

# Statistical Release

30 June 2011

## LOCAL AUTHORITY REVENUE EXPENDITURE AND FINANCING

### ENGLAND 2011-12 BUDGET

- Budgeted total net current expenditure by local authorities in England totals £118.1 billion in 2011-12, compared with £121.2 billion in 2010-11, a decrease of 2.6%.
- There has been a transfer of responsibilities between NHS and local government relating to adults with learning difficulties in long stay NHS institutions. As a result of this discontinuity between the two financial years (2010-11 & 2011-12), it is difficult to compare total net current expenditure.
- 36.4% of budgeted total net current expenditure in 2011-12 is on education, 18.0% on social care, 15.6% on housing benefits and 10.0% on police.
- 26.0% of budgeted revenue expenditure on a non-International Accounting Standard 19 basis in 2011-12 is estimated to be funded through council tax, 29.1% through formula grant and 44.0% through specific grants inside Aggregate External Finance and Local Services Support Grant.
- In 2011-12 local authorities are budgeting to draw down £971 million from their reserves to finance their revenue expenditure.

This release provides budget estimates of local authority revenue expenditure and financing for the financial year April 2011 to March 2012. These estimates are on a non International Accounting Standards 19 (IAS19) & Private Finance Initiative (PFI) on an "Off Balance Sheet" basis except where stated otherwise.

This information is derived from Communities and Local Government / Chartered Institute of Public Finance and Accountancy (CIPFA) Revenue Account (RA) budget forms submitted by local authorities in England. This release is based on returns from all 444 local authorities in England that complete the return.

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

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## **Budgeted net current expenditure by service**

1. Budgeted net current expenditure in 2011-12 is summarised in **Table 1** and **Chart A**. **Table 1** also shows budgeted net current expenditure in 2010-11 and the percentage change to 2011-12. Service expenditure is based on information from the RA forms, which can be found in **Annex A**. The service breakdowns have been created from this detailed information, according to **Annex C1** of this release. It should be noted that year on year comparisons may not be valid due to local government changes in function and responsibility.

### **Total Net Current Expenditure**

- Budgeted total net current expenditure by local authorities in England totals £118.1 billion in 2011-12, compared with £121.2 billion in 2010-11, a decrease of 2.6%.
- There has been a transfer of responsibilities between NHS and local government relating to adults with learning difficulties in long stay NHS institutions. This was first announced on 1st April 2009, where Primary Care Trusts (PCT's) and Local Authorities (LA's) negotiated funding locally. However, the first time it impacted local authority accounts was from 1st April 2011, when the transfer of funding was made directly from Department of Health to LA's. In 2011-12, local authorities expected to receive a new unringfenced 'Learning Disabilities and Health Reform' grant, amounting to £1.2 billion, to finance this responsibility. Due to this discontinuity between the two years (2010-11 & 2011-12), it is difficult to compare total net current expenditure.
- 36.4% of budgeted total net current expenditure in 2011-12 is on education, 18.0% on social care, 15.6% on housing benefits and 10.0% on police.

### **Public Services - Net Current Expenditure**

- In 2010-11 revenue expenditure funded from capital by statute (RECS) was included in net current expenditure across the service lines, although the aggregate of RECS (£1,070 million) was adjusted out of total net current expenditure. In 2011-12 RECS was not included in net current expenditure. Therefore comparisons between the two years are not absolute.
- There has been an overall decrease in budgeted net current expenditure across all public services, between 2010-11 and 2011-12, with the exception of Adult Social Care services, which is expected to increase from £14.4 billion to £14.9 billion, an increase of 3.2%. This relates to the transfer of responsibilities between NHS and local government for adults with learning disabilities.
- Budgeted Net current expenditure on education services has reduced by 6.4%, from 2010-11 to 2011-12. This is largely owing to a reduction in secondary school expenditure from £18.1 billion in 2010-11 to £15.6 billion in 2011-12. This has been impacted on by a number of secondary schools moving to academy status, where academies are directly funded by central government and are independent of local government control.
- Budgeted Net current expenditure on transport services has reduced by 20.7%, from 2010-11 to 2011-12. This is largely owing to a reduction in net current expenditure for public transport - support to operators by Greater London Authority from £1.9 billion in 2010-11 to £1.2 billion in 2011-12, a decrease of 39.9%.

## Mandatory Housing Benefits

- Rent allowances (within mandatory housing benefits), which are paid to tenants of private landlords and registered social landlords, are expected to increase from £12.1 billion in 2010-11 to £13.9 billion in 2011-12, an increase of 14.8%.

**Table 1: Budgeted net current expenditure by service 2010-11 and 2011-12<sup>(1)</sup>**

			£ million	
	Net current expenditure	Net current expenditure		%
	2010-11	2011-12	Change	
Education	45,966	43,002	-6.4	
Highways & transport <sup>(2)</sup> (R)	7,065	5,602	-20.7	
Social care	20,857	21,201	1.6	
<i>of which:</i>				
<i>Children and Families Social Care</i>	6,417	6,303	-1.8	
<i>Adult Social Care</i>	14,439	14,898	3.2	
Housing (excluding Housing Revenue Account)	2,733	2,339	-14.4	
Cultural, environment & planning	10,959	9,796	-10.6	
<i>of which:</i>				
<i>Cultural</i>	3,391	3,059	-9.8	
<i>Environmental</i>	5,510	5,339	-3.1	
<i>Planning and development</i>	2,057	1,398	-32.1	
Police	12,165	11,840	-2.7	
Fire & rescue	2,284	2,224	-2.6	
Central services	3,644	3,525	-3.3	
Mandatory Housing Benefits	16,640	18,448	10.9	
<i>of which:</i>				
<i>Rent Allowances</i>	12,130	13,925	14.8	
<i>Rent Rebates to Non-HRA Tenants</i>	548	488	-11.0	
<i>Rent rebates to HRA tenants</i>	3,962	4,035	1.8	
Other services <sup>(3)</sup>	-34	82		
Reversal of revenue expenditure funded from capital by statute (RECS)	-1,070	-	-	
<b>Total net current expenditure<sup>(1), (2), (3)</sup> (R)</b>	<b>121,208</b>	<b>118,059</b>	<b>-2.6</b>	

- (1) Total net current expenditure for 2011-12 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
- (2) The 2010-11 figure for Highways and Transport has been revised following changes proposed by Greater London Authority relating to removal of Business Rates Supplement income and the addition of Revenue Expenditure funded from Capital by Statute. This has contributed to the change in the total net current expenditure figure for 2010-11.
- (3) The 2011-12 figure for net current expenditure now includes capital charges accounted for in internal & external trading services, therefore the 2010-11 'other services' figure has been adjusted to take account of this. Furthermore, due to the changes in RECS, the 2010-11 total net current expenditure figure has been adjusted to exclude RECS, although it has not been possible to adjust the above service net current expenditure (i.e. Education, Highways and Transport) to remove RECS

## **Budgeted revenue expenditure and financing**

2. **Table 2** shows the link between the definitions of net current and revenue expenditure and how revenue expenditure is financed on a non-IAS19 basis in 2011-12. A more detailed breakdown of this information can be found in **Annex A**. Furthermore, derivation of the service breakdowns created for Table 2 are outlined in **Annex C2**. **Chart B** illustrates how budgeted revenue expenditure is to be financed on a non-IAS19 basis in 2011-12.

### **Revenue Expenditure**

- Revenue expenditure on a non-IAS19 basis is budgeted to be £101.9 billion in 2011-12.
- 26.0% of budgeted revenue expenditure on a non-IAS19 basis in 2011-12 is estimated to be funded through council tax, 29.1% through formula grant (Revenue Support Grant, redistributed non-domestic rates and Police grant) and 44.0% through specific grants inside Aggregate External Finance (AEF) and Local Services Support Grant.

### **Central Government Grants**

- Formula grant (Revenue Support Grant, redistributed non-domestic rates and Police grant) totals £29.5 billion in 2011-12.
- Specific grants inside Aggregate External Finance are estimated to amount to £44.6 billion.
- Local Services Support Grant is a new unringfenced grant paid under Section 31 of the Local Government Act 2003 to support local government functions. This is amounted to £189 million in 2011-12.
- The funding of central government grants has changed between 2010-11 and 2011-12. In 2010-11, central government grants amounted to £79.5 billion. This comprised of specific grants inside AEF, Area Based Grant and Formula Grant. In 2011-12, a large number of grants, previously in specific grants inside AEF and Area Based Grant, have now moved to Formula Grant and Local Services Support Grant. Therefore, in 2011-12 total central government grants funding was estimated to amount to £74.3 billion, which is a reduction of 6.5%.

### **Council Tax**

- £26.5 billion is required to be raised locally through council tax to finance revenue expenditure. Of this, £4.1 billion will be paid into the collection fund as council tax benefit; local authorities receive a specific grant outside AEF to cover council tax benefit, in 2011-12 this is estimated at £4.4 billion and is included in revenue expenditure. The amount of council tax expected to be collected from domestic properties in England is £22.3 billion and of this £367 million will be paid to parish or town councils by Unitary Authorities, Metropolitan and Shire Districts to fund their expenditure.

### **Reserve Levels**

- In 2011-12 local authorities are budgeting to draw down £971 million from their reserves to finance their revenue expenditure; of which £134 million relates to Greater London Authority.

- Historically, for reserves levels:
  - In 2008-09 local authorities budgeted to draw down £1,204 million, with GLA contributing to £668 million of the draw down
  - In 2009-10 local authorities budgeted to draw down £1,635 million, with GLA contributing to £815 million of the draw down
  - In 2010-11 local authorities budgeted to add £10 million. This was a result of GLA adding £409 million to their reserves, due to an early cross rail funding (£1.2 billion) for TfL's investment program, to be used in subsequent years. The remaining authorities budgeted to draw down £399 million from their reserves.
- In 2011-12 for non-school reserves: 25.9% of local authorities in England are budgeting to add to their reserve levels, 67.1% to draw out from their reserves and 7.0% with no change. If comparing to 2010-11, 33.2% budgeted to add to their reserve levels, 59.8% budgeted to draw out from their reserves and 7.0% had no change.

### **Other Financing Items**

- Capital financing costs in the 2011-12 budget amount to £4.2 billion, while £1.2 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 2010-11, £2.0 billion had been budgeted for CERA, of which £1.6 billion related to GLA. Therefore if we exclude GLA, CERA has decreased from £434 to £432 million, between 2010-11 and 2011-12. This is a decrease of 0.5%.
- Interest receipts were estimated to be £390 million in 2011-12, compared with £424 million in 2010-11, which is a decrease of 7.9%.

**Table 2: Budgeted revenue expenditure and financing on a non-IAS19 basis: 2010-11 and 2011-12**

	£ million	
	2010-11 Net current expenditure non-IAS19	2011-12 Net current expenditure non- IAS19
<b>Total net current expenditure</b>	<b>121,208</b>	<b>118,059</b>
plus non-current expenditure		
Capital financing	3,980	4,202
Capital Expenditure charged to Revenue Account	1,993	1,171
Council tax benefit	3,935	4,141
Discretionary Non-Domestic Rate relief	29	29
Bad debt provision	30	45
Flood defence payments to Environment Agency	31	32
Private Finance Initiative (PFI) schemes - difference from service charge	63	34
Appropriations to(+)/ from(-) financial instruments adjustment account <sup>(a)</sup>	-6	2
Appropriations to(+)/ from(-) unequal pay back pay account <sup>(b)</sup>	21	10
<i>less interest receipts</i>	424	390
<i>less specific grants outside AEF <sup>(c)</sup></i>	24,869	25,229
<i>less Business Rates Supplement</i>	202	222
<i>less Community Infrastructure Levy</i>	-	0
<b>Revenue expenditure</b>	<b>105,790</b>	<b>101,885</b>
<i>less Specific grants inside AEF <sup>(c)</sup></i>	45,737	44,649
<i>less Area Based Grant (ABG)</i>	4,679	-
<i>less Local Services Support Grant (LSSG)</i>	-	189
<b>Net revenue expenditure</b>	<b>55,373</b>	<b>57,048</b>
<i>less appropriations from other revenue reserves</i>	-10	971
<i>less adjustments</i>	4	1
<b>Budget requirement</b>	<b>55,380</b>	<b>56,076</b>
financed by:		
Revenue Support Grant	3,122	5,873
Redistributed non-domestic rates	21,516	19,017
Police grant	4,374	4,546
General Greater London Authority (GLA) grant	48	63
Other items	65	126
<b>Council tax requirement</b>	<b>26,254</b>	<b>26,451</b>

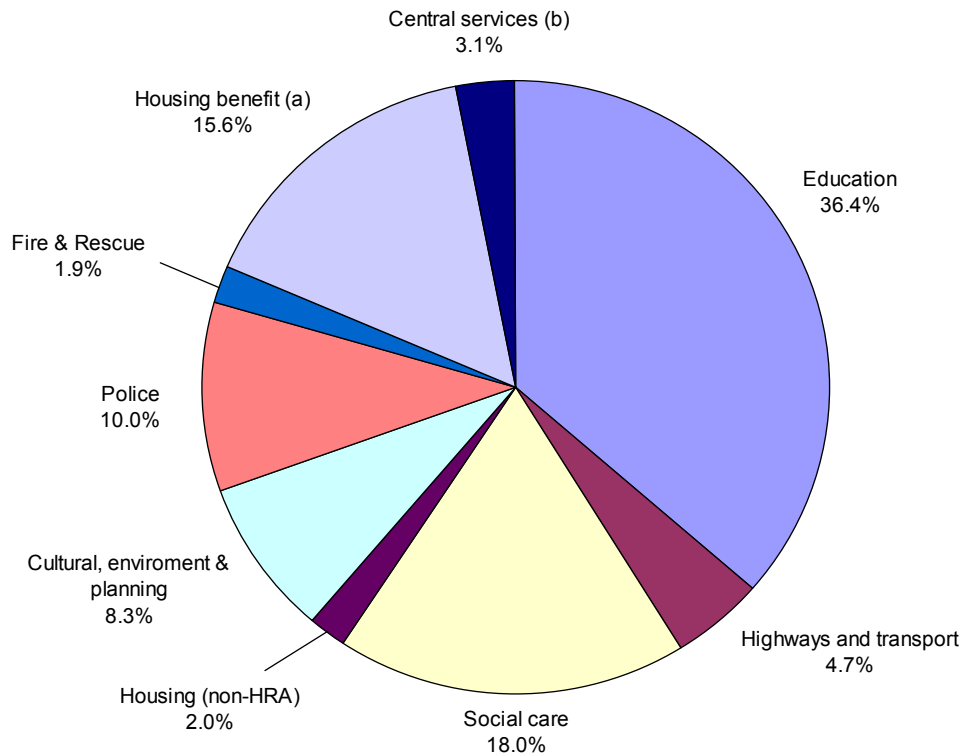
(a) Adjustments permitted by regulation to the revenue account charges for financial instruments.

(b) 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.

(c) Aggregate External Finance; see Background Notes for definition



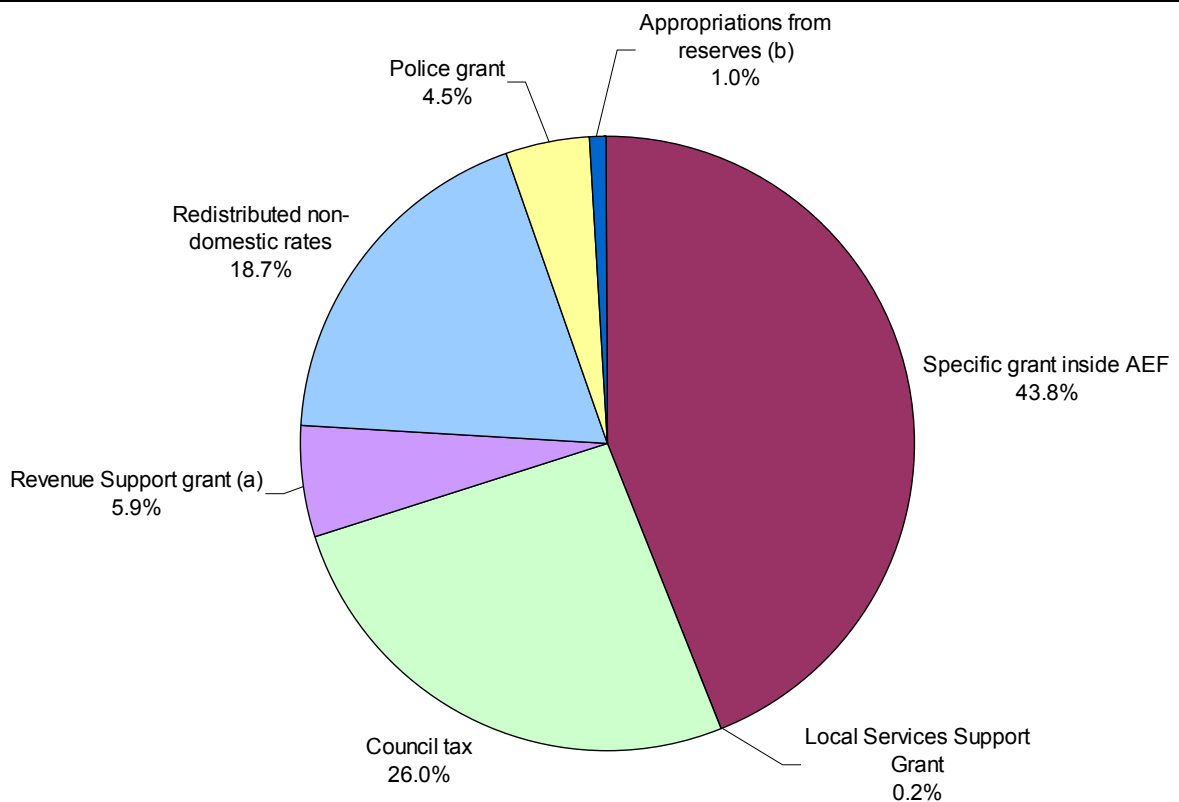
**Chart A: Budgeted total net current expenditure by service 2011-12**



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

(b) Central services include courts and other services relating to administration costs for council tax and non-domestic rates collection

**Chart B: Budgeted financing of revenue expenditure 2011-12**



(a) Revenue Support Grant includes General GLA grant and 'Other items' (relating to amounts in respect of collection fund surpluses / deficits and community charge items for 2010-11, transferable from / to collection fund in 2011-12)

(b) Appropriations from reserves includes cash drawn from school and non-school reserves and any inter-authority transfers in respect of re-organisation (e.g. transfer of funds between authorities in respect of boundary changes)

3. **Table 3** shows the funding of budgeted revenue expenditure in terms of government grants, redistributed non-domestic rates and council taxes from 2005-06 onwards. All years are produced on a non-IAS19 basis. This is because local authorities set their council tax with regard to their expenditure on a non-IAS19 basis. A fuller definition of IAS19 can be found in the **Terminology used in this release** section.

- In 2011-12, 54.3% of budgeted revenue expenditure on a non-IAS19 basis is estimated to be funded by government grants (including Revenue Support Grant, specific grants inside Aggregate External Finance, Area Based Grant, Police grant and General (GLA) grant), 26.0% by council tax and 18.7% by redistributed non-domestic rates.

**Table 3: Financing of revenue expenditure since 2005-06** <sup>(a)</sup>

	£ million						
	Revenue Expenditure	Government grants	Redistributed non-domestic rates	Council tax			
	(£ million)	(£ million)	% of total	(£ million)	% of total	(£ million)	% of total
<b>Outturn</b>							
2005-06 <sup>(a)</sup>	84,422	45,838	54.3	18,004	21.3	21,315	25.2
2006-07 <sup>(a)</sup>	88,172	49,093	55.7	17,506	19.9	22,453	25.5
2007-08 <sup>(a)</sup>	92,384	51,656	55.9	18,506	20.0	23,608	25.6
2008-09 <sup>(a)</sup>	98,107	53,008	54.0	20,506	20.9	24,759	25.2
2009-10 <sup>(a)</sup>	103,404	57,883	56.0	19,515	18.9	25,633	24.8
<b>Budget</b>							
2010-11 <sup>(b)</sup>	105,790	57,960	54.8	21,516	20.3	26,254	24.8
2011-12 <sup>(b)</sup>	101,885	55,320	54.3	19,017	18.7	26,451	26.0

(a) All figures produced on a non-Financial Reporting 17 basis. Sum of government grants, redistributed non-domestic rates and council taxes does not normally exactly equal revenue expenditure because of the use of reserves

(b) Produced on a non-International Accounting Standard 19 basis. Sum of government grants, redistributed non-domestic rates and council taxes does not normally exactly equal revenue expenditure because of the use of reserves

4. **Table 4** shows how revenue expenditure is financed by its various components, which include government grants, redistributed non-domestic rates and council tax requirement across different local authority classifications.

- Greater London Authority (GLA), proportionally, requires the lowest amount of council tax to finance their revenue expenditure, at 14.3%.
- If we exclude "Other Authorities", GLA has the highest percentage of revenue expenditure which is being financed by central government grants, at 70.2%. The second highest class of authorities being outer London Boroughs, at 58.0%.

**Table 4: Financing of revenue expenditure in 2011-12 by local authority classification**

Local Authority Class	Financing components of Revenue Expenditure <sup>(a)</sup>						£ million
	Government Grants <sup>(b)</sup>			Redistributed Non-Domestic Rates <sup>(c)</sup>		Council Tax <sup>(d)</sup>	
	Revenue Expenditure	Total	% of Revenue Expenditure	Total	% of Revenue Expenditure	Total	% of Revenue Expenditure
<b>Greater London Authority</b>	6,554	4,600	70.2%	878	13.4%	935	14.3%
<b>Shire Counties</b>	27,957	15,651	56.0%	3,473	12.4%	8,642	30.9%
<b>Shire Districts</b>	3,168	536	16.9%	962	30.4%	1,549	48.9%
<b>Inner London Boroughs</b>	5,992	3,156	52.7%	1,736	29.0%	942	15.7%
<b>Outer London Boroughs</b>	8,697	5,043	58.0%	1,528	17.6%	2,077	23.9%
<b>Unitary Authorities <sup>(e)</sup></b>	18,835	10,153	53.9%	3,513	18.7%	5,037	26.7%
<b>Metropolitan Districts</b>	20,015	11,175	55.8%	4,511	22.5%	4,165	20.8%
<b>Police Authorities</b>	8,746	4,436	50.7%	1,846	21.1%	2,352	26.9%
<b>Fire Authorities</b>	1,555	219	14.1%	568	36.5%	754	48.5%
<b>Other Authorities <sup>(f)</sup></b>	366	351	95.9%	0	0.0%	0	0.0%
<b>ENGLAND</b>	<b>101,885</b>	<b>55,320</b>	<b>54.3%</b>	<b>19,017</b>	<b>18.7%</b>	<b>26,451</b>	<b>26.0%</b>

(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, Police Grant and General GLA Grant

(c) Re-distributed non-domestic rates; business rates tax which has been paid into the non-domestic rating pool, and redistributed between local authorities on the basis of population, as part of the formula grant

(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.

## **Budgeted income from specific grants**

5. **Table 5** shows the top five incomes from specific grants inside and outside Aggregate External Finance. Details on all income from specific grants can be found in **Annex B**.

- In 2011-12, Dedicated Schools Grant (DSG), which is ring-fenced, is budgeted to account for 78.1% of the income received by local authorities through specific grants inside Aggregate External Finance.
- In 2011-12, DSG is budgeted to account for 46.4% of the total income received by local authorities through central government grants (which include redistributed non-domestic rates). In 2010-11, DSG accounted for 38.7% of the income received by central government grants.

**Table 5: Top five incomes from specific grants budget 2011-12**

	<b>Line Reference</b>	<b>£ million</b>
<b>Grants inside Aggregate External Finance</b>		
Dedicated Schools Grant (DSG)	SG line 102	34,483
GLA Transport Grant	SG line 221	2,594
Early Intervention Grant	SG line 158	2,213
Learning Disability and Health Reform Grant	SG line 312	1,170
The Private Finance Initiative (PFI)	SG line 545	698
<b>Grants outside Aggregate External Finance</b>		
Mandatory Rent Allowances: subsidy	SG line 745	13,514
Council Tax Benefit: subsidy	SG line 741	4,446
Rent Rebates Granted to HRA Tenants: subsidy	SG line 747	3,513
Sixth Form Funding from Young People's Learning Agency (YPLA)	SG line 716	1,920
Mandatory Rent Rebates outside HRA: subsidy	SG line 746	1,119

## Revenue expenditure per capita by region and local authority classification

6. **Table 6** gives comparisons of revenue spending per capita across all the regions in England and local authority classification.

- In 2011-12, London has the highest amount of budgeted revenue spending per capita, at £2,743, across all regions in England. North West region was second highest at £2,032 per capita. South West has budgeted to have the lowest revenue spending per capita across all regions, at £1,676.

<b>Table 6: Revenue expenditure per capita <sup>(a)</sup> by region and local authority classification</b>											
<b>REGION</b>	<b>Local Authority Classification <sup>(b)</sup></b>										<b>£ per capita</b>
	Greater London Authority	Shire Counties	Shire Districts	Inner London Boroughs (c)	Outer London Boroughs	Unitary Authorities (d)	Metropolitan Districts	Police Authorities	Fire Authorities	Other Authorities (e)	<b>ALL</b>
North East	–	–	–	–	–	1,692	1,797	226	55	28	<b>2,025</b>
North West	–	1,432	174	–	–	1,628	1,820	231	47	21	<b>2,032</b>
Yorkshire & the Humber	–	1,306	161	–	–	1,539	1,644	208	43	21	<b>1,869</b>
East Midlands	–	1,328	149	–	–	1,785	–	183	41	–	<b>1,751</b>
West Midlands	–	1,294	141	–	–	1,584	1,898	208	44	5	<b>1,934</b>
East of England	–	1,342	155	–	–	1,618	–	179	44	–	<b>1,723</b>
London	845	–	–	2,125	1,763	–	–	–	–	5	<b>2,743</b>
South East	–	1,340	149	–	–	1,575	–	181	42	–	<b>1,723</b>
South West	–	1,297	145	–	–	1,464	–	185	44	–	<b>1,676</b>
<b>ALL</b>	<b>845</b>	<b>1,336</b>	<b>151</b>	<b>2,125</b>	<b>1,763</b>	<b>1,584</b>	<b>1,781</b>	<b>199</b>	<b>45</b>	<b>15</b>	<b>1,967</b>

(a) Figures per capita calculated using ONS mid-year 2009 population estimates  
(b) Comparisons between different authority classes may not be valid due to variations in responsibility.  
(c) Inner London Boroughs include City of London  
(d) Unitary Authorities includes Isle of Scilly  
(e) Other Authorities include Waste Disposal and Integrated Transport Authorities

## **Detailed budget information**

7. **Annex A** (RA11) and **Annex B** (RASG11) show all England detailed budget information in the same way as it is returned to Communities and Local Government. It forms the basis of the tables in this release. The notes, which accompany each form sent to local authorities, can be found at:

<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/usfulinformation/formstimetable/revenueforms/>

### **Service Net Current Expenditure**

- Net current expenditure on road safety education and safe routes (including school crossing patrols) has decrease from £133 million in 2010-11 to £99 million in 2011-12, a reduction of 25.5%. This includes a reduction in Safety Camera's and Road Safety Education & Training budgets, policy changes over spend resulting in a transfer of budget from revenue to capital and the termination of some existing road safety partnerships.
- Net income on congestion charging is expected to decrease from £186 million in 2010-11 to £115 million in 2011-12. This decrease in net income, between the two financial years, is primarily due to Greater London Authority (GLA), as a result of the impact of the ending of the western extension to the congestion zone in December 2010. Transport for London (TfL) has estimated that this would result in a loss of income of approximately £70 million per annum.
- Net income on parking services (off-street and on-street parking) is expected to rise from £551 million in 2010-11 to £569 million in 2011-12, which is an increase of 3.3%.
- Net current expenditure on Community Safety (which includes spending on crime reduction, safety services such as lighting in non-highways, provision of safety railing, providing home safety advice and CCTV cameras) has decreased from £503 million in 2010-11 to £389 million in 2011-12, a reduction of 22.7%. This is an impact of 58.1% of local authorities reporting a reduction in spending on community safety.
- Non-distributed costs related to retirement benefits, is expected to increase from £480 million in 2010-11 to £540 million in 2011-12, an increase of 12.4%. Some of this relates to a significant restructuring in local authorities and increases in redundancies across local government. For persons aged 55 or above, when made redundant are entitled to the early release of their accrued pension benefits, therefore this added to the normal expected early retirement benefits.

**Annex A: RA11 General Fund Revenue Accounts Budget Estimate 2011-12**

	£ thousand		
	Net current expenditure	Capital charges	Net total cost excluding specific grants
<b>Education Services</b>			
110 Early Years	2,459,762	51,168	2,510,930
120 Primary schools	17,519,757	985,101	18,504,858
130 Secondary schools	15,607,323	863,225	16,470,548
140 Special schools	2,596,529	88,935	2,685,464
150 Services to Young People	1,607,720	95,431	1,703,151
160 Other School related Education Functions	3,211,216	172,284	3,383,500
<b>190 TOTAL EDUCATION SERVICES (total of lines 110 to 156)</b>	<b>43,002,305</b>	<b>2,256,141</b>	<b>45,258,446</b>
<b>Highways and Transport Services</b>			
210 Transport planning, policy and strategy	288,477	76,929	365,406
220 Capital charges relating to construction projects	-	1,423,903	1,423,903
230 Structural maintenance	601,960	215,729	817,689
247 Environmental, safety and routine maintenance	944,558	222,098	1,166,656
248 Winter service	152,663	3,092	155,755
249 Street lighting (including energy costs)	515,043	21,586	536,629
251 Traffic management and road safety: congestion charging	-115,236	19	-115,217
254 Traffic management and road safety: road safety education and safe routes (including school crossing patrols)	98,900	25,326	124,226
258 Traffic management and road safety: other	277,214	50,662	327,876
260 Parking services	-568,830	56,381	-512,449
271 Public transport: concessionary fares	1,157,616	191	1,157,807
275 Public transport: support to operators	1,811,042	24,821	1,835,863
276 Public transport: co-ordination	443,860	543,958	987,818
280 Airports, harbours and toll facilities	-5,499	8,375	2,876
<b>290 TOTAL HIGHWAYS AND TRANSPORT SERVICES (total of lines 210 to 280)</b>	<b>5,601,771</b>	<b>2,673,071</b>	<b>8,274,842</b>
<b>Social Care</b>			
311 Social care strategy - children	1,014,022	8,697	1,022,719
324 Children and Young Peoples Safety	535,809	3,219	539,028
325 Children's and families' services - asylum seekers	109,398	654	110,052
329 Children's and families' services - other	4,643,430	37,896	4,681,326
330 Social care strategy - adults	73,635	3,407	77,042
340 Older people (aged 65 or over) including older mentally ill	6,961,981	80,884	7,042,865
351 Adults aged under 65 with physical disability or sensory impairment	1,496,248	13,223	1,509,471
352 Adults aged under 65 with learning disabilities	4,891,498	44,733	4,936,231
353 Adults aged under 65 with mental health needs	1,092,567	10,892	1,103,459
375 Other adult social care - asylum seekers - lone adults	51,352	121	51,473
379 Other adult social care - other	330,784	12,517	343,301
<b>390 TOTAL SOCIAL CARE (total of lines 311 to 380)</b>	<b>21,200,728</b>	<b>216,240</b>	<b>21,416,968</b>

**Annex A: RA11 General Fund Revenue Accounts Budget Estimate 2011-12 (continued)**

	£ thousand		
	Net current expenditure	Capital charges	Net total cost excluding specific grants
<b>Housing Services (GFRA only)</b>			
409 Housing strategy, advice, advances, enabling, renewals and licensing	304,438	166,646	471,084
440 Homelessness	285,117	14,091	299,208
456 Housing benefits: rent allowances and rent rebates - discretionary payments	47,670	279	47,949
457 Housing benefits administration	486,364	5,853	492,217
460 Other council property - travellers' sites and non-HRA housing	9,614	28,673	38,287
475 Housing welfare: Supporting People	1,174,003	1,117	1,175,120
478 Other welfare services	20,490	4,273	24,763
<b>490 TOTAL HOUSING SERVICES (GFRA only) (total of lines 409 to 478)</b>	<b>2,327,696</b>	<b>220,933</b>	<b>2,548,629</b>
<b>Cultural and related Services</b>			
500 Archives	40,867	2,074	42,941
501 Culture and heritage (excluding Archives)	500,723	72,030	572,753
502 Recreation and sport	762,784	236,418	999,202
503 Open spaces	783,328	76,859	860,187
504 Tourism	112,192	7,159	119,351
505 Library service	859,175	76,661	935,836
<b>509 TOTAL CULTURAL AND RELATED SERVICES (total of lines 501 to 505)</b>	<b>3,059,069</b>	<b>471,202</b>	<b>3,530,271</b>
<b>Environmental and Regulatory Services</b>			
510 Cemetery, cremation and mortuary services	-21,321	15,855	-5,466
519 Regulatory services: Trading standards	156,994	2,400	159,394
520 Regulatory services: Water safety	2,305	6	2,311
521 Regulatory services: Food safety	110,047	1,222	111,269
522 Regulatory services: Environmental protection	151,857	1,788	153,645
523 Regulatory services: Private rented housing standards	36,937	9,697	46,634
524 Regulatory services: Health and safety	48,144	491	48,635
525 Regulatory services: Port health	3,559	194	3,753
526 Regulatory services: Pest control	29,840	848	30,688
527 Regulatory services: Public conveniences	73,157	14,616	87,773
528 Regulatory services: Animal and public health; infectious disease control	103,342	1,494	104,836
529 Regulatory services: Licensing - Alcohol and entertainment licensing; taxi licensing	16,471	962	17,433
531 Community safety (Crime reduction)	192,605	4,376	196,981
532 Community safety (Safety services)	137,701	2,215	139,916
533 Community safety (CCTV)	58,560	12,917	71,477
541 Defences against flooding	20,796	4,160	24,956
543 Land drainage and related work	38,006	1,304	39,310
547 Coast protection	13,749	23,183	36,932
550 Agriculture and fisheries services	-4,450	3,517	-933
570 Street cleansing (not chargeable to Highways)	716,748	11,538	728,286
581 Waste collection	943,614	68,892	1,012,506
582 Waste disposal	1,927,031	31,920	1,958,951
583 Trade waste	-4,144	1,751	-2,393
584 Recycling	554,554	25,599	580,153
585 Waste minimisation	20,728	2,720	23,448
586 Climate change costs	11,923	165	12,088
<b>590 TOTAL ENVIRONMENTAL AND REGULATORY SERVICES (total of lines 510 to 586)</b>	<b>5,338,754</b>	<b>243,828</b>	<b>5,582,582</b>



**Annex A: RA11 General Fund Revenue Accounts Budget Estimate 2011-12 (continued)**

	£ thousand		
	Net current expenditure	Capital charges	Net total cost excluding specific grants
<b>Planning and development Services</b>			
591 Building control	63,058	3,562	66,620
592 Development control	290,630	6,228	296,858
593 Planning policy	268,431	20,899	289,330
594 Environmental initiatives	84,278	9,818	94,096
595 Economic development	380,821	104,618	485,439
596 Community development	304,317	12,765	317,082
597 Economic research	4,982	14	4,996
598 Business Support	1,416	8,513	9,929
<b>599 TOTAL PLANNING AND DEVELOPMENT SERVICES (total of lines 591 to 596)</b>	<b>1,397,935</b>	<b>166,419</b>	<b>1,564,354</b>
<b>601 TOTAL POLICE SERVICES</b>	<b>11,840,126</b>	<b>374,966</b>	<b>12,215,092</b>
<b>602 TOTAL FIRE AND RESCUE SERVICES</b>	<b>2,224,221</b>	<b>114,415</b>	<b>2,338,636</b>
<b>Central Services</b>			
604 Coroners' court services	72,931	683	73,614
605 Other court services	2,931	860	3,791
610 Corporate and democratic core	1,526,773	114,724	1,641,497
623 Local tax collection: council tax discounts - locally funded	12,117	135	12,252
625 Local tax collection: council tax benefits administration	285,368	2,941	288,309
628 Local tax collection: other	288,658	4,824	293,482
650 Emergency planning	53,892	522	54,414
675 Central services to the public: other	298,447	39,213	337,660
681 Non-distributed costs - retirement benefits	539,540	5,963	545,503
682 Non-distributed costs - costs of unused shares of IT facilities and other assets	15,856	23,751	39,607
683 Non-distributed costs - depreciation / impairment of surplus costs etc	-	32,972	32,972
684 Non-distributed costs - Carbon Reduction Commitment Transactions (expenditure) (+)	28,350	21	28,371
685 Non-distributed costs - Carbon Reduction Commitment Transactions (income) (-)	-5	-	-5
<b>690 TOTAL CENTRAL SERVICES (total of lines 604 to 683)</b>	<b>3,124,860</b>	<b>226,606</b>	<b>3,351,466</b>
<b>698 TOTAL OTHER SERVICES</b>	<b>386,769</b>	<b>103,097</b>	<b>489,866</b>
<b>699 TOTAL SERVICE EXPENDITURE (total of lines 190, 290, 390, 490, 509, 590, 599, 601, 602, 690 and 698)</b>	<b>99,504,230</b>	<b>7,066,920</b>	<b>106,571,150</b>

**Annex A: RA11 General Fund Revenue Accounts Budget Estimate 2011-12 (continued)**

	£ thousand
	<b>Net current expenditure</b>
711 Housing benefits: rent allowances - mandatory payments	13,925,432
712 Housing benefits: non-HRA rent rebates - mandatory payments	487,935
713 Housing benefits: rent rebates to HRA tenants - mandatory payments	4,034,762
714 Housing benefits: subsidy limitation transfers from HRA	4,319
718 Contribution to the HRA re items shared by the whole community	6,972
<b>Precepts and levies</b>	
721 Parish Precepts	367,362
722 Integrated Transport Authority levy	0
724 Waste Disposal Authority levy	0
727 London Pensions Fund Authority levy	32,809
728 Other levies	26,789
731 External Trading Accounts net surplus(-)/ deficit(+)	-198,619
732 Internal Trading Accounts net surplus(-)/ deficit(+)	-27,960
741 Capital charges accounted for in External Trading Accounts	-31,890
742 Capital charges accounted for in Internal Trading Accounts	-92,906
748 Adjustments to net current expenditure	19,751
<b>749 NET CURRENT EXPENDITURE (total of lines 699 to 748)</b>	<b>118,058,986</b>
754 Local tax collection: Council tax benefit paid to the Collection Fund	4,140,737
757 Local tax collection: Non-domestic rate relief - discretionary payments	29,410
759 Levy: Environment Agency flood defence	31,544
765 Capital expenditure charged to the GF Revenue Account (CERA)	1,171,432
771 Provision for bad debts	45,078
773 Provision for repayment of principal	1,910,496
776 Leasing payments	10,526
781 Interest: external payments	3,097,860
783 Interest: HRA item 8 payments and receipts	-817,116
<b>785 SUB-TOTAL (total of lines 749 to 783)</b>	<b>127,678,954</b>
786 Interest and investment income (-): external receipts and dividends	-390,278
788 Private Finance Initiative (PFI) schemes - difference from service charge	34,380
789 Appropriations to(+)/ from(-) financial instruments adjustment account	2,256
790 Appropriations to(+)/ from(-) unequal pay back pay account	10,341
791 Specific and special grants outside AEF [SG line 799 as income]	-25,228,796
792 Business Rates Supplement	-222,000
793 Community Infrastructure Levy	0
<b>795 REVENUE EXPENDITURE (total of lines 785 to 791)</b>	<b>101,884,858</b>
796 Local Services Support Grant	-188,589
797 Specific and special grants inside AEF [SG line 699 as income]	-44,648,575
<b>799 NET REVENUE EXPENDITURE (total of lines 795 to 798)</b>	<b>57,047,692</b>

Annex A: RA11 General Fund Revenue Accounts Budget Estimate 2011-12 (continued)		£ thousand
		<b>Net current expenditure</b>
801 Inter-authority transfers in respect of reorganisation		-526
811 Appropriations to(+)/ from(-) schools' reserves		-68,292
815 Appropriations to(+)/ from(-) other earmarked financial reserves		-615,397
816 Appropriations to(+)/ from(-) unallocated financial reserves		-287,136
<b>830 THE BUDGET REQUIREMENT (total of lines 799 to 816)</b>		<b>56,076,344</b>
851 Revenue Support Grant		-5,872,955
856 Police grant		-4,546,388
858 General GLA grant		-63,419
870 Redistributed non-domestic rates		-19,016,700
880 Other items		-125,581
<b>890 COUNCIL TAX REQUIREMENT (total of lines 830 to 880)</b>		<b>26,451,301</b>

Annex A: RA11 General Fund Revenue Accounts Budget Estimate 2011-12 (continued)			£ thousand
<b>Financial reserves</b>	<b>At 1st April 2011</b>	<b>At 31 March 2012</b>	
911 Estimated schools reserves level	1,759,796	1,691,504	
915 Estimated other earmarked financial reserves level	8,297,209	7,681,812	
916 Estimated unallocated financial reserves level	3,362,966	3,075,830	
920 Prior Year Adjustments	-41		
<b>Capital Charges</b>	<b>2011-12</b>		
931 Depreciation	4,882,891		
933 Loss on impairment of assets	632,499		
935 Credit for capital grants <sup>(a)</sup>	-568,057		
936 Revenue Expenditure funded from Capital by Statute	2,119,587		
<b>939 Total capital charges (total of lines 931 to 935)</b>	<b>7,066,920</b>		
(a) Where capital expenditure has been financed by capital grant, the grant is credited to the income and expenditure account over the useful life of the asset in the line with the depreciation charge.			

**Annex B: RA(SG11) Income from specific grants budget 2011-12**

	<b>£ thousand</b>
<b>Grants inside Aggregate External Finance</b>	
102 Dedicated Schools Grant (DSG)	34,482,509
103 Pupil Premium Grant	513,611
158 Early Intervention Grant	2,213,103
221 GLA Transport Grant	2,594,179
231 Metropolitan Railway Passenger Services (include NEXUS Tyne and Wear Metro)	188,156
232 Mersey Travel	89,122
235 Local Sustainable Transport Fund	17,060
312 Learning Disability and Health Reform Grant	1,170,373
405 Housing and Council Tax Benefit Subsidy Administration Grant	443,427
481 Work Choice	4,757
484 Right to Control Trailblazers	1,453
514 Housing Growth & Housing Market Renewal Transitional Fund	1,514
540 New Homes Bonus	88,756
543 Fire Revenue Grant	18,298
545 The Private Finance Initiative (PFI)	697,721
550 Council Tax Freeze Grant	625,042
573 Commons Pioneer Authorities	14,539
581 National Parks & Broads	55,051
611 Asylum Seekers	128,582
626 Olympic Safety and Security	49,058
631 Counter Terrorism	430,350
643 Neighbourhood Policing and CSOs	321,652
645 Royal Parks Policing Grant	7,410
647 Probation Loan Charges	342
698 Other grants within AEF (enter in memorandum box A below)	492,509
<b>699 TOTAL REVENUE GRANTS WITHIN AEF (total of lines 102 to 698)* (Transferred to RA line 797 as income)</b>	<b>44,648,575</b>
<b>Grants outside Aggregate External Finance</b>	
708 Further Education funding from Skills Funding Agency - other 19+ funding	67,074
713 Higher Education Funding Council for England (HEFCE) Payments	18,385
715 Adult and Community Learning from Skills Funding Agency	264,210
716 Sixth Form Funding from Young People's Learning Agency (YPLA)	1,920,205
741 Council Tax Benefit: subsidy	4,445,850
745 Mandatory Rent Allowances: subsidy	13,514,331
746 Mandatory Rent Rebates outside HRA: subsidy	1,119,380
747 Rent Rebates Granted to HRA Tenants: subsidy	3,513,410
752 Housing Acts/ Urban Developments - contributions towards cost of loan charges	376
773 Rural Community Action Network (RCAN)	0
791 European Community grants	28,729
798 Other grants outside AEF (enter in memorandum box B below)	336,845
<b>799 TOTAL REVENUE GRANTS OUTSIDE AEF (total of lines 708 to 798)* (Transferred to RA line 791 as income)</b>	<b>25,228,796</b>
<b>800 TOTAL SPECIFIC AND SPECIAL REVENUE GRANTS (total of lines 699 + 799)</b>	<b>69,877,372</b>

**Annex C1: Derivation of service lines used in Table 1**

	<b>Line reference</b>	<b>Additional levies/transfers</b>
<b>Education</b>	RA line 190	
<b>Highways and transport</b>	RA line 290 RA line 722	Integrated transport authority levy
<b>Social care</b>	RA line 390	
<b>Housing (excluding Housing Revenue Account)</b>	RA line 490 RA line 714 RA line 718	Subsidy limitation transfers from HRA Contribution to HRA re items shared by whole community
<b>Cultural</b>	RA line 509	
<b>Environment</b>	RA line 590 RA line 724	Waste disposal authority levy
<b>Planning</b>	RA line 599	
<b>Police</b>	RA line 601	
<b>Fire &amp; rescue</b>	RA line 602	
<b>Central services</b>	RA line 690 RA line 721 RA line 727	Parish precepts London Pensions Fund Authority levy
<b>Mandatory rent allowances</b>	RA line 711	
<b>Mandatory rent rebates</b>	RA line 712	
<b>Rent rebates granted to HRA tenants</b>	RA line 713	
<b>Other</b>	RA line 698 RA line 728 RA line 731 RA line 732 RA line 741 RA line 742 RA line 748	Other levies External Trading Accounts net surplus/deficit Internal Trading Accounts net surplus/deficit Capital Charges accounted for in External Trading Services Capital Charges accounted for in Internal Trading Services Adjustments
<b>Reversal of Revenue Expenditure funded from Capital by Statute</b>	RA line 767	Only applicable for 2010-11, this line was removed in 2011-12
<b>Total net current expenditure</b>	RA line 749	

**Annex C2: Derivation of service lines used in Table 2**

	<b>Line reference</b>	<b>Additional Information</b>
<b>Total Net Current Expenditure</b>	RA line 749	
<b>Capital Financing</b>	RA line 773 RA line 776 RA line 781 RA line 783	Provision for repayment of principle Leasing payments Interest payments: external payments Interest: HRA item 8 payments and receipts
<b>Capital Expenditure charges to the Revenue Account</b>	RA Line 765	
<b>Council Tax Benefit</b>	RA Line 754	Local Tax Collection, council tax benefit paid to the collection fund
<b>Discretionary Non-Domestic Rate relief</b>	RA Line 757	Local Tax Collection, non-domestic rate relief - discretionary payments
<b>Bad debt provision</b>	RA Line 771	
<b>Flood defence payments to Environment Agency</b>	RA Line 759	Levy from Environment Agency for Flood Defence
<b>Private Finance Initiative (PFI) schemes - difference from service charge</b>	RA Line 788	
<b>Appropriations to(+)/ from(-) financial instruments adjustment account</b>	RA Line 789	
<b>Appropriations to(+)/ from(-) unequal pay back pay account (b)</b>	RA Line 790	
<b>Interest receipts</b>	RA Line 786	Interest and investments income - external receipts and dividends
<b>Specific grants outside AEF</b>	RA Line 791	
<b>Business Rates Supplement</b>	RA Line 792	
<b>Community Infrastructure Levy</b>	RA Line 793	Not applicable for 2010-11
<b>Specific grants inside AEF</b>	RA Line 797	
<b>Area Based Grant (ABG)</b>	RA Line 798	Not applicable for 2011-12
<b>Local Services Support Grant (LSSG)</b>	RA Line 796	Not applicable for 2010-11
<b>Appropriations from other revenue reserves</b>	RA Line 811 RA Line 815 RA Line 816	School reserves Other earmarked financial reserves Unallocated financial reserves
<b>adjustments</b>	RA Line 801	Inter-authority transfers in respect of reorganisation
<b>Budget requirement</b>	RA Line 830	
<b>Revenue Support Grant</b>	RA Line 851	
<b>Redistributed non-domestic rates</b>	RA Line 870	
<b>Police grant</b>	RA Line 856	
<b>General Greater London Authority (GLA) grant</b>	RA Line 858	
<b>Other items</b>	RA Line 880	
<b>Council tax requirement</b>	RA Line 890	

## Survey Design for collecting Revenue Accounts (RA) Budget Estimates in 2011-12

During March 2011 until April 2012, 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. **Annex D** shows the distribution of local authorities responsible for completing the RA Budget forms by classification and region.

<b>Annex D: Distribution of Local Authorities by Region and Classification</b>												
		<b>Local Authority Classification</b>										
	Region	Greater London Authority	Shire Counties	Shire Districts	Inner London Boroughs <sup>(a)</sup>	Outer London Boroughs	Unitary Authorities <sup>(b)</sup>	Metropolitan Districts	Police Authorities	Fire Authorities	Other Authorities <sup>(c)</sup>	<b>ALL</b>
		North East	0	0	0	0	0	7	5	3	3	2
North West	0	2	18	0	0	6	15	5	4	5	<b>55</b>	
Yorkshire & the Humber	0	1	7	0	0	5	9	4	4	4	<b>34</b>	
East Midlands	0	5	36	0	0	4	0	5	3	1	<b>54</b>	
West Midlands	0	3	19	0	0	4	7	4	4	1	<b>42</b>	
East of England	0	5	41	0	0	6	0	6	3	1	<b>62</b>	
London	1	0	0	13	20	0	0	0	0	5	<b>39</b>	
South East	0	7	55	0	0	12	0	5	5	2	<b>86</b>	
South West	0	4	25	0	0	12	0	5	4	2	<b>52</b>	
<b>ENGLAND</b>	<b>1</b>	<b>27</b>	<b>201</b>	<b>13</b>	<b>20</b>	<b>56</b>	<b>36</b>	<b>37</b>	<b>30</b>	<b>23</b>	<b>444</b>	

(a) Inner London Boroughs include City of London  
(a) Unitary Authorities includes Isle of Scilly  
(b) Other Authorities include National Park Authorities, Waste Disposal and Integrated Transport Authorities

## **Terminology used in this release**

A list of terms relating to local government finance is given in the glossary at Annex G of *Local Government Finance Statistics England* No. 21 2011. This is accessible at <http://www.communities.gov.uk/documents/statistics/pdf/1911067.pdf>. 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.

**Business Rates Supplement** is income which relates to specific projects expected to promote economic development. This includes income from levying a local supplement on the business rate and using the proceeds for investment in the local area.

**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** (line 749). 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.

### **Appropriations to/from financial instruments adjustment account (line 789)**

### **Appropriations to/from unequal pay back pay account (line 790)**

These are two new lines connected with the adjustments permitted or required by our regulations. The accounts show figures fully compliant with accounting standards, but regulations made by DCLG provide for adjustments to those figures to prevent unreasonable increases in council tax. The first line allows for adjustments connected with borrowing and investments, including the regulation on Icelandic banks investments. The second allows for the regulation that permits a charge for unequal pay back pay to be deferred until payments are due to be made (accounting requires a charge as soon as the liability is established).

### **International Accounting Standard 19 (IAS 19)**

Local authorities are required to account for Employee benefits (pensions) in accordance with IAS 19 from 2010-11. This requirement is enshrined in the Code of Practice on Local Authority Accounting in the UK, published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and in CIPFA's Best Value Accounting Code of Practice (BVACOP).

Under IAS19 most of the pension schemes covering local government employees are classed as defined benefit schemes. The main implication of defined benefit status is that retirement benefits are accounted for on the basis of the retirement benefit entitlement to which employment in the year gives rise, rather than the cash amounts of employer's contribution or pension due for the year. That is, the IAS19 pension liability will include all the total pension liabilities for all employees and not when the pension is.

The major exception to defined benefit status is the teachers' pension scheme, which is administered centrally; local authorities account for this on a defined contribution basis, and the charges to service expenditure equal the employer's contribution.

The defined benefit charges are not allowed to impact on council tax payers, the charge that must ultimately be carried by taxpayers is the employer's contributions due for the year. Consequently,



the effects on the revenue account are that the net current expenditure service lines are on a defined benefit basis, but the Budget Requirement is based on the cash contributions due. This neutrality is achieved by reversing out the impact of IAS19 and replacing this with the actual cash contributions.

The information excluding IAS19 that we collect on the form is critical for our key users. In particular, the Office for National Statistics use the information on a non-IAS19 basis for their key statistics on Public Sector Finances and National Accounts. The following table shows summary service expenditure on both an IAS19 and a non-IAS19 basis from the RA form.

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

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

Under the International Financial Reporting Standards (IFRS) the PFI schemes are brought 'on balance sheet'. Local authorities have been required to account for their PFI schemes on the IFRS basis as from 2009-10.

For National Accounts purposes, however, PFI schemes should be accounted for 'on balance sheet' basis only where **economic ownership** of the asset rests with the Authority.

**Economic ownership** for national accounts purposes is determined by the same test as applies under UK accounting standards and hence that local authorities applied in preparing their 2008-09 accounts. The basis of that test was set out in Appendix E to the 2008 SORP, and depends on whether the local authority or the contractor has an asset of the property used to provide the contracted services. A party has an asset of the property where that party has access to the benefits of the property and exposure to the risks inherent in those benefits.

**Budgeted net current expenditure by service on an IAS19 & non-IAS19 basis, including Private Finance Initiatives (PFI) for 2011-12**

	£ million		
	Net current expenditure on a non-IAS19 & PFI "Off Balance Sheet"	Net current expenditure on an IAS19 & PFI "Off Balance Sheet"	Net current expenditure on a non-IAS19 & PFI "On Balance Sheet"
961 Education services	43,002	42,966	42,748
962 Highways, roads and transport services	5,602	5,611	5,534
963 Social care	21,201	21,222	21,202
964 Housing services (GFRA only)	2,328	2,330	2,325
965 Cultural and related services	3,059	3,051	3,051
966 Environmental services	5,339	5,356	5,244
967 Planning and development services	1,398	1,399	1,397
971 Police services	11,840	11,734	11,818
972 Fire and rescue services	2,224	2,265	2,215
975 Central services (excluding Non-distributed costs - retirement benefits )	2,585	2,532	2,581
976 Non-distributed costs - retirement benefits	540	486	539
978 Other services	387	404	387
981 External Trading Accounts net surplus/deficit	-199	-200	-199
982 Internal Trading Accounts net surplus/deficit	-28	-31	-28
983 Provision for repayment of principal	1,910	1,910	2,061
984 Interest: external payments	3,098	3,092	3,446
985 Private Finance Initiative (PFI) schemes - difference from service charges	34	34	-
986 Pensions interest cost and expected return on pensions assets	-	5,397	-
987 Appropriations to/from pensions reserve	-	-5,239	-
<b>989 TOTAL (Total of lines 961 to 987)</b>	<b>104,320</b>	<b>104,320</b>	<b>104,320</b>

(a) Figures are for individual service lines and do not include additions such as some housing benefits which are included in Table 1.

**Formula Grant** – the main channel of government funding. This includes **Redistributed non-domestic rates, Revenue Support Grant, Police grant** and General (GLA) 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.

**Redistributed non-domestic rates** – non-domestic rates which, having been paid into the non-domestic rating pool, are redistributed between local authorities on the basis of population, as part of **Formula Grant**.

**Revenue expenditure** (line 795) - is equal to total net current expenditure (line 749), 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 which replaced rate support grant in 1990-91. Now it is distributed as part of **Formula Grant**.

## **Data quality**

1. This Statistical Release contains National Statistics and as such has been 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.
2. The information for 2011-12 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.
3. 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.
4. Finally, the release document, once prepared, is also subject to intensive peer review before being cleared as fit for the purposes of publication.
5. Please note that the figures in this release have not been adjusted to take into account changes of responsibility between 2010-11 and 2011-12.

## **Uses made of the data**

1. 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 on a non-IAS19 basis 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.
2. 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.
3. The Audit Commission supports auditors by supplying them with a variety of data and indicators. Auditors use this information to inform their Value for Money conclusions. The conclusions are mainly based on outturn expenditure data however the Revenue Account budget data are used by auditors to help plan their Value for Money work for the following year.
4. Comments and feedback from end users for further improvement or about your experiences with this product will be welcomed. Please send all views to:  
[lgf1.revenue@communities.gsi.gov.uk](mailto:lgf1.revenue@communities.gsi.gov.uk)

## **Background Notes**

1. This Statistical Release can be found at the following web address:  
<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/>
2. For press enquiries about this Statistical Release, please contact the Local Government press desk on 0303 444 0444 or email [press.office@communities.gsi.gov.uk](mailto:press.office@communities.gsi.gov.uk). For other enquiries, please contact Osman Beg on 0303 444 4228 or email [lqf1.revenue@communities.gsi.gov.uk](mailto:lqf1.revenue@communities.gsi.gov.uk).
3. Timings of future releases are regularly placed on the Department's website, <http://www.communities.gov.uk/corporate/researchandstatistics/statistics/publicationschedule/> and on the National Statistics website, <http://www.statistics.gov.uk/releasecalendar/currentreleases.asp>
4. For a fuller picture of recent trends in local government finance, readers are directed to *Local Government Finance Statistics England* No. 21 2011, which is available in hard copy from Communities and Local Government Publications, Cambertown House at [product@communities.gsi.gov.uk](mailto:product@communities.gsi.gov.uk) (Tel. 0300 123 1124) and electronically from the Communities and Local Government website: <http://www.communities.gov.uk/documents/statistics/pdf/1911067.pdf>.
5. The CIPFA *Finance and General Statistics* publication also contains detailed information on local government finance.
6. 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](http://www.doeni.gov.uk/index/local_government/local_government_funding.htm)

### **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 items.