



Department for
Communities and
Local Government

Local Authority Revenue Expenditure and Financing: 2015-16 Budget, England

- Revenue Expenditure is budgeted to be £95.4 billion in England in 2015-16, a decrease of 3.4% (£3.3 billion) from 2014-15.
- Local Authorities are budgeting total net current expenditure of £35.0 billion on education services in 2015-16, £21.8 billion on social care, £21.1 billion on mandatory housing benefits and £11.0 billion on police services.
- 26.0% of budgeted revenue expenditure in 2015-16 is estimated to be funded through council tax, and 12.5% is raised by authorities through the business rate retention scheme. 59.6% of budgeted revenue expenditure in 2015-16 is estimated to be funded from central Government grants. These percentages were 24.3%, 11.3% and 62.2% respectively in 2014-15.
- In 2015-16 local authorities are budgeting to draw down £2.2 billion from their reserves to finance their revenue expenditure, of which £0.7 billion is due to Greater London Authority. In 2014-15 local authorities were budgeted to draw down their reserves by £2.4 billion.



Local Government Finance
Statistical Release

15 July 2015

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Responsible Statistician:
Helen Sleight

Statistical enquiries:
office hours:
0303 444 3139
lgf1.revenue@communities.gsi.gov.uk

Media Enquiries:
0303 444 1201
press@communities.gsi.gov.uk

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Introduction

The information in this release shows how local authorities are planning to spend their money over the current financial year, for example their budgeting plans for providing social care or waste collection and disposal. 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.

The information compiled is from Department for Communities and Local Government / Chartered Institute of Public Finance and Accountancy (CIPFA) Revenue Account (RA) budget returns submitted by local authorities in England. This publication is based on returns from all 444 local authorities in England.

This release provides budget estimates of local authority revenue expenditure and financing for the financial year April 2015 to March 2016. 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. The budget estimates 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 budgeting and funding trends for different local authority services and types to be identified over a period of years. Local authorities can also compare their own budgeting plans with the aggregated figures presented here or with the equivalent data for

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

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

2 Revenue Expenditure and Financing, 2015-16 Budget, Statistical Release

individual local authorities. When read in conjunction with Revenue Outturn (RO) 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 2015-16

Education has continued to show reductions in level of expenditure in 2015-16 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.

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 expenditure 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. Budgeted Revenue Expenditure

Table 1: Budgeted expenditure and income, 2014-15 and 2015-16, England

	Net current expenditure 2014-15	Net current expenditure 2015-16	£ million	
			£ Change	% Change
Total net current expenditure	114,711	113,089	-1,623	-1.4
Revenue expenditure	98,753	95,437	-3,316	-3.4
Income	98,753	95,437	-3,316	-3.4
<i>of which:</i>				
Government Grants ^(a)	61,255	56,611	-4,644	-7.6
Retained Income from Business Rate Retention Scheme ^(b)	11,144	11,867	723	6.5
Reserves and Other Items	2,389	2,225	-165	-6.9
Council Tax Requirement	23,965	24,734	769	3.2

(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.

Net Current Expenditure

- Budgeted total revenue expenditure by local authorities in England totals £95.4 billion in 2015-16, compared with £98.8 billion in 2014-15, a decrease of 3.4%.
- Total net current expenditure decreased between 2014-15 and 2015-16 by 1.4%, from £114.7 billion to £113.1 billion. When education services are excluded (to remove the effects of schools moving to academies), total net current expenditure decreases from £78.9 billion in 2014-15 to £78.1 billion in 2015-16, a decrease of 1.0%.

Revenue Expenditure Funding

- Revenue Expenditure is budgeted to be funded through Central Government grants of £56.6 billion in 2015-16, a decrease of 7.6% compared to the £61.3 billion in 2014-15. This is expected to account for 59.6% of local authority income.
- £11.9 billion of funding is expected to come from the Business Rate Retention Scheme, an increase of 6.5% from 2014-15.
- The level of council tax funding is also expected to increase by 3.2% from £24.0 billion in 2014-15 to £24.7 billion in 2015-16. This is estimated to account for around a quarter (25.9%) of local authority funding.

2. Budgeted Revenue Expenditure by Service

Local authority expenditure is divided into different service areas, such as education, social care, public health etc. These services are budgeted for by local authorities, and the total of all service budgets 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.

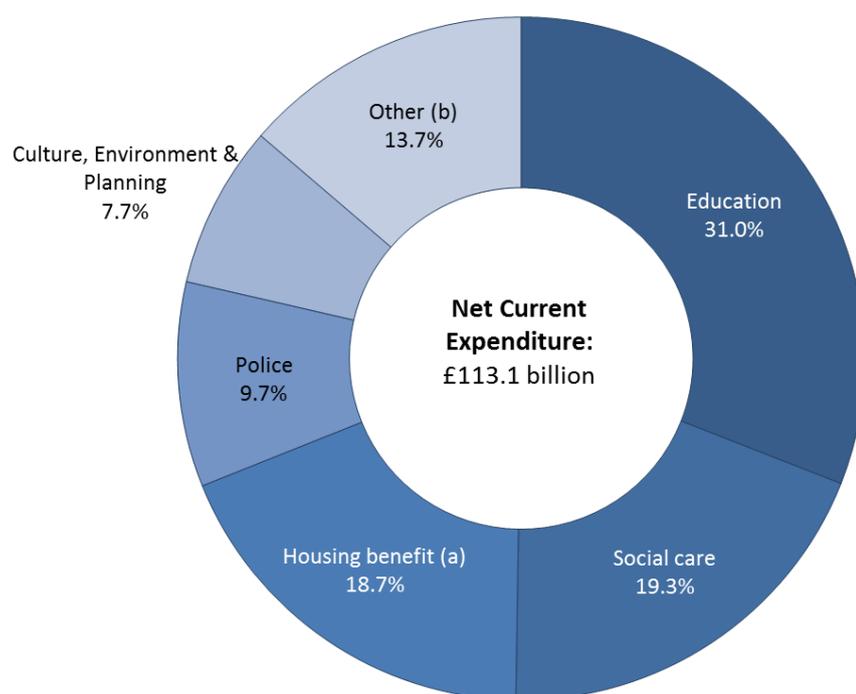
Table 2: Budgeted net current expenditure by service, 2014-15 and 2015-16, England

	Net current expenditure 2014-15	Net current expenditure 2015-16	£ million	
			£ Change	% Change
Education	35,835	34,976	-860	-2.4
Highways & transport	4,814	4,922	108	2.2
Social care	22,090	21,779	-310	-1.4
<i>of which:</i>				
<i>Children and Families Social Care</i>	7,726	7,698	-28	-0.4
<i>Adult Social Care</i>	14,364	14,081	-283	-2.0
Public Health	2,849	3,321	473	16.6
Housing (excluding Housing Revenue Account)	1,945	1,742	-203	-10.4
Cultural, environment & planning	9,029	8,695	-334	-3.7
<i>of which:</i>				
<i>Cultural</i>	2,614	2,496	-117	-4.5
<i>Environmental</i>	5,139	5,048	-91	-1.8
<i>Planning and development</i>	1,276	1,151	-125	-9.8
Police	11,121	10,951	-170	-1.5
Fire & rescue	2,123	2,080	-43	-2.0
Central services	3,686	3,112	-573	-15.6
Mandatory Housing Benefits	21,001	21,094	93	0.4
<i>of which:</i>				
<i>Rent Allowances</i>	16,069	16,156	87	0.5
<i>Rent Rebates to Non-HRA Tenants</i>	531	542	11	2.1
<i>Rent rebates to HRA tenants</i>	4,401	4,396	-6	-0.1
Other services	224	281	57	25.7
Appropriations to(+)/ from(-) accumulated absences account	-4	-6	-3	78.1
Total net current expenditure	114,711	113,089	-1,623	-1.4

- Budgeted net current expenditure on education services reduced from £35.8 billion in 2014-15 to £35.0 billion in 2015-16, a decrease of 2.4%. This is affected by a schools moving to academy status, where academies are directly funded by central government and are independent of local government control.
- Budgeted expenditure on central services has seen a reduction of 15.6%, from £3.7 billion to £3.1 billion between 2014-15 and 2015-16.

- There is a decrease in budgeted net current expenditure across most public services, between 2014-15 and 2015-16. However, public health services increased budgeted spend from £2.8 billion to £3.3 billion, an increase of 16.6%. Highways and transport is expected to increase by 2.2% to £4.9 billion in 2015-16.
- 31.0% of budgeted total net current expenditure in 2015-16 is on education, 19.3% on social care, 18.7% on mandatory housing benefits, 9.7% on police, and 7.7% on cultural, environmental and planning services. The remaining 13.7% of budgeted spending is divided into transport, public health, fire and rescue, and other local or central services. These remain consistent with the budgeted proportion of expenditure by service seen in 2014-15.

Chart A: Proportion of budgeted total net current expenditure by service, 2014-15 and 2015-16, 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 are expected to increase from £21.0 billion in 2014-15 to £21.1 billion in 2015-16.
- Rent allowances (within mandatory housing benefits), which are paid to tenants of private landlords and registered social landlords, are budgeted to increase from £16.1 billion in 2014-15 to £16.2 billion in 2015-16, an increase of 0.5%.

Non-Current Expenditure

Non-current expenditure includes a variety of financial payments necessary to balance the budget in a local authority; this includes the financing costs of capital projects paid for in the revenue account (known as CERA) or provision for bad debts.

Table 3: Budgeted revenue expenditure, 2014-15 and 2015-16, England

	Net current expenditure 2014-15	Net current expenditure 2015-16	£ million	
			£ Change	% Change
Total net current expenditure	114,711	113,089	-1,623	-1.4
<u>plus non-current expenditure</u>				
Capital financing ^(a)	4,482	4,463	-19	
Capital expenditure charged to Revenue Account	3,120	1,320	-1,801	
Discretionary Non-Domestic Rate relief				
Bad debt provision	61	57	-4	
Flood defence payments to Environment Agency	31	30	-2	
Private Finance Initiative (PFI) schemes - difference from service charge	75	4	-71	
Appropriations to(+)/ from(-) financial instruments adjustment account ^(b)	-22	-22	-1	
Appropriations to(+)/ from(-) unequal pay back pay account ^(c)	3	2		
<i>less interest receipts</i>	744	793	49	
<i>less specific grants outside AEF ^(d)</i>	22,617	22,427	-190	
<i>less Business Rates Supplement</i>	335	223	-112	
<i>less Community Infrastructure Levy</i>	40	87	47	
<i>less Carbon Reduction Commitment</i>	-28	-25	2	
Revenue expenditure	98,753	95,437	-3,316	-3.4

(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 2015-16 budget amount to £4.5 billion.
- In 2015-16, £1.3 billion has been budgeted for capital expenditure charged to the revenue account (CERA), of which £0.7 billion related to Greater London Authority (GLA). In 2014-15, £3.1 billion had been budgeted for CERA, of which £2.3 billion related to GLA. This was adjusted through the year due to changes in the GLA budget by £800 million from amendments to the Transport for London (TfL) CERA budget. Other authorities are using alternate funding routes for capital projects in 2015-16, leading to further reduction in CERA.
- Grants outside AEF have remained stable; this is largely driven by mandatory rent allowances which account for 16.9% of the £22.4 billion grants outside AEF expenditure in 2015-16.

3. Budgeted Revenue Expenditure Financing

When a local authority is estimating its budget for future revenue expenditure, it takes into account three different sources of funding: central Government funding, 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 amount they would draw down from 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 Funding

- The funding of central government grants amounted to £68.5 billion in 2015-16, a decrease from £72.4 billion in 2014-15. This comprised of specific grants inside Aggregate, Local Services Support Grant and funding through the Settlement Grant.
- Specific grants inside Aggregate External Finance are estimated to decrease from £40.8 billion in 2014-15 to £39.7 billion in 2015-16. The majority of this decrease is due to Dedicated Schools Grant, which decreased from £29.5 billion in 2014-15 to £28.7 billion in 2015-16.
- Funding through the Settlement Grant (Revenue Support Grant, retained income from Rate Retention Scheme and Police grant) totals £28.8 billion in 2015-16, a decrease from £31.6 billion in 2014-15.

Reserve Levels

- In 2015-16 local authorities are budgeting to draw down £1.8 billion from their reserves to finance their revenue expenditure, of which £0.7 billion is due to Greater London Authority. In 2014-15 local authorities were budgeted to draw down their reserves by £2.1 billion.
- In 2015-16 for non-ringfenced reserves (i.e. excluding school and public health reserves): 31.1% of local authorities in England are budgeting to add to their reserve levels, 53.8% to draw down from their reserves and 15.1% with no change. If comparing to 2014-15, 32.7% budgeted to add to their reserve levels, 58.3% budgeted to draw down from their reserves and 9.0% had no change.

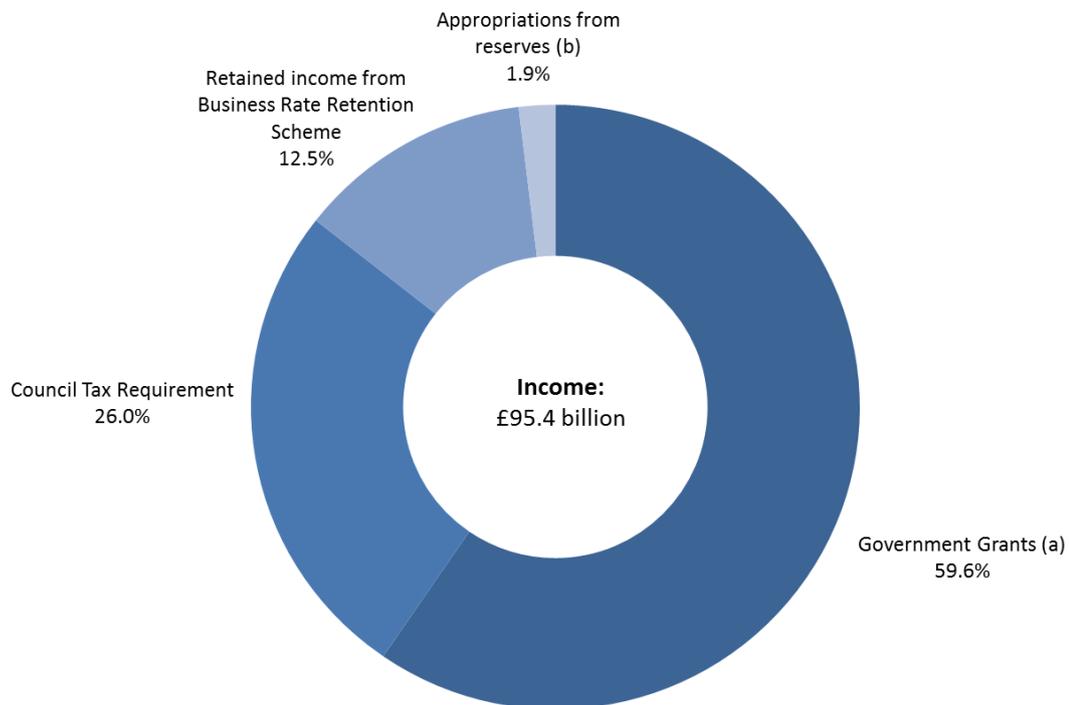
Council Tax Requirement

- In 2015-16 the council tax requirement is increasing by 3.2% to £24.7 billion, from £24.0 billion in 2014-15.

Table 4: Budgeted revenue expenditure and financing, 2014-15 and 2015-16, England

	£ million			
	Revenue expenditure 2014-15	Revenue expenditure 2015-16	£ Change	% Change
Revenue expenditure	98,753	95,437	-3,316	-3.4
financed by:				
Total Government Funding				
Specific grants inside AEF	40,763	39,653	-1,110	-2.7
Local Services Support Grant (LSSG)	33	28	-6	-16.7
Funding through the Settlement Grant	31,603	28,798	-2,805	-8.9
<i>of which:</i>				
Revenue Support Grant	12,675	9,509	-3,165	-25.0
Retained income from Business Rate Retention Scheme	11,144	11,867	723	6.5
Police Grant	7,784	7,421	-363	-4.7
Reserves and Other				
Appropriations to (+) / from (-) revenue reserves (including school reserves)	2,107	1,834	-273	-12.9
Other items	281	392	111	39.3
Council tax requirement	23,965	24,734	769	3.2

Chart B: Budgeted financing of revenue expenditure, 2015-16, England



(a) Government Grants includes: Specific Grants inside AEF, Local Services Support Grant, Revenue Support Grant and Police Grant.

(b) Appropriations from reserves includes cash drawn from school, public health and non-school reserves.

Table 5 shows the funding of budgeted revenue expenditure in terms of government grants, redistributed non-domestic rates, retained income from rate retention scheme, and council taxes for the last five years.

- Since 2013-14 the planned proportion of revenue expenditure retained locally by authorities has increased from little over a quarter to little over a third.

Table 5: Financing of revenue expenditure since 2011-12, England									
£ million									
	Revenue Expenditure (£ million)	Centrally distributed income				Locally retained income			
		Government grants (£ million)	% of total	Redistributed non-domestic rates (£ million)	% of total	Retained income from Business Rate Retention Scheme (£ million)	% of total	Council tax (£ million)	% of total
Outturn									
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
Budget									
2014-15	98,753	61,255	62.0	N/A	N/A	11,144	11.3	23,965	24.3
2015-16	95,437	56,611	59.3	N/A	N/A	11,867	12.4	24,734	25.9

4. Distribution of Revenue Expenditure and Income, by Local Authority

Analysing the data at local authority level the changes in budgeted expenditure highlights the level of variance across England.

- The Greater London Authority has seen the largest change in their funding with a decrease of 22%, a budgeted decrease of £1.6 billion in cash terms. In 2014-15, £2.3 billion had been budgeted for CERA, by the GLA. This was adjusted through the year due to changes in the GLA budget by £800 million from amendments to the Transport for London (TfL) CERA budget. This accounts for a large proportion of the year on year change seen in the GLA.
- ‘Other authorities’ were the only authority type to have a budgeted increase of funding between 2014-15 and 2015-16, with an increase of 6%, but this was only £0.02 billion in cash terms.
- Revenue Expenditure per head is estimated to decrease from £1,833 in 2014-15 to £1,757 in 2015-16.

Table 6: Revenue expenditure by class of authority 2014-15 and 2015-16

Class of authority	2014-15	2015-16	£ billion	
			Change	% change
Greater London Authority	7.3	5.7	-1.6	-22%
Inner London Boroughs	6.1	5.9	-0.2	-3%
Outer London Boroughs	8.5	8.4	-0.1	-1%
Unitary Authorities	18.2	17.5	-0.6	-3%
Metropolitan Districts	19.5	18.9	-0.7	-3%
Shire Counties	26.0	26.0	-0.1	0%
Shire Districts	3.0	3.1	0.0	0%
Police Authorities	8.3	8.2	-0.1	-1%
Fire Authorities	1.5	1.5	0.0	-2%
Other authorities ^(a)	0.3	0.3	0.0	6%
England	98.8	95.4	-3.3	-3%
Revenue expenditure per head (£) ^(b)	1,833	1,757	-76.3	-4%

(a) Includes Waste Authorities, Transport Authorities and National Park Authorities

(b) From ONS mid-year population estimates for 2014

Table 7 shows the funding of budgeted revenue expenditure in terms of government grants, redistributed non-domestic rates, retained income from rate retention scheme, and council taxes across the different local authority class types. From this breakdown we are able to understand the importance of different funding streams to the different authorities.

- Greater London Authority (GLA), proportionally, requires the lowest amount of council tax to finance their revenue expenditure, at 14.1%.
- If we exclude "Other Authorities", Police Authorities have the highest percentage of revenue expenditure which is being financed by central government grants, at 70.0%, followed by Inner London Boroughs, at 65.5% for Inner London Boroughs and 63.8% for Outer London Boroughs.
- Shire Districts are most reliant on council tax as a source of funding, with almost half (49.3%) of revenue expenditure from this area. Shire Districts provide different services to other types of authorities that are not included within central Government funding calculations. Fire Authorities follow Shire Districts and rely on 48.6% of their funding from their council tax precept.

Table 7: Financing of revenue expenditure in 2015-16 by local authority classification

£ million

Local Authority Class	Financing components of Revenue Expenditure ^(a)						
	Revenue Expenditure	Government Grants ^(b)		Retained income from Rate Retention Scheme ^(c)		Council Tax ^(d)	
		Total	% of Revenue Expenditure	Total	% of Revenue Expenditure	Total	% of Revenue Expenditure
Greater London Authority	5,690	3,166	55.6%	1,014	17.8%	801	14.1%
Inner London Boroughs	5,877	3,851	65.5%	1,033	17.6%	837	14.2%
Outer London Boroughs	8,431	5,378	63.8%	1,037	12.3%	1,892	22.4%
Unitary Authorities ^(e)	17,533	10,194	58.1%	2,416	13.8%	4,716	26.9%
Metropolitan Districts	18,869	11,918	63.2%	2,886	15.3%	3,643	19.3%
Shire Counties	25,957	14,815	57.1%	2,494	9.6%	8,326	32.1%
Shire Districts	3,057	899	29.4%	645	21.1%	1,508	49.3%
Police Authorities	8,228	5,760	70.0%	0	0.0%	2,289	27.8%
Fire Authorities	1,486	390	26.3%	343	23.1%	722	48.6%
Other Authorities ^(f)	309	241	78.1%	0	0.0%	0	0.0%
ENGLAND	95,437	56,611	59.3%	11,867	12.4%	24,734	25.9%

(a) Other items and use of reserves have not been included, although they part finance revenue expenditure. Therefore percentages would not add to 100% because of these missing elements

(b) Central Government Grants includes Local Services Support Grant, Specific Grants inside Aggregate External Finance, Revenue Support Grant and Police Grant

(c) Retained income from 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.

(d) Council Tax Requirement is the amount local authorities expect to collect from all domestic properties within their boundary, including parish and town councils.

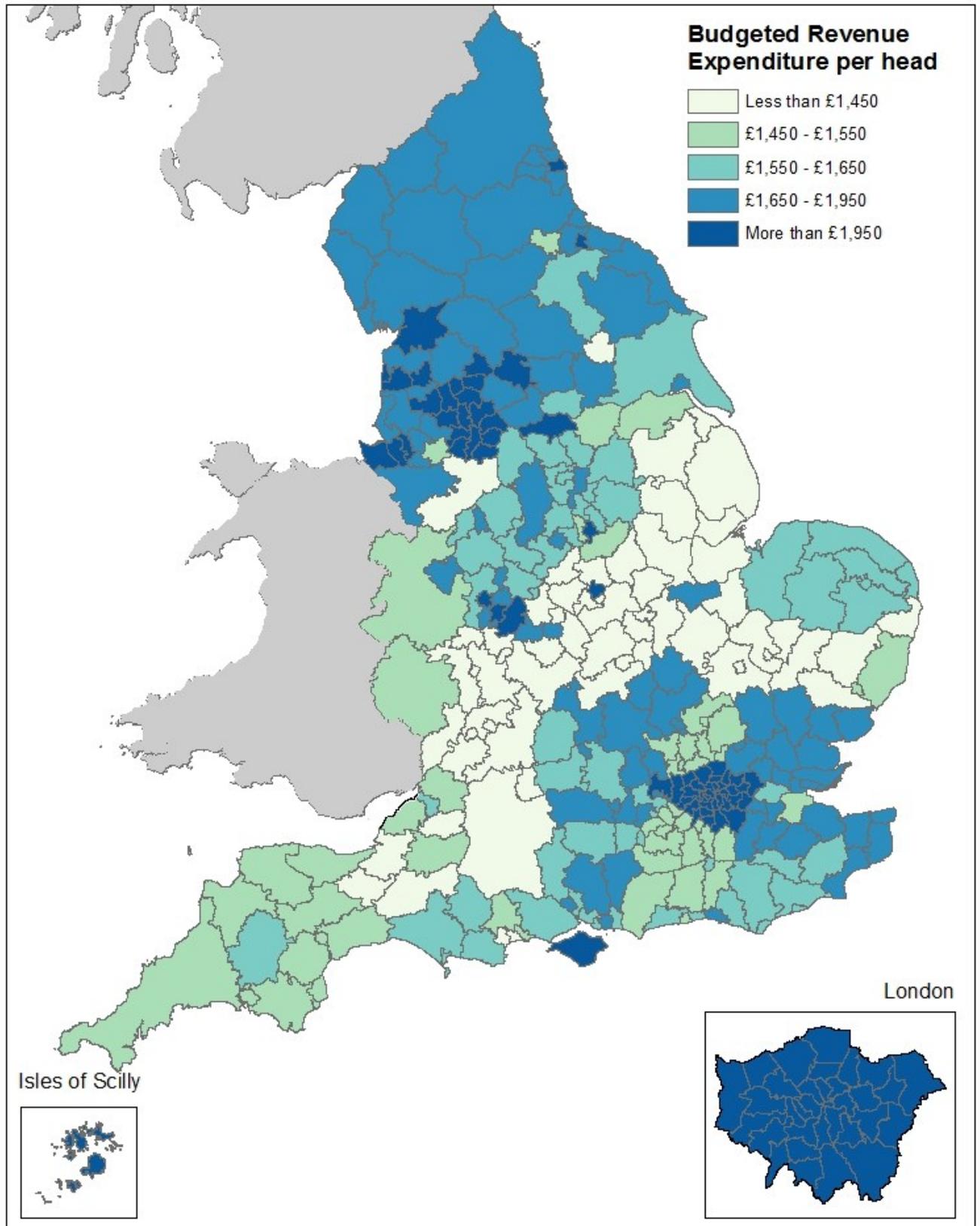
(e) Unitary Authorities includes Isle of Scilly.

(f) Other authorities comprise of Waste Disposal Authorities (WDA), Integrated Transport Authorities (ITA) and National Park Authorities. For WDA and ITA, the core financing of their service expenditure comes from Waste Disposal and Integrated Transport levies respectively, funded by their constituent authorities, which is already included in revenue expenditure.

Map A shows the range of spending by each local authority across England.

- Revenue expenditure per head is generally highest in London and parts of the North, such as surrounding Liverpool, Manchester, and Birmingham. It is lowest in the central and southern parts of England.

Budgeted Revenue Expenditure per head by local authority, 2015-16, England



Produced by the Local Government Finance Team

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Data Sources

OS Boundary-Line, Budget Revenue Expenditure,
ONS Mid-Year Population Estimates

5. Budgeted Income from Specific Grants

Grants are an additional means of providing service in local authorities and between two different types: inside and outside Aggregate External Finance (AEF). The differentiation is in respect to the amount of control the authority has upon how the grant is subsequently spent. Grants inside AEF are given by specific Government departments and administered by the local authority within the service area described by the grant. Grants outside AEF are given by individual Government departments, but the local authority acts as a mediator, passing the grant onto a third party to administer.

Details on all income from specific grants can be found in **Specific Grants and Revenue (SG) table on the website**.

- In 2014-15, Dedicated Schools Grant (DSG), which is ring-fenced, was budgeted to account for 29.8% of all revenue expenditure, highlighting the size of education spending in a local authority's budget. In 2015-16, DSG as a percentage of all revenue expenditure increased to 30.1%, an increase of 0.3 percentage points.
- Mandatory Rent Allowances, mandatory housing benefit paid through the local authorities accounts but over which the authority has no control, is the other large grant to local authorities totalling £16.2 billion.

Table 8: Top five incomes from specific grants budget 2015-16

	£ million	% of revenue expenditure
Grants inside Aggregate External Finance		
Dedicated Schools Grant (DSG)	28,721	30.2%
Public Health Grant [Excludes Children 0-5 funding allocation]	2,801	2.9%
Pupil Premium Grant	1,711	1.8%
The Private Finance Initiative (PFI)	1,086	1.1%
New Homes Bonus	1,057	1.1%
Grants outside Aggregate External Finance ^(a)		
Mandatory Rent Allowances: subsidy	16,152	
Rent Rebates Granted to HRA Tenants: subsidy	4,294	
Mandatory Rent Rebates outside HRA: subsidy	645	
Sixth Form Funding from the Education Funding Agency (EFA)	692	
Adult and Community Learning from Skills Funding Agency	220	

(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 the glossary at Annex G of *Local Government Finance Statistics England* No. 24 2014. This is accessible at.

<https://www.gov.uk/government/publications/local-government-financial-statistics-england-2014> 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 Accounts (RA) Budget Estimates in 2015-16

During March and April 2015, all 444 local authorities in England were requested to complete the Revenue Accounts (RA) Budget form to show all net current expenditure, capital charges and net total cost transactions relating to their public service expenditure from their general fund revenue account. This also included financing elements of net current expenditure through levy payments, interest receipts, central government grants, use of reserves, council tax requirement and other non-current expenditure items such as; capital financing, capital expenditure charged to the revenue account and other forms of discretionary payments and provisions.

Data quality

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

The information for 2015-16 in this release is derived from Department for Communities and Local Government (DCLG) / CIPFA Revenue Account (RA) budget forms and is based on valid returns from all 444 local authorities in England.

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 and CIPFA as the data are received and stored.

Service Reporting Code of Practice (SERCOP) is a set of general guidance notes which are provided to local authorities, providing them with instructions on how to account on various elements of public service expenditure. For a summary of SERCOP please see the following web link including information on legislative requirements: <http://www.cipfastats.net/sercop/>

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.

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: lcf1.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

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:

Mansukh Makwana

0303 444 2119

Email: lgf1.revenue@communities.gsi.gov.uk

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

<http://www.statisticsauthority.gov.uk/>

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

Department for Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

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