

2 Summary of Combined Authority Accounts: 1996/97 to 1999/00 Outturn

2.1. This section summarises local authority spending and income. All accounts (General Fund Revenue Account, Housing Revenue Account, External Trading services Revenue Account and Capital Account) are combined but pension funds are excluded. The actuarial reserves of the pension funds are owned by the fund members and these are part of the financial corporation sector in the National Accounts, not part of the local government sector. This information is given separately in **Table 8.1**.

2.2. Where possible, the tables in this chapter eliminate double counting of flows of money. There are three types of such flows:

- (i) *Between services within the same account.* The most significant flow or recharge of this kind is from general administration to other services. On the revenue outturn (RO) returns, the general administration recharged to services scores as running expenses under both 'general administration' and the service line, and as 'other income' to general administration. Adjustments have been made to figures in **Table 2.1** (and **Table 3.1**) so that such costs only score as running expenses under the appropriate service line.
- (ii) *Between accounts of the same authority.* For example, contributions by the General Fund revenue account to the Housing revenue account.
- (iii) *Between authorities.* This occurs when an authority pays another authority for goods and services it provides (for example, payments to other local education authorities in respect of pupils educated outside their area of residence).

The most significant of these flows can be identified and eliminated but some cannot, such as recharges made by services other than general administration and some payments and receipts between authorities.

2.3. **Table 2.1** summarises gross expenditure and income for each of the main local authority accounts. There are several different measures of "gross expenditure". The measure used in **Table 2.1** excludes payments of rent rebates to tenants and payments of council tax benefits. These payments are excluded because their purpose is to *finance* local authority expenditure rather than to *increase* it.

2.4. Total gross expenditure (excluding identifiable double counting) totalled around £76 billion in 1996/97, £77 billion in 1997/98, £81 billion in 1998/99 and £85 billion in 1999/00. In order to make expenditure and income balance, after allowing for changes in levels of borrowing and investments, it is necessary to make an adjustment to allow for cash/accruals and other timing differences. This adjustment for 1996/97 was £983 million, for 1997/98 was £841 million, for 1998/99 was £464 million and for 1999/00 was £-234 million.

2.5. **Table 2.2** gives a breakdown of expenditure by service. In 1999/00, 46% of local authority gross spending (revenue and capital combined) was accounted for by just two services - education and housing. **Figure 2.1** shows this breakdown of expenditure by services.

2.6. **Table 2.3** gives the sources of gross revenue and capital income. In 1999/00, 60% was government funded. This is shown in **Figure 2.2**.

Table 2.1: Summary of gross expenditure and income (excluding double counting of flows): 1996/97 to 1999/00

	£ million				
GROSS EXPENDITURE (a)	1996/97	1997/98	1998/99	1999/00	Table ref.
General fund revenue account:					
Employees	30,237	31,167	32,524	35,737	3.1
Running expenses (b)	31,208	32,250	34,872	35,172	3.1 & A2
less (1)	(1,217)	(1,214)	(1,148)	(1,327)	
Housing revenue account:					
Supervision, management, repairs and other expenditure	4,351	4,279	4,356	4,273	3.5
External Trading services revenue accounts:					
Employees	300	289	155	127	A1
Running expenses	776	816	626	571	A1
Parish precepts	133	144	154	165	A2
External interest payments (all accounts)	3,224	2,987	3,168	3,083	
Total revenue expenditure (c)	69,012	70,718	74,707	77,801	2.2
Capital account:					
Rate/General Fund services (d) (f)	4,944	4,589	4,830	5,038	
Housing revenue account (d)	1,322	1,563	1,660	1,570	
Trading services (d)	154	146	140	304	
Total capital expenditure	6,420	6,298	6,630	6,912	6.1
Capitalised current expenditure (e)	164	193	94	111	6.5 & 2.2
Total gross expenditure	75,596	77,209	81,431	84,824	2.2

(a) See paragraph 2.3

(b) Comprises running expenses from Tables 3.1 and items of non-current expenditure: discretionary non-domestic rate relief, leasing payments, flood defence payments to the Environment Agency, bad debt provision and council tax benefit subsidy limitation scheme. For 1996/97 and 1997/98, running expenses excluded expenditure on joint arrangements. From 1998/99 onwards the joint arrangements figure was not separately identified and is included within the running expenses figure. In 1997/98 these joint arrangements amounted to some £500m.

(c) Excluding double counting of flows between revenue accounts and repayments of principal of debt.

(d) Payments of fixed assets, payments on grants and advances, acquisition of share or loan capital, credit cover required for leases and credit cover required for other credit arrangements.

(e) Comprises expenditure under section 40(6) and LSVT levy.

(f) From 1997/98 agriculture and fisheries trading and theatres trading are not collected separately and are included with Rate/General Fund services. In 1996/97 capital expenditure on these trading services was £14 million.

(g) Revenue Support Grant, non-domestic rates from the pool and certain special grants are paid into authorities' General Funds. Council tax benefit and transitional reduction scheme grant are paid by central government into billing authorities' General Funds and then transferred into the Collection Funds.

(h) Council tax income is net of council tax benefit and transitional reduction scheme grant but gross of income support.

(i) Excludes council tax benefit grant, council tax transitional reduction scheme grant, and police grant allocated under principal formula

(j) Other income except interest receipts. For 1996/97 and 1997/98, other income excluded income on joint arrangements. In 1998/99 the joint arrangements figure was not separately identified and is included within the other income figure. In 1997/98 these joint arrangements amounted to some £300m.

(k) Comprising Local Authority Social Housing Grant and European grants.

(l) Capital receipts comprises disposal of fixed assets, leasing disposals, repayments of grants and advances, disposal of share or loan capital and disposal of other investments.

(m) Increase in local authority investments excluding inter-authority investments.

(n) An accruals adjustment is required to allow for the fact that some figures (such as borrowing) are on a cash basis (ie in respect of payments made or income received during the year) and some figures (eg revenue expenditure) are on an accruals basis (ie in respect of the period for which transactions took place).

(o) Comprises payments/receipts in respect of students educated by another local education authority only.

(p) Other income except interest receipts.

£ million

GROSS INCOME	1996/97	1997/98	1998/99	1999/00	Table ref.
General Fund revenue account (g)					
Non-domestic rates	12,736	12,027	12,531	13,612	4.4
Council taxes (h)	8,574	9,265	10,384	11,338	5.4
Council tax benefit grant	1,790	1,863	1,840	1,875	A2
Council tax transitional reduction scheme grant	2	15	11	-	5.4
Revenue support grant to Local Authorities	18,001	18,650	19,480	19,875	4.2
SSA Reduction grant	220	123	102	68	4.2
Specific and special government grants (i)	8,787	9,470	9,303	9,169	
Police grant allocated under principal formula	3,158	3,148	3,375	3,505	4.4
Sales, fees and charges	4,875	5,473	6,159	6,457	3.1
Other income (j)	4,800	4,919	5,676	6,234	3.1
less (2)	(1,045)	(1,003)	(969)	(1,152)	
Housing revenue account:					
Rents (net of rebates)	2,823	2,869	3,010	3,044	3.5
Government subsidies and grants	3,918	3,633	3,371	3,113	3.5
Other income	358	326	364	353	3.5
less (3)	(13)	(10)	(10)	(10)	
External trading services revenue accounts:					
Sales, Fees and charges	1,052	1,099	861	846	A1
Other income (p)	272	237	175	132	A1
External interest receipts (all accounts)	720	793	990	791	
Total revenue income	71,028	72,896	76,653	79,250	
Capital account:					
Government grants	1,388	1,262	1,160	1,161	6.5
Grants used for debt redemption (k)	425	426	443	415	
Other grants and contributions	281	389	485	571	6.5
Capital receipts (l)	2,183	2,349	2,662	3,651	6.1
Total capital income	4,277	4,426	4,750	5,798	
Notional borrowing i.r.o. credit cover for credit arrangements	9	14	12	26	C1
Increase in borrowing	554	52	440	307	7.2
less increase in investments (m)	(1,279)	(1,044)	(896)	(347)	7.3
net change in capital creditors	24	24	15	24	6.5
Accruals adjustment and balancing item (n)	983	841	464	(234)	
Total gross income	75,596	77,209	81,431	84,824	2.3
Double accounting adjustments (as numbered above)					
EXPENDITURE					
(1)					
Net contribution to housing revenue account	(40)	(42)	(50)	(69)	A2
Net contribution to trading services revenue accounts	64	92	63	58	A2
Recharges to other accounts	966	907	844	1,037	A1
Payments to other local authorities (o)	94	113	137	136	A1
Parish Precepts	133	144	154	165	A2
INCOME					
(2)					
Recharges to other accounts	966	907	844	1,037	A1
Receipts from other local authorities (o)	79	96	125	115	A1
(3)					
Housing benefit transfers from other revenue account	13	10	10	10	

Table 2. 2: Local authority gross expenditure by service: 1999/00

	Capital expenditure		Capitalised current expenditure		Revenue expenditure (a)		Total gross expenditure	
	£ million	%	£ million	%	£ million	%	£ million	%
Education	1,139	16	3	3	24,550	32	25,692	31
Personal Social Services	134	2	5	5	13,572	17	13,711	16
Police	270	4	0	0	7,459	10	7,729	9
Fire	50	1	0	0	1,629	2	1,679	2
Transport	1,086	16	1	1	3,780	5	4,867	6
Other H O/LC Dept. Services*	44	1	0	0	1,229	2	1,273	2
Housing (b)	2,406	35	35	32	11,419	15	13,860	16
Libraries and Art Galleries (c)	138	2	0	0	1,383	2	1,521	2
Sports and Recreation	241	3	2	2	903	1	1,146	1
Local Environmental Services	1,299	19	65 (c)	59	5,733	7	7,097	8
Other Services (d)	105	2	0	0	6,144	8	6,249	7
All services	6,912	100	111	100	77,801	100	84,824	100

* HO - Home Office/LC - Lord Chancellor

- (a) Expenditure not directly attributable to any particular service has been allocated in proportion to non-HRA running expenses.
- (b) Revenue Expenditure includes expenditure on housing paid through all accounts, in particular mandatory rent allowances paid through the general fund revenue account. The figure is therefore not comparable with the housing revenue account figure in Table 2.1.
- (c) Capital expenditure on arts activities and facilities (including theatres) is included under Other Services with a view to consistency with Revenue figures. In table 6.1 it is included under arts and libraries.
- (d) Includes supported employment services, flood defence, coast protection, other agriculture, consumer protection, corporate and democratic core, administration and support services and miscellaneous services.

Figure 2.1: Local authority gross expenditure by service 1999/00

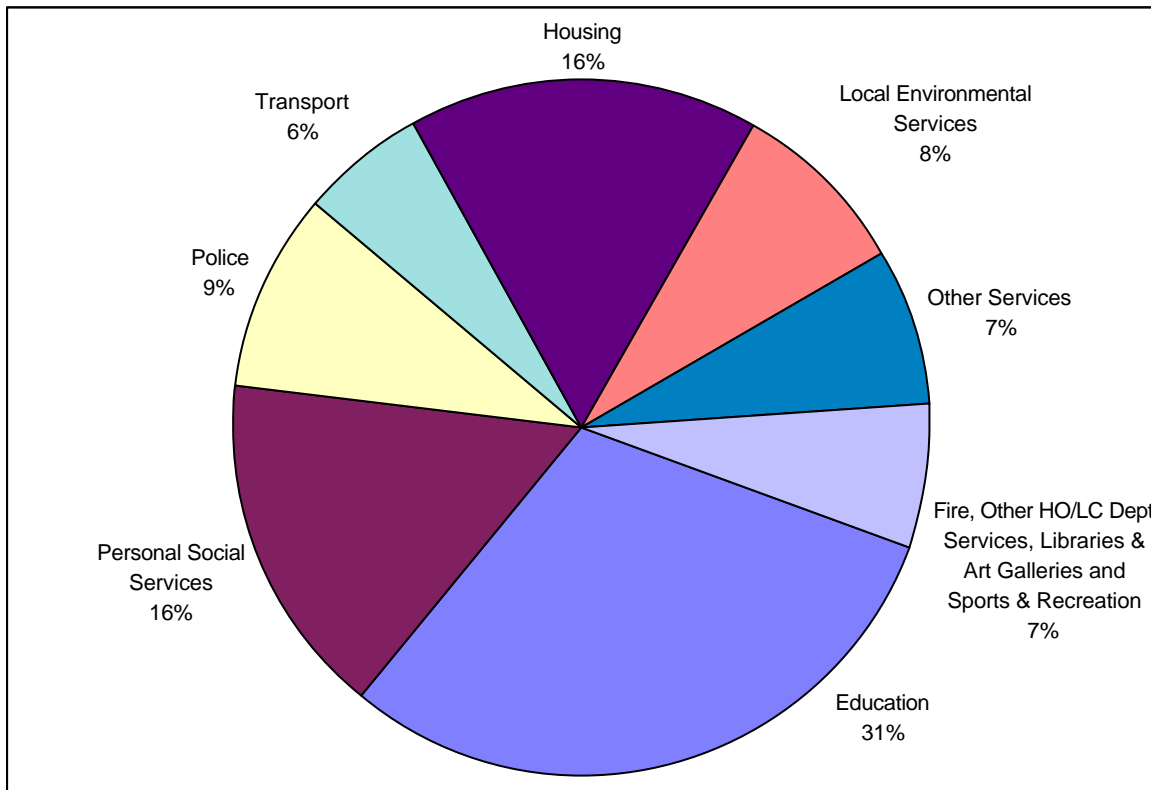


Table 2. 3: Local authority income by source: 1999/00

	£ million	%	Table
Government Funded			
Revenue support grant to local authorities	19,875	23	2.1
National Non-domestic Rates	13,612	16	4.4
Hypothecated revenue grants	15,855	19	2.1
Hypothecated capital grants	1,576	2	2.1
Local Authority Funded			
Council Tax (a)	13,213	16	5.4, 2.1
Revenue from services	15,914	19	2.1
of which			
Sales, Fees and Charges (General Fund Revenue)	6,457	8	2.1
Rents (Housing Revenue Account)	3,044	4	2.1
Sales, Fees and Charges (Trading Services Revenue)	846	1	2.1
Other Income (General Fund Revenue) and Adjustments (b)	5,082	6	2.1
Other Income (Housing Revenue Account)	353	0	2.1
Other Income (Trading Services Revenue)	132	0	2.1
Proceeds from disposals	3,651	4	2.1
External interest receipts (excluding (c))	781	1	2.1
Other	347	0	2.1
of which			
Notional borrowing i.ro credit cover	26	0	2.1
Increase in borrowing	307	0	2.1
Increase in investments	(347)	(0)	2.1
Net change in capital creditors	24	0	2.1
Other grants and contributions	571	1	2.1
Accruals adjustment and balancing item	(234)	(0)	2.1
All income	84,824	100	

(a) Includes amounts financed by council tax benefit grant.

(b) & (c) Please see Table 2.1 double accounting adjustments (2) & (3) respectively.

Figure 2.2 Local authority gross income by source 1999/00

