



Department for
Communities and
Local Government

Local Authority Revenue Expenditure and Financing: 2014-15 Provisional Outturn, England



Local Government Finance
Statistical Release
27 August 2015

- Total revenue expenditure by local authorities in England was £95.8 billion in 2014-15, a decrease of 0.7% from £96.4 billion in 2013-14.
- There were decreases in net current expenditure across most public services between 2013-14 and 2014-15. The biggest decreases were in education, which decreased from £35.9 billion in 2013-14 to £34.4 billion in 2014-15, or 4.0% decrease. This was driven by schools changing status to centrally funded academies. Cultural, environmental and planning services, also saw a large decrease from £9.2 billion in 2013-14 to £8.9 billion in 2014-15, a fall of 3.0%.
- The biggest increases in net current expenditure were in Children and Families Social Care services, which increased from £6.9 billion in 2013-14 to £8.1 billion in 2014-15, or 17.2%. This was driven by a change in definition, as expenditure on 'Services to Young People' was moved from Education to Children's Social Care. There was also an increase in Central Services expenditure from £2.8 billion to £3.1 billion, or 10.7%.
- 30.7% of total net current expenditure in 2014-15 is on education, 20.1% on social care, 18.8% on mandatory housing benefits and 9.7% on police.
- 25.0% of revenue expenditure in 2014-15 was estimated to be funded through council tax, and 11.8% raised authorities through the business rate retention scheme. 63.9% of revenue expenditure in 2014-15 is estimated to be funded from central Government grants. These percentages were 24.2%, 11.1% and 67.0% respectively in 2013-14.
- In 2014-15 local authorities added £1.0 billion to their reserves. In 2013-14, local authorities added £2.4 billion to their reserves.

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Introduction

The information in this release shows how local authorities spent their money over the last financial year. These are currently estimates and will be revised in the final publication in November using audited financial accounts. It also shows the four main sources of income to local authorities – from central Government grants, business rates, council tax, and fees/charges. Central Government funding comprises the annual Local Government Finance Settlement¹, including Revenue Support Grant and the local share of business rates – managed by the Department for Communities and Local Government – plus other grants from a range of government departments. This funding is known as “Aggregate External Finance” (AEF). Local authorities also receive some government grants outside AEF which they pass on to a third party, for example Housing Benefit. Local Government expenditure accounts for around a quarter of all Government spending, the majority of which is through revenue expenditure.

This information is derived from Department for Communities and Local Government Revenue Summary (RS) Outturn returns submitted by local authorities in England. This release is based on returns from 442 returns of the 444 local authorities in England that complete the return in time for the publication. Estimates have been made for the 2 missing returns from Redditch and Nottinghamshire Police and Crime Commissioner.

This release provides provisional outturn estimates of local authority revenue expenditure and financing for the financial year April 2014 to March 2015. These estimates are on a non-International Accounting Standard 19 (IAS19) and PFI “Off Balance Sheet” basis, except where stated otherwise.

Uses of the data

The data in this Statistical Release are essential for a number of different purposes. A central and immediate purpose is to provide the Secretary of State, Ministers, HM Treasury and the Office for National Statistics with the most up to date information available on local authority revenue spending for decision making. They are used by the Office for National Statistics in compiling the Public Sector Finances and National Accounts, which are used to set fiscal and monetary policy.

The data are also important sources for various evidence based policy and financial decisions and answering numerous parliamentary questions. In addition it is used by local authorities and their associations, regional bodies, other government departments, members of the business community and the general public.

This statistical release allows for funding trends for different local authority services and types to be identified over a period of years. Local authorities can also compare their own spending with the aggregated figures presented here or with the equivalent data for individual local authorities.

¹ A plain English guide to the local government finance settlement for 2015-16 can be found at:

<http://www.gov.uk/government/publications/a-plain-english-guide-to-the-local-government-finance-settlement-2015-to-2016>

2 Revenue Expenditure and Financing, 2013-14 Provisional Outturn, Statistical Release

When read in conjunction with Budget Revenue Account (RA) statistics, they show how budgeting plans at the start of the year compare with what was actually spent at the end of the year, and how that expenditure was financed.

Relevant information to the revenue data in 2014-15

Education has continued to show reductions in level of expenditure in 2014-15 because some schools have changed their status by becoming academies, which are funded centrally rather than by local authorities. This also has consequences for the level of Dedicated Schools Grant and Pupil Premium Grant allocated to local authorities.

Local authority expenditure on 'services to young people' has moved from education services to children's social care services in 2014-15, therefore total net current expenditure on children's social care is not comparable between 2013-14 and 2014-15.

As a result of a consultation with Local Authorities on data burdens, it was decided to reduce the list of specific grants collected to grants over £200 million in total nationally. All other grants under £200 million are now aggregated in other grants within AEF and outside AEF. Information on all grants income should be published in a local authority's Statement of Accounts and published on their website.

Symbols and conventions

...	= not available
0	= zero or negligible
-	= not relevant
	= discontinuity
(R)	= revised since the last statistical release

Rounding

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

1. Revenue Expenditure

Table 1: Expenditure and income, 2013-14 and 2014-15, England

	Net current expenditure 2013-14	Net current expenditure 2014-15	£ million	
			£ Change	% Change
Total net current expenditure	112,885	112,355	-530	-0.5
Revenue expenditure	96,419	95,763	-656	-0.7
Income	96,419	95,763	-656	-0.7
<i>of which:</i>				
Government Grants ^(a)	64,578	61,230	-3,348	-5.2
Retained Income from Business Rate Retention Scheme ^(b)	10,719	11,324	605	5.6
Reserves	-2,379	-1,039	1,340	-56.3
Council Tax Requirement ^(c)	23,371	23,964	593	2.5
Other Items ^(d)	130	284	154	118.3

(a) Government Grants includes Local Services Support Grant, Grants inside Aggregate External Finance, Revenue Support Grant, and Police Grant.
(b) Retained Income from Business Rate Retention Scheme is the expected retained non-domestic rate income after payment of central share, major precepting shares and any tariff, top up or safety net payments.
(c) Changes in council tax requirement is due to changes in council tax levels and size of taxbase
(d) Other Items includes Inter-authority transfers in respect of reorganisation and Other Items.

Net Current Expenditure

- Total revenue expenditure by local authorities in England totals £95.8 billion in 2014-15, compared with £96.4 billion in 2013-14, a decrease of 0.7%.
- Total net current expenditure decreased between 2013-14 and 2014-15 by 0.5%, from £112.9 billion to £112.4 billion. When education services are excluded (to remove the effects of schools moving to academies), total net current expenditure increases from £77.0 billion in 2013-14 to £77.9 billion in 2014-15, an increase of 1.2%.

Revenue Expenditure Funding

- Revenue Expenditure is funded through Central Government grants of £61.2 billion in 2014-15, a decrease of 5.2% compared to the £64.6 billion in 2013-14. This accounted for 63.9% of local authority income.
- £11.3 billion of funding came from the Business Rate Retention Scheme, an increase of 5.6% from 2013-14.
- The level of council tax funding increased by 2.5% from £23.4 billion in 2013-14 to £24.0 billion in 2014-15. This is estimated to overall account for around a quarter (25.0%) of local authority funding.

2. Revenue Expenditure by Service

Local authority expenditure is divided into different service areas, such as education, social care, public health etc. These services are paid for by local authorities, and the total of all service expenditure is called net current expenditure. A full definition of what is included in each service area is provided in the guidance notes on the '[Local government finance: revenue forms](#)' section of our website. It should be noted that year on year comparisons may not be valid due to changes in local government functions and responsibilities.

Table 2: Budgeted net current expenditure by service, 2013-14 and 2014-15, England

	Net current expenditure		£ million	
	2013-14 ^(a)	2014-15	£ Change	% Change
Education	35,881	34,433	-1,448	-4.0
Highways & transport	4,795	4,547	-248	-5.2
Social care	21,480	22,602	1,122	5.2
of which:				
<i>Children and Families Social Care</i>	6,915	8,101	1,187	17.2
<i>Adult Social Care</i>	14,565	14,500	-65	-0.4
Public Health	2,508	2,705	197	7.9
Housing (excluding Housing Revenue Account)	2,025	1,826	-199	-9.8
Cultural, environment & planning	9,176	8,905	-271	-3.0
of which:				
<i>Cultural</i>	2,831	2,670	-161	-5.7
<i>Environmental</i>	4,992	4,940	-51	-1.0
<i>Planning and development</i>	1,353	1,294	-59	-4.4
Police	10,920	10,872	-47	-0.4
Fire & rescue	2,089	2,044	-45	-2.1
Central services	2,845	3,148	304	10.7
Other services	91	95	3	3.8
Mandatory Housing Benefits	20,976	21,115	139	0.7
of which:				
<i>Rent Allowances</i>	16,021	15,972	-49	-0.3
<i>Rent Rebates to Non-HRA Tenants</i>	579	742	163	28.1
<i>Rent rebates to HRA tenants</i>	4,377	4,401	25	0.6
Non-Mandatory Housing Benefits ^(b)	5	7	2	30.5
Precepts and Levies ^(c)	423	436	13	3.1
Trading Account Adjustments ^(d)	-368	-412	-45	12.1
Appropriations to(+) / from(-) accumulated absences account	39	33	-6	-14.3
Total net current expenditure	112,885	112,355	-530	-0.5

Footnotes:

(a) 2013-14 figures adjusted to separate non-service expenditure from service lines.

(b) Includes Housing benefits: subsidy limitation transfers from HRA and Contribution to the HRA re items shared by the whole community. These lines were previously included in the Housing service line.

(c) Includes Parish Precepts (previously included in Central Services), Integrated Transport Authority levy (previously in Highways and Transport), Waste Disposal Authority levy (previously in Environmental services), London Pensions Fund Authority levy (previously in Central services) and Other levies (previously in Other services).

(d) Includes External Trading Accounts, Internal Trading Accounts, Capital items accounted for in External Trading Accounts,

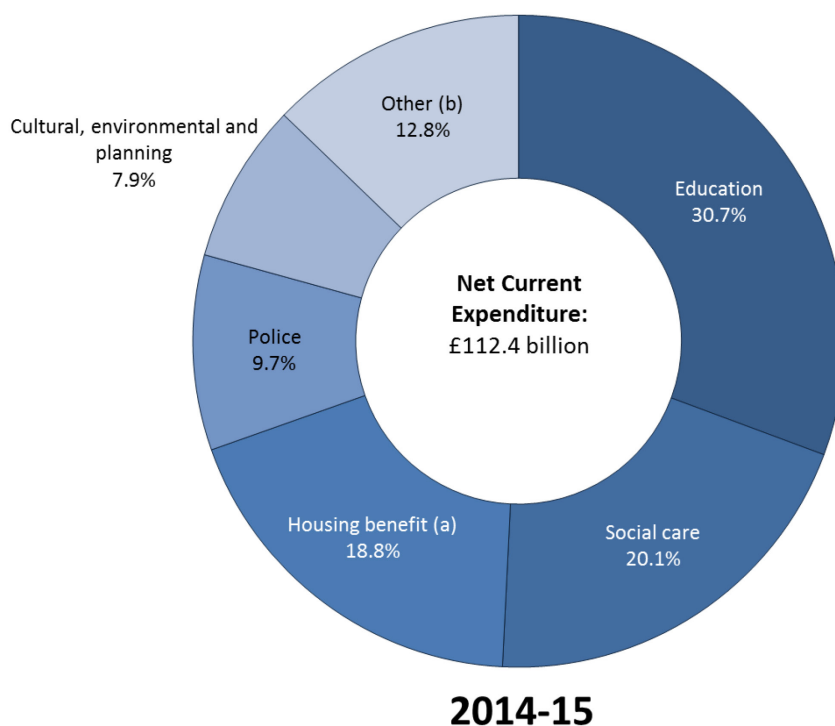
Capital items accounted for in Internal Trading Accounts and Adjustments to net current expenditure. All previously included in Other services.

- Net current expenditure on education services reduced from £35.9 billion in 2013-14 to £34.4

billion in 2014-15, a decrease of 4.0%. This is affected by a number of schools moving to academy status, where academies are directly funded by central government and are independent of local government control.

- There were decreases in net current expenditure across most public services between 2013-14 and 2014-15. The biggest decreases were in cultural, environmental and planning services, which decreased from £9.2 billion in 2013-14 to £8.9 billion in 2014-15, and in Highways and Transport showing a decrease from £4.8 billion in 2013-14 to £4.5 billion in 2014-15.
- The biggest increases in net current expenditure were in Children and Families Social Care services, which increased from £6.9 billion in 2013-14 to £8.1 billion in 2014-15, due to a change in definition, as expenditure on 'Services to Young People' was moved from Education to Children's Social Care and in Central Services. Central services also saw an increase from £2.8 billion in 2013-14 to £3.1 billion in 2014-15.

Chart A: Proportion of budgeted total net current expenditure by service, 2013-14 and 2014-15, England



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

(b) Other includes Highways and Transport, Public Health, Fire and Rescue, Central, and Other Services.

Mandatory Housing Benefits

- Mandatory Housing Benefits increased by £139 million to £21.1 billion in 2014-15, an increase of 0.7%.
- Rent allowances (within mandatory housing benefits), which are paid to tenants of private landlords and registered social landlords, decreased marginally by £49 million to £16.0 billion in 2014-15, a decrease of 0.3%.

Non-Current Expenditure

Non-current expenditure includes a variety of financial payments necessary to balance the budget in a local authority; this includes expenditure where the cash impact falls in one year but the cost is spread over more than one year.

Table 3: Revenue expenditure, 2013-14 and 2014-15, England

	Net current expenditure 2013-14	Net current expenditure 2014-15	£ million £ Change	% Change
Total net current expenditure	112,885	112,355	-530	-0.5
<u>plus non-current expenditure</u>				
Capital financing ^(a)	4,468	4,523	55	
Capital expenditure charged to Revenue Account	2,778	2,958	180	
Bad debt provision	114	122	7	
Flood defence payments to Environment Agency	34	34	0	
Private Finance Initiative (PFI) schemes - difference from service charge	33	63	30	
Appropriations to(+)/ from(-) financial instruments adjustment account ^(b)	-45	3	48	
Appropriations to(+)/ from(-) unequal pay back pay account ^(c)	28	33	5	
<i>/less interest receipts</i>	839	866	28	
<i>/less specific grants outside AEF ^(d)</i>	22,805	23,134	329	
<i>/less Business Rates Supplement</i>	212	225	13	
<i>/less Community Infrastructure Levy</i>	47	116	69	
<i>/less Carbon Reduction Commitment</i>	-26	-12	14	
Revenue expenditure	96,419	95,763	-656	-0.7
(a) Includes provision for repayment of principal, leasing payments, external interest payments and HRA item 8 interest payments and receipts.				
(b) Adjustments permitted by regulation to the revenue account charges for financial instruments.				
(c) The deferral of revenue account charges for unequal pay back pay as permitted by regulation and the reversal of the deferral in the year that payment of the back pay is due.				
(d) Aggregate External Finance; see Background Notes for definition.				

- Capital financing costs in the 2014-15 expenditure accounts amount to £4.5 billion.
- In 2014-15, £3.0 billion has been estimated for capital expenditure charged to the revenue account (CERA), of which £1.7 billion related to Greater London Authority (GLA).
- Grants outside AEF have remained stable, this is largely driven by mandatory rent allowances which account for 24.7% of the £23.1 billion grants expenditure outside AEF in 2014-15.

3. Revenue Expenditure Financing

When a local authority is estimating its budget for future revenue expenditure, it takes into account four different sources of funding: central Government funding, locally retained business rates, reserves and finally the council tax requirement. The size of council tax requirement is calculated after a local authority has budgeted for each service area and determined the funding from central Government and use of reserves. The remaining funding gap is then completed when the council tax requirement is set. This section looks at the different funding streams and how they have changed year on year.

Central Government Grants

- The funding of central government grants amounted to £61.2 billion in 2014-15, a decrease from £64.6 billion in 2013-14. This comprised of specific grants inside Aggregate External Finance (AEF), Local Services Support Grant, Revenue Support Grant, retained income from Rate Retention Scheme and Police Grant.
- Specific grants inside Aggregate External Finance decreased from £41.8 billion in 2013-14 to £40.7 billion in 2014-15. This was mainly due to Dedicated Schools Grant (which decreased from £29.1 billion in 2013-14 to £28.2 billion in 2014-15, as local authorities received less funding due to more schools converting into academies).
- Police Grant amounted to £7.8 billion in 2014-15, an increase from £7.6 billion in 2013-14.
- Specific grants outside AEF increased from £22.8 billion in 2013-14 to £23.1 billion in 2014-15.

Reserve Levels

- In 2014-15 local authorities increased their reserves by £1.0 billion; the Greater London Authority used £0.1 billion of their reserves in 2014-15. In 2013-14 local authorities increased their reserves by £2.4 billion, of which £0.3 billion was added by the Greater London Authority.
- In 2014-15, 242 local authorities in England increased their reserve levels, 202 decreased their reserve levels, and none stayed the same.

Council Tax Requirement

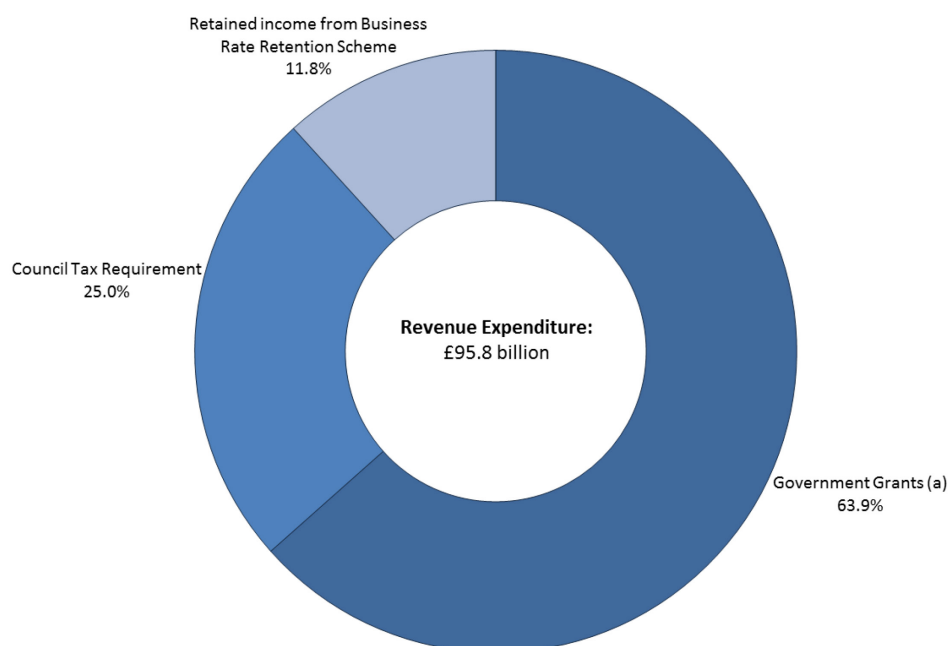
- Council tax requirement amounted to £24.0 billion in 2014-15, an increase of 2.5% from £23.4 billion in 2013-14. This increase comprised of an increase of council tax levels and an increase in the size of the council taxbase.

Table 4: Revenue expenditure and financing, 2013-14 and 2014-15, England

	£ million			
	Revenue expenditure 2013-14	Revenue expenditure 2014-15	£ Change	% Change
Revenue expenditure	96,419	95,763	-656	-0.7
financed by:				
Total Government Funding				
Specific grants inside AEF	41,760	40,725	-1,035	-2.5
Local Services Support Grant (LSSG)	77	46	-31	-40.7
Funding through the Settlement Grant	33,460	31,783	-1,677	-5.0
of which:				
Revenue Support Grant	15,175	12,675	-2,501	-16.5
Retained income from Business Rate Retention Scheme	10,719	11,324	605	5.6
Police Grant	7,565	7,784	219	2.9
Reserves and Other				
Appropriations to (+) / from (-) revenue reserves (including school/ public health reserves)	-2,379	-1,039	1,340	-56.3
Other items ^(a)	130	284	154	118.3
Council tax requirement	23,371	23,964	593	2.5

(a) Other Items includes Inter-authority transfers in respect of reorganisation and Other Items.

Chart B: Financing of revenue expenditure, 2014-15, England



2014-15

(a) Includes Local Services Support Grant (LSSG), Specific grants inside AEF, Revenue Support Grant and Police Grant. Since 2013-14 this specific grants inside AEF have included public health grant, local council tax support grant and the central share of non-domestic rates.

Table 5 and **Chart C** shows the funding of revenue expenditure in terms of government grants, redistributed non-domestic rates, retained income from rate retention scheme, and council taxes from 2010-11 onwards.

- In 2014-15, 63.9% of revenue expenditure was funded by government grants (including Revenue Support Grant, specific grants inside Aggregate External Finance, Local Services Support Grant, and Police grant), 25.0% by council tax and 11.8% by retained income from rate retention scheme.
- Since 2010-11 levels of centrally distributed income has fallen from 75.9% to 63.9% in 2014-15. There is a corresponding increase in the level of income retained by local authorities from 25.2% in 2010-11 to 36.8% in 2014-15.

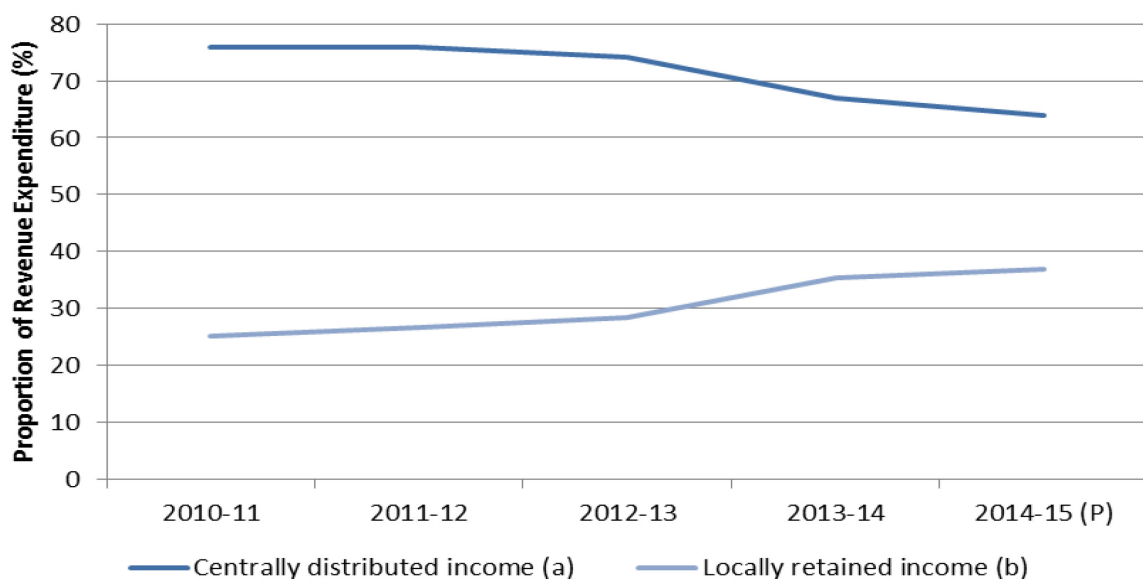
Table 5: Financing of revenue expenditure since 2010-11, England

	Revenue Expenditure (£ million)	Centrally distributed income				Locally retained income				£ million	
		Government grants (a)		Redistributed non-domestic rates		Retained income from Business Rate Retention Scheme		Council tax (b)			
		(£ million)	% of total	(£ million)	% of total	(£ million)	% of total	(£ million)	% of total		
Outturn											
2010-11	104,256	57,657	55.3	21,517	20.6	N/A	N/A	26,254	25.2		
2011-12	99,278	56,237	56.6	19,017	19.2	N/A	N/A	26,451	26.6		
2012-13	94,148	46,765	49.7	23,129	24.6	N/A	N/A	26,715	28.4		
2013-14	96,419	64,578	67.0	N/A	N/A	10,719	11.1	23,371	24.2		
2014-15 (P)	95,763	61,230	63.9	N/A	N/A	11,324	11.8	23,964	25.0		

(a) Includes Local Services Support Grant (LSSG), Specific grants inside AEF, Revenue Support Grant and Police Grant. Since 2013-14 the specific grants inside AEF have included public health grant, local council tax support grant and the central share of non-domestic rates.

(b) Since 2013-14 Council Tax Requirement has not included the local council tax support grant, this is now included in the Government Grants.

Chart C: Proportion of financing of revenue expenditure, since 2010-11, England



(a) Centrally distributed income includes Local Services Support Grant (LSSG), Specific grants inside AEF, Revenue Support Grant, Police Grant and redistributed non-domestic rates (up to 2012-13). Since 2013-14 this specific grants inside AEF have included public health grant, local council tax support grant and the central share of non-domestic rates.

(b) Locally retained income includes council tax and from 2013-14 retained income from business rate retention scheme.

4. Revenue Expenditure Reserves

Revenue reserves are an accumulated surplus income, which can be used to finance future expenditure and to provide working balances. The transfer of money into reserves increases the budget requirement for the year. Increases in reserves may be due to a change in circumstances over a project (delayed/cancelled) or an authority saving for a large project in the future.

Table 6 shows the level of local authority revenue reserves at the beginning of each of the last five financial years. Housing revenue account (HRA) reserves are not included in this table because they are not part of the general fund revenue account.

Reserve Levels

- In 2014-15 local authorities increased their reserves by £1.0 billion, of which the Greater London Authority used £0.1 billion of their reserves. In 2013-14 local authorities also increased their reserves by £2.4 billion, of which £0.3 billion was added by the Greater London Authority.
- In 2014-15, 242 local authorities in England increased their reserve levels, 202 decreased their reserve levels, and none stayed the same. This is a change from 2013-14 when 369 local authorities increased their reserves, 73 decreased their reserves and 2 local authorities in England stayed the same.
- 81 local authorities in England increased their schools reserve levels in 2014-15, 97 local authorities increased their public health reserves and 243 local authorities increased their non-ringfenced reserve levels.

Table 6: Level of revenue reserves since 2009-10

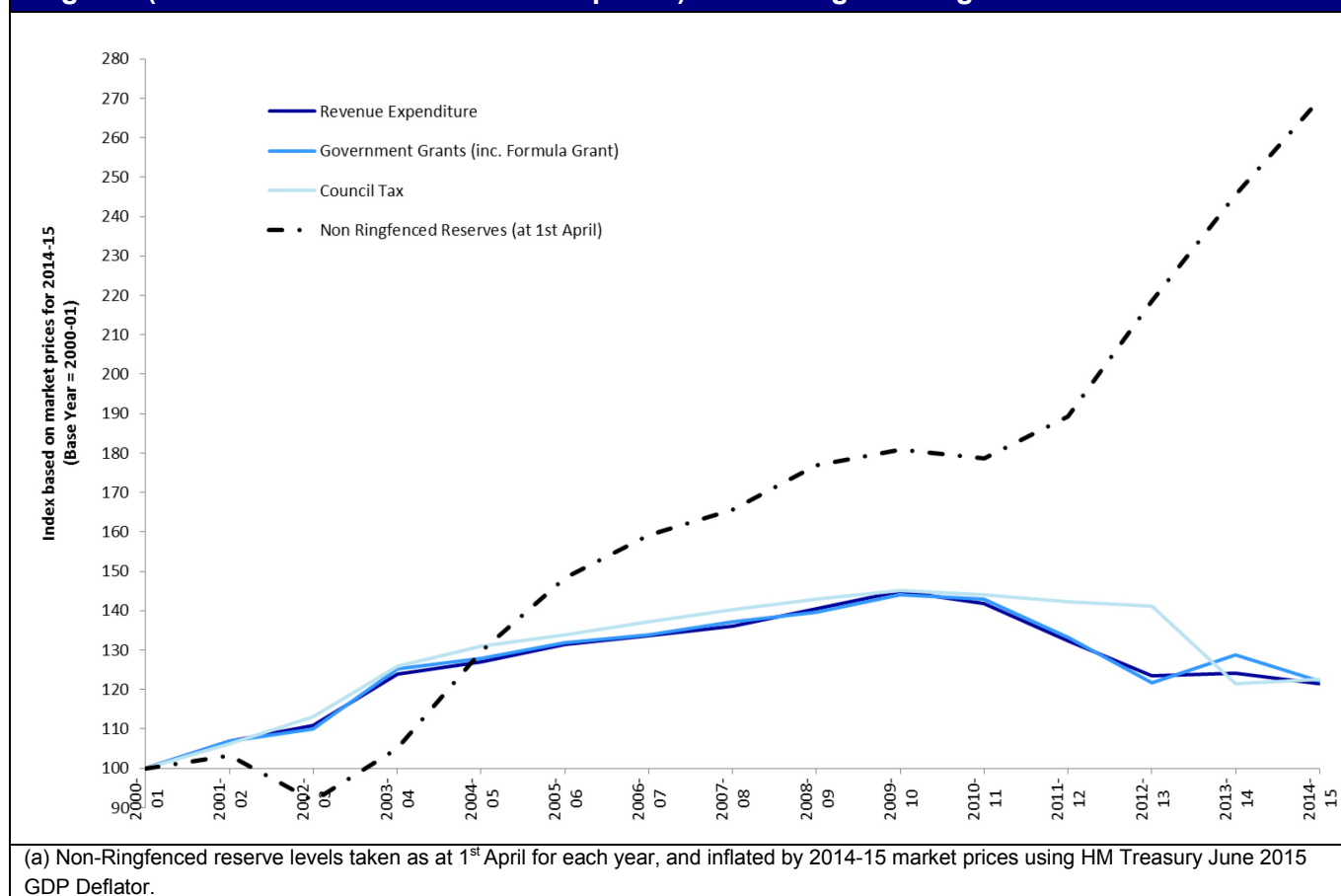
						£ million
	Schools reserves	Public Health reserves	Non-ringfenced reserves			Total Reserves
			Other earmarked	Unallocated	Non-ringfenced Total	
At 1 April						
2010	1,834	-	9,759	3,469	13,228	15,062
2011	2,047	-	10,451	3,862	14,313	16,360
2012	2,413	-	12,534	4,255	16,790	19,203
2013	2,354	7	14,930	4,297	19,227	21,588
2014	2,380	185	17,052	4,385	21,437	24,001
At 31 March						
2015	2,375	302	17,783	4,524	22,306	24,983

Chart D shows the real changes in Government Grants, Council Tax, Revenue Expenditure and non-ringfenced reserves (unallocated & other earmarked financial reserves as at 1st April each year) from 2000-01 to 2014-15. The indexes are calculated from financial figures for year-on-year comparisons.

In real terms from 2000-01 to 2014-15, revenue expenditure has risen by 21.4%, government grants awarded to local authorities have risen by 22.1%, and council tax has risen by 22.6%. In real terms, non-ringfenced reserves have increased by 169.8% from 1st April 2010 to 1st April 2014.

From 2010-11 to 2014-15, non-ringfenced reserves have increased in real terms by 51.0%, whereas council tax has decreased by 15.0%, government grants have decreased by 14.6%, and revenue expenditure has decreased in real terms by 14.4%.

Chart D: Changes in revenue expenditure and it's financing attributes since 2000-01 for England (Index based on 2014-15 market prices) – including non-ringfenced reserves ^(a)



5. Income from Specific Grants

Table 7 shows the top five incomes from specific grants inside and outside Aggregate External Finance (AEF).

- In 2014-15, Dedicated Schools Grant (DSG), which is ring-fenced, was £28.2 billion accounting for 29.4% of all revenue expenditure, highlighting the size of education spending in a local authority's budget.
- Mandatory housing benefit paid through local authorities' accounts but over which the authority has no control, is the other large grant to local authorities totalling £20.8 billion.

Table 7: Top five incomes from specific grants budget 2014-15

	£ million	% of revenue expenditure
Grants inside Aggregate External Finance		
Dedicated Schools Grant (DSG)	28,177	29.4%
Public Health Grant	2,798	2.9%
GLA Transport Grant	1,772	1.9%
Pupil Premium Grant	1,749	1.8%
The Private Finance Initiative (PFI)	1,204	1.3%
Grants outside Aggregate External Finance ^(a)		
Mandatory Rent Allowances: subsidy	15,784	
Rent Rebates Granted to HRA Tenants: subsidy	4,253	
Sixth Form Funding from Young People's Learning Agency (YPLA)	792	
Mandatory Rent Rebates outside HRA: subsidy	757	
Adult and Community Learning from Skills Funding Agency	312	

(a) Grants outside AEF have not been calculated as a proportion of Revenue Expenditure as they are outside of an authority's control and therefore not included in the income calculations.

6. Definitions

A list of terms relating to local government finance is given in *Local Government Finance Statistics England* No. 25 2015. This is accessible at: <https://www.gov.uk/government/statistics/local-government-financial-statistics-england-2015> . The most relevant terms for this release are explained below.

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

Central Government Grants – the biggest source of funding that local authorities receive is from central government. This is made up from ‘specific’ grants and a general grant (also called the Revenue Support Grant). Central government grant money pays for capital projects, such as roads or school buildings, as well as revenue spending, such as the cost of maintaining council housing and running services, including employee wages.

Central Services - these are services organised on a corporate basis that support the delivery of services to the public. Central services include building costs, administration and IT

Council Tax Requirement - The amount of revenue a local authority needs to raise through council tax, (its council tax requirement) is calculated by deducting from its planned spending any funding from reserves, income it expects to raise, and funding it will receive from the Government.

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

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

Funding through the Settlement Grant – the main channel of government funding. This includes **Retained Income from the Rate Retention Scheme, 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.

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

Housing Revenue Account - is a local authority statutory account, it contains all the spending and income related to the housing stock owned by the council.

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

Mandatory Housing Benefit - financial help given to local authority or private tenants whose income falls below prescribed amounts as required by law. This usually consists of mandatory Rent Allowances and mandatory Rent Rebates, to HRA and non-HRA tenants.

Reserves - sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as earmarked reserves.

Retained income from the Rate Retention Scheme – expected retained non-domestic rate income after payment of central share, major precepting shares and any tariff, top up, levy or safety net payments.

Revenue expenditure - is equal to total net current expenditure (line 849), plus capital financing costs and a few minor adjustments, but excludes expenditure financed by grants outside **Aggregate External Finance**. Revenue expenditure is financed by grants inside **Aggregate External Finance**, council tax and authorities' reserves.

Revenue Support Grant – a general grant now distributed as part of **Funding through the Settlement Grant**.

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

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

7. Technical Notes

Survey design for collecting Revenue Outturn data in 2013-14

From May until July 2015, all 444 local authorities in England were requested to complete the Revenue Outturn (RO) suite of forms to show all their transactions related to the general fund revenue account. This included all elements of gross and net current expenditure, capital charges, net total costs and also elements that finance net current expenditure, which include; levy payments, interest receipts, central government grants, use of reserves, council tax and other non current expenditure items.

Data quality

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

The information for 2014-15 in this release is derived from Department for Communities and Local Government (DCLG) Revenue Outturn (RO) forms and is based on returns from 442 out of 444 local authorities in England. Estimates have been made for the 2 missing returns. The 2 authorities that did not submit a completed form in time for this release were Redditch and Nottinghamshire Police and Crime Commissioner.

Only data for authorities that have completed a valid form are used in the computation of national figures for the statistical release. If we do not hold a complete set of revenue data for authorities in England, we use the grossing methodology to compute the national figures. This method does not calculate figures for missing or invalid authorities, it only derives an England national figure based on the following properties;

- I. data currently held from validated authorities
- II. number of missing or invalid authorities and what type of classification group they fit in (e.g. Single Purpose Authorities, Shire Districts, Shire Counties, Unitary Authorities, Metropolitan Districts, London Boroughs etc.)

Figures for the local authorities who did not submit their RO forms in time were imputed using their 2014-15 budget data, from Revenue Account Budget (RA) returns. Detailed income and expenditure figures on the RSX return were imputed by calculating the percentage increase in Net Current Expenditure from their 2013-14 outturn figures (from RSX) to their 2014-15 budget figures (from RA), and applying this percentage to their detailed income and expenditure figures in their 2013-14 RSX outturn figures.

Figures are subjected to rigorous pre-defined validation tests both within the form itself, while the form is being completed by the authority and also by Department for Communities and Local Government as the data are received and stored.

In addition to the 2 authorities who did not submit their RO forms, there were also outstanding validation queries for a further 20 authorities. Figures for these authorities have been included within the England totals, but have been shown as “N/A” within the local authority level tables that accompany this release.

Revisions policy

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

Non-Scheduled Revisions

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

Scheduled Revisions

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

Background notes

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

and on the National Statistics website: <https://www.gov.uk/government/statistics/announcements>

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

CLIP Finance (CLIP-F) is a consultative group which considers the collection, presentation and analysis of data on local government finance. To ensure users are made aware of significant changes and adjustments to Local Government Finance forms papers are tabled, discussed and published. Please visit the website for details of likely changes for future Revenue/Capital statistical releases.

<https://knowledgehub.local.gov.uk/web/clip>

User engagement

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

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

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

Devolved administration statistics

The Scottish, Welsh Assembly and Northern Ireland Government also collect revenue budget data. Their information can be found at the following websites:

Scotland:

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

Wales:

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

Northern Ireland:

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

8. Enquiries

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0303 444 1159

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

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

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

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

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

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

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

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