



Department for
Communities and
Local Government

Statistical Release

12th September 2012

QUARTERLY REVENUE OUTTURN FOR LOCAL AUTHORITIES IN ENGLAND: QUARTER 1 2012-13

- Total net current expenditure for quarter 1 was estimated to be £27.6bn.
- The forecast net current expenditure figure for 2012-13 is £114.60bn.
- This is an increase of 0.1 per cent on the initial reported budget of £114.43bn.

This statistical release provides quarterly revenue outturn data for local authorities in England, for quarter 1 of the financial year 2012-13, and compares it to revenue account data for the same financial year. The data are drawn from Quarterly Revenue Outturn (QRO) forms and Revenue Account (RA) forms for all of the 444 authorities in England which complete the form. To conform to National Accounts principles, these figures are provided on a non International Accounting Standard 19 (IAS19) and a PFI "off balance sheet" basis, unless otherwise stated.

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

Responsible statistician:

Joanna Coleman. We welcome comments and suggestions for further improvement, or about your experiences with this product, which may include comments on data quality, timing and formatting. Please email gro@communities.gsi.gov.uk

Contact points:

Press enquiries: 0303 444 0444 / press.office@communities.gsi.gov.uk

Other enquiries: 0303 444 2141 / gro@communities.gsi.gov.uk

Website: www.communities.gov.uk

Contents

Introduction	2
Quarterly revenue outturn data	3
Additional table	6
Methodology	6
Strengths and limitations of the data.....	7
Data quality	8
Uses made of the data.....	8
Terminology used in this release	9
Background notes.....	10
Symbols and conventions	11

Index of tables

Table 1: Estimated Quarterly Revenue Outturn data for England Q1 2012-13	3
Table 2: Forecast Revenue Outturn data for England at Q1 2012-13.....	4
Table 3: Total net current expenditure by region and class of authority.....	5

Additional table (available online)

Estimated Quarterly Revenue Outturn data, Q1 2012-13 by local authority, region and class of authority

Introduction

1. Authorities in England submit budget data to the Department before the start of each financial year on the Revenue Account (RA) form, and Revenue Outturn (RO) data after the end of the year.
2. The Quarterly Revenue Outturn (QRO) data, which are collected following quarters 1, 2 and 3 of the financial year, provide an early indication of local authority revenue outturn. Historically, outturn on revenue spending has differed from initial (RA) budget, and these quarterly returns allow data to be improved as spending patterns become clearer throughout the year.
3. The figures in this release are based on valid returns from 440 authorities. Authorities whose data are missing or invalid are listed in paragraph 19.e. Where authority information is missing or invalid, figures have been imputed for the purpose of calculating aggregate figures, as described in the methodology section of this release.
4. This release provides the first estimate of quarter 1 revenue outturn data. Authorities will have the opportunity to revise their quarter 1 data following quarter 2, and an update of these figures will then be published.
5. Throughout this release, comparisons are made between the RA (budget) figures submitted by authorities and their QRO outturn figures. It is important to note that the RA figures are a snapshot produced by authorities at a single point prior to the financial year. The purpose of the comparison is to update the expected expenditure data with actual

expenditure data and give a clearer picture of what authorities are spending over the year. A difference between the budget figure and the outturn figure does not necessarily represent an over- or under-spend.

Quarterly revenue outturn data

6. Table 1 shows the QRO data for quarter 1 of 2012-13 at a national level, subject to grossing as outlined in sections 13 and 14.

- Nationally, net current expenditure for the quarter was £27.58bn.
- One quarter of the comparable budgeted (RA) figure was £28.61bn. Quarter 1 outturn expenditure was 3.6 per cent lower than this RA figure.

Table 1: Estimated Quarterly Revenue Outturn data for England Q1 2012-13		Q1 Outturn
Net current expenditure (£m)		
QRO line		
1, 2	General Public Services	695
3	Defence	12
4,5	Public order and Safety	3,398
6, 7, 8	Economic Affairs	1,267
9	Environmental Protection	1,004
10, 11, 12	Housing and Community Amenities	387
13	Health^(a)	0
14	Recreation, Culture and Religion	647
15	Education	7,491
	Non-pay element of schools expenditure	2,018
16, 17	Social Protection	5,372
18	Non-distributed costs: retirement benefits	129
19	Non-distributed costs: Costs of unused shares of IT facilities and other assets	2
20	Non-distributed costs: Revenue expenditure on surplus assets	0
21	Other Services	95
22	TOTAL SERVICE EXPENDITURE (TOTAL OF LINES 1 TO 21)^(b)	22,515
23	Housing benefits: rent allowances - mandatory payments	3,804
24	Housing benefits: non-HRA rent rebates - mandatory payments	106
25	Housing benefits: rent rebates to HRA tenants - mandatory payments	1,050
26	Housing benefits: subsidy limitation transfers from HRA	1
27	Contribution to the HRA re items shared by the whole community	2
28	Parish precepts	132
29	Integrated Transport Authority levy ^(c)	-12
30	Waste Disposal Authority levy ^(c)	3
31	London Pensions Fund Authority levy	6
32	Other levies	12

33	External Trading Accounts net surplus(-)/ deficit(+)	-73
37	<i>Capital charges included in External Trading Accounts (Line 33)</i>	-6
34	Internal Trading Accounts net surplus(-)/ deficit(+)	30
38	<i>Capital charges included in Internal Trading Accounts (Line 34)</i>	-8
35	Adjustments to net current expenditure	1
36	NET CURRENT EXPENDITURE (TOTAL OF LINES 22 TO 35)^(b)	27,578
39	Interest payable and similar charges	620
40	Interest receivable ^(d)	-92

(a)	Under the definition of health expenditure in COFOG-1 (see glossary) this figure is currently zero for all authorities.
(b)	Includes non-pay element of schools expenditure imputed from RA returns.
(c)	This levy should net out to zero across the year. The fact that it does not do so for the outturn figure(s) is likely to be due to timing differences and estimation on the part of authorities.
(d)	The negative figure denotes income.

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

8. Forecast expenditure for 2012-13 is slightly above the budgeted figure reported in the Revenue Account forms at the start of the year and implies that quarterly expenditure will rise through the remainder of the year. This is consistent with the forecast made by authorities at the same point in 2011-12 although the final outturn for that year was significantly less than that figure. If 2012-13 follows the same pattern, outturn for quarters 2, 3 and 4 could instead be expected to be broadly in line with the quarter 1 figure.

- The in-year forecast for total service expenditure is 100.1 per cent of the RA figure for the year.
- The in-year forecast for net current expenditure is 100.1per cent of the RA figure.

Table 2: Forecast Revenue Outturn data for England at Q1 2012-13				
	2012-13 Forecast Outturn (QRO) ^(a)	2012-13 Budgeted (RA) figure	Percentage change from RA	
22	TOTAL SERVICE EXPENDITURE	94,822	94,737	0.1%
36	NET CURRENT EXPENDITURE	114,600	114,432	0.1%
39	Interest payable and similar charges	2,814	3,043	
40	Interest receivable ^(b)	-392	-404	

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

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

- Nationally, total net current expenditure for quarter one made up 24.1 per cent of the in-year forecast figure.
- The in-year forecast outturn ranges from 70.9 per cent of the RA figure for Other Authorities to 104.9 per cent for Greater London authority.
- Quarter one outturn ranges from -0.8 per cent of the in-year forecast for Other Authorities to 25.0 per cent for Police authorities.

Table 3: Total net current expenditure by region and class of authority					
Total net current expenditure (£m)	Quarter 1 outturn	2012-13 Forecast Outturn (QRO)	2012-13 Budgeted (RA) figure	Q1 outturn as percentage of in-year forecast	In-year forecast as percentage of RA
ENGLAND	27,578	114,600	114,432	24.1	100.1
<u>Region</u>					
North East	1,382	5,802	5,791	23.8	100.2
North West	3,792	15,505	15,585	24.5	99.5
Yorkshire and the Humber	2,677	10,808	10,936	24.8	98.8
East Midlands	1,918	8,092	8,290	23.7	97.6
West Midlands	2,880	11,496	11,582	25.0	99.3
East of England	2,665	11,468	10,906	23.2	105.2
London	6,074	25,720	25,406	23.6	101.2
South East	3,845	16,214	16,329	23.7	99.3
South West	2,346	9,494	9,607	24.7	98.8
<u>Class of authority</u>					
London Boroughs	4,808	19,886	19,845	24.2	100.2
Greater London Authority	1,264	5,812	5,540	21.7	104.9
Metropolitan Districts	5,629	22,958	23,125	24.5	99.3
Unitary Authorities	5,234	21,499	21,537	24.3	99.8
Shire Counties	6,125	26,048	25,794	23.5	101.0
Shire Districts	2,139	8,624	8,522	24.8	101.2
Police Authorities	2,035	8,142	8,371	25.0	97.3
Fire Authorities	344	1,472	1,473	23.4	100.0
Other Authorities ^(a)	-1	159	224	-0.8	70.9

(a) Special Rail Grant is no longer received by Greater Manchester Combined Authority but paid to Transport for Greater Manchester directly. This has largely contributed to the low quarterly and forecast figures for Other Authorities.

Additional table

10. An additional table has been produced at local authority level, for authorities who submitted valid data. This is not included in the printed version of this release. It is available on the Department's website at <http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/revenue201213/> and shows quarter 1 outturn data and in-year forecast data at local authority, region and class of authority level.

Methodology

11. This release compares QRO data with RA data in a number of cases. The forms are not directly comparable and so, in order to make the comparison, relevant RA lines have had to be aggregated to provide a comparison to each QRO line. A mapping document which shows the relationship between lines on the RA, RO and QRO forms is available online at <http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/revenue201213/>.
12. The non-pay element of schools expenditure is not a mandatory part of the QRO collection. Where an education authority does not provide this figure, it is imputed from the 2012-13 RA figure and the 2010-11 RO figure. This non-pay element is taken to be the proportion of RA line 190 (total schools expenditure) for each authority which is deemed likely to apply to schools' non-pay (see paragraph 16), multiplied by the percentage in paragraph 14 which converts it to a quarterly figure.
13. Aggregate national, regional and class of authority figures are produced by using imputed figures for any authority which failed to submit its form by the deadline for inclusion in this release, or for which the form was received but contained significant data quality issues which could not be resolved with the authority in time for publication.
14. The imputed figures for such authorities are taken to be a percentage of the comparable Revenue Account (RA) figures submitted for the financial year. This is the Q1 outturn figure as a percentage of the comparable RA figure for valid authorities. For this release, this percentage was calculated to be 24.0 per cent. This methodology assumes that the missing authority's outturn is in keeping with its budgeted expenditure and that its expenditure in the current quarter, as a percentage of its budgeted expenditure for the year, is the same as that for authorities for which validated QRO data are available. As the RA and QRO lines are not identical, RA lines have been aggregated to form a comparison with the relevant QRO line.

15. In order to estimate the education line (line 15) for authorities with missing or invalid data, both RA and RO (Revenue Outturn) figures are used. The 2010-11 RO for each authority is used to determine the percentage of its total net current expenditure on schools which is made up of employee costs. This percentage is applied to the RA figure for total net current expenditure on schools to estimate the employee element of this expenditure, and is added to RA lines 150 and 160 (services to young people and other community learners, and other strategic functions) to produce an estimate of the annual QRO education figure for the authority. The quarterly figure is then estimated by applying to this annual figure the percentage described in paragraph 14.
16. Similarly, the non-pay element of schools' expenditure is calculated by taking the remaining portion of the RA figure and estimating the quarterly figure as in paragraph 15. This calculation is carried out for all education authorities who did not explicitly supply a non-pay figure on the Q1 return, and the figures are reported separately in Table 1.
17. Where imputation methodology has been applied to an authority for the purpose of producing aggregate figures, no data are published for that authority in the online LA-level table (available at <http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/revenue201213/>).

Strengths and limitations of the data

18. The QRO data provide a timely indication of revenue expenditure at local authority level, giving an earlier indication than was previously possible using only the RO data collected after year-end.
19. The data are limited by certain factors, as outlined below.
- a. Local authorities are asked to work to a level of materiality of £1m for all lines except 33, 34, 37 and 38 (trading account lines), for which the materiality level is £5m.
 - b. For the purposes of the QRO return, authorities are asked to estimate the apportionment of central service charges to the appropriate service lines on an accrued basis. However, the majority of authorities do not undertake this apportionment formally until year end. There is a large difference, therefore, between the RA and QRO for line 2 within General Public Services, as authorities have either had to estimate the apportionment or have not undertaken any apportionment of recharges in their return (instead including all costs in line 2 of the return).
 - c. The non-pay element of schools expenditure is not a mandatory element of the QRO collection, and is imputed from the RA form as outlined in paragraph 16 where not provided by the authority. This methodology assumes that the spending pattern for this type of

expenditure is the same as the average spending pattern of valid authorities across all lines on the form.

- d. Where authorities fail to submit a return, or where, at the point of publication, significant data quality issues remain, figures for the authority are imputed for the purpose of calculating aggregate figures (see paragraphs 14 and 15). This imputation relies on a number of assumptions, including that the authority's expenditure remains in line with its budget and that the proportion of its expenditure occurring in the current quarter is equal to the same proportion for validated authorities. **0.6 per cent of the net current expenditure reported for England is comprised of imputed values.**
- e. Authorities for whom valid data were not available at the point at which this release was finalised were: Cumbria Police Authority, South Hams, Southend-on-Sea and Thurrock.

Data quality

20. The information in this Statistical Release is derived from Department for Communities and Local Government Quarterly Revenue Outturn (QRO) returns submitted by local authorities in England. All local authorities are required to complete all relevant parts of the QRO return.
21. Figures are subjected to rigorous pre-defined validation tests as the data are received and stored, and queries are followed up with authorities prior to publication.
22. The release document, once prepared, is also subject to intensive peer review before being cleared as fit for the purposes of publication.
23. It should be recognised that this is the second year in which QRO data have been collected from authorities on a statutory basis. Data quality can be expected to improve as local authorities become more familiar with the form, and as an increase in the amount of data available provides more options for validation checks.

Uses made of the data

24. The purpose of the QRO collection is to improve the economic data used for fiscal monitoring by HM Treasury and the data used to monitor changes in the wider economy which are maintained by the Office for National Statistics. This in turn supports the Government's aims of maintaining sound public finances and macroeconomic stability. Improving the local authority data provided to central government is a key part of this.
25. Comments and feedback from the end user for further improvement or about your experiences with this product will be welcomed. Please send all views to gro@communities.gsi.gov.uk.

Terminology used in this release

26. A list of terms relating to local government finance is given in the glossary at Annex G of Local Government Finance Statistics England No. 22 2012. This is accessible at <http://www.communities.gov.uk/publications/corporate/statistics/financialstatistics222012>. The terms most relevant to this release are explained below.
27. **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.
28. **Classification of the Functions of Government (COFOG) codes** provide a standard means of referring to services provided by government. Further detail on what is covered by each COFOG code is available from the UN Statistics Division (link below). COFOG-1 codes (the highest level of the hierarchy) are used on the QRO form. Line 13 of the form (Health) is included so that a full picture of expenditure under all COFOG codes can be provided. However, at present, no local authorities are responsible for services which fall under the COFOG definition of Health. (<http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=4>).
29. **Current expenditure** is the cost of running local authority services within the financial year. This includes the costs of staffing, heating, lighting and cleaning, together with expenditure on goods and services consumed within the year. This expenditure is offset by income from sales, fees and charges and other (non-grant) income, which gives **total net current expenditure**. Total net current expenditure also includes payments made by local authorities on behalf of central government, under statutory schemes and the payment of rent allowances and rebates. Such payments are fully funded by central government through specific grants outside **Aggregate External Finance**.
30. **International Accounting Standard 19 (IAS 19)**. Local authorities' final accounts are required to comply in full with International Accounting Standard 19 on employment benefits. This requires future liabilities for retirement benefits to be recognised in the accounts for all the main categories of local government employees, with the exception of teachers. However, for National Accounts purposes, the cost of retirements is taken to be the benefits and contributions actually payable in the year.
31. **PFI schemes in accordance with the International Financial Reporting Standards (IFRS)**. Under the International Financial Reporting Standards (IFRS), assets provided under PFI schemes are normally shown on the authority's balance sheet. Local authorities are required to account for their PFI schemes on the IFRS basis. For National Accounts purposes, however, PFI schemes are accounted for on an "on balance sheet" basis only where economic ownership of the asset rests with the authority.

Economic ownership for national accounts purposes is determined by whether the local authority or the contractor has an asset of the property used to provide the contracted services. A party has an asset of the property where that party has access to the benefits of the property and exposure to the risks inherent in those benefits.

Background notes

32. This Statistical Release can be found at the following web address:
<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/revenueexpenditure/revenue201213/>
33. 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. For other enquiries please contact Joanna Coleman on 0303 444 2141 or email qro@communities.gsi.gov.uk.
34. 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/hub/release-calendar/index.html>
35. Guidance notes, which accompany each form sent to local authorities, can be found at:
<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/quarterlyrevenue/>
36. For a fuller picture of recent trends in local government finance, readers are directed to Local Government Finance Statistics England No. 22 2012, which is available electronically from the Department for Communities and Local Government website:
<http://www.communities.gov.uk/publications/corporate/statistics/financialstatistics222012>
37. The Scottish Government, Welsh Assembly Government and Northern Ireland Government collect annual revenue outturn data. Their information can be found at the following websites:
 - a. Scotland:
<http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance>
 - b. Wales:
<http://wales.gov.uk/topics/statistics/headlines/localgov2010/100623/?lang=en>
 - c. Northern Ireland:
http://www.doeni.gov.uk/index/local_government/local_government_funding.htm

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

<http://www.communities.gov.uk/documents/statistics/xls/2207057.xls>

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

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

Symbols and conventions

Symbols

... Not available

0 Zero or negligible

n/a Not applicable

|| Discontinuity

(P) Provisional

(R) Revised since the last statistical release

Rounding

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

Department for Communities and Local Government. © Crown Copyright, 2012

If you require this publication in an alternative format please email: alternativeformats@communities.gsi.gov.uk. Please note that the nature of content means that we may not be able to provide the Statistical series of publications in all requested formats.

September 2012

ISBN: 978-1-4098-3644-5