

4 Revenue expenditure: Time series

This section gives outturn information about local authority General Fund revenue account spending for the years 1994/95 to 1999/00 and budget estimates for 2000/01 and 2001/02. It compares this information on a Settlement basis with the provision made in the Local Government Finance Settlement.

4.1 General Fund revenue account (Tables 4.1 to 4.4)

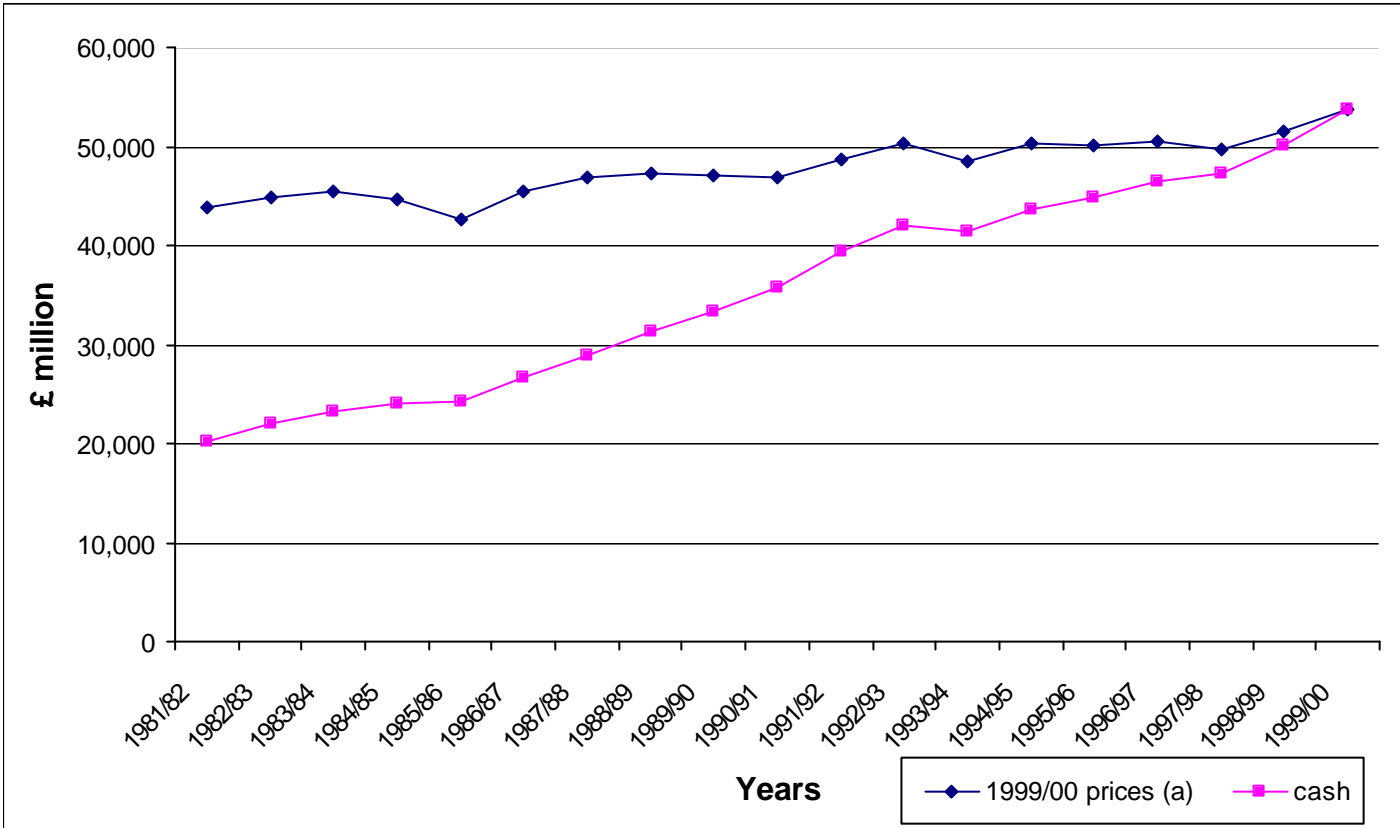
- 4.1.1. **Table 4.1** gives details of the financing of revenue expenditure for each year since 1981/82. The measure of expenditure used is revenue expenditure to compare with Total Standard Spending (and the equivalent measure under the domestic rating system). Expenditure met by sales, fees and charges and expenditure under other accounts, such as the housing revenue account, is excluded.
- 4.1.2. **Table 4.2** shows how the main measures of local authority revenue spending are derived and compares these figures across the years 1994/95 to 1999/00.
- 4.1.3. **Table 4.3** shows in 2001/02, local authorities' budgeted net current expenditure was £65,073 million, an increase of 7.5% over 2000/01 budget (adjusted as described in footnote (e) of the table). In 2001/02 40% of net current expenditure was accounted for by education, 32% by social services, police and fire services. After budgeting to draw £479 million from reserves, the budget requirement in 2001/02 was set at £55,336 million.
- 4.1.4. **Table 4.4** shows how Council Tax for Standard Spending for the years 1996/97 to 2001/02 links to revenue expenditure, net revenue expenditure, budget requirement and the demands/precepts on the Collection Fund. It also shows how the Aggregate External Finance (AEF) is comprised. The bottom part of the table shows the relative amounts of Ring-Fenced Grants and General grants given to local authorities. Ring-fenced grants can only be used for specific purposes, and are equivalent to specific, special and supplementary grants inside AEF, with the exception (in 2001/02) of Neighbourhood Renewal Fund Grant. There are no restrictions on how General grants are spent, and they include Revenue Support Grant, Redistributed Non- Domestic rates, Police Grant, SSA Reduction Grant and (in 2001/02) Neighbourhood Renewal Fund Grant. The relative amounts of Ring-fenced Grants and General Grants are shown in **Figure 4.2**.

Table 4.1 Funding of Revenue expenditure since 1981/82

	Revenue Expenditure(a)		Government grants (b)		Non-domestic rates(c)		Domestic Rates/Community Charges/Council taxes (d)	
	cash		cash		cash		cash	
	£m	£m	%	£m	%	£m	%	
Domestic rating system								
1981/82	20,106	10,930	54	5,013	25	4,338	22	
1982/83	21,952	11,233	51	5,685	26	5,020	23	
1983/84	23,263	11,520	50	6,042	26	5,446	23	
1984/85	24,119	11,938	49	6,361	26	5,895	24	
1985/86	24,284	11,715	48	6,740	28	6,388	26	
1986/87	26,630	11,950	45	7,566	28	7,364	28	
1987/88	28,980	12,723	44	8,088	28	8,090	28	
1988/89	31,240	13,201	42	8,819	28	8,957	29	
1989/90	33,282	13,481	41	9,595	29	9,713	29	
Community charge system								
1990/91	35,851	12,927	36	10,429	29	12,251	34	
1991/92	39,472	18,620	47	12,408	32	8,533	22	
1992/93	42,023	20,968	50	12,306	29	9,521	23	
Council Tax system								
1993/94	41,506	21,685	52	11,584	28	8,912	21	
1994/95	43,602	23,679	54	10,692	25	9,239	21	
1995/96	44,827	23,335	52	11,361	25	9,777	22	
1996/97	46,532	23,003	49	12,743	27	10,461	22	
1997/98	47,256	23,840	50	12,034	25	11,241	24	
1998/99	50,189	25,291	49	12,531	25	12,332	24	
1999/00	53,651	26,420	49	13,619	25	13,278	25	
2000/01 (f)	56,889	26,600	47	15,407	27	14,200	25	
2001/02 (f)	61,270	30,341	50	15,144	25	15,245	25	

- (a) 1981/82 to 1989/90: net expenditure financed from relevant grants rates and balance. 1990/91 onwards: 'Revenue expenditure to compare with TSS' i.e. expenditure financed from revenue support grant, specific grants within AEF, special grants, non domestic rates, community charges/council taxes and balances. Also includes spending met by community charge grant (1991/92) and additional grant for teachers pay (1992/93), SSA reduction grant (1994/95 onwards) police grant (1995/96 onwards), Central Support Reduction Grant (1999/00 onwards) and Greater London Authority General Grant (2000/01 onwards). This column is not the total of the others. The difference is due to funding by balances and other adjustments.
- (b) 1981/82 to 1990/91: Aggregate exchequer grant 1991/92 onwards: revenue support grants, specific and special grants within AEF, community charge grant (1991/92), teachers' pay award additional grant (1992/93), SSA reduction grant (1994/95 onwards), police grant (1995/96) and Central Support Reduction Grant (1999/00 onwards) and General GLA Grant (2000/01 onwards).
- (c) 1981/82 to 1989/90: net of rate relief. 1990/91 onwards: distributable amount from non-domestic rate pool. 1993/94 onwards: includes City Offset.
- (d) 1981/82 to 1991/92: gross of domestic rate rebates. 1990/91 to 1992/93: gross of community charge benefit and community charge transitional relief/community charge reduction scheme grant. 1993/94 onwards: gross of council tax benefit and council tax transitional reduction scheme.
- (e) Revenue expenditure at 1999/00 prices has been calculated using the GDP deflator. Major function changes include:
- (i) Responsibilities for municipal bus services transferred to public transport companies in 1986;
 - (ii) Funding of Polytechnic and higher education colleges transferred to the Polytechnics and Colleges Funding Council on 1 April 1989;
 - (iii) Increasing responsibilities as a result of care in the community since 1 April 1993;
 - (iv) Funding of colleges of further education and sixth form colleges transferred to the Further Education Funding Council on 1 April 1993.
- (f) Budget Estimates.

Figure 4.1 Local Authority Revenue Expenditure at 1981/82 to 1999/00



(a) See Table 4.1

Table 4.2**Re**

£ million

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn
Education (i)	18,507	18,438	18,691	18,908	19,946	22,164
Personal Social Services	6,616	7,324	7,943	8,454	9,059	10,050
Police	5,766	5,928	6,261	6,498	6,693	7,034
Fire	1,195	1,230	1,281	1,338	1,402	1,473
Highway Maintenance	1,690	1,683	1,679	1,628	1,621	1,645
EPC Services (j)	12,754	13,550	14,147	14,297	14,751	14,751
Comprising						
Civil Defence & other Home Office	527	540	544	556	558	594
Magistrates Courts	300	301	303	308	309	316
Parking and public transport	705	649	626	659	695	669
Housing Benefit and Council Tax Admin (a) (j)	4,790	5,315	5,625	5,531	5,520	5,757
Non HRA Housing	348	345	363	367	400	420
Libraries and Art galleries	723	732	739	745	881	1,056
Sports and recreation centres	531	538	539	537	562	563
Local Environmental Services	3,228	3,271	3,372	3,474	3,675	3,561
Other (f)	1,602	1,859	2,036	2,121	2,150	2,150
Net Current Expenditure	46,528	48,154	50,002	51,123	53,471	57,872
Capital charges	2,237	2,009	1,936	1,970	1,968	1,927
CERA (b)	734	901	757	712	717	628
Interest receipts	(772)	(929)	(898)	(1,053)	(1,143)	(877)
Other non-current expenditure (c)	3,494	3,578	3,777	3,897	3,992	2,223
Gross Revenue Expenditure (d)	52,221	53,713	55,574	56,650	59,005	61,774
Specific Grants outside AEF	(8,579)	(8,813)	(8,991)	(9,395)	(8,816)	(8,122)
Other income (g)	(39)	(58)	(51)	-	-	-
Revenue expenditure	43,602	44,843	46,532	47,256	50,189	53,651
Specific Grants inside AEF (h)	(4,920)	(1,742)	(1,618)	(1,825)	(2,334)	(2,921)
Net Revenue Expenditure	38,682	43,101	44,914	45,431	47,855	50,730
Other Adjustments	(33)	(3)	(18)	(1)	(67)	(35)
Use of reserves	134	(176)	(116)	54	243	(157)
Budget requirement	38,784	42,921	44,781	45,483	48,030	50,539
SSA Reduction Grant	(280)	(261)	(219)	(123)	(102)	(68)
Police Grant allocated under Principal formula	-	(3,036)	(3,164)	(3,243)	(3,375)	(3,505)
Revenue Support Grant	(18,479)	(18,296)	(18,002)	(18,649)	(19,480)	(19,875)
Central Revenue Protection Grant	-	-	-	-	-	(51)
Council Tax Benefit Subsidy Limitation Scheme	-	-	-	-	-	31
Non-Domestic Rates	(10,685)	(11,354)	(12,736)	(12,027)	(12,531)	(13,612)
Greater London Authority Grant	-	-	-	-	-	-
Other Items	(101)	(197)	(199)	(201)	(211)	(181)
Demands/Precepts on Collection Fund	9,239	9,777	10,461	11,241	12,332	13,278

venue expenditure and financing: outturn (1994/95-1999/00)

Source: RS 1994/95 to 1999/00

- (a) Administration and payment of housing benefit and administration of Council Tax.
- (b) Capital Expenditure charged to the Revenue Account.
- (c) Includes:
- (i) Gross expenditure on council tax benefit.
 - (ii) Expenditure on council tax reduction scheme.
 - (iii) Discretionary (non-domestic) rate relief.
 - (iv) Flood defence payments to the environment agency (formerly NRA).
 - (v) Payments in respect of grant maintained schools £1,390m in 1994/95, £1,493m in 1995/96, £1,617m in 1996/97, £1,714m in 1997/98 and £1,808m in 1998/99. These were abolished in 1999/2000.
 - (vi) Bad debt provision.
- (d) This measure of expenditure is referred to as "Gross Revenue Expenditure" on local authority returns, but is actually net of expenditure met by sales, fees, charges and interest receipts, and excludes most expenditure on the housing revenue account and on trading services.
- (e) The adjustments, made for transfers of responsibilities of various services out of local authority responsibility, the reduction of mandatory student awards, changes of funds between SSAs and specific grants and for changes in the level of specific grants and other minor function changes.
- (f) Includes Other income from Licence fees etc (1997/98 onwards).

- (g) From Licence fees (1994/5 to 1996/7)
- (h) Includes Police Grant (1994/95)
- (i) Includes Mandatory Student Awards and Inter- Authority Education Recoupment
- (j) Includes Mandatory Rent Allowances and Rate Rebates.

Table 4.3 Revenue expenditure and financing: budget (2000/01-2001/02)

	£ million				
	2000/2001	2000/2001	2001/02	Difference	
		Adjusted (e)		2001/02 over	
	Budget	Budget	Budget	2000/01 adjusted	
				budget	
				£m	%
Education (g)	23,531	23,470	25,813	2,343	10
Personal Social Services	10,288	10,257	11,076	820	8
Police	7,304	7,468	7,861	393	5
Fire	1,543	1,543	1,615	72	5
Highway Maintenance	1,879	1,879	1,842	(37)	(2)
EPC Services (h)	16,294	15,904	16,865	961	6
Comprising					
Civil Defence & other Home Office	612	160	105	(55)	(34)
Magistrates Courts	323	323	324	1	0
Parking and public transport	786	840	972	132	16
Housing Benefit and Council Tax Admin (a) (h)	5,990	5,990	6,167	177	3
Non HRA Housing	434	441	434	(7)	(2)
Libraries and Art galleries	1,114	1,114	1,201	87	8
Sports and recreation centres	542	542	557	15	3
Local Environmental Services	4,202	4,202	4,696	494	12
Other	2,291	2,292	2,410	118	5
Net Current Expenditure	60,838	60,518	65,073	4,555	8
Capital charges	2,038	2,038	2,050	12	1
CERA (b)	658	658	699	41	6
Interest receipts	(788)	(788)	(809)	(21)	3
Other non-current expenditure (c)	2,349	2,349	2,378	29	1
Gross Revenue Expenditure (d)	65,094	64,774	69,390	4,616	7
Specific Grants outside AEF	(8,205)	(7,886)	(8,119)	(233)	3
Revenue expenditure	56,889	56,888	61,270	4,382	8
Specific Grants inside AEF	(3,485)	(3,657)	(5,431)	(1,774)	49
Net Revenue Expenditure	53,404	53,232	55,839	2,607	5
Other Adjustments	(31)	(31)	(25)	7	(21)
Use of reserves	(550)	(550)	(479)	71	(13)
Budget requirement	52,823	52,651	55,336	2,685	5
SSA Reduction Grant	(18)	(18)	(2)	16	(90)
Police Grant allocated under Principal Formula (f)	(3,627)	(3,627)	(3,798)	(171)	5
Revenue Support Grant	(19,437)	(19,265)	(21,086)	(1,821)	9
Central Revenue Protection Grant	(34)	(34)	(1)	33	(96)
Council Tax Benefit Subsidy Limitation Scheme	54	54	83	29	53
Non-Domestic Rates	(15,406)	(15,406)	(15,143)	263	(2)
Greater London Authority Grant	(22)	(22)	(23)	(1)	5
Other Items	(132)	(132)	(119)	13	(10)
Demands/Precepts on Collection Fund	14,200	14,200	15,245	1,046	7

Source: RA 2000/01 to 2001/02 returns

(a) Administration and payment of housing benefit and administration of Council Tax.

(b) Capital Expenditure charged to the Revenue Account.

(c) Includes:

- (i) Gross expenditure on council tax benefit.
- (ii) Expenditure on council tax reduction scheme.
- (iii) Discretionary (non-domestic) rate relief.
- (iv) Flood defence payments to the environment agency.
- (v) Bad debt provision.

(d) This measure of expenditure is referred to as "Gross Revenue Expenditure" on local authority returns, but is actually net of expenditure met by sales, fees, charges and interest receipts, and excludes most expenditure on the housing revenue account and on trading services.

(e) The adjustments, made for (i) transfers of services in or out of local authority responsibility such as the transfer of responsibility of Probation Services to the National Probation Service, (ii) changes of methods of funding between SSAs and specific grants such as the transfer of Schools Budget Support Grant into SSAs, (iii) changes in the levels of specific grants such as Mandatory Student Awards, (iv) changes in the type of specific grants such as the introduction of the Crime Fighting Fund, (v) and other minor function changes.

- (f) Includes Metropolitan Police Special Payment (2001/02 only)
- (g) Includes Mandatory Student Awards and Inter- Authority Education Recoupment (£600m in 2000/01 & £270m in 2001/02)
- (h) Includes Mandatory Rent Allowances and Rate Rebates.

Table 4.4: LA Finance Settlement and Actual (1996/97 to 2001/02)(a)

	£ million					
	1996/97	1996/97	1997/98	1997/98	1998/99	1998/99
	Settlement	Outturn	Settlement	Outturn	Settlement	Outturn
TSS	44,927	-	45,739	-	48,192	-
less Restructuring cost (met by SCA's)	100	-	150	-	120	-
Specified Bodies	-	-	23	-	26	-
Police Grant (Additional Rule 1)	6	-	95	-	-	-
TSS/Revenue Exp to compare with TSS (b)	44,827	46,534	45,469	47,256	48,046	50,189
less Specific and Special grants inside AEF (c)	1,505	1,617	1,753	1,825	1,997	2,334
SSA/Net Revenue Exp to compare with SSA (b) (d)	43,322	44,916	43,716	45,430	46,049	47,855
less Use of reserves	-	116	-	54	-	243
plus Other adjustments	-	(20)	-	(1)	-	(67)
Budget Requirement	43,322	44,781	43,716	45,483	46,049	48,030
less Revenue Support Grant to LAs	18,001	18,002	18,650	18,650	19,480	19,480
less Non-domestic rates	12,736	12,736	12,027	12,027	12,524	12,524
less Police grant allocated under principal formula (m)	3,158	3,158	3,148	3,148	3,375	3,375
less City Offset	7	7	7	7	7	7
plus CC Collection Fund deficit b/f	-	(87)	-	(81)	-	(57)
plus CT Collection Fund deficit b/f	-	(106)	-	(114)	-	(155)
Income from Council Tax for Standard Spending	9,420	-	9,886	-	10,664	-
less GLA General Grant	-	-	-	-	-	-
less SSA Reduction Grant (e)	220	220	123	123	102	102
less Police grant allocated under principal formula	-	-	95	95	-	-
less CTB Subsidy Limitation Scheme	-	-	-	-	-	-
Gross Council Tax Income	9,194	10,461	9,668	11,241	10,562	12,332
Taxbase (million)	16,557	16,184	16,668	16,329	16,804	16,498
CTSS (Band D)/average council tax (Band D) £ (f)	569	646	591	688	635	748
Average Council Tax after rebates (£) (g)	-	529	-	564	-	629
Spending per adult £ (h)	1,167	1,212	1,184	1,231	1,251	1,307
AEF	35,652	35,771	35,842	35,914	37,521	37,859
Comprising						
NNDR (i)	12,736	12,736	12,027	12,027	12,524	12,524
RSG to local authorities	18,001	18,002	18,650	18,650	19,480	19,480
RSG to specified bodies	23	23	25	25	26	26
Police grant allocated under principal formula (m)	3,158	3,158	3,148	3,148	3,375	3,375
Specific and Special grants	1,505	1,617	1,753	1,825	1,997	2,334
SSA Reduction Grant (e)	220	220	123	123	102	102
City Offset	7	7	7	7	7	7
Reorganisation: Transitional Reduction Grant	2	2	15	15	11	11
General GLA Grant	-	-	-	-	-	-
Ring-Fenced Grant inside AEF (m)	1,505	1,618	1,753	1,825	1,997	2,334
General Grant (l)	34,121	34,121	34,057	34,057	35,492	35,492
Total of Ring-Fenced and General Grants to local authorities	35,626	35,739	35,810	35,882	37,489	37,826
Ring-Fenced Grants as a Percentage of Total Grants to Local Authorities	4.2	4.5	4.9	5.1	5.3	6.2

(a) Accurate comparisons cannot be made between years due to function changes.

(b) For 1999/00 onwards City Offset and RSG to specified bodies are outside TSS but City Offset is included in budgets.

(c) Excludes Police Grant allocated under Principal Formula. Excludes Police Grant allocated under Additional Rule 1 (1996/97 and 1997/98). Includes Police Grant allocated under Additional Rule 2, 2A (1998/9). Excludes Metropolitan Police Special Payment (2001/02 only). Includes Neighbourhood Renewal Fund (2001/02 only).

(d) SSA plus Police Grant allocated under Principal Formula, General GLA Grant (2000/01 and 2001/02) and Metropolitan Police Special Payment (2001/02 only).

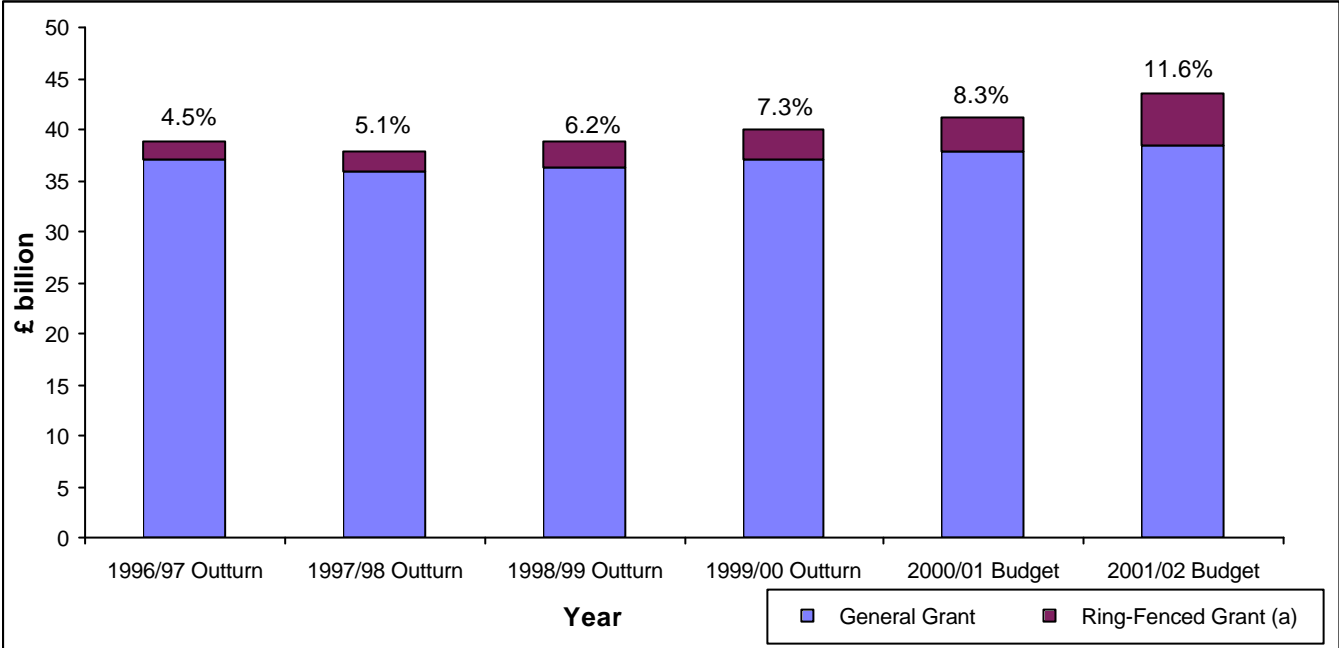
(e) Including Central Support Protection Grant.

Table 4.4 LA Finance Settlement and Actual (1996/97 to 2001/02) (a)

	£ million					
	1999/00 Settlement	1999/00 Outturn	2000/01 Settlement	2000/01 Budget	2001/02 Settlement	2001/02 Budget
TSS	50639	-	53617	-	57133	-
less Restructuring cost (met by SCA's)	-	-	-	-	-	-
Specified Bodies	-	-	-	-	-	-
Police Grant (Additional Rule 1)	-	-	-	-	-	-
TSS/Revenue Exp to compare with TSS (b)	50639	53651	53617	56889	57133	61270
less Specific and Special grants inside AEF (c)	2400	2921	3300	3485	4542	5431
SSA/Net Revenue Exp to compare with SSA (b) (d)	48238	50730	50317	53404	52590	55839
less Use of reserves	-	157	-	550	-	479
plus Other adjustments	-	(35)	-	(31)	-	(25)
Budget Requirement	48238	50539	50317	58823	52590	55336
less Revenue Support Grant to LAs	19875	19875	19437	19437	21086	21086
less Non-domestic rates	13612	13612	15400	15400	15137	15137
less Police grant allocated under principal formula (m)	3505	3505	3627	3627	3798	3798
less City Offset (j)	-	7	-	7	-	7
plus CC Collection Fund deficit b/f	-	(42)	-	(21)	-	(12)
plus CT Collection Fund deficit b/f	-	(132)	-	(111)	-	(105)
Income from Council Tax for Standard Spending	11247	-	11853	-	12569	-
less GLA General Grant	-	-	-	22	-	23
less SSA Reduction Grant (e)	119	119	52	52	3	3
less Police grant allocated under principal formula	-	-	-	-	-	-
less CTB Subsidy Limitation Scheme	-	31	-	54	-	83
Gross Council Tax Income	11128	13278	11801	14200	12566	15245
Taxbase (million)	16.916	16.634	17.042	16.770	17.196	16.913
CTSS (Band D)/average council tax (Band D) £ (f)	665	798	696	847	731	901
Average Council Tax after rebates (£) (g)	-	680	-	721	-	776
Spending per adult £ (h)	1319	1397	1396	1481	1488	1596
AEF	39546	40067	41856	42062	44610	45520
Comprising						
NNDR (i)	13612	13612	15400	15400	15137	15137
RSG to local authorities	19875	19875	19437	19437	21086	21086
RSG to specified bodies	27	27	33	33	36	36
Police grant allocated under principal formula (m)	3505	3505	3627	3627	3798	3798
Specific and Special grants	2400	2921	3300	3484	4542	5431
SSA Reduction Grant (e)	119	120	52	52	3	3
City Offset	7	7	7	7	7	7
Reorganisation: Transitional Reduction Grant	-	-	-	-	-	-
General GLA Grant	-	-	-	22	-	23
Ring-Fenced Grant inside AEF (k)	2400	2921	3300	3484	4342	5292
General Grant (l)	37112	37112	38516	38538	40225	40187
Total of Ring-Fenced and General Grant to local authorities	39512	40033	41816	42022	44567	45479
Ring-Fenced Grants as a Percentage of Total Grants to Local Authorities	6.1	7.3	7.9	8.3	9.7	11.6

- (f) Settlement figures are based on income from CTSS whilst actual figures are based on gross Council Tax income.
(g) Net of Reorganisation: Transitional Reduction Grant (1996/97 to 1998/99) & Council Tax Benefit grant.
(h) TSS or Revenue expenditure to compare with TSS divided by number of adults aged 18 and above (mid-1999 estimate of £38.4 million used for all years)
(i) NNDR multiplier = 44.9p in 1996/97, 45.8p in 1997/98, 47.4 in 1998/99, 48.9p in 1999/00, 41.6p in 2000/01 and 43.0p in 2001/02.
(j) City Offset excluded in 1999/2000, 2000/01 and 2001/02 Settlements.
(k) The same as specific and special grants inside AEF, but excludes Neighbourhood Renewal Fund (2001/02 only).
(l) All grants inside AEF except Ring-Fenced Grants, RSG to specified bodies, and City Offset
(m) Includes Metropolitan Police Special Payment (2001/02 only)

Figure 4.2: Ring-fenced grants as a percentage (a) of all ring-fenced and general grants to local authorities, at 1999/2000 prices



(a) See Table 4.4