



Department for
Communities and
Local Government



Local Government Financial Statistics England No.26 2016



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Communities and
Local Government



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PREFACE

This is the 26th edition of *Local Government Financial Statistics (LGFS) England*, providing a summary of financial data from local authorities with links to the statistical releases that contain the full set of data. The previous 25 editions have provided more context and commentary on the data, and earlier versions of *LGFS* have been published and presented to Parliament since the 1930s. A separate document containing background to local government structures and definitions will be available on-line, and will be updated as necessary. Links have been provided to the relevant statistical releases within chapters, and these may contain more up to date statistics. Most of the information comes from forms sent to the Department for Communities and Local Government by all local authorities in England.

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

This volume contains outturn summaries of local government expenditure and income for years up to 2014-15, the latest year for which complete information is available, and estimates for 2015-16. Data are published throughout the year in statistical releases and live tables. These are all available on the Department's website. Therefore more up to date data will be available before the next edition of *LGFS*.

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

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

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

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

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

Unlike previous years, this year's *LGFS* has been streamlined to present only an overview of all the data collected on local government finance by DCLG. This follows a consultation which showed that limited use was made of the *LGFS* as all the information collected is published online. Users who want detailed commentary of the data are advised to refer to previous versions of the *LGFS*, or to refer to the definitions document published separately.

As there have been no recent changes to local government's structure, maps and lists of all local authorities as well as any significant changes to the functions and structure of local government since the 1970s can be found in the 2014 *LGFS* publication, which can be found online at

<https://www.gov.uk/government/statistics/local-government-financial-statistics-england-2014>

We welcome comments and suggestions for further improvement or about your experiences with this product. This may include comments on data quality, timing and the format of the statistics. In addition local authority level data are available upon request.

Please contact us at: lgfstats@communities.gsi.gov.uk

Responsible Statistician: Jo Coleman

Symbols and conventions

...	=	not available	E	=	estimate
-	=	not relevant	F	=	forecast
-	=	negative	P	=	provisional
0	=	zero or negligible	R	=	revised
B	=	budget		=	discontinuity

Rounding

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

CHAPTER 1

Local government

1.1 What is local government?

- 1.1.1 Local government is one way in which the country's governance, administration and public service delivery is carried out. Two key features of local authorities are that they tend to have elected representatives and the ability to raise taxes locally.
- 1.1.2 Local authorities are statutory bodies created by Acts of Parliament. They are not accountable to Parliament as they are directly elected by their local communities. Local government is a devolved responsibility in Scotland, Wales and Northern Ireland.
- 1.1.3 Local authorities, their members and the administrative units supporting them have a number of objectives, the key one being the delivery of services. They deliver services in line with national objectives, and in a manner that meets the diverse requirements of different neighbourhoods and communities. Services are delivered directly through their employees and indirectly through other bodies. More recently, outside agencies have played an increasing role in service delivery.

1.2 Local government structure and services

- 1.2.1 This document covers local government in England in 2014-15. The structure of local government varies across the country. The structure of local authorities takes one of six forms:
- Metropolitan Districts
 - London Boroughs
 - Unitary Authorities
 - Shire Counties
 - Shire Districts
 - Single Purpose Authorities
- 1.2.2 In the six metropolitan areas (Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear, West Midlands and West Yorkshire), most services are run by metropolitan districts.
- 1.2.3 In London, the London boroughs and the City of London deliver most of the functions. The Greater London Authority (GLA) comprises a directly elected Mayor and a separately elected Assembly. The GLA group consists of the following four functional bodies:

- Mayor’s Office for Policing and Crime (MOPAC)
- London Fire and Emergency Planning Authority (LFEPA)
- Transport for London (TfL)
- GLA Land and Property (GLAP).

1.2.4 In most of the rest of England, called the shire areas, there are two main tiers of local authorities: shire counties and shire districts. However, in some parts of the country, a single unitary authority carries out shire county and shire district responsibilities. Since 1995, 56 single unitary authorities have been created.

1.2.5 Fire & rescue and passenger transport are typically the responsibility of single purpose authorities, which usually share the same boundaries. Single purpose authorities also extend to National Parks and some waste disposal services. There is also a Police and Crime Commissioner for each constabulary which cover each metropolitan area and shire county (sometimes combinations of these).

1.2.6 Additionally, Parishes and Charter Trustees represent the third tier of local government, the most local level of government in England. They typically fund their activities by charging an additional cost known as a “precept” to each householder’s council tax bill. There are more than 10,000 local parishes in England. Of these, 8,800 charge a precept, which is collected by the local billing authority on their behalf. Further details on geographies can be found online at <https://www.ons.gov.uk/methodology/geography> . **Table 1.2a** shows details on the number of authorities in England.

Table 1.2a: Billing, major precepting and other authorities, England as at 1 April 2014						
	<i>Local authority level</i>			<i>Parish Level</i>		
	Billing authorities	Major precepting authorities^(a)	Other authorities^(b)	All authorities	Parishes^(c)	
Shire areas	257	82	10	349	8,580	
Metropolitan areas	36	12	8	56	230	
London	33	1	5	39	3	
England	326	95	23	444	8,813	

(a) The count of precepting authorities excludes parish councils.
 (b) Other authorities are parks, waste and passenger transport authorities
 (c) includes non-zero precepting authorities only

1.2.7 Local authority spending can be divided into revenue expenditure and capital expenditure. On the whole, revenue expenditure (see Chapter 3) is financed through a balance of central government grant, retained non-domestic rates and the locally raised council tax (see Chapter 2). Capital expenditure is principally financed through central government grants, borrowing and capital receipts (see Chapter 4).

- 1.2.8 Local authorities are required by law to secure the necessary funds to finance their operations, to provide an accurate account of where the money goes and to provide accounts which balance.
- 1.2.9 Only some of the local authorities may collect money directly through council tax. These are called billing authorities. Others receive funds indirectly, either by precepting on a billing authority or by other channels, such as levies. In shire areas, county councils are precepting authorities, as district councils are the billing authorities. Police and fire and rescue authorities are also precepting authorities. Of the 444 local authorities in England, 326 are billing authorities, who raise money via council tax, and 95 are major precepting authorities. Additionally, there are 8,800 parishes that charge a precept, and these are situated in 241 billing authorities

CHAPTER 2

How is the money found?

2.1. Summary of sources of local government income

- 2.1.1. The main sources of income for local government in England are council tax, retained non-domestic rates, other government grants (including specific government grants), borrowing and investments, interest receipts, capital receipts, sales, fees and charges and council rents.
- 2.1.2. **Table 2.1a** provides details of how much income has been raised through these funding streams.

2.2. Revenue grants

- 2.2.1. Funding distributed through the local government finance settlement plus certain non-housing revenue specific grants are known as Aggregate External Finance (AEF). AEF includes Revenue Support Grant (RSG), redistributed non-domestic rates and certain specific grants. AEF does not include housing subsidy¹, which until its cessation at the end of 2011-12 was administered and recorded separately, as part of the Housing Revenue Account (HRA).
- 2.2.2. Prior to 2014-15, the funding distributed through the local government finance settlement was distributed based on the socio-economic and demographic characteristics of authorities, together with a measure of the authority's ability to raise council tax locally i.e. the number of Band-D equivalent properties within its area.
- 2.2.3. The business rate retention scheme, introduced in April 2013 has reformed the way in which local government is funded. It provides a direct link between business rates growth and the amount of money available to local authorities to spend on local people and services. Under the business rates retention scheme, authorities overall keep half of the local business rates revenue as well as the growth on their share. A system of tariffs and top-ups provides a one-off rebalancing of resources at the outset in order to ensure that no authority loses out in its ability to meet local service needs as a result of their business rates tax base.
- 2.2.4. The other half of business rates revenue is used to fund the majority of Revenue Support Grant provided to local authorities. Revenue Support Grant is a central government grant given to local authorities which can be used to finance revenue expenditure on any service.

¹ See **Chapter 3** for further details of housing subsidy.

Table 2.1a: Summary of local authority income 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	2014-15	£ million
Grant income:						
Revenue Support Grant ^(a)	3,122	5,873	448 II	15,175	12,675	
Redistributed non-domestic rates ^(a)	21,517	19,017	23,129 II	-	-	
Police Grant ^(a)	4,374	4,546	4,224 II	7,565	7,784	
Specific and special grants inside Aggregate External Finance (AEF)	45,750	45,502	41,820	41,760	40,805	
Area Based Grant	4,363 II	-	-	-	-	
Local Services Support Grant (LSSG) ^(b)	- II	253	223	77	48	
General GLA Grant	48	63	50	-	-	
Grants outside AEF ^(c)	19,069	18,614	18,850	18,417	18,655	
Housing subsidy ^(d)	-494	-704	-791	-795	-692	
Grants towards capital expenditure	9,592 II	8,637	9,739	8,782	9,996	
Total grant income	107,341	101,800	97,692	90,982	89,271	
Locally-funded income:						
Council tax ^(e)	26,254	26,451	26,715	23,371	23,964	
Retained Income from Rate Retention Scheme ^(a)	-	-	- II	10,719	11,331	
External interest receipts	663	860	815	839	865	
Capital receipts ^(f)	1,498	2,013	2,124	2,481	2,996	
Sales, fees and charges ^(g)	12,597	11,991	12,201	12,695 II	11,741	
Council rents	6,317	6,583	6,916	7,215	7,439	
Total locally-funded income	47,328	47,899	48,771	57,319	58,335	
Other income and adjustments ^(h)	10,535	9,995	8,842	9,253 II	18,469	
Total income	165,204	159,694	155,306	157,554 II	166,075	
Grants as a percentage of total income	65%	64%	63%	58%	54%	

Sources: Revenue Outturn (RO) returns and Capital Outturn Returns (COR), 2010-11 to 2014-15

Comparisons across years may not be valid owing to changing local authority responsibilities and methods of funding. Major changes are separated with a time series break marked as II

(a) Since 2013-14 there were changes to the Department's Local Government Finance Settlement. This affects the figures for Revenue Support Grant, Police Grant and Non-domestic rates.

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

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

(d) Housing Subsidy includes 'Government grants and assistance (including downward adjustments)' less Transfers to the General Fund Revenue Account (GFRA) and Major Repairs Reserve (MRR). These are all recorded in the Housing Revenue Account (HRA) in RO4

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

(f) Capital receipts for 2011-12 excludes the One-off HRA self-financing determination & premium

(g) Since 2014-15 Sales, Fees and Charges from the Trading account are no longer recorded. For 2014-15 onwards this figure excludes the any sales, fees and charges from the trading accounts

(h) Other income and adjustments includes Other Income from the Services areas, Other Items (surpluses/deficits from the collection fund), Inter-authority reorganisation recoupment, leaseholder charges and other contributions toward expenditure in the Housing Revenue Account. Prior to 2014-15 this also included other income in the Trading Accounts, this was not recorded for 2014-15 onwards.

To avoid double counting, levies and recharges from other accounts recorded in the RO6 are removed from this. Before 2014-15 Receipts from other authorities were also excluded but this figure is no longer regularly collected as part of the SAR return.

2.3. Sales, fees and charges

2.3.1. Sales, fees and charges are the amounts received by local government as a result of providing a service. They vary widely between services in both the amount of money involved, and their nature, for example library fines and planning application fees. Local authorities receive income from sales fees and charges from over 100 service areas. **Table 2.3a** shows sales, fees and charges by service area from 2010-11 to 2014-15.

Table 2.3a: Sales, fees and charges by service area 2010-11 to 2014-15 ^(a)					
	2010-11	2011-12	2012-13	2013-14	2014-15
	£ million				
Education	2,126	1,841	1,713	1,672	1,814
Highways and transport	2,063	1,984	2,011	2,063	1,884
Social Care	2,718	2,686	2,747	2,834	2,799
<i>of which:</i>					
<i>Children Social Care</i>	132	115	119	110	147
<i>Adult Social Care</i>	2,586	2,570	2,628	2,724	2,653
Public Health ^(b)	-	-	-	24	16
Housing (excluding HRA) ^(c)	555	515	600	636	653
Cultural, environmental and planning	2,541	2,515	2,549	2,593	2,738
<i>of which:</i>					
<i>Cultural</i>	915	889	872	860	860
<i>Environmental</i>	954	1,013	1,050	1,034	1,108
<i>Planning and development</i>	672	613	627	700	769
Police	447	446	446	469	455
Fire	35	25	29	30	31
Central services	1,125	987	1,169	1,396	1,304
Other	85	76	51	50	47
Total all services	11,694	11,073	11,316	11,768	11,741
External Trading Accounts ^(d)	902	918	885	927	...
Total	12,597	11,991	12,201	12,695	...

Source: Revenue Outturn (RO) returns - RSX and TSR, 2010-11 to 2014-15

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

(b) Responsibility for Public Health transferred to Local Government in 2013-14

(c) Housing Revenue Account

(d) Since 2014-15 the TSR only collects net surplus/deficit so unable to identify Sales, Fees and Charges for Trading Accounts

2.4. Council tax

2.4.1. Council tax is the main source of locally-raised income for many local authorities. It is therefore an important source of funding used for meeting the difference between the amount a local authority wishes to spend and the amount it receives from other sources such as government grants. The amount of council tax payable on a property depends in part on the valuation band to which it is allocated and in part on the number of occupants that live in the property.

2.4.2. **Table 2.4a** provides figures for the total number of domestic dwellings in England in September each year from 2011 to 2015, those that are liable for council tax i.e. chargeable dwellings, those that are exempt from council tax, those that receive discount on their council tax and those that are required to pay a premium on their council tax.

Table 2.4a : Number of chargeable dwellings 2011-2015 ^(a)					
	2011	2012	2013	2014	Thousands 2015
Total number of dwellings on valuation lists	23,036	23,178	23,312	23,466	23,652
Number of dwellings exempt from council tax	788	802	516	520	531
Number of demolished dwellings	2	2	2	2	2
Number of dwellings on valuation list liable for council tax ^(b)	22,246	22,374	 22,793	22,944	23,120
Number of dwellings subject to a discount or a premium	8,303	8,293	 8,161	8,111	8,085
<i>of which:</i>					
- second homes ^(c)	246	255	40	27	27
- empty homes subject to a discount ^(d)	126	98	135	121	107
- empty homes subject to a premium ^(d)	-	-	56	56	59
- single adults	7,703	7,706	7,698	7,669	7,653
- all residents disregarded for council tax purposes	33	33	33	34	34
- all but one resident disregarded for council tax purposes	196	201	199	203	205
Number of dwellings not subject to a discount or a premium	13,943	14,081	 14,632	14,834	15,035
<i>of which:</i>					
- empty homes ^(d)	153	161	290	283	283
- second homes ^(c)	-	-	215	224	219
- others	13,790	13,920	14,127	14,326	14,534

Source: CTB return

(a) Data taken as at the second Monday in September

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

(c) Until 2012, at local authority discretion, second homes could be subject to a discount of between 10% and 50%. From 1 April 2013 this became between 0% and 50%.

(d) Long-term empty homes are those dwellings which are unoccupied and substantially unfurnished and, at local authority discretion, can be subject to a discount of between 0% and 100%. From 1 April 2013, if they have been empty for more than two years, they may be charged a premium of up to 50%.

2.4.3. Band D council tax is the usual standard measure of council tax and is the council tax payable on a Band D dwelling occupied as a main residence by at least two adults, before any reductions due to discounts, exemptions or local council tax support schemes. This definition is widely regarded as a benchmark when comparing council tax levels in different areas or over time.

2.4.4. The council tax paid by a dwelling may be made up of several elements. Depending on its location, in addition to the council tax for the local authority responsible for the area, it may consist of council tax that will be redistributed to some or all of the following: county council (the Greater London Authority in London), fire and rescue authority, police & crime commissioner. Dwellings may also be liable for council tax to fund their local parish council activities.

Council tax levels

2.4.5. **Table 2.4b** gives figures for levels of, and changes in, the average Band D council tax for England for 2010-11 to 2015-16. These figures include parish precepts.

Table 2.4b : Average Band D council tax in England and the annual percentage change 2011-12 to 2015-16^(a)		
	£	% change
2010-11	1,439	1.8
2011-12	1,439	0.0
2012-13	1,444	0.3
2013-14	1,456	0.8
2014-15	1,468	0.9
2015-16	1,484	1.1

Source : CTR returns
(a) Figures include parish precepts.

2.4.6. Between 2011-12 and 2015-16 a grant was offered to those authorities that set their average Band D council tax (excluding parish precepts) either at or below the level for the previous year. As a result there was no increase in the average band D figure for England in 2011-12.

Parishes and other local precepting authorities in England

2.4.7. **Table 2.4c** shows information relating to parishes and other local precepting authorities and the precepts they raise.

Table 2.4c : Average Band D parish precept for England					
Parishes and other local precepting authorities charging a non-zero precept					
	2011-12	2012-13	2013-14	2014-15	2015-16
Total number ^(a)	9,115	9,065	8,805	8,813	8,810
Tax base ^(c) (thousands)	7,984.1	8,046.2	7,307.4 ^(b)	7,424.2	7,560.4
Aggregate of local precepts (£000)	367,056	384,104	367,048 ^(b)	388,808	409,146
Average parish precept per Band D (£)	45.97	47.74	50.23	52.37	54.12
Change (£)		1.77	2.49	2.14	1.75
Percentage change		3.9%	5.2%	4.3%	3.3%

Source : CTR returns

(a) In some cases parishes group together for precepting purposes. Data collected by CIPFA up to and including 2012-13 split all groupings and listed all parishes individually. This makes the number of parishes setting a precept from 2013-14 onwards look smaller than in previous collections.

(b) The localisation of council tax support in 2013-14 has changed the way in which the council tax requirement is calculated which means the tax base and aggregate of local precepts in 2013-14 onwards are not comparable with earlier years.

(c) Council tax payers in the Charter Trustees for the City of Durham have only been included once here, although they are actually spread across multiple parishes in Durham

2.4.8. Further details about council tax, parishes and other local precepting authorities and collection rates can be found via

2.5. Non-domestic rates

- 2.5.1. Non domestic rates, also known as business rates, are collected by billing authorities and are the way in which those that occupy a non-domestic property (or hereditament) contribute towards the funding of local services. The introduction of the business rates retention scheme in 2013-14 allows local authorities to retain a proportion of the revenue that is generated in their area.
- 2.5.2. Each hereditament has a rateable value that is based, broadly, on the annual rent that the property could have been let for on the open market at a particular date (currently 1 April 2008, using a list compiled for 1 April 2010). Details of the hereditaments are recorded on rating lists that are compiled and maintained by the Valuation Office Agency (VOA), an agency of HM Revenue and Customs. The total number of hereditaments in England and their rateable value for 2011-12 to 2015-16 are shown in **Table 2.5a**.
- 2.5.3. Generally, the rates bill for a property is the product of its rateable value and the relevant national non-domestic rating multiplier and billing authorities work out the rates liability for every hereditament by multiplying the rateable value of the property by the appropriate multiplier. There are two multipliers, the non-domestic multiplier and the small business non domestic rate multiplier. The former is higher because it includes a supplement which is used to fund the Small Business Rate Relief scheme, which is designed to help small businesses meet the cost of their business rates.
- 2.5.4. The Government sets the multipliers for each financial year for England according to formulae set by legislation. Generally, the multipliers increase in line with the Retail Price Index in September of the preceding year. However in 2014-15, the Government capped the increase in the multiplier for that year at 2% to provide business rate payers with additional support. The multipliers for 2011-12 to 2015-16 are shown in **Table 2.5a**.

Table 2.5a Number of hereditaments, their rateable value and multipliers used : England : 2011-12 to 2015-16					
	2011-12	2012-13	2013-14	2014-15	2015-16
Number of hereditaments on rating list as at 30 Sept ('000s) ^(a)	1,735	1,759	1,771	1,787	1,816
Aggregate rateable value on rating list as at 30 Sept ^(a)	56,846	57,178	57,154	57,069	57,224
Small business rate multiplier(pence)	42.6	45.0	46.2	47.1	48.0
National non-domestic rates multiplier (pence)	43.3	45.8	47.1	48.2	49.3

Source: NNDR1 returns
(a) Data taken from VOA local list as at 30 September of the previous year e.g 2015-16 data taken as at 30 September 2014.

- 2.5.5. Since the introduction of the business rates retention scheme, the local government sector (local authorities and fire and rescue authorities) are now able to benefit directly from supporting local business growth as they are allowed to keep half of any increases in business rates revenue to invest in local services.
- 2.5.6. In addition, safety net payments are available if a council's business rates income falls by a certain amount. This safety net is funded by a levy paid by those councils whose business rates revenue increases by a disproportionate amount compared to their needs. The levy is designed to ensure that the more councils grow their business rates, the more they benefit.
- 2.5.7. **Table 2.5b** shows details of the amount of non-domestic rates that local authorities collected in 2013-14 and 2014-15 and their forecasts for 2015-16. It does not show information prior to 2013-14 as this was under the old non-domestic rates system and so is not strictly comparable.
- 2.5.8. There are a number of rate reliefs that can be granted in certain circumstances by local authorities. **Table 2.5c** provides details of these reliefs. In addition to the Small Business Rate Relief scheme which, as its name suggests, is targeted at small businesses there are mandatory reliefs which are automatic entitlements in any local authority area, and discretionary reliefs which are granted at a local authority's discretion. An example of these two types of relief is properties held by charities, which are automatically entitled to mandatory relief of 80 per cent, and local authorities then have the discretion to top that up to 100 per cent. The cost of both mandatory and discretionary relief is borne by both central and local government.
- 2.5.9. In addition, at a revaluation, transitional arrangements are introduced which cap significant increases and decreases in bills. The transitional scheme introduced from April 2010 aims to be revenue neutral by phasing in both increases and decreases over five years, instead of all ratepayers receiving the full impact of the changes immediately on 1 April 2010.
- 2.5.10. Information for the amounts of non-domestic rates collected prior to 2013-14 and further details on data in this table are available via <https://www.gov.uk/government/collections/national-non-domestic-rates-collected-by-councils>

Table 2.5b Non-domestic rates to be collected by local authorities under the business rates retention scheme : England : 2013-14 to 2015-16

	Outturn		£ million
	2013-14	2014-15	Forecast 2015-16
Gross rates payable in year	25,619	26,039	27,379
Net cost of Small Business Rate relief	591	580	439
Other mandatory relief	2,452	2,471	2,485
Discretionary relief	100	312	414
Total cost of reliefs	3,142	3,363	3,337
Gross Rates Payable in year less total cost of reliefs	22,476	22,675	24,042
Net cost of transitional arrangement ^(a)	36	119	0
Net Rates Yield (Gross Rates Payable less net cost of Transition)	22,512	22,794	24,042
Accounting adjustments			
Losses in collection ^(b)	90	221	298
Losses on appeal	1,745	770	486
Interest payable		2	-
Deferrals		60	-
Total cost of accounting adjustments	1,835	932	784
Other deductions from collectable rates^(c)	128	214	95
Disregarded Amounts			
Amounts retained in respect of Designated Areas	4	15	22
Amounts retained in respect of Renewable Energy schemes	4	22	20
Total Disregarded Amounts	7	38	42
Non-domestic rating income from rates retention scheme (Net Rates Yield less Accounting adjustments, Other deductions & Disregarded amounts) for year	20,541	21,610	23,121

Source: Outturn data are taken from auditor confirmed NDR3 forms, forecast data are taken from NDR1 forms

(a) No transitional relief allowed in 2015-16 or 2016-17

(b) Losses in collection - write offs are not included in the Total cost of Accounting Adjustments

(c) Other deductions from collectable rates includes an allowance for cost of collection & legal costs, a special authority deduction for the City of London, and the net cost of transitional protection payments made to authorities to reverse the effects of transitional arrangements

Table 2.5c: Cost of reliefs from non-domestic rates : 2013-14 to 2015-16

	Outturn		£ million
	2013-14 ^(a)	2014-15	Forecast
			2015-16
MANDATORY RELIEFS			
Small Business Rate Relief			
In respect of current year			
Relief provided in year	986	1,061	1,072
Additional yield generated from the small business supplement	447	543	633
Net cost of small business rate relief in respect of current year	539	518	439
Net cost of small business rate relief in respect of previous years	52	62	-
Net cost of small business rate relief	591	580	439
Other Mandatory reliefs			
In respect of current year			
Charitable occupation	1,391	1,476	1,511
Community Amateur Sports Clubs (CASCs)	18	19	20
Rural rate relief	6	6	6
Partially occupied hereditaments	34	32	31
Empty premises	988	947	846
Total other mandatory relief in respect of current year	2,438	2,480	2,413
Other mandatory relief in respect of previous years	14	-9	-
Changes as a result of local estimates of growth or decline in mandatory relief	-	-	71
Total cost of other mandatory relief	2,452	2,471	2,485
Total cost of mandatory relief	3,042	3,051	2,923
DISCRETIONARY RELIEFS			
In respect of current year			
Charitable occupation	43	44	44
Non-profit making bodies	35	36	37
Community Amateur Sports Clubs (CASCs)	1	1	1
Rural rate relief	3	3	3
Small rural businesses	2	2	2
Other relief awarded under s47	8	12	15
Hardship relief	3	3	-
Total discretionary relief in respect of current year	95	100	101
Discretionary relief in respect of previous years	1	2	-
Discretionary reliefs funded through Section 31 grants			
"New Empty" properties	1	4	9
"Long term empty" properties	-	4	11
Retail relief	-	196	284
Flooding relief	3	1	-
In lieu of Transitional relief			
Total cost of discretionary reliefs funded through S31 grant	4	205	303
Discretionary relief funded through S31 grants in respect of previous years	-	5	-
Changes as a result of local estimates of growth or decline in discretionary relief	-	-	9
Total cost of discretionary relief	100	312	414
TOTAL COST OF ALL RELIEFS	3,142	3,363	3,337

Source: Outturn data are taken from auditor confirmed NDR3 forms, forecast data are taken from NDR1 forms

(a) Data for 2013-14 also include reliefs granted (or recouped for previous awards made in error) in respect of previous years

Council tax and Non Domestic rates collection

2.5.11. The collection of council tax and non-domestic rates doesn't stop at the end of March; authorities will continue to attempt to collect the outstanding amounts until such times that they make a decision that it is no longer practical, or cost effective to try to collect it. **Table 2.5d** shows the amount of council tax and non-domestic rates collected in 2010-11 to 2014-15 irrespective of the year to which it relates.

Table 2.5d : Receipts of council tax and non-domestic rates collected irrespective of the year to which it relates : in England : 2010-11 to 2014-15									
Receipts of council taxes					Receipts of non-domestic rates				£ millions
	In respect of the billing year	In respect of previous years ^(a)	In respect of subsequent billing year	Total receipts collected in financial year	In respect of the billing year	In respect of previous years ^(a)	In respect of subsequent billing year	Total receipts collected in financial year	
2010-11	21,574	391	341	22,306	19,382	-493	302	19,192	
2011-12	21,761	393	342	22,496	20,568	-131	309	20,746	
2012-13	22,053	392	314	22,759	21,590	-253	295	21,632	
2013-14	23,087	399	362	23,848	22,434	-195	341	22,580	
2014-15	23,709	457	392	24,558	22,797	-291	362	22,868	

Source: QRC4
 (a) A negative figure indicates that local authorities repaid more than they collected in respect of previous years. This is usually down to

2.5.12. The in-year collection rate is the amount received by 31 March of the year in question of that financial year's council tax and non-domestic rates shown as a percentage of the net collectable debit in respect of that year's council tax or non-domestic rates. In other words it is how much the local authority collected by 31 March of the local tax they would have collected if everyone liable had paid what they were supposed to. **Table 2.5e** shows the in-year collection rates for England since 2010-11.

Table 2.5e : Collection rates of council tax and non domestic rates England : 2010-11 to 2014-15					
	2010-11	2011-12	2012-13	% of total collected	
				2013-14	2014-15
Council tax	97.3	97.3	97.4	97.0	97.0
Non-domestic rates	98.0	97.8	97.7	97.9	98.1

Source : QRC4

2.5.13. It includes prepayments made in the previous year in respect of the current year but it does not include prepayments made in the current year in respect of future years nor does it include the payment of any arrears. The collection of council tax and non-domestic rates continue once the financial year to which they relate has ended; this means that the final collection rate achieved is somewhere between the figures shown and 100 per cent.

CHAPTER 3

How is the money spent? – Revenue expenditure

3.1. Summary of revenue expenditure

- 3.1.1. Revenue spending by local authorities is mainly for meeting employee costs, such as the salaries of staff; procurement costs, such as transport, fuel and building maintenance; levies paid to other local authorities which provide a service (for example, a metropolitan district pays a waste disposal authority); payment of awards/benefits on behalf of central government (for example, mandatory rent allowances) and recharges to other accounts
- 3.1.2. Such spending is often referred to as current or revenue expenditure, in order to distinguish it from capital spending. However, the terms current expenditure and revenue expenditure also have particular meanings in the context of local government finance
- 3.1.3. Further statistics about revenue expenditure in England that is summarised in this chapter can be found via <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

3.2. General Fund Revenue Account expenditure definitions

- 3.2.1. **Total current expenditure** is the cost of running local authority services within the financial year. This expenditure is offset by income from sales, fees and charges and other (non-grant) income, which gives **total net current expenditure**. Net current expenditure includes that expenditure financed by specific government grants within and outside Aggregate External Finance (AEF).
- 3.2.2. **Revenue expenditure** is equal to net current expenditure plus capital financing costs and a few minor adjustments, but excluding expenditure funded by grants outside AEF and income from interest receipts. The sum of government grants, redistributed non-domestic rates, and council tax does not normally exactly equal revenue expenditure because of the use of reserves.
- 3.2.3. **Net revenue expenditure** is revenue expenditure, excluding that funded by all specific grants inside AEF, and excluding the Local Services Support Grant. Police Grant is not included in this. This represents an authority's budget requirement and use of reserves.

3.2.4. Changes and comparisons over time can be misleading owing to changes in functions that are the responsibilities of local government and the definition of service lines, but these discontinuities have been highlighted in the tables. For example, education expenditure by local authorities has decreased because of the increase in the number of academy schools, which are centrally funded rather than funded by the local authorities. These discontinuities have a knock on effect for comparing the total net current expenditure over time. Recent trends in revenue spending by broad service group and how it has been financed are shown in summary form in **Table 3.2a**

Table 3.2a: General fund revenue account: Net Current Expenditure at outturn 2010-11 to 2014-15 and budget 2015-16						
	2010-11	2011-12	2012-13	2013-14	2014-15	£ million 2015-16 (B)
Education ^{(a), (b)}	45,283	40,219	37,134	35,881	34,477	34,976
Highways and transport	5,669	5,381	4,823	4,795	4,537	4,922
Social care ^(c)	21,062	21,160	21,136	21,480	22,587	21,779
<i>of which:</i>						
<i>Children's Social Care</i>	6,654	6,423	6,612	6,915	8,091	7,698
<i>Adult Social Care</i>	14,408	14,738	14,524	14,565	14,496	14,081
Public Health ^(d)				2,508	2,737	3,321
Housing (excluding Housing Revenue Account) ^(e)	2,484	2,102	1,996	2,025	1,852	1,742
Cultural, environmental and planning	10,676	9,742	9,407	9,176	8,915	8,695
Police	11,948	11,650	11,337	10,920	10,889	10,951
Fire & rescue	2,165	2,118	2,119	2,089	2,045	2,080
Central services	3,226	2,952	3,002	2,845	3,068	3,112
Other Services and Precepts and Levies	118	112	118	91	92	281
Total Service Expenditure	102,631	95,435	91,072	91,809	91,199	91,859
Housing Benefits	18,548	19,766	20,748	20,982	21,113	21,103
Parish Precepts and Levies ^(f)	411	418	434	423	436	465
Trading Account Adjustments and Other Adjustments ^(g)	-413	-406	-312	-329	-344	-339
Total Net Current Expenditure ^{(a), (c), (d)}	121,177	115,213	111,941	112,885	112,404	113,089

Source: Revenue Summary (RS) returns 2009-10 to 2014-15, Revenue Account (RA) budget return 2015-16.

Since 2010-11 produced on a non-IAS19 and PFI off-balance sheet basis (IAS19 replaces the previous FRS17 accounting system). Service spend only includes spend on specific services, in previous years this included benefits and other levies related to each service.

(a) Includes mandatory student awards and inter-authority education recoupment. These were last paid in 2010-11.

(b) Education expenditure since 2011-12 are 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.

(c) Adult social care for 2011-12 (and therefore Social care and Net Current Expenditure) is not comparable to previous years due to a change in responsibility between NHS and local government for adults with learning disabilities, where from 1st April 2011 the transfer of funding was made directly from Department for Health to LA's, where they now receive a new non-ring fenced grant which amounts to £1.2 billion in 2011-12.

(d) Net Current Expenditure in 2013-14 is not comparable to previous years due to a transfer of Public Health duties to local authorities in 2013-14, following the Health and Social Care Act 2012.

(e) Includes all Housing Services (excluding Housing Revenue Account) data. This now excludes Housing Benefits payments (mandatory rent allowances, rent rebates granted to HRA tenants.) which were included in previous years. These are now identified separately.

(f) Includes 'Parish Precepts', 'Integrated Transport Authority levy', 'Waste Disposal Authority levy', 'London Pensions Fund Authority levy' and other levies

(g) Includes 'External Trading Accounts', 'Internal Trading Accounts', 'Capital items accounted for in External Trading Accounts', 'Capital items accounted for in Internal Trading Accounts', 'Adjustments to net current expenditure' and 'Appropriations to/from Accumulated Absences Account'

Table 3.2a continued.: General fund revenue account: Revenue Expenditure at outturn 2010-11 to 2014-15 and budget 2015-16

	2010-11	2011-12	2012-13	2013-14	2014-15	£ million 2015-16 (B)
Total Net Current Expenditure	121,177	115,213	111,941	112,885	112,404	113,089
Capital financing	4,135	4,639	4,348	4,468	4,528	4,463
Capital Expenditure charged to Revenue Account (CERA)	2,598	2,915	1,307	2,778	3,010	1,320
Other non-current expenditure ^(a)	4,306	4,332	4,337	149	165	87
Appropriations to(+)/ from(-) financial instruments adjustment account	15	-217	7	-45	3	-22
Appropriations to(+)/ from(-) unequal pay back pay account	-	-15	16	28	33	2
Private Finance Initiative (PFI) schemes - difference from service charge	38	5	51	33	41	4
/less Interest receipts	663	860	815	839	865	793
/less Specific grants outside AEF	27,191	26,542	26,829	22,805	23,045	22,427
/less Business rates supplement	222	230	235	212	221	223
/less Community Infrastructure Levy	-	-	6	47	123	87
/less Carbon Reduction Commitment	-	-31	-27	-26	-13	-25
Revenue Expenditure (Non-FRS17 / Non-IAS19)	104,256	99,278	94,148	96,419	95,943	95,437
financed by:						
Reserves and Other	-1,172	-2,427	-2,461	-2,249	-664	2,225
Transfers and Adjustments ^(b)	23	0	0	1	2	-1
Appropriation to (-)/from (+) Reserves (excluding Pension Reserves)	-1,261	-2,553	-2,592	-2,379	-948	1,834
Other items	65	126	131	130	282	392
Total Government Funding	50,113	45,754	42,043	41,837	40,853	39,681
Specific grants inside AEF	45,750	45,502	41,820	41,760	40,805	39,653
Area Based Grant (ABG)	4,363	-	-	-	-	-
Local Services Support Grant	-	253	223	77	48	28
Formula Grant ^(c)	29,012	29,436	27,802	33,460	31,790	28,798
of which:						
Revenue Support Grant	3,122	5,873	448	15,175	12,675	9,509
Redistributed non-domestic rates	21,517	19,017	23,129	-	-	-
Retained Income from Rate Retention Scheme	-	-	-	10,719	11,331	11,867
Police grant ^(d)	4,374	4,546	4,224	7,565	7,784	7,421
General Greater London Authority Grant	48	63	50	-	-	-
Council tax requirement	26,254	26,451	26,715	23,371	23,964	24,734

Source: Revenue Summary (RS) returns 2009-10 to 2014-15, Revenue Account (RA) budget return 2015-16.

Since 2010-11 produced on a non-IAS19 and PFI off-balance sheet basis (IAS19 replaces the previous FRS17 accounting system)

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

(b) Includes inter-authority transfers in respect of reorganisation.

(c) Formula Grant in 2013-14 is not comparable to previous years due to a change in business rates, whereby authorities now retain a share of business rates and keep the growth on that share, thereby giving them a significant financial incentive to help deliver growth locally. This will have a significant effect on the amount of Revenue Support Grant each authority receives in 2013-14.

(d) Police authorities, which are not part of the rates retention scheme, received this funding through Police Grant from 2013-14.

3.3. Labour, goods and services purchased

3.3.1. Revenue expenditure can also be analysed in terms of the labour, goods and services purchased by local authorities.

3.3.2. A sample of local authorities completes the Subjective Analysis Return (SAR). This is a more detailed return showing how net current expenditure is broken down between pay and the procurement of goods and services. Pay is analysed to show the major pay negotiating groups (see Chapter 6). Procurement of goods and services is analysed to show goods and services purchased directly and services provided by external contractors or internal trading services.

3.3.3 **Table 3.3a** shows this analysis from 2010-11 onwards. Total expenditure on pay and the procurement of goods and services is consistent with *Revenue Outturn* data, but has been adjusted to exclude double counting of expenditure that has been recharged between service blocks within the General Fund Revenue Account, or between one local authority and another. Discretionary transfer payments have also been excluded.

Table 3.3a: Labour, goods and services 2010-11 to 2014-15						
	£ million					%
	2010-11	2011-12	2012-13	2013-14	2014-15	of total
Teachers ^(a)	20,457	18,155	15,970	14,109	13,700	26
Police	10,616	10,439	9,967	9,492	6,633	12
Firefighters	1,468	1,454	1,400	1,509	1,282	2
Other local government	30,243	27,547	26,628	25,985	29,435	55
Pay related costs	2,751	2,599	2,171	2,805	2,085	4
Total employee expenditure	65,534	60,195	56,136	53,899	53,214	100
Premises related expenditure	7,334	6,724	6,716	6,349	...	
Transport expenditure	2,975	2,829	2,741	2,830	...	
Supplies and services expenditure	19,060	17,822	17,507	17,973	...	
External contractors ^(b)	28,970	27,156	27,224	30,232	...	
Internal trading services	2,222	2,075	1,781	1,239	...	
Other ^(c)	881	737	1,114	2,033	...	
Total procurement expenditure	61,442	57,344	57,082	60,654	...	
Total employee and procurement expenditure	126,976	117,538	113,218	114,554	...	

Source: Subjective Analysis Returns (SAR) to 2014-15
 Since 2010-11 this data has been produced on a non-IAS19 and PFI off-balance sheet basis (IAS19 replaces the previous FRS17 accounting system).

(a) The number of teachers has been decreasing due to schools moving to academy status, where academies are directly funded by central government and are independent of local government control.

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

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

3.4. Revenue reserves

- 3.4.1. Revenue reserves are an accumulation of income, which can be used to finance future spending and to provide working balances. Authorities hold reserves for a variety of reasons including:
- to meet unexpected calls on their resources, like the consequences of flooding or of snow and ice on roads,
 - to act as a cushion against uneven cash flows,
 - to avoid the need for temporary borrowing,
 - to build up resources to cover certain or probable future liabilities.
- 3.4.2. Planning for unexpected expenditure is an important element of authorities' risk management strategies, and decisions on the amount held for this reason should follow a careful assessment of risks faced by an authority and other means by which the risks can be mitigated. **Table 3.4a** shows the level and use of revenue reserves.
- 3.4.3. There are four main types of revenue reserves:
- **schools' reserves**, which represent amounts retained by schools out of their delegated budgets; schools hold these reserves for the same reasons as local authorities,
 - **public health reserves**, which represent amount retained by local authorities out of their public health budgets and can only be used for public health expenditure,
 - **other earmarked reserves**, which have been set aside for other particular purposes,
 - **unallocated reserves**, which are intended for general contingencies.
- 3.4.4. In presenting how much finance a local authority has in reserve at any point in time it is normal to exclude schools' reserves as they are not immediately available to a local authority.

Table 3.4a: Level and use of Revenue Reserves^(a), 31 March 2011 - 31 March 2015

£ million													
At 31 March	Revenue expenditure (a)	Revenue reserves						% change	Revenue reserves as a % of revenue expenditure				
		Non-ringfenced reserves							Total Revenue reserves	Schools	Public Health	Non-ringfenced reserves total	Total Revenue reserves
		Schools	Public Health	Other ear-marked	Unallocated	Non-ringfenced total	Total Revenue reserves						
2010	103,276	1,812	-	9,223	3,509	12,732	14,544						
2011	104,256	2,057	-	10,503	3,762	14,265	16,322	12.2	2.0	-	13.7	15.7	
2012	99,278	2,414	-	12,412	4,086	16,498	18,913	15.9	2.4	-	16.6	19.1	
2013	94,148	2,372	-	14,886	4,537	19,423	21,795	15.2	2.5	-	20.6	23.1	
2014	96,419	2,378	207	17,084	4,299	21,383	23,967	10.0	2.5	0.2	22.2	24.9	
2015	95,943	2,414	320	17,971	4,483	22,454	25,188	5.1	2.5	0.3	23.4	26.3	

Source: Revenue Summary (RS) return

This table shows end year reserves levels only and compares these with the end years of previous financial year. Previously this table included start positions rather than end positions.

(a) Revenue expenditure is on a non International Accounting Standard 19 (IAS19) and PFI "off balance" sheet basis. This figure represents the Revenue Expenditure for the full financial year. For example, Revenue expenditure for 2015 is outturn 2014-15.

3.5 External trading services

3.5.1 Local authorities operate a variety of trading services, which are either defined under general or local Acts of Parliament or by custom. They are services of a commercial nature which are substantially financed by charges made to recipients of the services. **Table 3.5a** shows details of the internal and external trading accounts.

Table 3.5a: Trading Account Services^(a), 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15 ^(b)
Internal Trading Accounts					
Total Expenditure	3,665	3,405	3,056	2,596	...
Income	3,707	3,480	3,126	2,650	...
Net surplus/deficit of Internal Trading Account	87	18	25	35	8
External Trading Accounts					
Expenditure	838	815	791	773	...
Income	1,131	1,131	1,092	1,081	...
Net surplus/deficit of External Trading Account	-127	-165	-205	-229	-186
TOTAL Trading Accounts					
Expenditure	4,503	4,220	3,847	3,369	...
Income	4,838	4,611	4,218	3,732	...
Net surplus/deficit of TOTAL Trading Accounts	-40	-147	-180	-194	-178

Source: Trading Account Services Returns (TSR) to 2014-15

(a) All revenue data is collected on a non International Accounting Standard 19 (IAS19) and PFI "off balance" sheet basis.

(b) Since 2014-15 we have only collected the net surplus / deficit of the internal and external trading accounts

3.5.2 External trading services are typically organisations funded mainly by sales outside the authority. These include civic halls and theatres, markets, industrial estates, tolled bridges, roads, ferries and tunnels. Their receipts are conditional on actual work done. They differ from public corporations in that they do not have a full commercial style set of accounts, or autonomy from the local authority in day to day business operations in their legal identity and financial transactions. An operating

profit on the Trading Accounts Services (TSR) return is shown as a negative on the expenditure form.

3.6 Housing Revenue Account (HRA)

- 3.6.1 The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an authority's own housing stock and dates back to the Housing Act 1935.
- 3.6.2 Most other local authority services are funded through council tax and central government support for the benefit of all local taxpayers. However housing is provided directly to a relatively small sub-group of local residents and council tenants and funded by the rents they pay and by central government subsidy.
- 3.6.3 The HRA is a ring-fenced account. The ring-fence, introduced in the Local Government and Housing Act 1989, ensures that rents paid by local authority tenants make a fair contribution to the cost of providing the housing service. Rent levels can therefore not be subsidised by increases in the council tax and equally, local authorities are prevented from increasing rents in order to keep council tax levels down.
- 3.6.1 In March 2012 the HRA subsidy system was abolished and replaced with a self-financing system. This involved transfers of assets and liabilities between central and local government. The net result of these transactions was that local government borrowing increased by approximately £8.1 billion in March 2012 to cover the housing stock they took over.
- 3.6.2 Details of the income and expenditure on the HRA since 2010-11 can be found in **Table 3.6a**.

Table 3.6a: Housing Revenue Account income and expenditure, 2010-11 to 2014-15, and budget 2015-16

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	% of total 2014-15
			(E)			(B)	
	£ million						
Expenditure							
Supervision and management: general	1,739	1,710	1,761	1,878	1,819	1,957	22%
Supervision and management: special	632	637	487	464	488	608	6%
Repairs (including transfers to the repairs account)	1,686	1,535	1,720	1,772	1,844	1,797	23%
Expenditure for capital purposes	281	324	428	618	708	1,113	9%
Debt charges ^(b)	3,956	2,904	1,161	1,293	1,187	1,182	15%
Interest payable and similar charges	-	-	1,154	988	970	956	12%
Transfers to GF or MRR ^(a)	908	1,013	1,022	1,084	1,013	938	12%
Other expenditure	220	652	121	122	123	121	2%
Total expenditure	9,422	8,776	7,854	8,219	8,152	8,671	100%
Income							
Rents from dwellings ^(b)	6,148	6,412	6,743	7,043	7,286	7,310	84%
Rents other than dwellings	169	171	174	171	153	155	2%
Heating and other services	616	613	636	687	699	635	8%
Interest income	694	1,449	30	54	48	17	1%
Government subsidy	414	309	231	289	321	149	4%
LA subsidy	46	18	-	-	-	-	-
Transfers from GF or MRR ^(a)	-	-	211	124	70	138	1%
Other income	752	965	140	144	148	148	2%
Total income	8,838	9,937	8,165	8,512	8,700	8,553	100%

Source: HRA Subsidy claims to 2011-12 (estimates for 2011-12), Revenue Outturn (RO4) return from 2012-13, Revenue Account (RA) budget return 2015-16.

(a) 'General Fund Revenue Account' and 'Major Repairs Reserve'

(b) Includes Charges to the HRA for debt repayment or non-interest charges in respect of credit arrangements (including on balance sheet PFI schemes and 'Debt management costs')

(c) Includes Direct Interest payable and similar charges including amortisation of premiums and discounts and Provision for bad debts

(d) Gross (i.e. including rents met by rebates)

CHAPTER 4

How is the money spent? – Capital expenditure

4.1. Capital spending and receipts

- 4.1.1. Capital spending by local authorities is mainly for buying, constructing or improving physical assets such as - buildings – schools, houses, libraries, museums, police and fire stations etc.; land – for development, roads, playing fields etc.; and vehicles, plant and machinery – including street lighting, road signs etc.
- 4.1.2. It also includes grants and advances made to the private sector or the rest of the public sector for capital purposes, such as advances to Registered Social Landlords.
- 4.1.3. Authorities finance this spending in a number of ways, including use of their own revenue funds, capital receipts, borrowing or grants and contributions from elsewhere.
- 4.1.4. Authorities do not need prior government approval to finance capital spending by borrowing or credit. They operate under the prudential capital finance system and, although they receive central government support for a major part of their capital programmes, are free to borrow to fund additional investment as long as they can prudently afford to service the debt.
- 4.1.5. A **capital receipt** is the money received by a local authority from the sale of a capital asset, such as a council house, or from the repayment of a grant or loan made by the authority to someone else to use for capital spending.
- 4.1.6. Local authorities are required to set aside any part of a receipt, though authorities are still free to earmark all or some of their receipts for debt redemption if they wish. However, a pooling system is in place requiring authorities to pay to the government a proportion of their capital receipts from the sale of housing land and dwellings. Large and Small Scale Voluntary Transfers are excluded from this scheme.
- 4.1.7. Further statistics on capital expenditure can be found on-line at <https://www.gov.uk/government/collections/local-authority-capital-expenditure-receipts-and-financing>
- 4.1.8. Recent trends in capital expenditure by type of spending are shown in **Table 4.1a**. **Table 4.1b** provides details of capital expenditure by service.

Table 4.1a: Capital expenditure by economic category

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (F)
						£ million
Expenditure:						
Acquisition of land and existing buildings and works	1,043	721	823	1,191	1,021	1,087
New construction and conversion	14,777	13,300	11,494	11,650	12,942	18,799
Vehicles, plant equipment and machinery	1,520	1,426	1,210	1,231	1,310	1,613
Intangible assets	205	221	178	209	226	270
Total expenditure on fixed assets	17,544	15,668	13,705	14,281	15,500	21,768
Grants, loans and other financial assistance	5,148	4,166 ^(b)	4,002 ^(e)	3,770	4,757	6,480
Acquisition of share and loan capital	454	198	1,225 ^(f)	1,611	1,635	54
Total capital expenditure	23,146	20,032	18,931	19,662	21,891	28,303
<i>of which GLA:</i>	4,969 ^(c)	3,431	4,120	4,487	3,470	5,276
Expenditure by virtue of a section 16(2)(b) direction ^(a)	239	263	111	10	1	8
Notional capital receipts set aside and Large Scale Voluntary Transfer levy	0	16	0	0	0	0
One-off HRA self-financing determination payment:		13,295 ^(d)				
Total expenditure and other transactions	23,385	33,606	19,042	19,671	21,893	28,310
Total expenditure excl HRA self-financing determination payment		20,311				
Receipts:						
Sales of fixed assets	1,434	1,923	2,033	2,426	2,876	3,048
Intangible fixed assets	8	21	9	8	35	40
Repayments of grants and advances	36	43	76	40 ^(g)	72	48
Disposal of investments including share and loan capital	20	27	7	6	13	23
One-off HRA self-financing determination & premium	-	6,711 ^(d)	-	-	-	-
Total capital receipts	1,498	8,724	2,124	2,481	2,996	3,159
Total receipts excl HRA self-financing determination & premium		2,014				

Source: COR/CER returns

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

(b) GLA's grants and loans total £2.9 billion, including GLA's £1 billion contribution to Crossrail.

(c) Reflects a one-off loan within the TfL Group of £1.6bn to London Underground financed by an equivalent loan from Tube lines

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

(e) This reflects reallocation of expenditure by TfL as part of year end process of reconciling funding to its subsidiaries.

(f) The reason for a significant increase in acquisition of share or loan capital is the higher levels of spend now being witnessed on the Crossrail

(g) This reflects the disposal of assets by the Greater London Authority (GLA)

Table 4.1b: Local authority capital expenditure by service: England: 2010-11 to 2015-16

	2010-11	2011-12	2012-13	2013-14	2014-15	£ million 2015-16 (F)
Education	6,107	5,495	4,528	3,742	3,480	4,218
Highways & transport	7,943	6,574	6,046	6,615	7,792	9,016
of which GLA	4,520	3,137	3,016	3,502	3,802	4,151
Social services	312	253	207	343	264	490
Public health(a)	4	7	9
Housing	4,063	3,274	3,731	3,969	4,807 ^(b)	6,466
of which GLA	0	0	652	414	676	557
Culture & related services	1,147	1,102	877	830	957	1,410
Environmental services	531	488	526	581	680	926
Planning & development services	833	653	879	1,129	1,467	2,254
Police	602	538	500	481	546	818
Fire & rescue	195	136	172	178	192	338
Central services	1,110	1,160	1,264	1,325	1,375	1,925
Trading services	304	358	201	464	323	433
Total capital expenditure	23,146	20,032	18,931	19,661	21,891	28,303

(a) Public health grant is being provided in 2013-14 to give local authorities the funding needed to discharge their new public health responsibilities

(b) GLA incurring additional housing expenditure in 2014-15 compared to 2013-14 primarily in relation to affordable housing, the Mayor's housing covenant and decent homes

4.2. Capital financing

4.2.1. Capital spending is financed by:

- grants received from government departments for any purpose, but mainly given for schools, transport, housing or regeneration work; contributions or grants from elsewhere, including the National Lottery and Non-Departmental Public Bodies such as Sports England, English Heritage and Natural England. These can also come from private sector partners, for example for access roads or traffic management schemes;
- capital receipts (that is proceeds from the sale of land, buildings or other fixed assets);
- revenue resources – either the General Fund Revenue Account, the Housing Revenue Account (HRA) or the Major Repairs Reserve although an authority cannot charge council tenants for spending on general services, or spending on council houses to local taxpayers;
- self-financed borrowing within limits of affordability, having regard to the 2003 Act and the CIPFA *Prudential Code*.

4.2.2. **Table 4.2a** provides details of capital expenditure financing from 2010-11 to 2015-16.

Table 4.2a: Financing of capital expenditure

	£ million					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (F)
Central government grants	8,063	7,170 ^(a)	8,481	7,483	8,520	9,992
EU structural funds grants	38	77	55	57	132	104
Grants and contributions from private developers and from leaseholders etc	634	747	693	750	727	1,165
Grants and contributions from NDPBs ^(b)	753	522	442	443	564	510
National lottery grants	104	121	67	49	53	93
Use of capital receipts	1,409	1,647	1,294	1,516	1,879	3,086
Revenue financing of capital expenditure <i>of which:</i>	3,984	4,504 ^(a)	3,167	4,920	5,241	5,252
<i>Housing Revenue Account (CERA)</i>	235	324	466	578	686	1,402
<i>Major Repairs Reserve</i>	1,069	1,160	1,259	1,491	1,526	1,683
<i>General Fund (CERA)</i>	2,680	3,020	1,442	2,851	3,029	2,168
Capital expenditure financed by borrowing/credit <i>of which:</i>	8,399	18,819	4,842	4,454	4,777	8,107
<i>SCE(R) Single Capital Pot ^(c)</i>	1,581	338	88	70	0	1
<i>SCE(R) Separate Programme Element ^(c)</i>	484	74	30	8	0	0
<i>Other borrowing & credit arrangements not supported by central government ^(e)</i>	6,335	18,406 ^(d)	4,724	4,376	4,777	8,106
Total	23,385	33,606 ^(d)	19,042	19,671	21,893	28,310

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

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

(c) Supported capital expenditure (SCE) financed by borrowing attracted central government support was discontinued as of March 31 2011. A residue of schemes in 2011-12 and 2012-13 continue to be financed in reliance of supported borrowing from earlier years.

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

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

CHAPTER 5

Borrowing and Investments

5.1. Outstanding debt and holdings of investments

- 5.1.1. Local authorities have the power to determine how much debt they can take on to deliver services. Each local authority sets its own debt limit. In doing so, the authority will need to be confident that it can service the debt, without the costs of doing so adversely impacting on service delivery.
- 5.1.2. Outstanding debt includes temporary borrowing, issued with a term of less than one year, for the purpose of managing cash flow, and longer-term borrowing, issued with a term greater than one year, taken out to finance capital projects.
- 5.1.3. **Table 5.1a** outlines the total borrowing figures across the past five years from 2010-11 to 2014-15. These are broken down by borrowing source. Separate totals for Transport for London (TFL) and the Greater London Authority (GLA) have been provided as these two authorities manage funds for some of the largest capital investment programmes in the country, such as Crossrail. Borrowing to finance these projects contributes significantly to UK borrowing trends.
- 5.1.4. **Table 5.1b** shows the local authority investment levels as at the 31st March from 2010-11 to 2014-15.
- 5.1.5. Local authorities are permitted to invest their surplus funds to generate a return. However, certain types of investments that are considered too risky are prohibited.
- 5.1.6. The stock of local authority investments is the financial representation of local authorities' reserves, unused capital receipts and cash flow surpluses. Authorities that are net borrowers may use such resources to reduce their borrowing rather than hold them as investments.
- 5.1.7. Further statistics on Borrowing and Investments can be found on-line at <https://www.gov.uk/government/collections/borrowing-and-investments-by-uk-local-authorities>

Table 5.1a: Local authority borrowing 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
Temporary borrowing					
Banks	98	55	54	54	51
Building societies	121	4	0	0	4
Other financial intermediaries	115	45	78	94	88
Public corporations	139	77	54	42	57
Private non-financial corporations	2	2	4	5	8
Central government	1	1	2	5	0
Household sector	28	25	38	17	13
Other sources	2	36	36	40	48
Total	506	245	265	257	270
Longer-term borrowing					
Negotiable bonds	594	1,494	1,901 (R)	2,601 (R)	3,106
Listed securities other than bonds	806	2,226	2,059 (R)	1,666 (R)	1,727
Public Works Loan Board ^(a)	41,989	49,977 (R)	51,368	51,181 (R)	51,462
Banks	9,418	9,325 (R)	9,015	8,584	8,356
Building societies	10	5	5	2	1
Other financial intermediaries	216	301	300	332	435
Public corporations	1	1	6	6 (R)	9
Private non-financial corporations	0	12	11	120	149
Central government	4	3	7	22	35
Household sector	5	4	3	4	3
Rest of the World	2,852	3,654 (R)	4,225	4,697	5,049
Other sources	11	11	23	13	7
Total	55,906	67,014 (R)	68,923	69,228 (R)	70,339
Total borrowing	56,412	67,260 (R)	69,188	69,485 (R)	70,609
TFL and GLA ^(b)	5,550 (R)	8,472	9,993	11,105 (R)	11,805
Total borrowing excluding TFL and GLA	50,862 (R)	58,788 (R)	59,196 (R)	58,380 (R)	58,804

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

(a) Reform of the Housing Revenue Account (HRA) saw net one-off borrowing of £8,100 million by Local Authorities from the Public Works Loan Board in March 2012

(b) Transport for London (TFL) and the Greater London Authority (GLA) figures are included as they contribute significantly to the overall change in borrowing each year

Table 5.1b: Local authority investments 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
Investments					
Deposits: banks	13,370	12,592	14,908 (R)	14,951 (R)	12,863
Deposits: building societies	1,823	1,738	1,856	2,022	2,706
Treasury bills	1,028	1,141	1,029	1,772	2,004
Certificates of deposit: banks	0	94	133	377	965
Certificates of deposit: building societies	1	14	0	8	6
British Government (Gilt-edge) securities	135	887	206	1,227	597
Other financial intermediaries	46	30	12	23	46
Public corporations	156	153	156	200	285
Debt Management Account deposit facility	253 (R)	435 (R)	336 (R)	486 (R)	918
Money market funds	2,722	3,990	3,445	3,634 (R)	4,545
Externally managed funds	1,803	1,473	1,492	1,399 (R)	1,568
Other investments (a)	393 (R)	229 (R)	2,616 (R)	2,722 (R)	3,520
Total investments	21,731 (R)	22,774 (R)	26,189 (R)	28,823 (R)	30,023

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

(a) Includes investments made with public corporations, other financial institutions and British Government securities. £2.3 billion of the increase in 2012-13 was due to investments made by GLA for Crossrail.

5.2. Borrowing and investment transactions

- 5.2.1. New borrowing and drawing down of investments are ways of accessing funds. New borrowing is a major way of financing capital spending. Funds that are received as income or capital receipts, but are not needed for immediate expenditure, may be invested or used to redeem debt.
- 5.2.2. Local government Net Cash Requirement summarises changes in local authority borrowing less change in investments. When Net Cash Requirement is positive, local authorities are increasing their borrowing and/or reducing their investments. When Net Cash Requirement is negative, local authorities are reducing their borrowing and/or increasing their investments.
- 5.2.3. **Table 5.2a** shows the change in borrowing, investments and net cash requirement across local government from 2010-11 to 2014-15.

Table 5.2a: Local Government Net Cash Requirement					
	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
Annual change in temporary borrowing	-211	-261	20	-8	13
Annual change in longer-term borrowing ^(a)	2,195	11,109 (R)	1,909 (R)	305 (R)	1,111
Total	1,984	10,848 (R)	1,928 (R)	297 (R)	1,124
<i>less</i> annual change in investments	1,178	1,043 (R)	3,415 (R)	2,634 (R)	1,200
Net Cash Requirement	806	9,805 (R)	-1,486 (R)	-2,337 (R)	-76

Source: Monthly (MB) and Quarterly Borrowing (QB) returns and the PWLB

(a) In March 2012 English local authorities borrowed £8.1bn from the Public Works Loan Board (PWLB) as part of the settlement associated with the reform of the Housing Revenue Account.

CHAPTER 6

Local government pay and pensions

6.1. Local government employment

6.1.1. Local government is collectively one of the largest employers in England, employing over 1 million full time equivalent staff (FTEs). Pay negotiating groups are responsible for negotiating, amongst other aspects, the pay rewards for employees in their group and cover the majority of local government employees. These groups are Teachers, Police, Police Support Staff, Firefighters; and Other Local Government Staff. For the purposes of this publication, police and police support staff are treated as one group.

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

6.2. Local government pay expenditure

6.2.1. In 2014-15, local government employee expenditure accounted for 45 per cent of all local government service expenditure (gross of income) and was the single largest area of spending for local government. Employee expenditure includes pay, employers' National Insurance and pension contributions, location allowances and other employee related costs such as training and recruitment. **Table 6.2a** illustrates levels of local government pay since 2010-11 for each of the main pay negotiating groups, and **Table 6.2b** shows employee expenditure as a proportion of service expenditure for each of the service areas for 2014-15.

Table 6.2a: Local government pay by pay negotiating group 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	£ billion 2014-15	Percentage of Employee Expenditure 2014-15
Teachers	16.9	15.0	13.2	11.8	11.5	22%
Police and Police Support Staff	7.8	7.5	7.3	7.1	7.0	13%
Firefighters	1.1	1.1	1.1	1.0	1.0	2%
Other Local Government Staff	24.7	22.5	21.7	21.4	21.8	41%
Total pay ^(a)	50.6	46.2	43.3	41.4	41.2	77%
Total non-pay for all groups ^(b)	12.2	11.4	10.7	9.7	9.9	19%
Other pay related costs ^(c)	2.8	2.6	2.2	2.8	2.1	4%
Total employee expenditure	65.5	60.2	56.1	53.9	53.2	100%

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

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

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

(c) Includes recruitment, retention and training

Table 6.2b: Employee expenditure as a proportion of total service expenditure for 2014-15

	£ billion		Employees as %
	Employee expenditure	Total service expenditure ^(b)	of total service expenditure
Education services	23.0	39.2	59%
Highways, roads and transport services	1.4	7.4	18%
Children Social Care	3.2	8.8	37%
Adult Social Care	3.5	19.6	18%
Public Health	0.3	2.9	11%
Housing services ^(a)	0.6	3.0	22%
Cultural and related services	1.4	4.0	35%
Environmental services	1.5	6.7	23%
Planning and development services	1.0	2.5	40%
Police services	9.6	11.9	80%
Fire and rescue services	1.6	2.1	75%
Central services	6.0	12.4	48%
Other services	0.1	0.4	26%
Total service expenditure	53.2	121.0	44%

Source: RSX form (2014-15)
(a) Expenditure on the General Fund Revenue Account only.
(b) Total Expenditure is Employees expenditure plus Running Expenses

6.2.2 Further statistics on local government pay expenditure can be found via <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

6.3. Local authority pension funds

The Local Government Pension Scheme

- 6.3.1. The Local Government Pension Scheme is operated in England via 81 administering authorities, typically at county council or London borough local authority level. The Scheme provides pensions for most local authority employees, as well as some staff working in the wider public sector such as academies, and certain individuals employed by private and voluntary sector organisations that deliver services for local government.
- 6.3.2. These authorities have the responsibility to meet pension liabilities as and when they arise. The administering authorities hold assets which they invest to help ensure that liabilities can be paid and to stabilise employer contribution rates to the Scheme over the medium and long term. The assets of the administering authorities are part of the financial corporations sector in the National Accounts, not part of the local government sector.
- 6.3.3. Although pensions are paid out under the scheme by local authorities in their capacity as administering authorities, this does not count as expenditure of the local authorities themselves. Employers' contributions, part of the income of the funds, are recorded as expenditure by local authorities in their revenue accounts, either directly or indirectly under employees' expenses.
- 6.3.4. Separate arrangements apply for the pensions of the police, fire fighters and teachers. The police and fire fighters' pensions are provided through unfunded

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

6.3.5. Income into the LGPS is sourced from employee and employer contributions, investment income, the value of transfers between pension schemes plus other income. **Table 6.3a** show much income comes from each of these sources between 2010-11 and 2014-15.

Table 6.3a: Local Government Pension Scheme income 2010-11 to 2014-15					
	2010-11	2011-12	2012-13	2013-14	£ million
					2014-15
Contributions (including those from admitted authorities)					
Employees ^(a)	1,966	1,839	1,785	1,827	1,934
Employers ^{(b)(c)}	5,947	5,920	5,732	6,030	6,837
Investment income (gross)	2,696	3,045	2,983	3,164	3,338
<i>of which:</i>					
<i>Dividends receivable</i>	<i>1,708</i>	<i>2,071</i>	<i>2,015</i>	<i>2,161</i>	<i>2,160</i>
<i>Interest receivable</i>	<i>383</i>	<i>370</i>	<i>345</i>	<i>361</i>	<i>347</i>
<i>Income from property</i>	<i>345</i>	<i>387</i>	<i>395</i>	<i>423</i>	<i>450</i>
<i>Other investment income</i> ^(d)	<i>259</i>	<i>217</i>	<i>227</i>	<i>218</i>	<i> 380</i>
Transfer values ^(e)	791	662	519	559	3,036
Other income	96	82	79	53	58
Total income	11,496	11,547	11,098	11,632	 15,204

Source : SF3 returns

(a) Employee's contribution to the scheme are on a variable rate dependent on salary.

(b) Includes employers' secondary contributions

(c) Employers contribution for 2011-12 includes a one-off exceptional item of £65m due to transfer of responsibility of scheme

(d) Other investment income includes a one-off exceptional item of £120m due to the transfer to the Greater Manchester Pension Fund of MoJ/Probation Service staff from other LGPS schemes during 2014-15.

(e) Transfer values for 2014-15 includes an exceptional transfer of £2.6 billion to the Greater Manchester Pension Fund from other LGPS funds in respect of MoJ/Probation Service staff who were transferred to that fund during 2014-15.

6.3.6. The majority of LGPS' expenditure is on benefits, either as pensions or lump sums on the retirement or the death of members. **Table 6.3b** shows how the LGPS expenditure is divided between each of the categories between 2010-11 and 2014-15.

Table 6.3b: Local Government Pension Scheme expenditure 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	£ million 2014-15
Total expenditure on benefits	6,730	7,534	7,504	7,848	8,269
<i>of which:</i>					
<i>Pensions or annuities</i>	5,021	5,503	5,998	6,323	6,691
<i>Lump sums paid on retirement</i>	1,441	1,706	1,241	1,242	1,295
<i>Lump sums paid on death</i>	153	164	163	168	172
<i>Optional lump sum</i>	114	161	98	115	110
<i>Other benefits</i>	1	1	4	1	1
Disposal of Liabilities	829	551	476	472	2,952
<i>of which:</i>					
<i>Transfer values^(a)</i>	818	551	476	471	2,950
<i>Pensions Act premiums</i>	12	0	0	0	2
<i>Refunds of contributions</i>	0	0	0	0	0
Costs charged to the funds	437	468	492	572	810
<i>of which:</i>					
<i>Fund Management costs^(b)</i>	313	353	374	449	689
<i>Administration costs</i>	125	118	119	123	121
Other expenditure	10	38	17	15	22
Total expenditure	8,007	8,592	8,490	8,907 	12,054
Market value of funds at the end of the financial year	142,718	147,719	167,171	177,620	200,849

Source : SF3 returns

(a) Transfer values for 2014-15 includes an exceptional transfer of £2.6 billion from a number of LGPS funds to the Greater Manchester Pension Fund in respect of MoJ/Probation Service staff who were transferred to that fund during 2014-15.

(b) The way Fund Management costs are reported was changed during 2014-15 following revised guidance from CIPFA

6.3.7. **Table 6.3c** shows the types of retirements from the LGPS between 2010-11 and 2014-15.

Table 6.3c: Type of retirements from the Local Government Pension Scheme 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	2014-15
Redundancy	17,657	27,525	13,110	12,876	12,074
Ill health retirement	2,903	2,820	2,441	2,621	2,480
Early payment of deferred benefits	20,344	20,923	25,139	24,392	29,402
Normal retirements	21,585	23,016	19,717	20,779	18,883
Total retirements	62,489	74,284	60,407	60,668	62,839

Source : SF3 returns

6.3.8. Further statistics about the Local Government Pension schemes in England can be found via <https://www.gov.uk/government/collections/local-government-pension-scheme>

The Firefighters' Pension Schemes

6.3.9. Two firefighter pension schemes were operating in England on 31 March 2014: the Firefighters' Pension Scheme (FPS or 1992 scheme), which was available to regular firefighters and which closed to new membership on 5 April 2006, and the

New Firefighters' Pension Scheme (NFPS or 2006 Scheme), which was available for both regular and retained firefighters employed after 5 April 2006.

6.3.10. Both the employer and employee pension contributions together with other sources of pension income, including transfer-in payments and ill-health charges are paid into a pension fund account, which is locally managed by each of the 46 fire and rescue authorities. Any authorised expenditure, to which includes pension payments, commutation lump sums and transfer-out payments, are paid out of the pension account. Any annual shortfall (cash flow deficit) between the total annual pensions income received and the total annual pension expenditure paid is reimbursed to each employing fire and rescue authority through the mechanism of the annual Firefighters' Pension Top Up grant, which is paid by the Department for Communities and Local Government under Annually Managed Expenditure arrangements.

6.3.11. Further information about the Firefighters' pension schemes in England can be found via <https://www.gov.uk/government/collections/firefighters-pension-scheme-statistics>

6.3.12. **Tables 6.3d** and **6.3e** provide figures of income and expenditure of the Firefighters' Pension Scheme from 2010-11 to 2014-15.

Table 6.3d: Firefighters' Pension Scheme Income, 2010-11 to 2014-15					
	2010-11	2011-12	2012-13	2013-14	£million 2014-15 ^(a)
Employee contributions	106.0	102.9	105.9	116.3	125.4
Employer contributions	194.7	188.0	182.1	177.7	167.6
Ill Health	3.7	4.8	5.5	5.8	6.3
Miscellaneous	0.0	0.2	0.6	0.1	0.6
Transfers	6.2	2.6	2.7	1.9	2.8
Total	310.6	298.4	296.8	301.4	302.7

Source: FPF forms
(a) 2014-15 figures are unaudited, previous years' are audited.

Table 6.3e: Firefighters' Pension Scheme Expenditure, 2010-11 to 2014-15					
	2010-11	2011-12	2012-13	2013-14	£million 2014-15 ^(a)
Pension outgoings	599.7	640.3	659.7	702.9	737.5
<i>of which:</i>					
<i>Commutation payments</i>	126.9	132.3	116.2	223.7	234.0
<i>Recurring outgoing payments</i>	472.8	508.0	543.4	479.2	503.5
Transfers out ^(b)	4.7	3.4	7.1	6.8	8.5
Miscellaneous	0.1	0.1	0.2	1.0	0.8
Total	604.5	643.8	667.0	710.6	746.8

Source: FPF forms
(a) 2014-15 figures are unaudited, previous years' are audited.
(b) This only includes transfers out of FPS and NFPS to other pension schemes.

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