



10 September 2013

Quarterly revenue expenditure outturn for local authorities in England: April - June 2013-14

- Total net current expenditure for quarter 1 of the financial year 2013-14 is estimated to be £28.06bn and the forecast for the whole year is £115.37bn
- Forecast net current expenditure is 1.5 per cent lower than the equivalent budget figure (£117.09bn) reported by local authorities prior to the beginning of the financial year.
- The quarter 1 net current expenditure is 24.0 per cent of the initial reported budget figure for 2013-14 of £117.09bn.

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Responsible Statistician:

Jo Coleman

Statistical enquiries:

Office hours: 0303 444 2141

QRO@communities.gov.uk

Media Enquiries:

0303 444 1201

press@communities.gov.uk

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Introduction

This statistical release provides quarterly revenue expenditure outturn data for local authorities in England, for quarter 1 of the financial year 2013-14 (April to June 2013), and compares it to revenue account data for the same financial year. The data are drawn from Quarterly Revenue Outturn (QRO) forms and Revenue Account (RA) forms requested from all of the 444 authorities in England. To conform to National Accounts principles, these figures are provided on a non International Accounting Standard 19 (IAS19) and a PFI “off balance sheet” basis, unless otherwise stated.

The release has been compiled by the Local Government Finance: Data Collection, Analysis and Accountancy Division of the Department for Communities and Local Government.

- Authorities in England submit budget data to the Department before the start of each financial year on the Revenue Account (RA) form, and Revenue Outturn (RO) data after the end of the year.
- The Quarterly Revenue Outturn (QRO) data, which are collected following quarters 1, 2 and 3 of the financial year, provide an early indication of local authority revenue expenditure outturn. Historically, outturn on revenue spending has differed from initial (RA) budget.
- The QRO figures in this release are based on valid returns from 440 authorities. Authorities whose data are missing or invalid are listed in the strengths and limitations of the data section on page 8. Where authority information is missing or invalid, figures have been imputed for the purpose of calculating aggregate figures, as described in the methodology section of this release.
- This release provides the first estimate of financial quarter 1 revenue expenditure outturn data. Authorities will have the opportunity to revise their quarter 1 data following quarter 2, and an update of these figures will then be published.
- Throughout this release, comparisons are made between the budget (RA) figures submitted by authorities and their QRO outturn figures. It is important to note that the RA figures are a snapshot produced by authorities at a single point prior to the financial year. The purpose of the comparison is to update the expected expenditure data with actual expenditure data and give a clearer picture of what authorities are spending over the year. A difference between the budget figure and the outturn figure does not necessarily represent an over- or under-spend.

1. Quarterly revenue outturn by service

Table 1 shows the estimated quarterly revenue outturn data for the quarter 1 of the financial year 2013-14 at a national level compared to the RA figure.

- Nationally, net current expenditure for the quarter is estimated at £28.06bn which is 24.0 per cent and therefore less than a quarter, of the comparable budgeted (RA) figure.

Table 1: Estimated Quarterly Revenue Outturn data for England Q1 2013-14

| Expenditure (£m) | QRO line | Q1 Outturn | 2013-14 | |
|------------------|--|---------------|------------------|--------------------------|
| | | | Budgeted (RA) | % of Budget figure |
| 1, 2 | General Public Services | 679 | 2,537 | 26.8 |
| 3 | Defence | 12 | 52 | 22.7 |
| 4, 5 | Public order and Safety | 3,360 | 13,764 | 24.4 |
| 6, 7, 8 | Economic Affairs | 1,145 | 5,374 | 21.3 |
| 9 | Environmental Protection | 1,031 | 4,599 | 22.4 |
| 10, 11, 12 | Housing and Community Amenities | 377 | 1,749 | 21.6 |
| 13, 14 | Health | 542 | 2,699 | 20.1 |
| 15 | Recreation, Culture and Religion | 631 | 2,663 | 23.7 |
| 16 | Education | 7,072 | 29,916 | 23.6 |
| Imputed | Non-pay element of schools expenditure | 2,191 | ... | ... |
| 17, 18 | Social Protection | 5,525 | 23,089 | 23.9 |
| 19 | Non-distributed costs: retirement benefits | 143 | 632 | 22.6 |
| 20 | Non-distributed costs: Costs of unused shares of IT facilities and other assets | 4 | 19 | 22.9 |
| 21 | Non-distributed costs: Revenue expenditure on surplus assets | 2 | 5 | 31.7 |
| 22 | Other Services (exclude Public health) | 133 | 550 | 24.2 |
| 23 | TOTAL SERVICE EXPENDITURE (TOTAL OF LINES 1 TO 22)^(a) | 22,847 | 96,526 | 23.7 |
| 24 | Housing benefits: rent allowances - mandatory payments | 3,908 | 15,642 | 25.0 |
| 25 | Housing benefits: non-HRA rent rebates - mandatory payments | 132 | 536 | 24.6 |
| 26 | Housing benefits: rent rebates to HRA tenants - mandatory payments | 1,067 | 4,296 | 24.8 |
| 27 | Housing benefits: subsidy limitation transfers from HRA | 2 | 11 | 19.3 |
| 28 | Contribution to the HRA re items shared by the whole community | 3 | 15 | 17.8 |
| 29 | Parish precepts | 118 | 367 | 32.1 |
| 30 | Integrated Transport Authority levy ^(b) | -11 | n/a | n/a |
| 31 | Waste Disposal Authority levy ^(b) | 3 | n/a | n/a |

³ Quarterly Revenue Outturn For Local Authorities In England: April – June (Q1) 2013-14, Statistical Release

Table 1: Estimated Quarterly Revenue Outturn data for England Q1 2013-14

| Expenditure (£m) | Q1 Outturn | 2013-14 | | % of Budget figure |
|--|-----------------------|--------------------------|--------------|-----------------------------------|
| | | Budgeted (RA) | | |
| 32 London Pensions Fund Authority levy | 6 | 25 | 24.7 | |
| 33 Other levies | 13 | 27 | 46.4 | |
| 34 External Trading Accounts net surplus(-)/ deficit(+) (Line 34) | -73 | -226 | 32.4 | |
| 39 Capital charges included in External Trading Accounts (Line 34) | 7 | -62 | -10.8 | |
| 35 Internal Trading Accounts net surplus(-)/ deficit(+) (Line 35) | 40 | -50 | -79.5 | |
| 40 Capital charges included in Internal Trading Accounts (Line 35) | -2 | -76 | 2.8 | |
| 36 Adjustments to net current expenditure | 9 | 65 | 13.6 | |
| 37 Appropriations to(+) / from(-) Accumulated Absences Account | -1 | -6 | 15.1 | |
| 38 NET CURRENT EXPENDITURE (TOTAL OF LINES 23 TO 37)^(a) | 28,062 | 117,091 | 24.0 | |
| 41 Interest payable and similar charges | 625 | 2,928 | 21.3 | |
| 42 Interest receivable ^(c) | -105 | -417 | 25.2 | |
| (a) Includes non-pay element of schools expenditure imputed from RA returns. | | | | |
| (b) This levy should net out to zero across the year. The fact that it does not do so for the outturn figure(s) is likely to be due to timing differences and estimation on the part of authorities. | | | | |
| (c) The negative figure denotes income. | | | | |

2. In-year forecasts

In-year forecasts (predicted outturn for the whole year) are provided for a number of lines on the QRO form. Table 2 shows these figures at a national level for total service expenditure and net current expenditure and compares them to the budget (RA) figures provided before the start of the financial year.

Forecast expenditure for 2013-14 is less than the budgeted figure reported in the RA forms at the start of the year. Annual expenditure forecasts submitted via the quarter 1 QRO return often differ slightly from the budget figures; in 2011-12 the annual forecasts were lower than budget and in 2012-13 they were very slightly higher.

- The in-year forecast for total service expenditure is 98.3 per cent of the RA figure for the year.
- The in-year forecast for net current expenditure is 98.5 per cent of the RA figure.

Table 2: Forecast Revenue Outturn data for England at Q1 2013-14

| Expenditure (£m) | 2013-14 Forecast Outturn (QRO) ^(a) | 2013-14 Budgeted (RA) figure | Percentage change from RA |
|---|--|---------------------------------------|---------------------------------|
| 23 TOTAL SERVICE EXPENDITURE | 94,865 | 96,526 | -1.7% |
| 38 NET CURRENT EXPENDITURE | 115,368 | 117,091 | -1.5% |
| 41 Interest payable and similar charges | 2,836 | 2,928 | |
| 42 Interest receivable ^(b) | -436 | -417 | |

(a) Forecast includes non-pay element of schools expenditure imputed from RA returns.
(b) The negative figures denote income.

3. Quarterly revenue outturn by class of authority

Table 3 shows total net current expenditure (including the imputed non-pay element of schools expenditure) for quarter 1, the in-year forecast, and the comparable RA figure, by class of authority.

- For non-levying authorities the in-year forecast outturn ranges from 96.8 per cent of the RA figure for Greater London Authority to 99.5 per cent for Shire Districts.
- For non-levying authorities, quarter one outturn ranges from 22.2 per cent of the in-year forecast for Greater London Authority to 25.0 per cent for Police Authorities.

Table 3: Total net current expenditure by class of authority, 2013-14

| Total net current expenditure (£m) | Quarter 1 outturn | 2013-14 Forecast Outturn (QRO) | 2013-14 Budgeted (RA) figure | Q1 outturn as percentage of in-year forecast | In-year forecast as percentage of RA |
|------------------------------------|-------------------|--------------------------------|------------------------------|--|--------------------------------------|
| ENGLAND | 28,062 | 115,368 | 117,091 | 24.3 | 98.5 |
| <u>Class of authority</u> | | | | | |
| London Boroughs | 5,038 | 20,555 | 20,784 | 24.5 | 98.9 |
| Greater London Authority | 1,115 | 5,026 | 5,194 | 22.2 | 96.8 |
| Metropolitan Districts | 5,783 | 23,679 | 23,905 | 24.4 | 99.1 |
| Unitary Authorities | 5,353 | 22,292 | 22,649 | 24.0 | 98.4 |
| Shire Counties | 6,245 | 25,498 | 25,991 | 24.5 | 98.1 |
| Shire Districts | 2,170 | 8,719 | 8,760 | 24.9 | 99.5 |
| Police Authorities | 2,017 | 8,071 | 8,267 | 25.0 | 97.6 |
| Fire Authorities | 343 | 1,434 | 1,442 | 23.9 | 99.4 |
| Other Authorities ^(a) | -3 | 94 | 99 | -3.2 | 95.7 |

(a) Other authorities include park, passenger and waste authorities. These authorities levy and so expenditure will be offset by levy income within the financial year.

Accompanying table

An additional table has been produced at local authority level for authorities who submitted valid data. This is not included in the printed version of this release. It is available on the Department's website at:

[http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/revenue201314/\).](http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/revenue201314/)

and shows quarter 1 outturn data and in-year forecast data at local authority and class of authority level.

Methodology

This release compares QRO data with RA data. The forms are not directly comparable and so, in order to make the comparison, relevant RA lines have had to be aggregated to provide a comparison to each QRO line. A mapping document which shows the relationship between lines on the RA, RO and QRO forms is available online at
[http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/revenue201314/\).](http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/revenue201314/)

The non-pay element of schools expenditure is not a mandatory part of the QRO collection. Where an education authority does not provide this figure, it is imputed from the 2013-14 RA figure and the 2011-12 RO figure. This non-pay element is taken to be the proportion of RA line 190 (total schools expenditure) for each authority which is deemed likely to apply to schools' non-pay (see section on non-pay below), multiplied by the percentage determined below which converts it to a quarterly figure.

Aggregate national and class of authority figures are produced by using imputed figures for any authority which failed to submit its form by the deadline for inclusion in this release, or for which the form was received but contained significant data quality issues which could not be resolved with the authority in time for publication.

The imputed figures for such authorities are taken to be a percentage of the comparable Revenue Account (RA) figures submitted for the financial year. This is the Q1 outturn figure as a percentage of the comparable RA figure for valid authorities. For this release, this percentage was calculated to be 23.9 per cent. This methodology assumes that the missing authority's outturn is in keeping with its budgeted expenditure and that its expenditure in the current quarter, as a percentage of its budgeted expenditure for the year, is the same as that for authorities for which validated QRO data are available. As the RA and QRO lines are not identical, RA lines have been aggregated to form a comparison with the relevant QRO line.

In order to estimate the education line (line 16) for authorities with missing or invalid data, both RA and RO (Revenue Outturn) figures are used. The 2011-12 RO for each authority is used to determine the percentage of its total net current expenditure on schools which is made up of employee costs. This percentage is applied to the RA figure for total net current expenditure on schools to estimate the employee element of this expenditure, and is added to RA lines 150 and 160 (services to young people and other community learners, and other strategic functions) to produce an estimate of the annual QRO education figure for the authority. The quarterly figure is then estimated by applying to this annual figure the percentage described above.

Similarly, the non-pay element of schools' expenditure is calculated by taking the remaining portion of the RA figure and estimating the quarterly figure for education as described in the paragraph above. This calculation is carried out for all education authorities who did not explicitly supply a non-pay figure on the Q1 return, and the figures are reported separately in Table 1.

Where imputation methodology has been applied to an authority for the purpose of producing aggregate figures, no data are published for that authority in the online LA-level table (available at <http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/revenue201314/>).

Strengths and limitations of the data

The QRO data provide a timely indication of revenue expenditure at local authority level, giving an earlier indication than was previously possible using only the RO data collected after year-end.

The data are limited by certain factors, as outlined below.

- a. Local authorities are asked to work to a level of materiality of £1m for all lines except 34, 35, 39 and 40 (trading account lines), for which the materiality level is £5m.
- b. For the purposes of the QRO return, authorities are asked to estimate the apportionment of central service charges to the appropriate service lines on an accrued basis. However, the majority of authorities do not undertake this apportionment formally until year end. There is a large difference, therefore, between the RA and QRO for line 2 within General Public Services, as authorities have either had to estimate the apportionment or have not undertaken any apportionment of recharges in their return (instead including all costs in line 2 of the return).
- c. The non-pay element of schools expenditure is not a mandatory element of the QRO collection, and is imputed from the RA form as outlined in the methodology section of this release where not provided by the authority. This methodology assumes that the spending pattern for this type of expenditure is the same as the average spending pattern of valid authorities across all lines on the form.
- d. Where authorities fail to submit a return, or where, at the point of publication, significant data quality issues remain, figures for the authority are imputed for the purpose of calculating aggregate figures. This imputation relies on a number of assumptions, including that the authority's expenditure remains in line with its budget and that the proportion of its expenditure occurring in the current quarter is equal to the same proportion for validated authorities. **0.9 per cent of the quarter 1 2013-14 net current expenditure estimate for England is comprised of imputed values.**
- e. Authorities for whom data were not received at the point at which this release was finalised were: Northampton, Ryedale and Thurrock. In addition, data for Camden had been received, but had not passed all validation checks and so were not included.

Technical notes

Data quality

The information in this Statistical Release is derived from Department for Communities and Local Government Quarterly Revenue Outturn (QRO) returns submitted by local authorities in England. All local authorities are required to complete all relevant parts of the QRO return.

Figures are subjected to rigorous pre-defined validation tests as the data are received and stored, and queries are followed up with authorities prior to publication.

The release document, once prepared, is also subject to intensive peer review before being cleared as fit for the purposes of publication.

It should be recognised that this is the seventh time that QRO data have been collected from authorities on a statutory basis. Data quality can be expected to improve as an increase in the amount of data available provides more options for validation checks.

Uses made of the data

The purpose of the QRO collection is to improve the economic data used for fiscal monitoring by HM Treasury and the data used to monitor changes in the wider economy which are maintained by the Office for National Statistics. This in turn supports the Government's aims of maintaining sound public finances and macroeconomic stability. Improving the local authority data provided to central government is a key part of this.

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

Terminology used in this release

A list of terms relating to local government finance is given in the glossary at Annex G of Local Government Finance Statistics England No. 23 2013. This is accessible at <https://www.gov.uk/government/publications/local-government-financial-statistics-england-2013>. The terms most relevant to 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.

Classification of the Functions of Government (COFOG) codes provide a standard means of referring to services provided by government. Further detail on what is covered by each COFOG code is available from the UN Statistics Division (link below). COFOG-1 codes (the highest level of the hierarchy) are used on the QRO form.
(<http://unstats.un.org/unsd/cr/registry/regcst.asp?CI=4>).

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**.

International Accounting Standard 19 (IAS 19). Local authorities' final accounts are required to comply in full with International Accounting Standard 19 on employment benefits. This requires future liabilities for retirement benefits to be recognised in the accounts for all the main categories of local government employees, with the exception of teachers. However, for National Accounts purposes, the cost of retirements is taken to be the benefits and contributions actually payable in the year.

PFI schemes in accordance with the International Financial Reporting Standards (IFRS).

Under the International Financial Reporting Standards (IFRS), assets provided under PFI schemes are normally shown on the authority's balance sheet. Local authorities are required to account for their PFI schemes on the IFRS basis. For National Accounts purposes, however, PFI schemes are accounted for on an "on balance sheet" basis only where economic ownership of the asset rests with the authority. **Economic ownership** for national accounts purposes is determined by whether the local authority or the contractor has an asset of the property used to provide the contracted services. A party has an asset of the property where that party has access to the benefits of the property and exposure to the risks inherent in those benefits.

Notes

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

<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/revenue201314/>.

Timings of future releases are regularly placed on the Department's website,

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics#forthcoming-publications>

and on the National Statistics website,
<http://www.statistics.gov.uk/hub/release-calendar/index.html>

Guidance notes, which accompany each form sent to local authorities, can be found at:

<https://www.gov.uk/government/policies/making-local-councils-more-transparent-and-accountable-to-local-people/supporting-pages/quarterly-revenue-outturn>

For a fuller picture of recent trends in local government finance, readers are directed to Local Government Finance Statistics England No. 23 2013, which is available electronically from the Department for Communities and Local Government website.

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

Quarterly capital statistics are published for England and are available at the following web link:

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-local-government-finance>

Revenue Account (RA) and Revenue Outturn (RO) data for England are available at the following web link:

<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/>

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>

Symbols and conventions

Symbols

- ... Not available
- 0 Zero or negligible
- n/a Not applicable
- || Discontinuity
- (P) Provisional
- (R) Revised since the last statistical release

Rounding

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

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

Authorities will have the opportunity to revise their quarter 1 data following quarter 2, and an update of these figures will then be published.

Devolved administration statistics

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

Scotland:

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

Wales:

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

Northern Ireland:

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

Enquiries

Media enquiries:

office hours: 0303 444 1157

0303 444 1159

out of hours: 0303 444 1201

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

Public enquiries and Responsible Statistician:

Jo Coleman

0303 444 2141

Email: QRO@communities.gsi.gov.uk

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

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Department for Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU
Telephone: 030 3444 0000
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