



Department for Levelling Up,  
Housing & Communities

# Local Authority Revenue Expenditure and Financing: 2022-23 Budget, England

Technical Notes



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# Contents

<b>National Statistics Status</b>	<b>4</b>
<b>Data collection</b>	<b>4</b>
<b>Data quality</b>	<b>4</b>
Assessment of data quality	5
Response Rate and Imputation	8
<b>Definitions</b>	<b>9</b>
<b>Revisions policy</b>	<b>11</b>
Non-Scheduled Revisions	12
Scheduled Revisions	12
<b>Other information</b>	<b>12</b>
Uses of the data	12
Devolved administration statistics	13
User engagement	15
Notes	15

# National Statistics Status

National Statistics status means that our statistics meet the highest standards of trustworthiness, quality and public value as set out in the [Code of Practice for Statistics](#). It is the responsibility of Department for Levelling Up, Housing and Communities's statisticians to maintain compliance with these standards.

The designation of these statistics as National Statistics was first confirmed in April 2012 following an assessment by the UK Statistics Authority. National Statistics designation was temporarily suspended for RA 2020-21, however following review in June 2021, National Statistics designation has now been re-instated.

## Data collection

### **Survey design for collecting Revenue Account data in 2021-22**

All 425 local authorities in England are requested to complete the Revenue Account (RA) budget return by early April. This includes net current expenditure, capital charges and also elements that finance net current expenditure, which includes; levy payments, interest receipts, central government grants, use of reserves, council tax and other non-current expenditure items.

The estimates requested cover local authority revenue expenditure and financing for the financial year 1 April 2022 to 31 March 2023. These estimates are on a non-International Accounting Standard (IAS19) and PFI "Off Balance Sheet" basis except where stated otherwise.

## 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.

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 the Department for Levelling Up, Housing and Communities and the Chartered Institute of Public Finance and Accountancy as the data are received and processed.

## Assessment of data quality

In 2015, the UK Statistics Authority (UKSA) published a [regulatory standard for the quality assurance of administrative data](#). To assess the quality of the data provided for this release, the department has followed that standard.

The annual Revenue Account (RA) Budget statistical release is produced by DLUHC based on data provided by Local Authorities. We have assessed the level of risk based on the Quality Assurance Toolkit as follows:

**Table 1: DLUHC Local Authority Revenue Expenditure and Financing: Budget, England sources**

Statistical Series	Administrative Source	Data Quality Concern	Public Interest	Matrix Classification
Revenue Account (RA) Budget statistics	Local authorities' individual data systems	Low	Medium	Low Risk [A2]

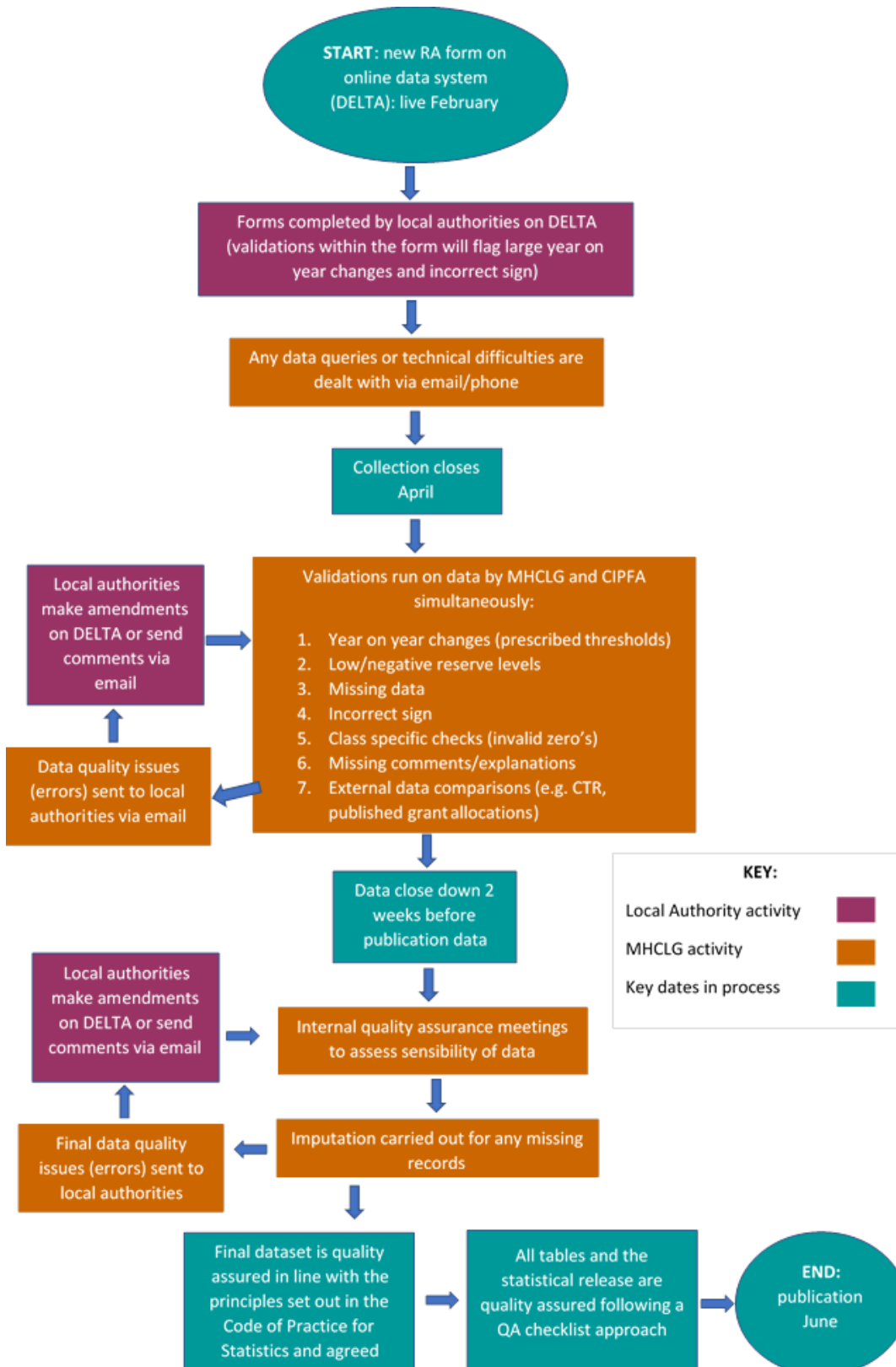
The annual Revenue Account (RA) Budget statistical release can be considered as medium profile, as there has been mainstream media interest, with moderate economic and/or political sensitivity.

The data quality concern is rated as 'low', given that the data are checked by providers and is subject to data quality checks prior to publication. This assessment is based relative to data being understood to be a snapshot, as described in the 'operational contexts' section that follows.

Overall, the Annual Revenue Account (RA) Budget statistical release has been assessed as A2: Low/Medium Risk. A full outline of the statistical production process and quality assurance carried out is provided in the flow chart in Figure 1. Further details are also

provided against each of the four areas outlined in the Quality Assurance of Administrative Data (QAAD) Toolkit.

Figure 1: Quality assurance flow diagram



## **Operational context and administrative data collection**

Revenue Account (budget) data returns are a snapshot showing the budget as set during the winter preceding the relevant financial year. Budgets tend to be planned from each Autumn, with iterative discussions between the local authority and councillors. Budgets are refined as appropriate in light of announcement each year before Christmas of the provisional local government finance settlement. The budget setting process is finalised upon approval of council tax levels for the year ahead. This must be complete by 11<sup>th</sup> March for billing authorities (London Borough, Metropolitan and Shire Districts and Unitary Authorities), and by 1<sup>st</sup> March for other (precepting) authorities.

DLUHC provides local authorities with general and specific guidance to ensure there is a common understanding of what information is required for each line of the data return. In addition, data providers can contact DLUHC via phone or email on any technical queries they may have.

Every effort is made to collect data from every Local authority but on rare occasions this may not be possible and therefore estimates may be used (see Response rate & imputation).

## **Communication with data supply partners**

The RA form is sent out in February along with general and specific guidance. The forms are completed by local authorities and submitted via DELTA (validations within the form will flag large year on year changes).

Any data queries or technical difficulties are dealt with via email/phone. The RA return deadline is set for early April.

## **Quality assurance principles, standards and checks by data suppliers**

The Revenue Account (RA) Budget data is provided by local authorities and the Department does not have full oversight of their systems and quality procedures. We provide clear guidance which is also published on GOV.UK. Data received by the Department undergoes an extensive validation and imputation processes which is set out in Figure 1.

## **Producers' QA investigation and documentation**

Whilst providers are expected to carry out their own checks before the data is submitted for this publication, further quality assurance is carried out once the data is received by the responsible statistician for this publication.

Validations are run on data by DLUHC looking for:

1. Unit errors
2. Missing data
3. Incorrect signage
4. Inconsistency within the return
5. Comparisons to data available elsewhere
6. Large year on year changes
7. Missing or inadequate comments/explanations
8. Outliers (values that are unusually large for the type of authority)

Data quality challenges are then issued to local authorities. Local authorities then amend data and/or provide explanations.

The data, report and tables are independently quality assured by another statistician in the production team. The dataset is then locked down, further final checks are performed to the final end. These checks use a clear checklist approach to ensure the figures are consistent across the release and accompanying drop down tables, with each check being systematically signed off when it has been completed. This is then published in late July.

## **Response Rate and Imputation**

The information for 2022-23 in this release is derived from the Department for Levelling Up, Housing and Communities (DLUHC)'s Revenue Account (RA) forms and is based on returns from 417 local authorities in England and 8 imputed records.

These authorities are flagged in the RA and SG Live drop-down tables with an 'S' beside their name. The data from these imputed records were estimated using adjusted 2021-22 budget data, 2021-22 Business Rates and 2022-23 data for Council Tax and some grants



where 2022-23 data were readily available in time.

## Definitions

Key technical terms for this release are as follows:

**Aggregate External Finance** – This 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 of 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** – This 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** – This is the main channel of government funding. This includes

**Greater London Authority (GLA) Group** – This includes the GLA (the Mayor of London and London Assembly) and its five constituent functional bodies; the Mayor's Office for Policing and Crime (MOPAC), the London Fire Commissioner (LFC), Transport for London (TfL), the London Legacy Development corporation (LLDC) which administers Queen Elizabeth Olympic Park, and the Old Oak and Park Royal Development Corporation (OPDC). Transactions in their General Fund Revenue Account are reported by the GLA and the five functional bodies as a group.

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

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

**Net Current Expenditure** – see **Current Expenditure**

**Reserves** – These are 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.

Non-ringfenced revenue reserves comprises of unallocated reserves and other earmarked reserves. Local authorities often earmark reserves to meet known financial commitments and to mitigate known risks. As reserves of this type cannot be used without putting wider service delivery at risk, most local authorities will have significantly lower usable revenue reserves than their non-ringfenced revenue reserves balance would imply. It is not possible to identify usable revenue reserves in the current release.

**Retained income from the Rate Retention Scheme** – Since 2017-18 some local authorities have been able to retain 100% of their business rates revenue as part of their Devolution deal. In 2017-18, the local share for London boroughs was also increased to 67% to reflect additional functions given to the GLA. In 2018-19 and 2019-20, some local authorities participated in pilots to retain an increased share of revenue for that year only. For 2018-19, this was 100% and in 2019-20, this was 75% retention. These business rates pilots have now ended.

**Revenue expenditure** – Revenue expenditure involves accounting for other current expenditure in addition to service expenditure and non-current expenditure. Other current expenditure includes housing benefits paid to residents, any money passed down to parish councils through local precepts and any additional levies and adjustments charged during the year. It excludes expenditure financed by grants outside **Aggregate External Finance**. Revenue expenditure is financed by grants inside Aggregate External Finance, council tax and authorities' reserves.

**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.

## Revisions policy

This policy has been developed in accordance with the UK Statistics Authority's Code of Practice for Statistics and the Department for Levelling Up, Housing and Communities Revisions Policy and can be found at <https://www.gov.uk/government/publications/statistical->

[notice-dclg-revisions-policy](#)

It covers two types of revisions that the policy covers, as follow:

## 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.

## Other information

### Uses of the data

Data in this Statistical Release are essential for providing the Secretary of State for Levelling Up, Housing and Communities, Ministers, HM Treasury and the Office for National Statistics with the most up to date and comprehensive information available on local authority revenue spending for decision making. They are used by the Office for National Statistics in compiling Public Sector Finances and National Accounts, which are used to set fiscal and monetary policy.

Data collected are an important source for the department to create evidence based policy, make financial decisions and answer parliamentary questions. They are used by local authorities and their associations, regional bodies, other government departments, academics, research organisations, members of the business community and the general public.

The release allows for trends in funding for different local authority services and types to be identified over a period of years when compared with previous releases. Local authorities can also compare their own spending with the aggregated figures presented here or with the equivalent data for individual local authorities. However, caution should be

taken in comparing figures across years prior to 2013-14 due to changes in responsibilities. There were a number of changes to local government expenditure and financing in 2014-15 which have an impact on the figures in this release:

**Education Services;** expenditure on education services from 2014-15 is not comparable to previous years due to a number of schools changing their status to become academies, which are centrally funded rather than funded by local authorities. As a result of this discontinuity, total net current expenditure is not comparable from 2013-14 and the years beyond.

**Children's Social Care;** local authority expenditure on 'services to young people' 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 the years beyond.

**Public Health Grant;** the Health and Social Care Act 2012 transferred substantial duties to local authorities from 2013-14 to protect and improve the public's health and reduce health inequalities. Local Authorities were given a ring-fenced grant to improve outcomes for the health and wellbeing of their local populations through Public Health England.

**Business Rates Retention;** from April 2013 local authorities, except police authorities, could retain a share of their business rates and keep the growth of that share, this impacted the amount of business rates authorities retained in 2013-14. In addition to this since 2017-18 some local authorities have been able to retain 100% of their business rates revenue as part of their Devolution deal. In 2017-18, the local share for London boroughs was also increased to 67% to reflect additional functions given to the GLA. In 2018-19 and 2019-20, some local authorities participated in pilots to retain an increased share of revenue for that year only. For 2018-19, this was 100% retention and in 2019-20, this was 75% retention. These business rates pilots have now ended

**Police Grant;** police authorities, which are not part of the rates retention scheme, started receiving all of their funding through a police grant in 2013-15.

## Devolved administration statistics

Scotland, Wales and Northern Ireland have different local government structures and funding to those in England. Their finance statistics are therefore also different, and cannot be meaningfully compared with the statistics for England. However, information on local government funding within the devolved administrations is available – some of the most useful sources are listed below.

Scotland:

- [The Scottish Local Government Finance Statistics](#)
- [Local Government Finance: Facts and Figures 2013-14 to 2019-20](#)
- [Local Government 2021-22 Provisional Outturn and 2022-23 Budget Estimates](#)

Wales:

- [Local Government Finance](#)
- [Revenue Budgets and Financing](#)
- [Central Funding Settlement](#)
- [CIPFA Revenue Statistics for England and Wales](#)

Ireland:

- [The Northern Ireland Audit Office](#)
- [Overview of Local Authorities](#)

## 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 contact given in the first page of the release.

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>

DLUHC engages with the CLIP Finance (CLIP-F) group, which is a consultative group made up of other government departments, local authorities and stakeholders to consider 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.

Comments and feedback from end users for further improvement or about your experiences with this product will be welcome. Please be in touch via:

[Lgf1.revenue@levellingup.gov.uk](mailto:Lgf1.revenue@levellingup.gov.uk)

## Notes

This Statistical Release and previous publications can be accessed from: [Local authority revenue expenditure and financing](#).

Timings of future releases can be found at: [Statistics at DLUHC](#) and at: [Research and statistics](#).

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