26,714,589

Table C4a: Revenue Account Budget Estimates (RA) 2012-13 (continued)

£ thousand

Financial reserves	At 1st April 2012	At 31 March 2013
911 Estimated schools reserves level	1,946,280	1,894,342
915 Estimated other earmarked financial reserves level	8,535,567	8,790,160
916 Estimated unallocated financial reserves level	3,948,935	3,725,612
920 Prior Year Adjustments	3,120	
Capital Charges	2012-13	
931 Depreciation	5,116,009	
933 Loss on impairment of assets	469,037	
935 Credit for capital grants	-384,240	
936 Revenue Expenditure funded from Capital by Statute	2,829,978	
939 Total capital charges (total of lines 931 to 936)	8,030,785	
Public transport: support to operators (GLA only)	2012-13	
951 Payment to operators in respect of depreciation which is included in line 275	262,606	
979 Total service expenditure on non-IAS19 and PFI "On Balance Sheet" basis	94,044,560	

(a) Where capital expenditure has been financed by capital grant, the grant is credited to the income and expenditure account over the useful life of the asset in the line with the depreciation charge.

Table C4a: Revenue Account Budget Estimates (RA) 2012-13 (continued)

	£ thousand	
	Net total cost	
Housing Revenue Account		
Income		
4001 Dwelling rents (gross)	6,714,367	
4002 Non-dwelling rents (gross)	190,828	
4003 Tenants' leaseholders' and other charges for services and facilities	613,641	
4004 Contributions towards expenditure (other than government grants and assistance)	100,529	
4005 Government grants and assistance (including downward adjustments)	106,114	
4006 Interest on investments credited direct to the HRA	15,102	
4007 Transfers from GF or MRR and other transfers permitted or required by legislation	65,392	
4008 HRA - Appropriation to/from Accumulated Absences Account	450	
4008)	7,806,421	
Expenditure		
4021 Repairs and maintenance	1,766,381	
4022 Supervision and management (including CDC)	1,769,499	
4023 Special services	585,636	
4024 Rents, rates, taxes and other charges	115,537	
4025 Interest payable and similar charges including amortisation of premiums and discounts, where charged direct to the HRA	1,164,415	
4026 Charges to the HRA for debt repayment or non-interest charges in respect of credit arrangements (including on balance sheet PFI schemes)	1,148,578	
4027 HRA - Capital expenditure charged to the GF Revenue Account (CERA)	643,716	
4028 Debt management costs	40,014	
4029 Transfers to GF or MRR and other transfers permitted or required by legislation	482,784	
4030 HRA - Provision for bad debts (+/-)	66,865	
to 4030)	7,783,426	
4035)	22,996	
<hr/>		
	At 1st April 2012	At 31 March 2013
4046 Housing Revenue Account (HRA) Reserves	1,235,409	1,258,404

Table C4b: Income from Specific and Special Grants - Budgets (SG) 2012-13

	£ thousand
Grants inside Aggregate External Finance	
102 Dedicated Schools Grant (DSG)	31,434,475
103 Pupil Premium Grant	862,243
158 Early Intervention Grant	2,354,646
221 GLA Transport Grant	3,538,025
231 Metropolitan Railway Passenger Services (include NEXUS Tyne and Wear Metro)	184,021
232 Mersey Travel	96,208
235 Local Sustainable Transport Fund	6,830
312 Learning Disability and Health Reform Grant	1,283,598
405 Housing and Council Tax Benefit Administration Subsidy	429,768
484 Right to Control Trailblazers	683
514 Housing Growth & Housing Market Renewal Transitional Fund	687
520 Neighbourhood Planning Front Runners	57
524 Greater London Authority Settlement	0
525 Preventing Repossessions Fund	1,397
526 Court Desk Revenue Grant	38
540 New Homes Bonus	344,745
541 Housing Mobility Demonstration pilot grant	0
543 Fire Revenue Grant	31,971
545 The Private Finance Initiative (PFI)	805,933
550 Council Tax Freeze Grant (2012-13 only - see guidance)	596,731
552 Weekly Collection Support Scheme	250
553 Gurkha Support Fund	0
573 Commons Pioneer Authorities	0
574 Household Reward and Recognition Fund	0
575 SuDS Maintenance Costs	0
576 Isles of Scilly Waste	0
581 National Parks & Broads	52,492
611 Asylum Seekers	69,681
626 Olympic Safety and Security	117,382
631 Counter Terrorism	445,344
643 Neighbourhood Policing Fund	318,197
644 Ending Gang and Youth Violence	3,833
645 Royal Parks Policing Grant	7,400
647 Probation Loan Charges	378
698 Other grants within AEF	551,563
699 TOTAL REVENUE GRANTS WITHIN AEF (total of lines 102 to 698)	43,538,575
Grants outside Aggregate External Finance	
708 Further Education funding from Skills Funding Agency - other 19+ funding	93,608
713 Higher Education Funding Council for England (HEFCE) Payments	12,666
715 Adult and Community Learning from Skills Funding Agency	223,424
716 Sixth Form Funding from Young People's Learning Agency (YPLA)	1,405,696
741 Council Tax Benefit: subsidy	4,386,611
744 Discretionary Housing Payments (DHPs)	985,293
745 Mandatory Rent Allowances: subsidy	13,781,942
746 Mandatory Rent Rebates outside HRA: subsidy	1,230,881
747 Rent Rebates Granted to HRA Tenants: subsidy	3,430,342
752 Housing Acts/ Urban Developments - contributions towards cost of loan charges	1,932
773 Rural Community Action Network (RCAN) / ACRE investment programme	0
775 Areas of Outstanding Natural Beauty (AONB)	3,787
791 European Community grants	33,815
798 Other grants outside AEF	236,220
799 TOTAL REVENUE GRANTS OUTSIDE AEF (total of lines 708 to 798)	25,826,216
800 TOTAL SPECIFIC AND SPECIAL REVENUE GRANTS (total of lines 699 + 799)	69,364,791

C5 Changes to English local government revenue finance systems

Before 1900, most of the spending of local bodies was financed locally. With the exception of police forces (which were supported by a 50 percent Home Office grant) and some primary education grants, there were few grants from central government. Various rates were levied for specific services (for example highway rates, poor rates and school rates) and not all were assessed in the same way. Following the abolition of the separate poor rate in 1929, rates became a single unified tax. By then, sizeable central government grants were being paid to encourage different areas to provide services of a consistent standard. These were usually made for specific purposes, rather than as general (unhypothecated) financial support for local spending.

The position in 1945 Nearly 80 percent of central government grants were in the form of specific grants. The remaining 20 percent was an unhypothecated or block grant. Approximately equal amounts obtained from government grants and local rates.

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|------|---|
| 1948 | Transfer of responsibility for the setting of rateable values of all properties to the Inland Revenue Valuation Office. Previously, each local authority set its own rateable values, resulting in substantial differences between average rateable values for similar properties in different parts of the country. |
| 1948 | Block grant to be paid only to authorities whose means or rate resources were below the national average and renamed Exchequer Equalisation Grant. |
| 1958 | Many specific grants replaced by General Grant, a new form of unhypothecated block grant so specific grants accounted for less than 30% of government grants. Exchequer Equalisation Grant renamed Rate Deficiency Grant. |
| 1966 | General Grant, Rate Deficiency Grant and specific grants for school meals and milk incorporated into Rate Support Grant (RSG) with three elements: domestic, needs and resources. |
| 1971 | Rating revaluation. New rateable values came into effect from April 1972. |
| 1974 | Following structural reorganisation, proportions of resources and domestic elements of RSG increased. Needs element paid to upper tier, resources and domestic elements payable to lower tiers. More specific grants incorporated into RSG. About 20% of government grants were specific grants. Ratio of government grants: local rates approximately 17:10. |
| 1981 | Needs and resources elements of RSG became Block Grant - payable to both upper and lower tiers - and calculated to penalise high spending authorities for the first time. Its distribution was based on each authority's Grant-Related Expenditure (GRE) as calculated by the Department of the Environment. |

1984	Rate limitation (capping) introduced. During the 1980s, the method of grant allocation was adjusted to provide a disincentive to over-spending.
1986	The government published a Green Paper, <i>Paying for Local Government</i> , which considered ways of improving the system.
1989	Non-domestic rating revaluation. New national rating system came into effect from April 1990.
1990	Domestic rates were abolished and community charge (poll tax) and nationally determined uniform non-domestic rate introduced. Revenue Support Grant replaced rate support grant. Aggregate external finance (AEF) replaced aggregate exchequer grant (AEG). Standard Spending Assessments (SSAs) replaced GREAs. Ring-fenced housing revenue account introduced. Districts collected RSG for the area and passed a portion of this and of community charge to county councils.
1991	An additional £140 per charge payer was provided in central government support, thereby increasing the proportion of local government spending funded by central government.
1993	Council tax replaced the community charge as the local domestic tax. RSG and non domestic rate entitlements were paid into the General Fund of each billing and major precepting authority rather than into the Collection Fund of billing (formerly charging) authorities.
1998	The White Paper <i>Modern Local Government - In Touch with the People</i> announced a 3-year review programme for Revenue Grant Distribution aimed at improving its fairness and equity.
1999	Pre-announced universal capping limits were discontinued to be replaced with reserve powers, which allowed local authorities budgets to be looked at over more than one year. Non-domestic rating revaluation. New rateable value came into effect from April 2000. Central Support Protection Grant introduced to ensure minimum levels of grant support for billing and precepting authorities.
2000	<i>Modernising Local Government Finance: A Green Paper</i> consulted on options for reform of the revenue grant distribution system. For authorities with education and social service responsibilities, damping of changes in grant support based on the floor and ceiling mechanism instead of through Central Support Protection Grant.
2001	The White Paper <i>Strong Local Leadership – Quality Public Services</i> published in December 2001.
2002	A new formula grant distribution system was introduced, based on Formula Spending Shares (FSS), instead of SSAs, from 2003-04.
2003	The Local Government Bill 2003 received Royal Assent on 18 September. The Act is a deregulatory measure which includes new borrowing freedoms, expenditure grants designed to allow all authorities

more flexibility in the use of existing resources, the introduction of the new small business rate relief, powers to charge for discretionary services, new trading powers, the introduction of Business Improvement Districts, and the introduction of a fixed 10-yearly cycle for council tax revaluation.

From 2003-04 local authorities' final accounts were required to comply in full with Financial Reporting Standard 17 (FRS17) on retirement benefits. This requires future liabilities for retired benefits to be recognised in the accounts for all the main categories of local government employees (other than teachers).

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| 2006 | A new formula grant distribution system was introduced, based on the four-block model, from 2006-07. Funding for schools was transferred from formula grant to a new Dedicated Schools Grant . The first step in the move to three-year settlements took place, with the settlement announcement covering the two years 2006-07 and 2007-08. |
| 2008 | Area Based Grant (ABG) , a new non-ringfenced grant, was introduced from 2008-09 replacing a number of grants previously reported as specific grants. |
| 2009 | Since 2009-10 local authorities have accounted for PFI schemes in accordance with International Financial Reporting Standards (IFRS). This brought most PFI schemes 'on balance sheet' in the authorities' own accounts. However, for National Accounts purposes, the capital expenditure and financing of PFI schemes were attributed to an authority only where it held the economic ownership of the asset. |
| 2010 | From 2010-11 local authority accounts were prepared on the basis of International Financial Reporting Standards (IFRS). Much of the transition to IFRS had already been done as a result of the programme convergence between UK accounting standards (the previous basis of local authority accounts) and IFRS. The principal remaining issues of difference concerned the treatment of leases and the accrual of short term employee benefits such as holiday pay. |
| 2011 | The ABG ended on 31 March. A new grant called Local Services Support Grant (LSSG) started in April. This is a non-ring-fenced general grant given to local authorities made up of a number of cross-government grants similar to how ABG was. |

ANNEX D

Capital spending & financing

This annex contains information on capital spending and how it is financed relating to **Chapter 4**. It is divided into the following sections:

- **Capital outturn summaries : 2011-12** **section D1**
- **Changes to English local government capital finance systems** **section D2**

D1 Capital outturn summaries

Tables D1a-c show 2011-12 **capital expenditure** and receipts information from the **Capital Outturn Returns (COR)** for all service groups within the main service blocks. Figures for 2011-12 reflect the service category changes on the Capital Outturn Return (COR) form consistent with **Service Reporting Code of Practice (SERCOP)**. Information on acquisition of share and loan capital is not included in Total Capital Expenditure, and Disposal of Investments is not included in Total **Capital Receipts**.

Table D1d shows further details of gross expenditure on “new construction, conversion and renovation” of “roads (including structural maintenance), street lighting and road safety”.

Tables D1e shows a time series of local authority financed capital expenditure on social services. The data shows the uneven nature of capital expenditure whereby in some years an authority will spend heavily on a specific project or purchase, whereas other years it will spend very little.

Table D1f shows a time series of expenditure that local authorities were allowed to finance from capital resources – capitalise – under section 16(2)(b) of the Local Government Act 2003.

DEFINITIONS OF COLUMN HEADINGS

Acquisition of land and existing buildings and works (including any road charges) - payments against the service for which the land is required for use rather than that appropriate to the powers used for acquisition; interest on purchase money is excluded, except where it is in connection with Slum Clearance Subsidy.

New construction and conversion - capital payments include the wages and salaries (including the employer's share of national insurance and pension contributions) of employees engaged on direct labour schemes, and the cost of architectural, engineering and other services (including the authority's own professional staff) in connection with these works and other overheads (including accommodation). Payments on demolition

and site clearance and the erection of bridges is also included, as well as civil engineering works, for example for the provision, laying or replacement of water mains and sewers, the laying or improvement of roads, the preparation of playing fields and hard playing areas.

Vehicles - acquisition, renewal or replacement of vehicles and vessels (including ships and aircraft) and the acquisition of assets by **Direct Labour and Service Organisations**.

Plant machinery and equipment - acquisition, renewal or replacement of plant machinery and equipment, including furniture and fittings, and the installation of street lighting, road signs, traffic signals and related equipment, where the payment for these can be identified separately. Also includes the acquisition of assets by Direct Labour and Service Organisations.

Total expenditure on fixed assets - includes salaries of professional staff charged to the capital account.

Capital grants and advances - all grants and advances made for capital purposes, such as those for housing and industrial purposes.

Sales of fixed assets - amounts received by an authority in respect of the sale of any interest in a fixed asset, if, at the time of the sale, expenditure on the acquisition of that asset would have counted as expenditure for capital purposes. Also includes receipts from the sale of assets to other authorities.

Sales of intangible assets – covers receipts for intangible assets. This includes software licences and other intangible assets which are required by the **Statement of Recommended Practice** (SORP) to be capitalised on the balance sheet. Generally intangible assets are assets of value which do not have a physical shape e.g. purchased franchises, licences and patents. Goodwill is excluded.

Repayments of capital grants and advances - repayments of grants, advances and other financial assistance of a capital nature. Includes repayments of renovation grants, repayments of principal (regular and premature) of loans to private persons and repayments of sums left outstanding (regular and premature) on the sale of council dwellings, where the purchase was financed by a mortgage. Also includes repayments of principal of loans to registered social landlords. Receipts from health authorities are excluded.

Table D1a: Capital outturn summary: all services (COR) 2011-12

	£ thousand					
	Acquisition of land & existing buildings (1)	New construction conversion & renovation (2)	Vehicles (3)	Plant machinery & equipment (4)	Intangible assets (5)	Total expenditure on fixed & intangible assets (6) (1+2+3+4+5)
Pre-primary & Primary Education	50,857	1,854,482	464	92,520	2,096	2,000,419
Secondary Education	21,960	2,382,190	11,146	121,204	5,920	2,542,420
Special Education	1,293	274,289	414	8,216	488	284,700
Non-school funding	908	242,468	785	18,088	3,947	266,196
Total Education	75,018	4,753,429	12,809	240,028	12,451	5,093,735
Roads, Street Lights & Safety	9,605	2,404,253	11,408	14,414	3,225	2,442,905
Parking of Vehicles	15,708	34,523	417	7,332	187	58,167
Public Passenger Transport-Bus	3,334	141,833	8,126	3,727	405	157,425
Public Passenger Transport-Rail & Other	15,147	519,209	77,551	6,532	46,244	664,683
Airports	0	4,429	100	0	0	4,529
Local Authority Ports and Piers	1,529	10,497	2,098	1,137	0	15,261
Tolled Road bridges,tunnels,ferries, public transport	10,592	64,406	502	3,327	0	78,827
Total Transport	55,915	3,179,150	100,202	36,469	50,061	3,421,797
Social Services	4,808	172,571	3,138	26,391	8,242	215,150
Total Housing	139,290	2,429,870	140,544	49,010	4,214	2,762,927
Culture and heritage	881	214,087	450	7,832	600	223,850
Recreation and sport	8,083	419,705	2,273	35,727	3,339	469,127
Open spaces	3,461	157,269	6,451	8,629	692	176,502
Tourism	41	9,938	2	1,738	4	11,723
Library Services	821	145,421	421	10,842	360	157,865
Total Culture and related services	13,287	946,420	9,597	64,768	4,995	1,039,067
Cemeteries, cremation and mortuary	269	37,904	453	8,417	19	47,062
Coast protection	794	29,561	30	0	0	30,385
Community safety	2	4,737	166	2,097	129	7,131
Community safety (CCTV)	0	4,401	132	5,528	80	10,141
Flood defence and land drainage	305	20,663	0	182	705	21,855
Agriculture and fisheries	2,649	14,130	0	19	46	16,844
Regulatory Services (Environmental health)	3,982	11,203	766	1,835	90	17,876
Regulatory Services (Trading standards)	0	695	28	288	0	1,011
Street cleaning not chargeable to highways	11	1,575	5,765	2,919	0	10,270
Waste collection	24	26,495	48,009	20,885	276	95,689
Waste disposal	1,352	108,567	4,245	2,933	315	117,412
Trade Waste	0	1,838	216	53	0	2,107
Recycling	649	36,032	5,522	16,652	0	58,855
Waste minimisation	1,143	870	0	1,062	0	3,075
Climate change costs	0	7,740	3,488	11,193	0	22,421
Total environmental services	11,180	306,411	68,820	74,063	1,660	462,134
Planning and development services	110,913	432,122	534	8,952	2,296	554,817
Police	49,017	207,155	76,365	172,730	32,509	537,776
Fire and rescue services	2,197	66,324	42,831	21,294	3,744	136,390
Central Services (including Court services)	32,911	699,655	34,256	223,534	99,895	1,090,251
Industrial and Commercial	211,860	76,945	803	2,113	662	292,383
Other Trading	14,510	29,942	11,700	5,450	167	61,769
Total Trading	226,370	106,887	12,503	7,563	829	354,152
Total All services	720,906	13,299,993	501,599	924,801	220,896	15,668,195

Table D1b: Capital outturn summary: all services (COR) 2011-12

	£ thousand			
	Total expenditure on fixed & intangible assets (6) (1+2+3+4+5)	Expenditure on grants (7)	Expenditure on loans & other financial assistance (8)	Total Expenditure ^(a) (9) (6+7+8)
Pre-primary & Primary Education	2,000,419	107,616	22	2,108,057
Secondary Education	2,542,420	242,497	22,252	2,807,169
Special Education	284,700	1,725	770	287,195
Non-school funding	266,196	15,616	10,564	292,376
Total Education	5,093,735	367,454	33,608	5,494,797
Roads, Street Lights & Safety	2,442,905	10,360	1,476	2,454,741
Parking of Vehicles	58,167	248	1	58,416
Public Passenger Transport-Bus	157,425	56,426	19	213,870
Public Passenger Transport-Rail & Other	664,683	1,679,000	1,208,975	3,552,658
Airports	4,529	0	646	5,175
Local Authority Ports and Piers	15,261	0	0	15,261
Tolled Road bridges,tunnels,ferries, public transport companies	78,827	0	0	78,827
Total Transport	3,421,797	1,746,034	1,211,117	6,378,948
Social Services	215,150	37,489	475	253,114
Total Housing	2,762,927	464,620	46,744	3,274,291
Culture and heritage	223,850	18,760	2,799	245,409
Recreation and sport	469,127	17,692	1,565	488,384
Open spaces	176,502	21,489	435	198,426
Tourism	11,723	32	0	11,755
Library Services	157,865	422	0	158,287
Total Culture and related services	1,039,067	58,395	4,799	1,102,261
Cemeteries, cremation and mortuary	47,062	1,344	0	48,406
Coast protection	30,385	350	44	30,779
Community safety	7,131	1,036	0	8,167
Community safety (CCTV)	10,141	178	0	10,319
Flood defence and land drainage	21,855	1,266	0	23,121
Agriculture and fisheries	16,844	2,219	12	19,075
Regulatory Services (Environmental health)	17,876	1,256	188	19,320
Regulatory Services (Trading standards)	1,011	0	0	1,011
Street cleaning not chargeable to highways	10,270	0	6	10,276
Waste collection	95,689	1,743	41	97,473
Waste disposal	117,412	4,098	181	121,691
Trade Waste	2,107	0	0	2,107
Recycling	58,855	5,029	35	63,919
Waste minimisation	3,075	0	0	3,075
Climate change costs	22,421	6,853	236	29,510
Total environmental services	462,134	25,372	743	488,249
Planning and development services	554,817	91,149	6,634	652,600
Police	537,776	12	0	537,788
Fire and rescue services	136,390	89	0	136,479
Central Services (including Court services)	1,090,251	22,193	45,374	1,157,818
Industrial and Commercial	292,383	3,894	0	296,277
Other Trading	61,769	93	98	61,960
Total Trading	354,152	3,987	98	358,237
Total All services	15,668,195	2,816,794	1,349,592	19,834,582

(a) Figures in this column do not include acquisitions of share and loan capital

Table D1c: Capital outturn summary: all services (COR) 2011-12

	£ thousand			
	Sales & disposal of tangible fixed assets	Sales of intangible assets	Repayments of grants loans & financial assistance	Total receipts ^(a)
	(10)	(11)	(12)	(10+11+12)
Pre-primary & Primary Education	25,429	0	128	25,557
Secondary Education	34,374	0	1,614	35,988
Special Education	4,829	0	0	4,829
Non-school funding	14,216	2,000	32	16,248
Total Education	78,848	2,000	1,774	82,622
Roads, Street Lights & Safety	11,919	0	4	11,923
Parking of Vehicles	3,157	0	15	3,172
Public Passenger Transport-Bus	0	0	0	0
Public Passenger Transport-Rail & Other	6,884	0	266	7,150
Airports	0	0	394	394
Local Authority Ports and Piers	7	0	428	435
Tolled Road bridges,tunnels,ferries, public transport companies	6	20	0	26
Total Transport	21,973	20	1,107	23,100
Social Services	61,656	0	217	61,873
Total Housing	820,119	12,563	24,716	857,398
Culture and heritage	5,498	0	264	5,762
Recreation and sport	28,642	0	778	29,420
Open spaces	16,922	0	18	16,940
Tourism	160	490	0	650
Library Services	2,574	0	0	2,574
Total Culture and related services	53,796	490	1,060	55,346
Cemeteries, cremation and mortuary	5,005	0	0	5,005
Coast protection	48	0	0	48
Community safety	173	0	0	173
Community safety (CCTV)	0	0	0	0
Flood defence and land drainage	0	0	96	96
Agriculture and fisheries	45,681	784	0	46,465
Regulatory Services (Environmental health)	936	0	67	1,003
Regulatory Services (Trading standards)	2	0	0	2
Street cleaning not chargeable to highways	148	0	0	148
Waste collection	2,804	0	225	3,029
Waste disposal	3,085	0	923	4,008
Trade Waste	32	0	0	32
Recycling	203	0	301	504
Waste minimisation	0	0	0	0
Climate change costs	6,274	175	0	6,449
Total environmental services	64,391	959	1,612	66,962
Planning and development services	129,065	13	3,195	132,273
Police	104,341	744	834	105,919
Fire and rescue services	11,175	0	0	11,175
Central Services (including Court services)	361,395	3,938	8,629	373,962
Industrial and Commercial	192,602	0	48	192,650
Other Trading	23,174	0	52	23,226
Total Trading	215,776	0	100	215,876
Total All services	1,922,535	20,727	43,244	1,986,506

(a) Figures in this column do not include disposals of share and loan capital

**Table D1d: Roads (including structural maintenance), street lighting & road safety:
England 2007-08 to 2011-12**

	2007-08	2008-09	2009-10	2010-11	£ thousand 2011-12
New construction/improvement of roads	843,829	1,072,346	846,984	986,409	856,820
Structural maintenance - principal roads	271,808	297,318	370,999	377,246	381,994
Structural maintenance - other LA roads	615,961	677,986	720,978	726,605	670,688
Expenditure on bridges	210,835	216,203	205,356	212,665	156,326
Road safety	242,289	248,004	278,801	329,554	244,984
Street lighting	79,009	74,572	82,551	85,451	93,441
Total	2,263,730	2,586,429	2,505,669	2,717,930	2,404,253

Table D1e: Social services capital expenditure 2007-08 to 2011-12

	2007-08	2008-09	2009-10	2010-11	£ thousand 2011-12
Children and their families: residential care	26,737	20,446	19,015	31,159	18,831
Children and their families: day care	22,784	24,222	32,883	30,502	33,490
Elderly: residential care	169,974	103,305	62,700	62,095	49,601
Elderly: day care	38,827	15,047	17,732	14,811	13,693
Physically disabled: residential care	1,904	3,541	8,199	6,938	4,838
Physically disabled: day care	5,637	7,133	9,323	11,346	6,905
Learning disabled: residential care	17,629	16,113	23,179	18,183	13,983
Learning disabled: day care	24,843	21,489	26,492	29,924	24,271
Mentally ill: residential care	5,558	2,685	6,940	11,627	4,982
Mentally ill: day care	9,001	7,614	9,786	6,368	3,889
HIV/AIDS and alcohol/drugs misuse	2,910	3,956	3,590	8,609	3,784
Other	85,050	74,354	67,790	80,759	74,847
Total social services capital expenditure	410,854	299,905	287,629	312,321	253,114

	% of total				
Children and their families: residential care	7	7	7	10	7
Children and their families: day care	6	8	11	10	13
Elderly: residential care	41	34	22	20	20
Elderly: day care	9	5	6	5	5
Physically disabled: residential care	0	1	3	2	2
Physically disabled: day care	1	2	3	4	3
Learning disabled: residential care	4	5	8	6	6
Learning disabled: day care	6	7	9	10	10
Mentally ill: residential care	1	1	2	4	2
Mentally ill: day care	2	3	3	2	2
HIV/AIDS and alcohol/drugs misuse	1	1	1	3	1
Other	21	25	24	26	30
Total social services capital expenditure	100	100	100	100	100

Table D1f: Section 16(2)(b) direction expenditure 2007-08 to 2011-12

	£ thousand				
	2007-08	2008-09	2009-10	2010-11	2011-12
Redundancy costs (M1)	13,499	19,041	25,396	73,815	87,605
Pension scheme contributions (M2)	15,773	21,941	19,746	41,139	6,794
Other (M4)	385,628	390,859	419,325	123,830	168,137
of which:					
<i>Equal Pay directions</i>	372,845	375,160	337,215	107,273	141,683
<i>Local PSA PPG ^(a)</i>	3,712	...	...	...	...
<i>Other ^(b)</i>	9,071	15,699	82,110	16,557	26,454
Total	414,900	431,841	464,467	238,784	262,536

(a) Local Public Service Agreements Pump-Priming Grants (Local PSA PPG)

(b) Amounts covered by directions classed as "exceptional", contaminated land and commutation, which are not recorded separately

D2 Changes to English local government capital finance systems

Between the mid-nineteenth century and 1972, local government capital finance remained much the same with only minor amendments to its detail. Capital projects were financed by government grants, revenue, sales of capital assets or loans. Central control operated only on the loans. A local authority needed a sanction in order to use a loan, first giving approval for the project itself and secondly authorising the use of a loan. Loans were available from a variety of sources; the **Public Works Loan Board** (PWLB) was a major source.

- 1933 Local Government Act. It consolidated the legislation of the previous 50 years. Set out the type of expenditure which could be financed by borrowing (effectively anything a Minister considered proper) and detailed types of borrowing open to local authorities.
- 1945 The Local Authorities Loans Act. Virtually all borrowing had to come from the PWLB until 1952.
- 1955 The PWLB became lender of last resort.
- 1963 Controls were imposed on temporary borrowing. Access to the PWLB was relaxed. The Local Government (Financial Provisions) Act allowed authorities to borrow by issuing bonds.
- 1970 Capital expenditure was dealt with in three classes. Those in the Key Sector, covering the great majority of services, continued to require specific loan sanction; the Subsidiary Sector had general consent to borrow; and the Locally Determined Sector had block borrowing approval.
- 1972 The Local Government Act consolidated all previous legislation into one act but made no significant changes to the system. Loan sanctions were replaced by borrowing approvals.
- 1976 The Layfield Committee on Local Government Finance concluded that current arrangements were not conducive to proper planning, management and control of local authorities' capital programmes.
- 1981 New system set up under the Local Government, Planning and Land Act 1980. Capital expenditure was defined and controlled through annual capital expenditure allocations. Expenditure was monitored quarterly from 1978. Limits on capital expenditure were set partly by reference to a prescribed proportion of an authority's capital receipts.
- 1986 The government published a Green Paper, *Paying for Local Government*, which considered ways of improving the system.
- 1990 Part IV of the Local Government and Housing Act 1989 introduced the broad framework of the present capital finance system. Detailed provisions were set out in regulations. The main effect was to control capital expenditure funded by borrowing (and all other forms of credit) through the issue of credit approvals.

The spending of capital receipts was regulated by the requirement for authorities to set aside part of their receipts as provision for credit liabilities.

- 1995 The Local Authorities (Companies) Order 1995 extended the system to the finances of companies controlled or influenced by local authorities.
- 1997 The Local Authorities (Capital Finance) Regulations 1997 consolidated the changes to the system made since 1990 and contained new provisions to encourage the use of the Private Finance Initiative.
- 1998 The Capital Finance Regulations were amended for most non-housing capital receipts, from 1 September 1998 removing the requirement for authorities to set aside part of the receipts.
- 2000 In 1998, the White Paper *Modern Local Government - In Touch with the People* announced a review of the capital finance system. A consultation paper *Modernising Local Government Finance: A Green Paper* was issued in September 2000. It suggested replacing the existing credit approval system for controlling capital expenditure with a prudential approach to determine what is affordable.
- 2002 In December 2001, the White Paper *Strong Local Leadership – Quality Public Services* put forward proposals for a new **prudential capital finance system**, which would mean the end of credit approvals. On 2 April 2002, the Government abolished the **Receipts Taken Into Account** (RTIAs) mechanism, which was used to distribute local authorities' **Basic Credit Approval** allocations under the Single Capital Pot.
- 2003 The Local Government Act 2003 put in place the broad legislative framework for the new prudential regime for borrowing by local authorities, which is supplemented by the *Prudential Code* developed and published by **CIPFA** and secondary legislation. This new system replaced that set out in Part IV of the Local Government and Housing Act 1989.
- 2004 From 1 April local authorities were, under the new Act and the CIPFA *Prudential Code*, free to finance capital spending from self-financed borrowing without the need to have government approval as long as it is affordable and prudent to do so.
- 2009 Changes in accounting practice brought most PFI schemes on to local authority balance sheets from 1 April 2009, and hence formally within the prudential capital finance system. However, DCLG continue to publish capital expenditure data on the previous basis (leaving most schemes off balance sheet) because that is the basis on which National Accounts are prepared.
- 2010 From 1 April 2010 local authority accounts are based on International Financial Reporting Standards. This alters the accounting classification of some leases, though protection is provided for existing leases by DCLG regulation allowing them to be accounted for in accordance with the old rules.

ANNEX E

Metadata

Most of the information in this publication comes from the following returns made to the Department for Communities and Local Government by local authorities in England.

Table E1: Metadata				
Code	Description	Frequency	Latest available	DCLG Contact Number
MB & QB	Borrowing and Lending	Monthly (Sample)/ Quarterly	2011-12	0303 444 2123
RA & SQ	Revenue account budgets	Annual	2012-13	0303 444 2119
RO	Revenue Outturn (9 forms)	Annual	2011-12	0303 444 2119
SAR	Subjective Analysis return	Annual (Sample)	2011-12	0303 444 2119
CER	Capital estimates	Annual	2012-13	0303 444 2115
CPR4	Capital provisional outturn	Annual	2011-12	0303 444 2115
COR	Capital outturn	Annual	2011-12	0303 444 2115
CTR1, CTR2, CTR3	Council Tax requirement	Annual	2012-13	0303 444 2116
CTB	Council tax base	Annual	Oct-12	0303 444 2116
SF3	Pension Funds	Annual	2011-12	0303 444 2120
QRC4	Council tax and non-domestic rates collection	Quarterly	2011-12	0303 444 2116
NNDR1	Non-Domestic rates payments to pool (provisional)	Annual	2012-13	0303 444 2116
NNDR2	Non-Domestic rates downward recalculation	On Request	2012-13	0303 444 2116
NNDR3	Non-Domestic rates payments to pool (outturn)	Annual	2011-12	0303 444 2116

Apart from the SAR and MB forms, which are completed by a sample of local authorities, the returns go to all local authorities in England. The Local Government Pension Scheme Funds Form go to all local authorities in England and Wales and the borrowing and lending forms go to all local authorities in the United Kingdom.

ANNEX F

List of tables, charts and maps

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ANNEX G

Glossary of terms and acronyms

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Accruals basis – an accounting concept which requires that income and expenditure are accrued (i.e. recognised as they are earned or incurred, not as they are received or paid). Under this concept therefore inclusion or exclusion of an item of income or expenditure will depend on the period to which it relates, not the period in which it was received or performed.

ACC **Adjusted Credit Ceiling** – a modified form of credit ceiling, a measure of an authority's net indebtedness relating to capital transactions, which was used until 31 March 2004 solely for the purpose of calculating the **Minimum Revenue Provision**.

AEF **Aggregate external finance** – central government revenue funding. It comprises **Revenue Support Grant**, **National Non-domestic Rates** (in the case of net Aggregate External Finance) and also includes certain **specific grants** (in the case of gross Aggregate External Finance). (**See section 2.4.1**)

Amortisation - the loss in value of an intangible asset due to its use by the company is accounted for by means of amortisation. Amortisation is a so-called “non-cash” charge insofar as it merely reflects accounting assessments of the loss in value.

ACG **Annual Capital Guidelines** – issued until 31 March 2004 by the government in respect of the main groups of services. Historically, a broad indication of the level at which the government considers an authority needs to spend on capital in the financial year. More recently, the element of an authority's **Basic Credit Approvals** allocated on a service-related basis. (**See section 4.5.3**)

ANA **Alternative Notional Amount** - a technical adjustment made to the budget requirement in a base year. This is undertaken in order that the subsequent budget requirement set by an authority for the following year can be compared with that for the base year on a like-for-like basis for capping purposes. Setting Alternative Notional Amounts is the method prescribed in legislation for the Government to handle significant changes in local authorities' functions, finance or structure.

Area council tax - the average total amount of council tax payable for a Band D dwelling occupied by two adults within a billing authority's area. It is the sum of the amounts requested: a) by the billing authority; b) by major precepting authorities covering the billing authority's area; and c) by parish or town councils within the billing authority's area. The amount at c) is the total

amount requested by parish and town councils, averaged across the whole of the billing authority's area.

Average council tax per dwelling - the total council tax payable in an area divided by the total number of chargeable dwellings in the area.

Appropriations to/from reserves – these are respectively, the movement of monies into **reserves** from the **General Fund Revenue Account**, or out of **reserves** to the **General Fund Revenue Account**.

ABG **Area Based Grant** – this is a general grant allocated directly to local authorities as additional revenue funding to areas. It is allocated according to specific policy criteria rather than general formulae. Local authorities are free to use all of this non-ringfenced funding as they see fit to support the delivery of local, regional and national priorities in their areas.

BCA **Basic Credit Approval** – until 31 March 2004 the government's calculation for each local authority of the amount of **capital expenditure** it need not charge to a revenue account (i.e. that it may finance from borrowing or other forms of credit). It was calculated as follows: **Annual Capital Guidelines** minus proportion of **capital receipts**. A Basic Credit Approval was issued in advance of the year in question and **Supplementary Credit Approvals** could be issued later. (See section 4.5.1)

Band D council tax- this is the council tax payable on a Band D dwelling occupied as a main residence by two adults, before any reductions due to discounts, exemptions or council tax benefit. This definition is widely regarded as a benchmark when comparing council tax levels in different areas or over time.

Billing authority – a local authority empowered to set and collect **council taxes**, and manage the **Collection Fund**, on behalf of itself and local authorities in its area. In England, shire and metropolitan districts, the Council of the Isles of Scilly, unitary authorities, London Boroughs and the City of London are billing authorities. (See section 1.6.3)

Budget requirement – an amount calculated, in advance of each year, by each **billing authority**, by each **major precepting authority** and by each **local precepting authority**. It is broadly the authority's estimated net **revenue expenditure** allowing for movement in reserves. It is, therefore, the estimate of the amount to be met from **Formula Grant**, **Greater London Authority** general grant and from **council tax** income. (See section 3.2.1)

BR **Budget requirement return** – an obsolete form that sought information on the calculation of each local authority's **budget requirement** and **council tax**. Replaced by the CTR form.

Business rates – a tax on non-domestic property based on the notional annual rent of a property known as the **Rateable Value**, also called **National Non-domestic Rates**.

Capital charges – charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

CER **Capital estimates return** – a form seeking local authority forecasts of **capital expenditure** (and **receipts**) and how they plan to finance it.

Capital expenditure – expenditure on the acquisition of fixed assets or expenditure, which adds to and does not merely maintain the value of existing fixed assets (**See section 4.1**) This standard accounting definition is modified in local government by regulations and directions made under Local Government Act 2003.

CERA **Capital expenditure charged to revenue account** – a method of financing **capital expenditure** where the expenditure is financed direct from revenue account in the year it is incurred (**See section 4.4.1**).

COR **Capital outturn return** – a form seeking detailed final outturn about **capital expenditure** (and **receipts**) and how it has been financed.

CPR4 **Capital payments and receipts return 4** – a form seeking provisional estimates of **capital expenditure** (and **receipts**) and how it has been financed.

Capital receipts – income from the sale of capital assets. Such income may only be used for purposes authorised by regulations under the Local Government Act 2003, for example to repay loan debt and to finance new **capital expenditure**. (**See section 4.6.1**)

Capitalised current expenditure – expenditure which would normally score as **current expenditure** but which a local authority has been allowed to capitalise by a direction issued by the Secretary of State (e.g. redundancy payments).

Capping – the imposition of a government limit on a local authority's **budget requirement** and hence its **council tax**.

Community Amateur Sports Clubs relief - a relief within the business rates system to help sports clubs meet the cost of their rates

Cash basis – an accounting convention in which transactions are recorded in the period in which payment is made or received as opposed to the period in which the transaction took place (**accruals basis**). **Capital expenditure** and **capital receipts** were, for many years, recorded on a cash basis but local authorities now account for them on an **accruals basis**.

Central support protection grant – paid for 1999-2000 and 2000-01 to provide minimum increases in the level of central government support (principally **Revenue Support Grant** plus redistributed **National Non-domestic Rates**). It ensured that authorities with education and social service responsibilities received at least a 1.5% increase in support and that other authorities did not experience a year-on-year fall in support. From

2001-02 damping of grant changes for authorities is provided via the floor mechanism.

CIPFA

Chartered Institute of Public Finance and Accountancy – the leading professional accountancy body for public services, whether in the public or private sectors

Chargeable dwellings - those domestic dwellings in an area for which council tax is payable. It excludes dwellings on the valuation list which are exempt from paying council tax. Each chargeable dwelling is counted as one dwelling, whether or not a full council tax bill is payable for it. The total number of chargeable dwellings in an area is the denominator used to calculate the average council tax per dwelling.

City of London offset – an amount of **redistributed business rates** that the City of London is permitted to retain due to its unique circumstances.

Collection fund – the fund administered by a **billing authority** (from 1 April 1993) into which **council taxes** are paid, and from which payments were made to the general fund of **billing and major precepting authorities**. **National Non-domestic Rates** collected by a billing authority are also paid into the fund before being passed on to central government for distribution to local authorities (**see section 2.3.1**). Under the **community charge** system, **billing authorities** were known as charging authorities, and community charges, **Revenue Support Grant**, **National Non-domestic Rates** entitlements and special grants were all paid into their collection fund.

Community assets – are assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal, for example parks and historic buildings.

Community charge – the local domestic charge that was in operation between 1 April 1990 and 31 March 1993. Also known as the 'poll tax'.

Council tax – a local charge (or charges) set by the **billing authority** in order to collect sufficient revenue to meet their demand on the **collection fund** and the precepts issued by the precepting authorities. It replaced the **community charge** on 1 April 1993 and is based on the value of the property and the number of residents. The Valuation Office Agency assesses the properties in each district area and assigns each property to one of eight valuation bands; A to H. The tax is set on the basis of the number of Band D equivalent properties. Tax levels for dwellings in other bands are set relative to the Band D baseline. (**See section 2.2.1**)

Council tax band - There are eight council tax bands, A to H. Each domestic dwelling is assigned a council tax band by the Valuation Office Agency. Council tax bands are based on the value of the dwelling as at 1 April 1991.

CTB1

Council tax base return – a form seeking information on the calculation of the council tax base for **revenue support grant** purposes for each **billing authority**.

Council tax benefit – an income related social security benefit designed to help people on low income pay their **council tax**. Council tax benefit replaced community charge benefit on 1 April 1993. (See section 2.2.7)

CTBSL **Council tax benefit subsidy limitation** – a scheme designed to limit the amount of **council tax benefit** subsidy paid to local authorities if they made increases in **council tax** above a guideline set annually by the government. Not operated from 2002-03.

CTR **Council Tax Requirement return** – a form used in the calculation of each local authority's **council tax requirement** after expenditure and other sources of income, and so their **council tax**. Replaced the BR form.

Council tax requirement – for billing and local precepting authorities this is the amount calculated under section 97(1) of the 1988 Act to be transferred from the **Collection fund** to the General Fund (except where the amount calculated is negative, in which case it is the amount to be transferred from the General Fund to the **Collection fund**).

Council tax transitional reduction scheme – this scheme limited the increase in a household's bill as a result of the change from **community charge** to **council tax** to a fixed amount for each band. Relief was withdrawn at a fixed rate in 1994-95 and 1995-96. There was no further relief from 1996-97.

Credit approvals – until 31 March 2004 authorisations given by the Government to local authorities that enable them to finance **capital expenditure** by borrowing or by other **credit arrangements**, such as finance leasing.

Credit arrangements – forms of credit that do not involve the borrowing of money by a local authority (e.g. finance leases).

Credit ceiling – until 31 March 2004 the difference between an authority's total liabilities in respect of **capital expenditure** financed by credit and the provision made to meet them.

Credit cover – until 31 March 2004 resources which need to be found to meet the initial cost of a credit arrangement (e.g. the capital value of payments made under a lease). Credit cover could be provided by setting aside as **Provision for Credit Liabilities** usable **capital receipts** or an amount from revenue or by using a **credit approval**.

Current expenditure – a general term for the direct running costs of local authority services including employee costs and running expenses but excluding debt charges. Particular definitions include **net current expenditure**. (See section 3.1.1).

DSG **Dedicated Schools Grant** – 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

Dedicated Schools Grant within specific grant rather than in formula grant.

Deferred capital receipts – these represent amounts derived from the sale of assets, which will be received in installments over agreed periods of time. They arise mainly from mortgages on the sale of council houses and form the main part of mortgages.

Demand on the collection fund – after 1 April 1993, represents the amount calculated by a **billing authority** or **precepting authority** to be transferable from the billing authority's **collection fund** to its general fund. Between 1 April 1990 and 31 March 1993, represented the amount required from the **collection fund** by a charging authority in order to finance its own expenditure, and funded by **Revenue Support Grant**, **National Non-domestic Rates** and **community charges**.

Depreciation - the accounting recognition of the loss in value of a tangible fixed asset due to its use or its holding/ownership by the company. It thus covers two different phenomena: wear due to the use of a product (machines, fittings, vehicles, buildings, etc.) and obsolescence, due to technological advances in the industry. Depreciation is a so-called “non-cash” charge insofar as it merely reflects accounting assessments of the loss in value.

Designation - This is one of the ways that the Government protects council taxpayers from excessive increases, by limiting a local authority's budget requirement (and hence its council tax) by requiring it to arrange and pay for new council tax bills to be sent out for a lower amount.

DLO **Direct labour organisation** – an organisation, which consists of workers directly employed by a local authority to carry out construction and/or maintenance work.

DSO **Direct service organisation** – an organisation which consists of workers directly employed by a local authority to carry out work formerly specified under the Local Government Act 1988.

Discretionary relief - in addition to mandatory reliefs, local authorities have the power to award business rate relief at their discretion provided the hereditaments meet locally set criteria. The current categories of discretionary relief are:

- Charity
- Non-profit making bodies
- Rural village shop
- Other small rural businesses
- Community and Amateur sports clubs
- Hardship
- Charges on property

A further relief for former agricultural properties ceased during August 2006 but may be applied retrospectively where applicable.

Distributable Amount – the amount of centrally-collected **National Non-domestic Rate** that is estimated to be available to be distributed to local authorities (**See section 2.3.9**)

Earmarked reserves – reserves held by an authority which are to be used for specified purposes

Empty Property Rate relief - a relief within the business rates system to help owners/occupiers of empty properties meet the cost of their Empty Property Rates.

EPCS

Environmental, protective and cultural services – one of the main blocks of local authority spending which has its own relative needs formulae under the **Revenue Support Grant** system. The formulae are based on resident population and modified for sparsity, density, deprivation and for higher wage cost areas.

Fees and charges – see **sales, fees and charges**.

FRS17

Financial Reporting Standard 17 – from 2003-04 local authorities' final accounts were required to comply in full with Financial Reporting Standard 17 on retirement benefits. This requires future liabilities for retirement benefits to be recognised in the accounts for all the main categories of local government employees (other than teachers).

Fixed assets – assets that yield benefits to the local authority and the services it provides for a period of more than one year. (**See section 5.1.1**)

Following year designation - this is one of the ways that the Government protects council taxpayers from excessive increases, by limiting a local authority's budget requirement (and hence its council tax) in one or more subsequent financial years. Following year designation is triggered by **nomination** or **designation** in a previous year and is intended to allow the authority a phased return to setting a non-excessive budget requirement.

Formula Grant – the main channel of government funding. This includes **Redistributed National 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.

FSS

Formula spending shares – are a nominal measure of the relative cost of service provision, used for the distribution of grant from 2003-04. Formula Spending Shares replaces **Standard Spending Assessments**. (**See section 2.4.3**)

FTSE all share index – is a series used to represent the performance of over 900 companies resident and domiciled in the United Kingdom. The prices used in the calculation of these indices are exact mid prices taken at the close of business each day.

Gross Domestic Product deflator – the Gross Domestic Product implied deflator is a measure of general inflation in the domestic economy. It reflects the movements of hundreds of different price indicators (especially of wages and profits) for the individual components of **Gross Domestic Product**. (See section 3.2.3)

Gearing – a measure of the impact on council taxes of increasing budgets. This varies widely between local authorities. An authority that meets 25% of its **budget** through **council tax** is said to have a gearing of 4.0. Therefore, a 1% increase in budget would lead to a 4% increase in council tax. (See section 2.2.3)

GFRA **General Fund Revenue Account** – the General Fund is the fund within which, since April 1990, most transactions of a local authority take place. Other funds held by a local authority may include a **collection fund**, superannuation fund and trust funds held for charitable purposes. The General Fund Revenue Account holds the revenue transactions of the General Fund. (See section 1.6.5)

GLA **Greater London Authority** – a strategic authority for London, created on 1 July 2000.

GDP **Gross Domestic Product** – is a measure of the total domestic economic activity. It is the sum of all incomes earned by the production of goods and services on UK economic territory, wherever the earner of the income may reside. Gross Domestic Product is equivalent to the value added to the economy by this activity. Value added can be defined as income less intermediate costs. Therefore growth in Gross Domestic Product reflects both growth in the economy and price changes (inflation).

Gross expenditure – see **total gross expenditure**

Gross revenue expenditure – is derived from **net current expenditure** by adding on net capital charges, **Capital Expenditure charged to Revenue Account**, gross expenditure on **council tax benefit**, and other non-current items. It is net of expenditure met by **sales, fees and charges** and interest receipts.

Gross total cost – includes all expenditure relating to a service/activity, including employee costs, expenditure costs, expenditure relating to premises and transport, supply and services, third party payments, transfer payments, support services and **capital charges**. Specifically it includes **capital charges** calculated in accordance with existing capital accounts guidance, but with certain aspects changed.

Hereditament – property which is or may become liable to **National Non-domestic Rates**, and thus appears on the rating list, compiled and maintained by the Valuation Office Agency of HM Revenue and Customs. (See section 2.3.2)

Housing benefit – financial help given to local authority or private tenants

whose income falls below prescribed amounts. Central government finances about 95% of the cost of benefits to non-Housing Revenue Account tenants ('rent allowances') and the whole of the cost of benefits to Housing Revenue Account tenants. Some local authorities operate 'local schemes' whereby they finance allowances in excess of the standard payments.

HRA

Housing Revenue Account – a local authority statutory account, within the general fund, covering current income and expenditure on its housing services relating to its own housing stock (**See section 3.8**).

Hypothecated grants – see **ring fenced grants**.

Impairment - this is where the value of an asset falls below the carrying (or book) value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

Intangible asset – this is a non-physical fixed asset. Intangible fixed assets include patents, brands, etc.

Joint arrangements – refers to the transfer of money between one local authority and another, as distinct from joint arrangements between local authorities and health authorities, fishery boards or any outside bodies. This includes situations where two or more authorities jointly finance an enterprise, or where one authority carries out work on behalf of another.

LSVT

Large scale voluntary transfer – transfer of council housing stock to Registered Social Landlords.

Levy – a payment that a local authority is required to make to a particular body (a levying body). Levying bodies include national parks authorities and passenger transport authorities.

Local precepting authority – parish councils, chairmen of parish meetings, charter trustees and the treasurers of the Inner and Middle Temples. These local authorities make a **precept** on the **billing authority's** general fund.

Mandatory relief - hereditaments are automatically entitled to relief of all or part of their rates bill provided they meet the criteria set down in legislation. There are currently five categories of mandatory relief:

- Charity
- Rural village shop
- Community and Amateur sports clubs
- Partially empty properties
- Empty properties

A further relief for former agricultural hereditaments ceased during August 2006 and is no longer available for the current year but may be applied retrospectively where applicable.

Major precepting authority – county councils, police authorities,

metropolitan county fire and civil defence authorities, combined fire and rescue authorities and the **Greater London Authority**. These local authorities make a **precept** on the **billing authority's collection fund**.

- MRP** **Minimum revenue provision** – the minimum amount which must be charged to a revenue account each year and set aside as provision for repaying borrowing and meeting other credit liabilities.
- NNDR** **National Non-domestic Rates** – are a means by which local businesses contribute to the cost of local authority services. They are also known as **business rates**. On 1 April 1990 the rating of non-domestic (mainly commercial and industrial) properties was substantially reformed. Before 1990-91, rate poundages were set individually by local authorities and varied from authority to authority. Since 1 April 1990, a single national poundage has been set by the Government.
- National Non-domestic Rates multiplier** – the factor by which a **hereditament's** rateable value is multiplied in order to calculate the gross rates due on it before deductions.
- NCE** **Net current expenditure** – is, essentially, spending on services. It is defined as expenditure on employees and running expenses net of **sales, fees and charges**, internal recharges, other non-grant income (such as receipts from other authorities), but gross of expenditure funded by **specific grants** and interest receipts.
- NRE** **Net revenue expenditure** – is derived from revenue expenditure by deducting expenditure funded by specific grants inside **Aggregated External Finance**. It also represents spending other than the use of reserves, to be funded by the **budget requirement**. (See section 3.1.3)
- Net total cost** – is **gross total cost** less income including **sales, fees and charges** and all **specific grants** (i.e. all grants except general grants).
- Net total cost excluding specific grants** – is **gross total cost** less income other than **specific grants**. This is equivalent to **net current expenditure** plus **capital charges**.
- NDPB** **Non-departmental public bodies** – organisations which are not government departments but which have a role in the processes of national government, such as the Sports Council, English Heritage and Natural England
- Non-operational assets** – are **fixed assets** held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties and assets that are surplus to requirements, pending sale or redevelopment.
- Nomination** - this is one of the ways that the Government protects council taxpayers from excessive increases, either by setting a notional budget requirement for an authority (limiting its ability to set high increases in the future) or by starting the process of '**following year designation**'.

Notional budget requirement - an amount set by the Secretary of State following nomination which provides a lower base (that is, lower than the authority's actual budget requirement for the year) for measuring budget requirement increases in subsequent years for capping purposes.

ONS

Office for National Statistics – is the government agency responsible for compiling, analysing and disseminating many of the United Kingdom's economic, social and demographic statistics including the **Retail Price Index**, trade figures and labour market data as well as the periodic census of the population and health statistics.

Operational assets – are **fixed assets** held and occupied, used or consumed by a local authority in the direct delivery of those services for which it has either a statutory or a discretionary responsibility.

Parish precept -this is the amount of council tax collected by a billing authority for parish or town councils within its area. Parishes are **local precepting authorities**.

Pension funds – for the Local Government Pension Scheme, the funds that invest employers' and employees' pension contributions in order to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of the employee. The Local Government Pension Scheme consists of 81 pension funds that provide pensions for most local government workers in England, excluding teachers, police and firefighters. (See section 7.1.2)

Precept – the amount of money (**council tax**) that a **local** or **major precepting authority** has instructed the **billing authority** to collect and pay over to it in order to finance its net expenditure, i.e. **budget requirement** less income from **National Non-domestic Rates** and **Revenue Support Grant**.

PFI

Private finance initiative – started in 1997-98, Private Finance Initiative offers a form of **Public-Private Partnership** in which local authorities do not buy assets but rather pay for the use of assets held by the private sector. (See section 4.7.2).

Procurement – expenditure on goods and services

PCL

Provision for credit liabilities – until 31 March 2004 amounts set aside from revenue or **capital receipts** to repay loans and credit arrangements. (See section 4.4.1)

Provisions – sums set aside to meet any liabilities or losses in respect of a past event which are likely or certain to be incurred, but with uncertainty as to the amounts or dates on which they will arise.

Prudential capital finance system – this is the informal name for the system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003. It allows local authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources. (See section 4.0.4)

The Prudential Code – a professional code of practice prepared by the **Chartered Institute of Public Finance and Accountancy**, for the prudential system introduced on 1 April 2004 (see **Prudential capital finance system**). Local authorities are required by legislation to have regard to the Code.

PPP **Public-private partnership** – a joint venture where the private sector partner agrees to provide a service to a public sector organisation. The **Private Finance Initiative** is one form of a Public-private Partnership.

Public sector net borrowing – a concept based on internationally agreed definitions. It measures the change in the public sector's accruing net financial indebtedness. It is an **accrual** concept, whereas the closely related net cash requirement is almost entirely a cash measure. It is the government's preferred measure of the short term impact of fiscal policy. **(See section 1.5.9)**

Public sector net debt – this consists of the public sector's financial liability at face value minus its liquid assets, mainly foreign exchange reserves and bank deposits. **(See section 1.5.6).**

PWLB **Public Works Loan Board** – a body, now part of the Debt Management Office (a government agency), which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury. **(See section 5.2.1)**

QRC **Quarterly return of council taxes and non-domestic rates**

RV **Rateable Value** - the legal term for the notional annual rent of a **hereditament**, assessed by the **Valuation Office Agency**. Every property has a rateable value that is based, broadly, on the annual rent that the property could have been let for on the open market at a particular date. The Rateable Value is used in determining the **rates liability**, and therefore the bill.

Rates Liability - the basis of the rates bill. The liability is the rateable value times the multiplier, but may be adjusted by any **transitional relief** in place, or by any **mandatory, discretionary or small business rate** relief applicable, to give the amount of rates payable.

RTIA **Receipts taken into account** – central government's assessment of local authorities relative abilities to finance **capital expenditure** from their **usable capital receipts**. Discontinued from 2003-04. **(See Basic Credit Approval).**

Recharges – the collective term for accounting entries representing transfers of (or to cover) costs initially debited elsewhere. They therefore comprise apportionments and charges.

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**. (See **National Non-domestic Rates and sections 2.3.7 and 2.4**)

Regions – this refers to the nine government office regions. See **Annex A1** for list and maps.

Reserves – sums held to finance future spending for purposes falling outside the definition of a **provision**. Reserves held for stated purposes are known as **earmarked reserves**. The remainder is **unallocated reserves**. (See **section 3.6.1**)

RPI **Retail price index** – is the main domestic measure of inflation in the UK. It measures the average change in the prices of goods and services purchased by most households in the UK.

RA **Revenue accounts budget estimates return – General Fund Revenue Accounts** return for budget estimates.

RG **Revenue accounts budget estimates return: income from specific and special grants – General Fund Revenue Accounts** return for budget estimates of income from **specific grants** and **special grants**.

Revenue expenditure – in a general sense, expenditure on recurring items, including the running of services and capital financing. A particular definition of revenue expenditure is that derived from **gross revenue expenditure** by deducting spending met by grants outside **Aggregate External Finance** (including rent allowance grant, mandatory student awards grant and council tax benefit grant). (See **section 3.1.2**)

RECS **Revenue expenditure funded from capital under statute** - this represents expenditure that does not result in the creation of a fixed asset for the authority, but has been designated as capital expenditure by regulation or direction. An example is grants given by authorities to support capital expenditure by other bodies.

RO **Revenue Outturn Returns** – suite of forms gathering outturn figures for the **General Fund Revenue Account** consisting of the RS, RG, RO1 to RO6, **Trading Services Revenue** and **Subjective Analysis Return**.

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

Ring-fenced grants – these grants fund particular services or initiatives considered a national priority, and must be spent on the specified service.

Rural rate relief - relief within the business rates system to help retain essential commercial services in rural areas.

Sales, fees and charges – charges made to the public for a variety of services such as the provision of school meals, meals-on-wheels, letting of school halls and the hire of sporting facilities, library fines and planning

application fees. (**See section 2.5.1**).

Settlement – the Local Government Finance Settlement is the annual determination made in a Local Government Finance Report by affirmative resolution of the House of Commons in respect of the following year of: the amount of Revenue Support Grant and Non Domestic Rates to be distributed to local authorities; how that support will be distributed; and the support for certain other local government bodies.

SBRR **Small business rate relief** - a relief scheme within the business rates system to help small businesses meet the cost of their rates. The Small Business Rate Relief is funded by those businesses not receiving benefit from the scheme through a supplement included in the **National Multiplier**. The scheme offers rate relief at 50 per cent to eligible properties up to £5,000 rateable value, with relief decreasing at the rate of around 1 per cent per £100 of rateable value up to 0 per cent at £10,000. Eligible properties with rateable values between £10,001 and £14,999 (£21,499 in Greater London) do not have to contribute to the cost of the rate relief scheme.

Small scale voluntary transfer – transfer of council housing stock to Registered Social Landlords.

Specific formula grants – these are distributed outside the main formula, but do not have to be spent on a specific service, for example the Neighbourhood Renewal Fund.

Specific grants – these are grants paid by various government departments outside the main formula. They include **ring-fenced grants** and **specific formula grants**.

Specified body – this is the term used for bodies (such as the Local Government Improvement and Development Agency and the National Youth Agency) that are directly funded from **Revenue Support Grant**, and that centrally provide services for local government as a whole.

SERCOP **Service Reporting Accountancy Code of Practice** – prepared and published by the **Chartered Institute of Public Finance and Accountancy** with the aim of modernising the system of local authority accounts and reporting. Provides standard service and subjective analyses of local government expenditure and income, and standard costing definitions. (**See section 1.7.1**).

SORP **Code of Practice on Local Authority Accounting in the United Kingdom - a Statement of Recommended Practice** – prepared by a joint committee of the **Chartered Institute of Public Finance and Accountancy** and the Local Authority (Scotland) Accounts Advisory Committee. The Code gives a comprehensive statement of the accounting concepts, accounting policies and estimation techniques to be followed by local authorities, and also sets out the format of the accounting statements. (**See section 1.7**)

SSA **Standard spending assessment** – provided a basis for distributing grant until 2002-03 inclusive. It was calculated using information reflecting the

demographic, physical and social characteristics of each area. **Standard spending assessments** were replaced by **Formula Spending Shares** from 2003-04.

SAR **Subjective analysis return** – since 1998-99 a sample of local authorities have completed this return (between 120 and 143). This shows how net current expenditure is broken down between pay and the procurement of goods and services. Pay is analysed to show the major pay negotiating groups. Procurement of goods and services is analysed to show goods and services purchased directly and services provided by external contractors (private contractors and voluntary organisations) or internal **trading services** (eg **Direct Labour Organisations** and **Direct Services Organisations**). (See section 3.4.2).

SCA **Supplementary credit approval** – authorisation which used to be given by central government to a local authority not to charge a specified amount of **capital expenditure** to any revenue account (i.e. finance it from borrowing or other forms of credit) in addition to what has already been authorised by its **Basic Credit Approval**. From 1 April 2004 credit approvals have been replaced by **Supported Capital Expenditure** (Revenue) or Supported Capital Expenditure (Capital). (See section 4.4.2)

SCE **Supported Capital Expenditure** – the term for most forms of central government support for local authority **capital expenditure** from 1 April 2004. Supported Capital Expenditure (Revenue) is the amount of expenditure towards which revenue grant support will be paid to a local authority on the cost of its borrowing. The revenue grant support is provided to help authorities with the costs of financing loans. Supported Capital Expenditure (Capital) is the term used for capital grants. (See section 4.4.2)

Surplus on current budget – this represents the balance of revenue over **current expenditure**, whereas net borrowing measures the overall budget deficit i.e. the balance of receipts over expenditure, both current and capital. The surplus on current budget therefore represents the surplus available for investment.

Tangible fixed asset - this is defined as a physical fixed asset and includes land, buildings, plant and machinery. These are held for use for by the authority for a period of more than one year.

Taxbase – the number of Band D equivalent properties in a local authority's area. An authority's taxbase is taken into account when it calculates its **council tax**, and when central government calculates allocations of formula grant.

Total cost - see **gross total cost** and **net total cost**.

Total gross expenditure – gross spending, taking all local authority accounts together (except pension funds), after eliminating double counting of flows between services, accounts and other authorities, where this is possible. Total gross expenditure is divided into gross **revenue expenditure** and gross **capital expenditure** - see **Table 1.6b**. The definition used in Table 1.6b excludes payments of rent rebates, rate rebates, **council tax benefits** and **council tax transitional reduction scheme** to individuals because the purpose of such payments is to finance local authority expenditure rather than to increase it.

TME

Total managed expenditure – this includes **current** and **capital expenditure** as well as depreciation but excludes financial account transactions. (**See section 1.5.1**)

Trading services – local authority services, which are, or are generally intended to be, financed mainly from charges levied on the users of the service. External trading services are typically funded mainly by sales outside the authority. Internal trading services are typically funded mainly through contracts with local authority departments. In both cases, the authority funds any loss, or receives any surplus at the end of each year. (**See section 3.4.2**)

TSRA

Trading services revenue account – a local authority account, covering current income and expenditure on its **trading services**.

Transitional relief - Properties are revalued every five years and transitional arrangements are in place which moderate significant increases and decreases in bills. The transitional scheme is designed to be broadly revenue neutral over the life of the scheme. This revenue neutrality is achieved by phasing in both the decreases in the rate bills of those who benefit from revaluation, and also the increases in the rates bills of those who face higher rates bills due to revaluation.

The transitional relief scheme for the period 2005-06 to 2009-10 was designed to phase in significant changes in bills over a maximum of four years so that in 2009-10, the final year of the 2005 revaluation period, all hereditaments were expected to be paying their true rates liability.

Unallocated reserves – reserves - held by an authority which may be used for any purpose.

Unhypothecated grant – see **general grant**.

Usable capital receipts – until 31 March 2004 this represented the amount of capital receipts available to finance **capital expenditure** in future years, after setting aside amounts laid down by statute for the repayment of debt.



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