

2019-20 Local Financial Returns (LFRs) Guidance Notes

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1. General Notes

The following points should be applied throughout the return:

- Figures representing **expenditure** (debit amounts) should be entered as **positive** values and figures representing **income** (credit amounts) should be entered as **negative** values. For example, a surplus on the Income and Expenditure Account will be a negative value, whereas a deficit will be recorded as a positive value. All useable reserves balances (opening and closing) will be negative values.
- All figures should be **entered in £ thousands**, unless otherwise specified, and **rounded to the nearest whole number**.
- Figures should be based on authorities' **audited accounts**.
- The **additional information** sections of individual returns should be completed on a funding basis unless otherwise stated.

This return is closely aligned with SeRCOP - Recommended Standard Subjective Analysis and the Code of Practice on Local Authority Accounting. To avoid duplication, this guidance often refers directly to the SeRCOP guidance. Local authorities should refer to both sets of guidance when completing the return to ensure that the returns are completed consistently, so that valid and reliable figures for Scotland can be obtained.

1.1 Completing the Return

All of the LFRs, with the exception of LFR 24, are completed in a single workbook. Please note that this workbook now also includes the CR Final return (see tab 'LFR CR'). The forms are linked together allowing easy navigation between forms that ask for related information. The front page collects contact details for each LFR and the certification from the Director of Finance.

As in past years, not all LFRs are required from all authorities. Once you select your local authority from the drop-down list on the front page, the tabs you are required to fill in are then highlighted. To ensure the LFR figures reconcile to the local authorities' accounts, authorities are advised to **complete LFR A0 first, followed by LFR 23**. LFR 00 should also be completed **before** service-level LFRs to ensure control totals have been populated.






Cell H3 in each return is a drop-down box allowing respondents to mark individual returns as complete. This can be used to aid authorities when LFRs are being completed by a number of different staff members. Their use is entirely optional.

Completed returns should be emailed to lgfstats@gov.scot **by no later than the 9th December 2020**. Where possible, copies of local authorities' audited annual accounts will be sourced from local authorities' websites. However, you may be required to provide a copy of your accounts where it has not been possible for a copy to be downloaded.

Should you have **any queries** on the LFRs, please email lgfstats@gov.scot.

1.2 Colour Coding and Automatic Validation Checks

The following colour coding has been applied to the return:

	Plain white cells: data is to be entered
	Light grey cells: data has been automatically populated, either from another cell in the return or from prior years' data. If the cause of an error is not clear, it may be that a different part of the return needs to be completed first.
	Light blue cells: subtotals
	Dark blue cells: totals
	Red cells: an automatic validation check has been flagged. Details of the broad types of validation checks are given below:

1. Control Totals compare totals in service-level LFRs against corresponding cells in LFRs A0, CR and 00. These checks are flagged when a figure does not match its control total, i.e. the difference column does not equal zero.

2. Pass / Fail validation checks test the figure entered against a specific set of validation criteria, for example ensuring figures sum to the appropriate total or the correct signage has been used.

3. Comparisons to prior years' data are applied to gross expenditure and income on a funding basis, and net revenue expenditure in Rows 28 to 31 of the service-level LFRs. Significant changes (those over £500k **and** 10%) will be flagged red and explanations for these changes should be provided in the relevant comments box.

'Failed Validation Check' Count: This is shown in cell E3 of each LFR, and in Column F on the front page, to assist tracking of checks across the workbook. The count reflects the total number of validation checks of type 1 and 2, as set out above, that have failed within each LFR. Ensure all data has been entered in LFR A0, CR, 00 and the relevant service-level LFR before attempting to address these errors.

Returns containing failed validation checks on the Front Page tab will **not** be accepted and will be returned to the local authority for review.

This return also contains cell specific validation to ensure figures are entered as whole numbers and with the correct signage.

1.3 General Subjective Analysis Guidance

The Subjective Analysis used throughout the LFRs is based upon CIPFA's SeRCOP – Recommended Standard Subjective Analysis. This document only provides guidance where the LFRs deviate from SeRCOP. Local authorities should refer to CIPFA's SeRCOP Service Expenditure Analysis for Scotland for more detailed guidance on the service expenditure analysis required in the LFRs.

Revenue Contributions to Capital (RCC): RCC reflects capital expenditure on capital assets which was met directly from the service revenue within the current year. It equates to capital funded from current revenue. Include any capital expenditure charged to revenue for PPP / PFI schemes.

RCC is no longer included in the LFR gross expenditure calculation, but is accounted for in the statutory adjustments in LFR A0. However, RCC is still used in some measures of gross expenditure, such as for the Local Government Benchmarking Framework (LGBF). Therefore, RCC is still required at service level (Row 76 of LFR 00) and for specified subservices (Row 36 of LFRs 01, 02, 03, 05, 06 and 07).

Third Party Capital Projects funded from Capital Grant: Subject to the conditions set out in any capital grant, a local authority may be able to fund third party capital expenditure, either through direct expenditure or the provision of a grant. Third party capital expenditure includes that of other local authorities.

The element of capital grant which was paid out to fund third party capital projects should be recorded as service income (specifically in Rows 48 and 49 in LFR 00). The corresponding grant or direct payment should then be treated as service expenditure, and these figures are pre-populated in Row 32 in LFR 00, based on figures recorded in Rows 48 and 49.

Further guidance on the accounting treatment of capital grants and contributions can be found in [Local Government Finance Circular 3/2018](#).

1.4 Scottish Welfare Fund

There are two types of grants in the Scottish Welfare Fund (SWF):

- **Crisis Grants:** provide a safety net when someone experiences a disaster or emergency situation, such as a fire or flood and there is an immediate threat to health and safety.
- **Community Care Grants (CCG):** to enable people to live independently or continue to live independently, preventing the need for institutional care. A CCG may also be able to help a family facing exceptional pressure.

Grants should be recorded against the service area that best describes its purpose according to SeRCOP guidelines. LAAP Bulletin 98 in 2013-14 (paragraph 53 onwards) provides additional guidance and recommends the following initial treatment of SWF grants:

- Crisis grants should be recorded in LFR 07 under economic development;
- CCGs should be recorded in LFR 03 against the relevant client group and community-based service.

As the SWF grant can be used for a wide range of services, authorities are free to record grants under other service headings if they believe that it better fits the purpose of the grant.

2. LFR A0: Statutory Accounts and Funding

Local authorities should **complete LFR A0 first** to allow pre-population of other LFRs and to ensure that the return reconciles to the authorities accounts.

Statutory Annual Accounts (Cols C to F): Captures information from local authorities' audited annual accounts, in particular the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statements (MiRS). Local authorities are asked to break this information down between the General Fund, HRA and the statutory Harbour Account (Orkney and Shetland only).

Where treatment of specific transactions within annual accounts may not be consistent across all local authorities, this guidance provides advice on how these transactions should be recorded for LFR purposes to ensure consistency. In all cases, the closing balances for the General Fund, HRA and Harbour Account **must** match those stated in the local authorities' audited, annual accounts.

Funding Basis (Cols H to K): Automatically calculates the funding basis figures based on figures entered in Columns C to F:

- Gross Expenditure (Row 10) is calculated as the sum of the corresponding annual accounts and statutory adjustment figures;
- where income or expenditure is the same on an accounting and funding basis, values have been pre-populated based on the corresponding row of the CIES section in Columns C to F, for example interest paid on borrowing;
- where income or expenditure is the subject of a statutory adjustment, the cell is greyed out, for example pension interest costs;
- where statutory adjustments are not included in the CIES but are required to be charged to the General Fund, HRA or Harbour Account, these have been pre-populated based on the corresponding row of the MiRS section in Columns C to F, for example statutory repayment of debt.

Statutory Adjustments (Cols M to P): Automatically calculates the statutory adjustments for LFR purposes against the relevant CIES line. These figures are provided for reference only.

2.1 Comprehensive Income and Expenditure Statement (CIES) (Rows 8 to 75)

Gross Expenditure, Gross Income and Net Cost of Services (Rows 10 to 12):

These should match the figures set out in local authorities' audited, annual accounts.

Other Operating Expenditure (Rows 14 to 19): This includes lines for 'Gain (-) / loss (+) on derecognition or disposal of assets', 'Assets held for sale - costs to sell / impairment loss / revaluation loss', 'Requisition expenditure to joint boards' and 'Other operating expenditure'.

'Requisition expenditure to joint boards' (Row 17) should be completed by councils **only** and should reflect the amount of requisition expenditure paid to joint boards during the year as stated in their audited annual accounts. For LFR purposes, councils are required to record requisition expenditure as service expenditure (Row 21 in LFR 00). An appropriate adjustment has therefore been made to the funding basis calculations in LFR A0 to eliminate double counting of requisition expenditure in the control totals for LFR 00.

'Other operating expenditure' (Row 18) should only be used to record values that are a charge to the General Fund / HRA (i.e. not statutory adjustments or charges to an unusable reserve). If figures are entered in this line, an explanation must be provided on what these figures are in the comments box. This line should **not** be used to record surplus or deficit of trading operations which are not allocated back to services – this should be recorded in Row 43 of LFR A0.

Financing and Investment Income and Expenditure (Rows 21 to 44): Local authorities are required to provide a breakdown of interest payable (Rows 22 to 26) and interest received (Rows 29 to 34). Investment property income should be split between net income (Row 31) and movement in fair value (Row 32) to ensure the statutory adjustment made only relates to movement in fair value.

The Accounting Code of Practice states that surplus or deficit of trading operations which are not allocated back to services should be included in 'Financing and Investment Income and Expenditure' and so this should be recorded in Row 43.

Presentation of a surplus or deficit on internal trading arrangements, for example from the use of an insurance account, is no longer permitted in the CIES. All transfers to and from the statutory Insurance Fund should be recorded as a movement in usable reserves.

Taxation and Non-Specific Grant Income (Rows 46 to 59): General Revenue Grant (GRG) and Non-Domestic Rates Income (NDRI) Distributable Amount values are pre-populated based on [Finance Circular 4/2020](#).

In the 2018-19 LFRs, all authorities were required to record their GRG including the amount accrued for the 2018-19 teachers' pay award, even where this did not match their accounts. The 2019-20 LFRs will therefore deduct the amount relating to the 2018-19 teachers' pay award from the GRG figure stated in the Finance Circular to ensure consistency between years. **No adjustment** should be made to the GRG figure in relation to the 2018-19 teacher pay award.

Any other adjustments required to the pre-populated GRG and NDRI figures should be entered in Row 58, with an explanation for the adjustment provided in the comments box at the bottom of LFR A0.

‘Accrual for Discretionary Housing Payments’ (Row 48) should capture any accruals made by local authorities relating to Discretionary Housing Payments.

‘Council Tax’ (Row 52) should be the amount of Council Tax income recognised in the Annual Accounts, including any adjustments for previous local taxes.

‘Requisition Income’ (Row 53) should be completed by VJBs and RTPs **only** and should reflect the amount of requisition income received from the constituent councils during the year as stated in their audited annual accounts. For LFR purposes, requisition income must be recorded as service income for the VJB / RTP (Row 55 in LFR 00). An appropriate adjustment has therefore been made to the funding basis calculations in LFR A0 to eliminate double counting of requisition expenditure in the control totals for LFR 00.

‘Capital Grants and Contributions’ (Row 55) should reflect all capital grants and contribution income which will be subject to a statutory adjustment. Further guidance on the accounting treatment of capital grants and contributions can be found in [Local Government Finance Circular 3/2018](#).

Other Comprehensive Income and Expenditure (Rows 65 to 73): All values recorded here are transferred to unusable reserves in LFR 23. **Do not** record here anything that flows to the General Fund or is the subject of a statutory adjustment.

2.2 Movement in Reserves Statement (MiRS) (Rows 77 to 135)

Balance at 1 April (Row 79): Record here the balance on the General Fund, HRA and Harbour Accounts at 1 April **as stated in the annual accounts**.

Adjustment for 2018-19 Teacher Pay Accrual (Row 80): The GRG figure (Row 47) has been adjusted to exclude the amount relating to the 2018-19 teachers’ pay award as this was included in the 2018-19 LFRs. An adjustment to the General Fund balance at 1 April is therefore required for local authorities who did **not** accrue this amount in their 2018-19 accounts. This line is pre-populated with the required adjustment for the selected local authority.

Adjusted balance at 1 April (Row 81): This line calculates the balance at 1 April adjusted for 2018-19 Teacher Pay Accrual as set out in Row 80.

Statutory Adjustments (Rows 83 to 113): Statutory adjustments have been grouped to match the statutory adjustment accounts into which the adjustments are transferred, with a sub-total provided for each. Where possible, statutory adjustments have been pre-populated based on the CIES section of LFR A0.

The statutory adjustment for any **gain or loss on derecognition or disposal of assets** (Row 97) is equal and opposite to that recorded in ‘Other Operating Expenditure’ (Row 15). Recording of the capital receipt, the adjustment to the Revaluation reserve and the Capital Adjustment Account is done in LFR 23.

The statutory adjustment made for **capital grants and contributions** is equal and opposite to that recorded in ‘Taxation and Non-Specific Grant Income’ (Row 55). Any capital grant recorded in the cost of services to fund capital grants to third parties is treated as revenue grant and is not subject to a statutory adjustment.

Capital Grants unapplied (Row 101) subsequently used to fund capital grants to third parties (i.e. revenue expenditure) is to be treated as a capital adjustment (i.e. a reverse of a statutory adjustment made in a prior year). This is because the original grant was recognised as capital and a statutory adjustment made to transfer the grant from the General Fund. Where the unapplied grant is applied to capital expenditure of the local authority this is recorded in LFR 23.

Transfers from other Statutory Usable Reserves (Rows 117 to 131): Record here transfers between usable reserves **only**. Any transfers between usable reserves and statutory adjustment accounts should be recorded as statutory adjustments.

The Local Government (Scotland) Act 1975 permits local authorities to establish a Capital Fund and places restrictions on the use of these resources. Transfers from the Capital Fund / Capital Receipts to the General Fund or HRA must be in accordance with the legislation and should be recorded in the appropriate row, rather than as a general transfer. In particular, **transfers relating to repayment of debt** should be recorded in LFR A0, Cells C118, D118 or E118 as appropriate.

The **Transfers to Capital Fund** (Row 124) should therefore only reflect transfers **from** the General Fund / HRA **to** the Capital Fund and so must be positive. Validation has been included to flag where a negative has been entered.

Authorities that hold any reserves other than General Fund, HRA, Harbour Accounts, Renewal and Repairs or the Insurance Fund should record any transfers to or from these reserve(s) against **Transfers to / from: Other Statutory Funds** (Row 128).

Interest may **not** be credited directly to any reserve. Any share of interest received which a local authority wishes to apply to any reserve should be transferred to that reserves as a movement from the General Fund.

The following should be recorded in LFR 23:

- the movement between Capital Grants and Contributions Unapplied and the Capital Adjustment Account to reflect the grant or contribution being used to fund capital expenditure (Cell J34);
- use of Capital Fund / Capital Receipts to fund capital expenditure (Cell I43).

3. LFR 23: Reserves

LFR 23 collects information on all reserves (usable reserves, statutory adjustment accounts and unusable reserves) and must be completed by all local authorities.

Please note, Common Good funds and trust or charitable funds are **excluded**. Common Good funds should be recorded in Column U of LFR 00.

The term reserve and fund are both used within legislation. In practice they are treated as synonymous and use of the word reserve should be treated as referring to both funds and reserves. Annex A provides background information on the usable reserves detailed in LFR 23.

The majority of LFR 23 is pre-populated based on other LFRs, particularly LFR A0, and will be automatically updated as the return is completed. This section focuses on the cells which are not pre-populated and will need completed.

3.1 Statutory Adjustments and Movement in Reserves (Rows 22 to 63)

Adjustment for the revaluation element of depreciation (Row 25): Where assets are revalued, IAS 16 'Property, Plant and Equipment' allows some of the revaluation surplus to be transferred to retained earnings as the asset is used by the authority. The surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's historical cost. The Accounting Code requires this revaluation adjustment to be made between the Capital Adjustment Account and the Revaluation Reserve. Record in Column L the accounting adjustment made in the Annual Accounts, the corresponding adjustment to the Revaluation Reserve is then automatically updated.

Gain / loss on derecognition or disposal of assets (Row 29): Gains and losses are not proper charges to the General Fund / HRA / Harbour Account. The statutory adjustment requires a credit to Capital Fund / Capital Receipts equal to the disposal proceeds – this value should be recorded in Column I.

Scottish Ministers have permitted some capital receipts to be used to fund specific revenue costs (see LFR A0, Rows 118 to 122). These capital receipts must be transferred from Capital Grants and Receipts Unapplied and so must be recorded in Column J.

If an asset is derecognised and was carried at a revalued amount, the Accounting Code requires that the balance on the Revaluation Reserve for that asset be transferred to the Capital Adjustment Account. Record this adjustment in Column Q.

Gains should be entered as a negative value; losses as a positive value.

Capital Grants and Contributions (Row 32): Record here the amount of capital grants / contributions recognised in LFR A0, Row 55 where the expenditure to be financed has not yet been incurred, in accordance with [Finance Circular 3/2018](#). This figure should be entered as a negative value.

Capital Grants / Contributions Unapplied, now applied to capital expenditure (Row 34): Record here amounts of capital grants / contributions unapplied that have now been applied to capital expenditure **only**, in accordance with [Finance Circular 3/2018](#). This figure should be entered as a positive value.

Capital expenditure funded from Capital Fund / Capital Receipts (Row 43): Record here any capital expenditure that was funded from Capital Fund / Capital Receipts. This figure should be entered as a positive value.

Transfer excess capital receipts (Row 61): Record here the value of excess capital receipts transferred between the Capital Fund / Capital Receipts and Capital Grants and Receipts Unapplied, in accordance with [Finance Circular 1/2019](#) and [Finance Circular 4/2019](#). The Capital Grants and Receipts Unapplied figure (Column J) will be automatically calculated as the equal and opposite of the Capital Fund / Capital Receipts figure entered (Column I).

3.2 Balances (Rows 65 to 73)

Balance at 1 April (Row 66): This is pre-populated with the closing balance as reported in the previous years' LFR 23 based on the local authority name selected on the Front Page tab.

Adjustments to balance at 1 April (Row 67): Any adjustments required to the pre-populated balance brought forward in Row 66 should be made in this line. Where an adjustment is made, an explanation for the adjustment should be provided in the comments box at the bottom of LFR 23.

Adjustments for the General Fund, HRA and Harbour Account are automatically calculated based on the 'Balance at 1 April' figures entered in LFR A0 (Row 79).

Adjusted balance at 1 April (Row 68): This line calculates the balance brought forward following any adjustments required to the pre-populated balance brought forward figure in Row 66.

This line **must equal** the opening balance for the year as stated in the local authorities' audited, annual accounts. The only exception will be local authorities who did **not** accrue for the 2018-19 teachers' pay award, whose General Fund adjusted balance brought forward should **differ from their accounts by the value of the accrual** – see LFR A0, Cell C80 for the value of this difference.

Balance at 31 March (Row 70): This line **must equal** the closing balance for the year as stated in the local authorities' audited, annual accounts. If there is a specific reason that this figures does not match the accounts, this should be detailed in the comments box at the bottom of LFR 23.

Balance at 31 March excluding IFRS 9 unrealised gains (Row 73): This line automatically calculates reserves balances at 31 March excluding IFRS 9 unrealised gains – the usable reserves balance that will be reported in SLGFS. IFRS 9 unrealised gains are excluded from the reported usable reserves balances as these gains will only materialise if the investment is sold and so cannot be considered to be available to fund services.

3.3 Earmarked Reserves (Rows 75 to 80)

A local authority cannot create earmarked reserves, however they can earmark the General Fund for specific purposes. Any earmarked amounts should be recorded in this section of LFR 23. These figures should be consistent with the amounts disclosed as earmarked in the local authorities' audited, annual accounts.

Council Tax discounts on second homes / long-term empty properties (Row 76): Local authorities have the discretion to reduce Council Tax discount on second homes and long-term empty properties. Additional income from reducing these discounts from 50% to a minimum of 10% must be used to support affordable housing – either by the local authority itself, paid to Registered Social Landlords (RSLs) or disbursed by local authorities to organisations or individuals.

Record here the amount of additional income from reducing Council Tax discounts on second homes / long-term empty properties that is earmarked for affordable housing at 31 March. The validation check in Cell M76 mirrors the validation check in Cell E38 of LFR 12 – see the LFR 12 guidance for information on this.

Housing Revenue Account's share of other reserves (Row 77): Where HRA reserves are held as part of other reserves, the amount attributable to the HRA should be recorded in this line.

Earmarked Reserves (Row 79): Any other amounts within the General Fund earmarked for a specific purpose, as identified in the local authorities' audited, annual accounts, should be recorded in this line.

3.4 Earmarked Elements in Statutory Adjustment Accounts (Rows 82 to 91)

This section requires balances held in Capital Grants and Receipts Unapplied, the Financial Instruments Adjustment Account and the Employee Adjustment Account to be analysed into component parts. This analysis is a requirement of the statutory guidance and must be completed. Validation checks have been included to flag returns where this has not been done.

4. LFR CR: Capital Return

Capital expenditure is defined in Section 39 of the Local Government (Scotland) Act 2003 as expenditure of the authority which falls to be capitalised in accordance with proper accounting practice. The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) constitutes proper accounting practice in accordance with section 12 of the 2003 Act. All expenditure which falls to be capitalised in accordance with the Code should be included in LFR CR.

Capital expenditure covers both tangible and intangible non-current assets. Assets acquired on terms meeting the definition of a credit arrangement (e.g. finance lease or similar) are required by the Code to be capitalised and should be included in the return. This includes assets recognised by local authorities under PPP, PFI, NPD or similar credit arrangements. A lease meeting the definition of an operating lease will be a revenue transaction and should not be recorded in LFR CR.

Capital expenditure of a joint board should be recorded on its own LFR; constituent authorities should **not** include expenditure on behalf of such joint boards, except where they grant aid these bodies using the General Capital Grant (GCG) and these payments should be recorded appropriately.

Capital works carried out by a local authority as an **agent** for someone else (i.e. another local authority, government department, private sector etc.) where that body reimburses the authority for the work undertaken will not result in a fixed asset on the balance sheet of the authority undertaking the capital work, and **should not** be reported in LFR CR.

Local authorities are permitted under the conditions of the GCG to grant aid third party capital projects, either directly or through the payment of grant. These grants may be made to other local authorities, other bodies or individuals. This expenditure is revenue expenditure under proper accounting practices, but as these grants are funded from capital resources these grants should be reported in LFR CR. Local authorities receiving grant from another local authority should record that grant as from another local authority, and record the capital expenditure made with the grant as capital expenditure.

Figures should be provided on an **accruals basis**. The returns require any outstanding amounts accrued in the previous financial year but not yet paid to be re-accrued when making the return. This means that there is an expectation that there will be no credit values recorded as actual expenditure for the year. The exception will be where a sum accrued will not now be paid.

4.1 Part A: Summary of Capital Expenditure and Financing (Rows 8 to 22)

Part A summarises the overall capital expenditure and financing of the local authority for the financial year. This section is entirely pre-populated based on data entered in Parts D and E of the return.

4.2 Part B: Prudential Information (Rows 24 to 47)

The Prudential Code requires local authorities to set and keep under review a number of prudential indicators for the forthcoming and following two financial years. Part B collects data on some of the prudential indicators that a local authority is required to use as set out in the CIPFA Prudential Code – the 2011 edition is referenced in this guidance. Local authorities are required to estimate the Capital Financing Requirement (CFR) of the authority (para 50 and Annex).

All local authorities are required to complete this section.

Capital Financing Requirement (CFR) (Rows 25 to 34): The Prudential Code requires the estimate for the CFR to be calculated by reference to estimates of capital expenditure, reductions for use of grant and capital receipts and for repayments of debt. Balances relating to lending to other statutory bodies should also be included in the CFR calculation. Where a local authority has an HRA, the Prudential Code requires separate CFR calculations for the General Fund and HRA.

This section sets out the way the estimates would have been calculated, using figures recorded elsewhere in the return to calculate the actual CFR in Row 34. It is assumed that the debt repayment figures recorded in LFR A0, which are used in this calculation, include repayments relating to lending to other statutory bodies. If this is **not** the case, local authorities should contact lgfstats@gov.scot for advice and support on completing this section of the return.

For the 2019-20 LFRs, local authorities are asked to record their CFR brought forward in Row 27, rather than adjust a pre-populated balance brought forward as is normally required. This is to ensure a correct balance brought forward is recorded following the change in advice on inclusion of balances relating to lending to other statutory bodies (local authorities were asked to exclude these balances from the CFR calculation in the 2018-19 CR Final). To reflect this change in requirements in the 2019-20 return, the adjustment line (Row 28) has been set to zero.

Total External Debt at 31 March (Rows 36 to 42): This section sets out the calculation of a local authority's total external debt at 31 March.

Rows 38 to 40 calculate Total External Debt in line with the balance sheet figures recorded in Part C. Row 38 is pre-populated as the sum of long-term, short-term and on demand borrowing. The total in Row 39 is pre-populated as the sum of long and short-term liabilities. However local authorities are required to split the total liabilities figure between the General Fund and HRA in Cells C39 and D39.

Rows 41 and 42 reflect the adjustment made to calculate actual external borrowing as per the Prudential Code. Local authorities should enter the adjustment required in Cell E41 – that is the amount of any accounting adjustments made, including premiums and discounts, transaction costs, accrued interest and effective interest rate adjustments which should be excluded. Row 42 calculates the Actual External Borrowing figure and this should be equal to actual outstanding external borrowing at the end of the financial year.

Operational Boundary and Authorised Limit at 31 March (Rows 44 to 47):

Record here the operational boundary and authorised limit at 31 March as approved by the authority and as required by the Prudential Code.

4.3 Part C: Balance Sheet at 31 March (Rows 49 to 95)

The CIPFA Prudential Code requires the actual CFR of a local authority to be calculated from the authority's balance sheet (para 53). The Prudential Code also requires local authorities to identify the CFR for the General Fund and HRA separately (para 85). **All** authorities are required to complete this section.

Statutory Balance Sheet (Column C): Record here the figures as per the local authority's audited statutory Balance Sheet. Where a local authority has presented its Balance Sheet differently from that in the return, it is acceptable for the local authority to adjust its statutory data to allow completion of the return. Figures relating to reserves (Rows 86 to 92) have been pre-populated based on LFR 23.

Prudential Balance Sheet (Columns E to G): Actual figures for the CFR should be taken from the Balance Sheet by consolidating:

- tangible fixed and intangible assets;
- debtors relating to capital transactions;
- any amounts carried as investments that were treated as capital expenditure;
- the Capital Adjustment Account;
- the Revaluation and Financial Instruments Revaluation Reserves.

Local authorities are asked to record the prudential elements of their Balance Sheet, split between the General Fund (Column E) and HRA (Column F). Rows from the Balance Sheet that are **not** identified by the Prudential Code have been greyed out.

Rows which must be fully reflected on the Prudential Balance Sheet will have the total (Column G) pre-populated. For rows where the total has not been pre-populated, local authorities must record **only** the **prudential element** of the Balance Sheet figure. In particular, please note the following advice.

Capital debtors: This will relate to borrowing to on-lend, as the loan made is repayable. The Local Government (Scotland) Act 1975 permitted borrowing to on-lend to certain statutory bodies, and this was replicated in the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016. Any lending to these statutory bodies should be included as a prudential debtor.

From 1 April 2003, when the capital framework changed, all other borrowing to on-lend requires the consent of Scottish Ministers. Some local authorities may have debtors which pre-date 1 April 2003 – any on-lending which has been funded from borrowing should have an associated loans fund advance.

Total capital debtors is expected to be equal to the Loans Fund outstanding amount at 31 March for loans made to third parties – see validation check in Cell O210.

Investments: From 1 April 2003, when the capital framework changed, only investments on the Balance Sheet which are purchased by borrowing using a consent to borrow issued by the Scottish Ministers will be a prudential investment.

Some local authorities may have capital investments acquired prior to 1 April 2003, funded from borrowing under the old capital framework, and these should be included as a prudential investment. Only the original capital value of the investment is a prudential investment. Any subsequent revaluation of the investment is not included in the prudential amount recorded.

In Scotland, there is **no** legislative requirement for local authorities to treat the acquisition of **share capital** in a corporate body as capital expenditure.

4.4 Part D: Service Breakdown (Rows 97 to 173)

Part D collects data as it relates to the local authority service to benefit from the capital expenditure. The breakdown broadly follows the CIPFA's SeRCOP Service Expenditure Analysis. The service and subservices also align to those used throughout the LFRs.

Where expenditure is reported against Other Services (Row 157), local authorities should provide further detail on what the expenditure relates to in the comments box at the bottom of LFR CR.

HRA expenditure should be recorded in Rows 162 to 170 in line with [guidance on the definition and interpretation of the Scottish Housing Quality Standard \(SHQS\)](#).

Where a local authority acquires a fixed or intangible asset from another local authority, the acquiring authority should include the expenditure as capital expenditure on their return, and the selling local authority should record the sale proceeds as a capital receipt on their return.

Capital Expenditure (Columns C to G): Record here capital expenditure as defined by the Local Authority Accounting Code and incurred by the local authority **only**. Do **not** include amounts relating to third party capital projects, this should be recorded in Columns I and M as appropriate.

Revenue Expenditure Funded from Borrowing: Third Party Capital Projects (Column I): The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 provides a local authority with the power to borrow to provide capital support, by grant or direct expenditure, to a third party's capital project. Record here expenditure on third party capital projects, including other local authorities, funded from borrowing.

Revenue Expenditure Funded from Borrowing: Consented Borrowing (Column J): Borrowing to on-lend requires Scottish Ministers consent. Record here any lending using a borrowing consent.

Third Party Capital Projects funded from Capital Grant (Column M): Subject to the conditions set out in any capital grant, a local authority may be able to fund a capital grant to a third party, or the direct expenditure on a third parties capital project, from the capital grant. Record here expenditure on third party capital projects, including other local authorities, funded from capital grants.

Actual Capital Receipts (Columns Q to S): Record here actual capital receipts received in the financial year. Receipts should be recorded against the service with which the asset was last in use, i.e. at the point that it was identified for disposal.

4.5 Part E: Analysis of Financing of Expenditure (Rows 175 to 192)

Part E collects data on how local authorities' capital expenditure and revenue funded from capital resources was financed. The total financing figures are validated against the relevant total expenditure figures calculated in Part D (see checks in Row 192).

General Capital Grant from Scottish Government (Row 178): Record here **only** the amount of Scottish Government GCG. The total amount of GCG recorded should match that stated in [Finance Circular 4/2020](#), shown in Cell Q178 for reference, and the validation check in Cell O78 will fail if the amounts are not equal.

Capital grants from Scottish Government, excluding GCG (Row 179): Record here any specific capital grants received from the Scottish Government **only** used to finance the capital programme.

Grants from Scottish Government agencies and / or NDPBs (Row 181): Record here any grants received from Scottish Government agencies or NDPBs used to finance the capital programme. The [National Public Bodies Directory](#) should be used to check the status of the body the grant was received from.

Grants from other Scottish local authorities (Row 182): Record here grants received from other local authorities, including VJBs, RTPs and Bridge Authorities, that have been used to finance the capital programme.

Other grants and contributions (Row 184): Record here any grants / contributions received from third parties not already included in Rows 178 to 183, including the European Union and the lottery, that were used to finance the capital programme.

Borrowing from Loans Fund (Row 185): The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 requires a local authority to maintain a Loans Fund. Advances are made from the loans fund for capital expenditure, including that relating to the HRA.

Record here the advances made from the Loans Fund for capital expenditure of the local authority. Loans fund advances for capital support to third parties and consented borrowing figures have been pre-populated based on figures entered in Part D. Do **not** record the value of external borrowing.

Capital receipts used from asset sales / disposals (Row 186): Record here the value of capital receipts used to fund capital expenditure. This does **not** need to equal the actual capital receipts received in year, as recorded in Part D.

Capital Fund applied (Row 187): Record here the amount taken from the Capital Fund to finance the local authorities' capital programme.

Capital expenditure funded from revenue (Row 188): This line should reflect any revenue contributions from the General Fund, HRA or Harbour Account used to finance the capital programme, including the use of any earmarked reserves relating to Council Tax discounts on second homes or long-term empty properties. This line is pre-populated based on those entered in LFR A0, Row 96.

Assets acquired under PPP / PFI / NPD (Row 189): The acquisition or purchase of an asset through an on-Balance Sheet PPP / PFI / NPD must be recorded as capital expenditure and so the value of any assets financed by PPP / PFI / NPD must be recorded here.

Assets acquired under other credit arrangements (Row 190): Under SSAP 21, assets acquired under a finance lease must be recognised on the lessee's Balance Sheet and the value of the assets recognised treated as capital expenditure by the lessee. Therefore the value of any assets acquired and financed by a finance lease must be recorded here.

Any hire purchase contracts that have similar characteristics to a finance lease and are of a financing nature, should be accounted for as finance leases and recorded in LFR CR. A lease meeting the definition of an operating lease will be a revenue transaction and should not be recorded in LFR CR.

4.6 Part F: Loans Fund (Rows 194 to 232)

The Local Authority (Capital Finance and accounting) (Scotland) Regulations 2016 requires a local authority to establish and operate a Loans Fund. Advances are made from the Loans Fund to finance a local authority's capital expenditure and any grant or loan made by a local authority for which Scottish Ministers have provided a consent to borrow. These advances, and associated repayments, should be recorded in Columns C to E.

Local authorities are also able to make advances from the Loans Fund to a 'relevant authority', a community council or a harbour authority. A relevant authority is any authority to which Section 118 of the Local Government (Scotland) Act 1973 applies. These advances, and associated repayments, should be recorded in Columns G to M. Councils should include any advances to a VJB, RTP or Bridge Authority in Column G.

The Loans Fund advances outstanding at 1 April (Row 197) is pre-populated as the Loans Fund advances outstanding at 31 March from the selected local authorities' return from the previous year. Any adjustments required to this figure should be entered in Row 198, with an explanation for the adjustment provided in the comments box at the bottom of LFR CR.

Repayments in Year (Row 200): Record here the value of principal repayments to the Loans Fund **only**. This is the amount required to be charged to the General Fund or HRA for the year by statute. Do **not** include interest payments.

Transfer of assets between funds (Row 201): Assets transferred between the General Fund and HRA must have a nil effect. The HRA figure will therefore be calculated automatically to be equal and opposite to the General Fund figure.

Advances Outstanding for Consent to Borrow (Rows 203 to 210): Record here the value of the Loans Fund advances outstanding at 31 March for each of the types of debtor listed. The sum of advances outstanding for all lending funded from borrowing, i.e. the sum of Cells E210 and M202, should be equal to the value recorded as prudential debtors in Part C as per validation check in Cell O210.

Advances Outstanding for Lending to Other LAs (Rows 211 to 217): Record here the value of the Loans Fund advances outstanding at 31 March by type of authority. These figures should provide a breakdown of the value in Cell G202.

Schedule of Future Repayments (Rows 218 to 232): The decisions taken each year on new advances, such as the period and amount of each repayment, creates a liability to repay those advances from future years' budgets. A local authority is required to report on the commitment to repay Loans Fund advances, providing a breakdown of future repayments in five-year periods. Local authorities should record this breakdown of future repayments in this section.

4.7 Part G: Housing (Scotland) Act 2010 (Rows 234 to 244)

Part G collects information on Loans Fund advances outstanding relating to housing. The values to be recorded here should be an extract of costs already included in Part F. In particular, figures in Rows 238 to 240 should be the housing elements of the figures in Rows 199 to 201.

Capital Receipts (Row 243): Record here the amount of capital receipts acquired in the financial year under Right to Buy. The HRA figure has been pre-populated based on Part D.

Number of houses sold under Right to Buy (Row 244): Record here the actual, unrounded number of houses sold under Right to Buy. Please do **not** enter this figure in thousands.

4.8 Part H: City Deal / Growth Deal (Rows 246 to 259)

Part H extracts the value of expenditure and financing relating to City Deals and / or Growth Deals already included in Parts D and E.

City Deal / Growth Deal Grant Received (Row 248): Grants for City Deals and Growth Deals are required to be spent in the financial year it is received and so this line is pre-populated based on figures entered in Part E.

Expenditure (Rows 249 to 252): Record here the **total** expenditure on City Deal and / or Growth Deal projects. Do **not** just record the amount funded from City Deal / Growth Deal Grant.

Financing (Rows 253 to 258): Record here the financing of the **total** City Deal / Growth Deal expenditure as shown in Row 252. Please note the following guidance:

- **City Deal / Growth Deal Grant Used on City Deal Projects In Year (Row 254):** Record here the value of City Deal / Growth Deal Grant used on City Deal / Growth Deal projects in year **only**. Where, in exceptional circumstances, local authorities have used City Deal / Growth Deal Grant on non-City Deal / Growth Deal projects, this should be recorded in Row 259.

- **City Deal Grant from Previous Years (Row 257):** City Deal Grant conditions require the grant be used in full in the year provided. In exceptional circumstances, local authorities may use City Deal Grant on non-City Deal projects if the amount of City Deal Grant received exceeds City Deal project expenditure in that year. This is on the condition that an amount equal to that of City Deal Grant used on non-City Deal projects is taken from the local authorities own resources in the next financial year to fund City Deal projects.

This figure has therefore been pre-populated with the amount of City Deal Grant used for non-City Deal projects in the previous years' return.

City Deal / Growth Deal Grant applied to non-City Deal / Growth Deal projects (Row 259): In exceptional circumstances, if the amount of City Deal / Growth Deal Grant received exceeds City Deal / Growth Deal project expenditure in that year, grant which has not been used on City Deal / Growth Deal projects may be used on non-City Deal / Growth Deal projects. Record here the value of City Deal / Growth Deal Grant used to finance non-City Deal / Growth Deal projects in the financial year.

4.9 Part I: Value of Fixed Assets at 31 March (Rows 261 to 277)

Part I collects data on the Net Book Value (NBV) of fixed assets held by local authorities at 31 March. The data requested should align to how local authorities present fixed assets in their accounts. Where possible, lines have been pre-populated based on Part C.

4.10 Part J: Summary of Capital Receipts and Capital Fund (Rows 279 to 301)

Capital receipts are income from the sale of fixed assets, or any income received which is in respect of an asset which was originally treated as capital expenditure.

Part J collects data on the movement of capital receipts in year, both in the Capital Fund / Capital Receipts and in Capital Grants and Receipts Unapplied. Most of this data is pre-populated based on figures provided elsewhere in the return.

Totals for Rows 281, 283 and 285 are provided in LFR 23, however local authorities are required to provide the appropriate split between the General Fund and the HRA. The totals in Column E are validated against the relevant figures in LFR 23 (Cells I68, J29 and I61 respectively) and will fail if they are not equal.

Local authorities are also required to provide the amount of capital receipts held in Capital Grants and Receipts Unapplied at 1 April in Row 294, as this information is not available elsewhere in the return.

5. LFR 00: Subjective Analysis by Service

LFR 00 requires local authorities to provide a detailed breakdown of gross expenditure and gross income by service. LFR 00 also collects data required for:

- Bridge Authorities (Column G);
- Housing Revenue Account (HRA) (Column N);
- Statutory Harbour Account, for Orkney and Shetland only (Column T);
- Common Good (Column U).

All figures in LFR 00 should be provided on a funding basis. Total Net Revenue Expenditure in Row 71 is validated against the net cost of services on a funding basis calculated in LFR A0.

LFR 00 provides the Control Total figures in all service-level LFRs and so should be completed **before** the service-level LFRs.

All local authorities are required to complete LFR 00, however they will not all have to complete every column. Table 1 sets out which columns should be completed for each type of local authority.

Table 1: Which columns in LFR 00 should contain data by authority type

Column in LFR 00	Councils	VJBs	Bridge Authority	RTPs
LFR 01: Education Services	X			
LFR 02: Culture and Related Services	X			
LFR 03: Social Work Services	X			
LFR 05: Roads and Transport	X			X
Road Bridges			X	
LFR 06: Environmental Services	X			
LFR 07: Planning & Development Services	X			
LFR 09: Central Services	X	X		X
LFR 20: Non-HRA Housing	X			
Trading Services	X			
HRA (Housing Revenue Account)	X			

Trading Services (Column L): Record all expenditure and income relating to trading with the public and internal significant trading operations. This will include, but is not limited to, costs associated with fishery harbours and markets; statutory Harbour Accounts for Orkney and Shetland; other harbours; airports; tunnels; piers and slaughterhouses. The only **exception** is expenditure and income relating to local authority transport undertakings which should be recorded in LFR 05.

Statutory Harbour Accounts (Column T): Record expenditure and income relating to statutory harbour accounts – to be completed by Orkney and Shetland **only**.

5.1 Service Analysis

A detailed analysis of expenditure and income is required broken down by the services set out in CIPFA's SeRCoP guidance.

Employee Pension Costs (Rows 11 & 13): This should include the employer's pension contributions **only**. Do **not** include IAS 19 costs.

Operating Costs (Rows 16 to 25): Due to the change in accounting arrangements for **Public Private Partnerships (PPP)** and **Private Finance Initiatives (PFI) schemes**, as set out in [Finance Circular 4/2010](#), **only** the 'fair value of services' element of the total unitary payment to the operator in year should be recorded here.

Do **not** include any **capital charges** within operating costs; these are dealt with in the statutory adjustments part for LFR A0. Capital charges include:

- depreciation of assets;
- amortisation of intangible assets;
- loss on impairment of assets;
- amortisation of government and non-government grants deferred.

Third party payments (Rows 21 to 24) are payments to an external provider, or an internal service delivery unit, which is operating independently in return for the provision of a service. Where a service being paid relates to the type of expenditure (e.g. building repairs, cleaning, catering etc.) then the payment should be recorded under supplies and services. Third party payments will include those made to other local authorities, NHS Boards, government departments, voluntary associations, other establishments, private contractors and other agencies. In particular:

- **To RTPs and VJBs (Row 21):** Record here only requisition payments made to RTPs or VJBs.
- **To NHS Boards (Row 23):** Record here only direct payments made to NHS Boards. Do **not** include payments made to IJBs.

Third party capital projects funded from revenue (Row 33): Record here the value of grants paid to third parties, including other local authorities, to finance capital projects undertaken by these third parties which were **funded from revenue**.

This data is required by the Office of National Statistics (ONS) and HM Treasury for National Accounts purposes and was previously captured in CR Final (Part L).

Other Transfer Payments (Row 34): This should include debits resulting from soft loans to clients etc., which were previously recorded separately.

Total Support Services on a Funding Basis (Row 37): Record here expenditure on support services by service allocation. Section 15 provides detailed guidance on support services. In particular, any costs which do not come under the activities listed in Section 15.1 must **not** be included as support costs but must be recharged to the relevant service and included within the appropriate LFR.

Recharge income from other services (Row 39): Record here all recharge income received from other services. The expenditure side of the transaction must be recorded in the relevant expenditure line (Rows 9 to 35), local authorities should **only** enter zeroes in this line if there has been **no** recharge income. This line should also **not** be used to allocate shared services.

Recharges are included in the expenditure section to ensure double counting caused by internal charging is eliminated within the gross expenditure calculation.

Gross Expenditure adjusted for LFR purposes (Row 43): This line makes adjustments to the gross expenditure figure to eliminate double counting in aggregate figures caused by transfers between local authorities. This will be the basis of the Scotland gross expenditure figure reported by the Scottish Government in official statistics. It is calculated as:

Gross expenditure on a funding basis (Row 41)

Plus contributions from other local authorities (Row 54)

Plus requisitions from constituent councils (Row 55, LFR 05 and LFR 09 **only**)

Ring-Fenced Revenue Grants (Row 47): Ring-Fenced Revenue Grants (RFRG) received from Scottish Government should be recorded in this line against the relevant service area. In 2019-20, the RFRGs should be recorded as follows:

- **LFR 01:** Gaelic; Pupil Equity Fund; Early Learning and Child Care
- **LFR 03:** Criminal Justice Social Work
- **LFR 05:** Support for Ferries

Requisitions from constituent councils (Row 55): VJBs and RTPs should record income received from their constituent councils in this line, against LFR 05 and LFR 09 as appropriate. This is a change from previous returns to ensure consistency with the service-level LFRs. An adjustment has been made to calculations in LFR A0 to eliminate double counting for VJBs and RTPs who treat requisition income as non-service income in their accounts.

Other sales, fees and charges (Row 64): This should include credits resulting from soft loans, which were previously recorded separately.

Gross Income adjusted for LFR Purposes (Row 69): This line makes adjustments to the gross income figure to eliminate double counting in aggregate figures caused by transfers between local authorities. This will be the basis of the Scotland gross income figure reported by the Scottish Government in official statistics. It is calculated as:

Gross income on a funding basis (Row 67)

Minus contributions from other local authorities (Row 54)

Minus requisitions from constituent councils (Row 55, LFR 05 and LFR 09 only)

5.2 Additional Information

Integrated Joint Boards (Rows 78 to 82): This section captures the required figures for transactions relating to Integration Joint Boards (IJBs). In particular:

Transfer Payment to IJB (Row 79): Record here the total amount transferred to the IJB in Column O. This should match the amount stated in your annual accounts. This figure is then used to pre-populate LFR 00, Cell E31 and LFR 03, Cell H12, replacing the 'Contributions to IJBs' row required in previous LFRs.

Income from IJB to commission services (Row 80): Record here the total amount of income to commission services received from the IJB in Column O. This should match the amount stated in your annual accounts.

Expenditure on services commissioned by IJB (Row 81): Record here the expenditure commissioned using income received from the IJB split by service, as included in the expenditure figures recorded in Rows 9 to 35 of LFR 00.

Rows 80 and 81 are expected to be equal and opposite to each other, as per the validation check in Cell Q81. On this basis, Row 81 is used to pre-populate 'Income from IJB to commission services' (Row 57), replacing the 'Contributions from IJBs' row in previous LFRs.

Grants and Payments to Third Sector Bodies (Rows 84 to 93): Record here gross grants and payments to third sector bodies, and any grants used to fund these. This data was collected in LFR 10 in prior years' returns.

Third sector organisations are non-governmental, value-driven and principally reinvest any financial surpluses to further social, environmental or cultural objectives. They include voluntary and community organisations, charities, social enterprises, cooperatives, housing associations, credit unions, mutual and development trusts. Trade Unions and political parties should be **excluded**.

Payments for the provision of services by third sector bodies (Row 85) should include fees, charges and subsidies paid by the local authority to the third sector body for the provision of services. These amounts should also be included in the expenditure and income sections of LFR 00, as well as the relevant service-level LFRs. **Grants paid** to third sector bodies will be included as a transfer payment. **Payments for the provision of services** by third sector bodies will be included within Operating Costs as a third party payment. Grants received by the local authority that are used to fund grants or payments to a third sector body should be recorded in the appropriate income line.

Additional Gross Expenditure directly related to Covid-19 (Row 96): Record here **new** gross expenditure that has been incurred **as a direct result of** the local authority response to the Covid-19 pandemic for each service. These figures will already be included in the Expenditure section of LFR 00 (Rows 9 to 37).

As a guide, figures should be in line with additional **expenditure** recorded in the Covid-19 Local Government Financial Pressures data collection run by CoSLA. The following should **not** be included as additional Covid-19 expenditure within LFR 00:

- redeployment of staff resources;
- continued payment of service providers to ensure future service provision;
- lost income, for example from sales, fees and charges, due to Covid-19.

6. LFR 01: Education Services

All expenditure and income relating to the education service, regardless of which department provides the service, should be recorded in LFR 01. Exceptions are:

- Social Work component of local authority residential schools – these should be recorded in LFR 03;
- School Crossing Patrols – these should be recorded in LFR 05.

6.1 Service Analysis

For Education, SeRCoP divisions of service are requested in two different formats:

1. by school type (Columns C to K) – see Table 2;
2. by devolved and centrally managed (Columns P to R) – see Table 3.

Tables 2 and 3 detail how the SeRCoP divisions of service relate to the subservices used within LFR 01.

Special Education (Column F): Please note that references within the SeRCoP guidance to Special Education Needs (SEN) should be considered to cover all Additional Support for Learning (ASL) needs. The latter term is concurrent with language used in the Additional Support for Learning (Scotland) Act 2009.

In line with the SeRCoP guidance, please ensure that all ASL provision funded from a centrally held education authority budget is included in the Special Education column, irrespective of where it is delivered. Any ASL provision that is funded by an individual schools' budget should be included under the relevant school type.

For example, an ASL unit attached to a primary school that is funded by the Education Authority would be included in the Special Education column. However, if the ASL unit was funded from the primary school's own budget it would be included within the Primary column.

Table 2: SeRCoP Divisions of Service by school type

Service	SeRCoP Divisions of Service	Pre-Primary Education	Primary Education	Secondary Education	Special Education	Community Learning	Other Non-school Funding
Individual School Budgets	Budgets devolved to the head teacher of pre-primary schools	X					
	Budgets devolved to the primary school head teacher		X				
	Budgets devolved to the secondary school head teacher			X			
	Budgets devolved to the special school head teacher				X		
	Schools without devolved budgets	Apportioned appropriately					
Education Authority Centrally Held School Budgets	Schools strategic management	Apportioned appropriately					
	Non-devolved school grants	Apportioned appropriately					
	Pre-primary education	X					
	Facilitating school improvement	Apportioned appropriately					
	Supporting Special Education Needs (SEN), irrespective of where delivered				X		
	School and pupil support	Apportioned appropriately					
Non-school Funding	Strategic management of non-school services						X
	Support for students						X
	Home to college transport (16-18 years)						X
	Community learning					X	

Table 3: SeRCoP Divisions of Service by devolved and centrally managed

Service	SeRCoP Divisions of Service	Devolved	Centrally Managed
Individual School Budgets	Budgets devolved to the head teacher of pre-primary schools	X	
	Budgets devolved to the primary school head teacher	X	
	Budgets devolved to the secondary school head teacher	X	
	Budgets devolved to the special school head teacher	X	
	Schools without devolved budgets		X
Education Authority Centrally Held School Budgets	Schools strategic management		X
	Non-devolved school grants		X
	Pre-primary education		X
	Facilitating school improvement		X
	Supporting Special Education Needs (SEN), irrespective of where delivered		X
	School and pupil support		X
Non-school Funding	Strategic management of non-school services	Not included	
	Support for students	Not included	
	Home to college transport (16-18 years)	Not included	
	Community learning	Not included	

6.2 Additional Information

Note that double counting between rows **is permitted** within the additional information for LFR 01. For example, Other Employee Costs associated with Additional Support for Learning should be counted in both the 'Employee Costs – All Other Employees' and 'Additional Support for Learning' lines. Double counting is **not** permitted between columns or in the core LFR 01 table.

Employee Costs - All other employees (Row 40): Record here gross expenditure on employees other than teachers. This includes, but is not limited to, classroom auxiliaries, laboratory technicians, school librarians, school bursars, school welfare officers, receptionists, clerks, janitors, cleaners, welfare attendants, nurses, therapists, other medical staff and educational psychologists.

School Transport incurred under Section 50-51 (Row 41): Record here gross expenditure on taxis, buses and any other transport costs arising from the transport of children from home to school incurred under Section 50-51 of the Education (Scotland) Act 1980. Non-statutory transport costs, such as transport to sporting events, should **not** be included.

School Meals (Row 42, 47 & 52 to 55): Record gross expenditure on School Meals in Row 42 and income received from charging for School Meals in Row 47.

The number of free and paid for school meals should be recorded in Rows 52 and 53. **Please note** that these should be entered as the actual, unrounded number of school meals, **not** in thousands. Row 55 calculates the cost per school meal.

Additional Support for Learning (ASL) (Row 43): Following an amendment in 2009 to The Education (Additional Support for Learning) (Scotland) Act 2004, Scottish Ministers have a duty to collect and publish a range of information from Education Authorities on additional support needs, including cost of provision.

This line collects the cost of provision of additional support needs. These costs should be allocated to columns as per the relevant SeRCOP and LFR guidance, i.e. Pre-Primary, Primary and Secondary Education columns should only contain the costs for ASL provision that is funded by the schools' devolved budget and all centrally funded ASL provision should be included in the Special Education column.

Cost of provision of Additional Support Needs should include the following:

- **Establishments:** The cost of running ASL establishments, for example, special schools or units making provision for:
 - Moderate or complex learning difficulties;
 - Autism;
 - Physical impairment;
 - Emotional and behavioural needs;
 - Sensory impairments (Hearing and Visual Impairments);
 - Other additional support needs.

- **Services:** The cost of running centralised services which support the provision of additional support for learning but which may be local authority wide, such as:
 - Assessment centres;
 - Dyslexia services;
 - Bilingual services;
 - EAL services;
 - Sensory Impairment Teams;
 - Audiology services;
 - Any other services.
- **Psychological Services:** The cost of running a psychological service to support identification and provision for additional support for learning:
 - Educational psychologists – salary plus on costs;
 - Educational psychology service, including mainstream schools.
- **Transport:** The cost of providing transport for pupils with additional support needs. This includes buses and any associated contracts; taxis and any associated contracts; and any other costs of transport.
- **Placements:** The cost of purchased placements for pupils with additional support needs. This includes placements in another authority area that are wholly funded by education authorities, and placements where funding is shared by the education authorities and other services (whole costs where possible).
- **Staffing:** Cost of teachers and support staff in ASL establishments, including cost of absence cover.

7. LFR 02: Culture and Related Services

All expenditure and income relating to culture and related services, regardless of which department provides the service, should be recorded in LFR 02, with the following exceptions:

- School library service, which should be recorded in LFR 01;
- Community learning and development, which should be recorded in LFR 01;
- Business related area promotional events, which should be recorded in LFR 07 under economic development;
- Travellers' sites and sites for those occupying mobile homes as a main residence which should be recorded in LFR 20.

7.1 Service Analysis

Culture and Related Services data is required using the discretionary subdivisions of service set out in CIPFA's SeRCoP guidance. Data should be allocated to the subservices within the LFR as set out in Table 4.

Table 4: Allocation of SeRCoP Culture and Related Subdivisions of Service

SeRCoP Division of Service	SeRCoP Subdivision of Service	Cultural and Heritage		Library Service	Tourism		Recreation and Sport			
		Museums & galleries	Other cultural & heritage		Promotional events	Other tourism	Countryside recreation & management	Sport facilities	Community parks & open spaces	Other recreation & sport
Culture and Heritage	Archives		X							
	Arts development & support		X							
	Heritage		X							
	Museums & galleries	X								
	Theatres & public entertainment		X							
Library Service	Permanent lending libraries			X						
	Mobile lending libraries			X						
	Reference & information services			X						
	Specific community library services			X						
Recreation and Sport	Allotments									X
	Community centres									X
	Countryside recreation & management						X			
	Foreshore									X
	Sports development & community recreation							X		
	Indoor sports & recreation facilities							X		
	Outdoor sports & recreation facilities							X		
	Golf courses							X		
Community parks & open spaces								X		
Tourism	Tourism policy, marketing & development					X				
	Promotional events				X					
	Camping & caravanning					X				

8. LFR 03: Social Work Services

All expenditure and income relating to Social Work Services, regardless of which department provides the service, should be recorded in LFR 03, with the following exceptions:

- Community learning and development, which should be recorded in LFR 01.

8.1 Service Analysis

The subservices within LFR 03 are based on the mandatory divisions of service set out in CIPFA's SeRCOP guidance. In particular, please note the following:

Children's Hearings (Column D): Include here any costs associated with services supplied through service level agreements made with the National Convener of Children's Hearings Scotland.

Adult Social Care (Column F): This should include all expenditure and income relating to adult social care, including for:

- older persons aged over 65;
- adults with physical or sensory disabilities;
- adults with learning disabilities;
- adults with mental health needs;
- adults with addictions / substance misuse;
- adults with HIV / AIDS;
- asylum seekers and refugees.

It is expected that figures in this column will be in line with those from Columns F to J in the 2018-19 LFR 03.

Integration Joint Boards (IJBs) (Column H): In line with the changes to how transfers to and from IJBs are recorded in LFR 00, this subservice has been added to LFR 03 to solely capture the transfer payment to the IJB. This figure is pre-populated in Cell H12, based on data entered in LFR 00, Cell E31.

Self-Directed Support (SDS): Gross expenditure figures should include expenditure funded by contributions from clients, with the associated income recorded as income from charges to service users. Any money clients receive from the Independent Living Fund should **not** be recorded in LFR 03.

SDS 2, or Managed Personalised Budgets, expenditure should be treated as principal transaction by the local authority. That is, where the budget is used to purchase known services from either the council or another provider, the money should be recorded as expenditure against that service. Any residual expenditure from the budget, where it is entirely unknown what support was purchased, should be included in total community-based services expenditure.

8.2 Additional Information

Third Party Payments: To private companies (Row 39): Gross payments to businesses providing care services on a commercial, for-profit basis. For example, private care homes or domiciliary care services. Please exclude the following:

- direct payments, which should be recorded as transfer payments;
- payments to companies for goods and non-care services, e.g. supplies.

Gross Expenditure by Type of Self-Directed Support (SDS) (Row 41 to 46): This section captures gross expenditure by type of Self-Directed Support. Please **include** contributions received from other local authorities in these figures to eliminate expenditure on clients in other local authorities. Costs for support services and recharge income should be **excluded** from these figures.

SDS 4 allows for individuals to have a mix of SDS options 1 to 3. Where councils have expenditure coded as SDS 4, this should be apportioned across SDS options 1, 2 and 3 as appropriate.

Gross Expenditure by Adult Social Care Subservices (Rows 48 to 54): This section splits gross expenditure on adult social care services by the detailed subservices collected in prior LFRs. Please **include** contributions received from other local authorities in these figures to eliminate expenditure on clients in other local authorities.

Detailed guidance on the apportionment of generic services to client groups is contained in 'Guidance on Implementing the BVACOP Social Work Service Expenditure Analysis' issued in March 2002 by CIPFA (Scotland), ADSW, and the Social Care Data Standards Project.

Expenditure on Services purchased or provided directly by the Council (Rows 56 to 96): For the services specified, record expenditure incurred by the council for the purchase or direct provision of Children & Families (Column E) and / or Adult Social Care (Column F), including services provided through SDS. Purchase of services may be from another local authority or a private or voluntary sector provider.

Validation checks in Rows 69 & 96 ensure that the **sum** of expenditure across 'Assessment, Casework, Care Management & Occupational Therapy', 'Total Accommodation-based Services' and 'Total Community-based Services' does not exceed the relevant total expenditure figures for the subservice.

Validation checks in Column I ensure that expenditure recorded for specific subsets of services does not exceed the expenditure for the service as a whole. These checks also ensure that corresponding net revenue expenditure figures do not exceed the gross expenditure figures recorded.

Due to the changes in how transfer payments to IJBs are recorded, expenditure figures will **not** be directly comparable to those from previous LFRs, however it is expected that they will be broadly in line with equivalent figures from prior years.

In particular, please note the following:

Gross Expenditure (Rows 56 to 69): Please **include** contributions received from other local authorities in these figures to eliminate expenditure on clients in other local authorities. Costs for support services and recharge income should be **excluded** from these figures.

Net Revenue Expenditure (Rows 71 to 96): Costs for support services and income from IJBs should be **excluded** from these figures.

Income from Charges to Service Users for Services purchased or provided directly by the Council (Rows 98 to 104): For the services specified, this section captures income from charges to service users, received by the council in relation to the purchase or direct provision of Children & Families (Column E) and / or Adult Social Care (Column F). This should include any contributions from SDS clients used to fund services purchased or provided directly by the council.

Validation checks in Row 104 ensure that the **sum** of income from charges to services users across 'Assessment, Casework, Care Management & Occupational Therapy', 'Total Accommodation-based Services' and 'Total Community-based Services' does not exceed the 'All Other Income' figure for the subservice (Row 21).

Validation checks in Column I ensure that income from charges to service users recorded does not exceed the **difference** between gross and net expenditure recorded for that service.

8.3 Additional Information: Guidance on Services

Assessment, Casework, Care Management, Occupational Therapy and Criminal Justice Fieldwork (Rows 57, 72 and 99): This covers assessment and casework for children and families, including child protection; assessment and care management for community care client-groups; and occupational therapy. It includes the process of receiving referrals, assessing need, undertaking reviews, arranging packages of care, providing assistance in cash or kind, and all fieldwork costs, including hospital social workers and Out of Hours services.

The following costs should **not** be included in this service:

- occupational therapy aids and adaptations, these should be recorded against 'Equipment and Adaptations' within 'Total Community-Based Services';
- foster care recruitment, training and support which should be recorded under 'Fostering / Family Placement' within 'Total Community-Based Services';
- assessment and support of adoptive parents which should be recorded under 'Adoption Services' within 'Total Community-Based Services'.

Accommodation-Based Services: These lines should capture all expenditure relating to accommodation-based Children and Families and Adult Social Care services. Figures for **total** accommodation-based services should be recorded in Rows 58, 73 and 100.

In addition to the specific services detailed below, this may also include costs for sheltered housing, care housing, hostels and supported accommodation. Costs applicable to housing should **not** be included and should be recorded against non-HRA Housing (LFR 20) or the HRA (LFR 00) as appropriate.

Care Homes (Rows 59 & 76): Record **total** figures for Care Homes in these lines. This should include provision and placement costs for residential care homes for children and young people; care homes for community care client-groups; and costs associated with provision of free personal and nursing care.

Care Homes for adults aged 65+ (Row 60): Record here the element of expenditure recorded in Row 59 relating to care homes for adults aged 65+ **only**.

Free Personal and Nursing Care (FPNC) (Rows 77 to 81): Record expenditure on FPNC payments to self-funders against the relevant line based on the recipient's age and element of FPNC received. These figures should include all full payments of £177 per week for Free Personal Care and / or £80 per week for Free Nursing Care made under the Community Care and Health (Scotland) Act 2002 as appropriate. These figures should be a subset of the figures recorded in Row 76.

Secure Accommodation (Rows 61 & 82): Include all provision and placement costs in accommodation approved by the First Minister for the purpose of restricting the liberty of children.

Residential Schools (Rows 62 & 83): Include provision and placement costs for residential schools. Do **not** include:

- expenditure on children who have been placed temporarily to provide respite for their carers';
- education contributions which should be recorded in LFR 01.

Community-Based Services: These lines should capture expenditure relating to all community-based Children and Families and Adult Social Care services. Figures for **total** community-based services should be recorded in Rows 63, 84 and 101.

In addition to the specific services detailed below, this may also include costs for meals, advocacy, children's rights, community service, court services, prison social work, support to formerly looked after children, youth crime and your work services.

Home Care (Rows 64 & 85): Record **total** figures for home care in these lines. Home care is delivered in the client's own home, including sheltered housing, and may include personal care, domestic help, laundry services, shopping services and care attendant schemes. Some or all of these services may be provided by different staff-groups or purchased from different agencies.

Home Care for adults aged 65+ (Rows 65 & 89): Record here the element of expenditure recorded in Rows 64 and 85 respectively relating to home care for adults aged 65+ **only**.

Home Care for adults aged 18-64 with physical or sensory disabilities (Row 88): Record here the element of expenditure recorded in Row 85 relating to home care for adults aged 18-64 with physical or sensory disabilities **only**.

Personal Care (Rows 86 & 87): Record expenditure on personal care services provided at home against the relevant line based on the recipient's age. The following tasks are defined as personal care:

- personal hygiene, including bathing, showering, hair washing, shaving, oral hygiene and nail care;

- continence management, including toileting, catheter / stoma care, skin care, incontinence laundry, bed changing;
- food and diet, including assistance with the preparation of food and assistance with the fulfilment of special dietary needs;
- problems with immobility, including dealing with the consequences of being immobile or substantially immobile;
- counselling and support, including behaviour management, psychological support and reminding devices;
- simple treatments, including assistance with medication (inc. eye drops), application of creams and lotions, simple dressings and oxygen therapy;
- personal assistance, including assistance with dressing, surgical appliances, prostheses, mechanical and manual aids; getting up and going to bed; and transfers including the use of a hoist.

Where expenditure on personal care at home must be estimated, then this should be done by multiplying the number of personal care hours given during the year (as provided to SG in the Quarterly Key Monitoring Return – Quarters 1 to 3) by the unit cost per hour for home care. This calculation may have to be done separately for personal care provided in-house and purchased from the independent sector.

Day Care (Rows 66 & 90): Day care covers attendance at a location other than the client's own home for personal, social, therapeutic, training or leisure purposes, including any meals provided and transport to and from the location. Expenditure on luncheon clubs should be included.

Equipment and Adaptations (Rows 91 & 102): Includes adaptations to homes; disability equipment and aids to daily living; telephones; alarm equipment, including purchase and running costs; other communications equipment; and equipment stores, delivery and other associated costs. Do **not** include equipment funded by the council's housing service, this should be recorded in LFR 20.

Services to Support Carers (Row 92): Include all expenditure on services to support the carers of people with community care needs, carers of children with or affected by disabilities, and young carers, including grants to voluntary bodies, special projects, etc. Do **not** include expenditure on respite in care homes, home care provided on a respite basis, respite placement in day care facilities or respite fostering / family placement – this should be recorded under the relevant service.

Support Employment (Rows 93 & 103): Includes supported workshops, meals provided at workshops, transport to the workshop and the blind home workers' scheme.

Adoption Services (Rows 67 & 94): Include all fees and allowances paid to adoptive parents under the Adoption Allowance (Scotland) Regulations 1996, and staff and any other costs for assessing and supporting adoptive parents.

Fostering / Family Placement (Rows 68 & 95): Include all foster carers fees, expenses and allowances; staff and any other costs for foster carer recruitment, training and support; and costs for any family placement schemes.

9. LFR 05: Roads and Transport

All expenditure and income relating to roads and transport, regardless of which department provides the service, should be recorded in LFR 05. In particular, Local Authority Transport Undertakings, which is a subdivision of Trading Services within SeRCoP, should be recorded here. Exceptions to this are:

- normal street sweeping or cleansing which should be recorded in LFR 06;
- school transport costs which should be recorded in LFR 01.

9.1 Service Analysis

Roads and Transport data is required using the discretionary subdivisions of service set out in CIPFA's SeRCoP guidance. Data should be allocated to the subservices within the LFR as set out in Table 5.

Regional Transport Partnerships (RTPs) are expected to complete LFR 05, however it is expected that most, if not all, of their expenditure will be recorded under 'Co-ordination'. RTPs should record income received from their constituent councils against 'Requisitions from Constituent Councils' (Row 19).

9.2 Additional Information

Buses including annual bus subsidy for tendered mileage (Row 39): Record here gross expenditure on buses relating to:

- Non-LA Public Transport, Cell N39;
- Local Authority Transport Undertakings, Cell Q39.

The figure entered in cell N39 should include any annual bus subsidy for tendered mileage, which was previously captured separately.

Ferries including loans and leasing charges (Row 40): Record here gross expenditure on non-LA public transport relating to ferries, **including** any loan and leasing charges.

Ferries excluding loans and leasing charges (Row 41): Record here gross expenditure on local authority transport undertakings relating to ferries, **excluding** any loan and leasing charges.

Table 5: Allocation of SeRCoP Roads and Transport Subdivisions of Service

SeRCoP Service	SeRCoP Division of Service	SeRCoP Subdivision of Service	Roads				Network & Traffic Management		Parking Services	Non-LA Public Transport			LA Transport Undertakings
			Const.	Maintenance		Lighting	School crossing patrols	Other		Conc. Fares	Support to operators & voluntary groups	Co-ord.	
				Winter maint.	Other								
Roads & Transport	Roads	Construction	X										
		Structural maintenance			X								
		Environmental maint.			X								
		Winter maintenance		X									
		Lighting				X							
		Safety maintenance			X								
	Routine repairs			X									
	Network & Traffic Management	Traffic management						X					
		Network management						X					
		Road safety education						X					
		School crossing patrols					X						
		Data collection						X					
		Accident investigations						X					
	Parking Services	Network, planning, policy and strategy						X					
		On-street parking							X				
Public Transport	Off-street parking							X					
	Concessionary fares								X				
	Support to operators & voluntary groups									X			
		Co-ordination									X		
Trading Services	LA Transport Undertakings	Buses										X	
		Ferries										X	
		Other										X	

10. LFR 06: Environmental Services

All expenditure and income relating to environmental services, regardless of which department provides the service, should be recorded in LFR 06. Exceptions are:

- cleansing that relates to keeping carriageways free of litter for road safety purposes which should be recorded in LFR 05;
- Social Protection Teams / Wardens which should be recorded in LFR 20.

10.1 Service Analysis

Environmental services data should be recorded as per the mandatory divisions of service set out in CIPFA's SeRCoP guidance.

10.2 Additional Information

Support Costs (Rows 38 to 40): Record here expenditure on support costs **only** for Trading Standards (Cell G39) and Street Cleaning (Cell J40). Street cleaning should relate to expenditure on sweeping (manual or mechanical), street washing and emptying of litter receptacles.

Net Revenue Expenditure (Rows 42 to 46): Record here net revenue expenditure for the following:

- Public Conveniences (Cell F43);
- Trading Standards **excluding** expenditure relating to Citizens Advice Bureau (CAB) / Money Advice (Cell G44);
- Trading Standards **excluding** expenditure relating to **both** CAB / Money Advice **and** Animal Health (Cell G45);
- Street Cleaning, as defined above (Cell J46).

11. LFR 07: Planning and Development

All expenditure and income relating to planning and economic development, regardless of which department provides the service, should be recorded in LFR 07. Exceptions to this are:

- expenditure on tourism that is used to promote economic development should be included under tourism expenditure in LFR 02.

11.1 Service Analysis

Planning and development data should be recorded as per the mandatory divisions of service set out in CIPFA's SeRCoP guidance.

11.2 Additional Information

Income from planning fees for applications and deemed applications (Row 39): Record here income received from fees for planning applications and deemed applications. Please **exclude** income from property and planning searches.

12. LFR 09: Central Services

All expenditure and income relating to central services, regardless of which department provides the service, should be recorded in LFR 09. This should include penalties for the late payment of Council Tax or other services.

12.1 Service Analysis

Central Services data is required using the discretionary subdivisions of service set out in CIPFA's SeRCOP guidance. In addition, expenditure / income is requested for:

- Housing Benefit Administration (Column G);
- Council Tax Valuation (Column M);
- Non-Domestic Lands Valuation (Column N);
- Non-Road Lighting (Column P).

VJBs are expected to provide figures for the following subservices:

- Registration of Electors (Column L);
- Council Tax Valuation (Column M);
- Non-Domestic Lands Valuation (Column N);
- Corporate and Democratic Core Costs (Column R);
- Non-Distributed Costs (Column S).

VJBs should record income received from their constituent councils against the relevant subservices in Row 19.

RTPs are expected to provide figures for the following subservices:

- Corporate and Democratic Core Costs (Column R);
- Non-Distributed Costs (Column S).

Councils in areas served by VJBs should split the requisition paid to VJBs against the relevant subservices in Row 10.

Council Tax Reduction Administration (Column D): Councils are required to provide figures for the administration for Council Tax Reduction. Where it is not possible to provide exact figures, please provide an estimate using an appropriate apportionment methodology.

Other (Column T): It is expected that all rows in this column will be zero or near to zero as all expenditure and income should be recorded in the appropriate subservices within the LFRs. The exception is costs incurred relating to equal pay for **previous years only** which should be recorded here.

Where a local authority feels there is no appropriate subservice to record specific expenditure / income, this should be recorded here and an explanation of what the figures relate to should be provided in the Comments box at the bottom of LFR 09.

13. LFR 20: Non-HRA Housing

All General Fund expenditure and income relating to housing, regardless of which department provides the service, should be recorded in LFR 20. Exceptions are:

- Non-Road Lighting which should be recorded in LFR 09;
- Housing Benefit Administration which should be recorded in LFR 09;
- expenditure / income relating to the HRA which should be recorded in LFR 00.

13.1 Service Expenditure Analysis

Non-HRA Housing data should be recorded as per the mandatory divisions of the General Fund Housing service set out in CIPFA's SeRCoP guidance, excluding the mandatory division for Housing Benefit Administration which is recorded in LFR 09.

Please note, Social Protection Teams / Wardens should be recorded in LFR 20 to ensure consistency between local authorities.

14. LFR 12: Council Tax Income Account

Information relating to local authorities' Council Tax Income Account should be recorded in LFR 12. **All figures** should be presented on a levied basis, unless otherwise specified. The following costs should **not** be included here, and should instead be recorded in LFR 09:

- collection of Council Tax;
- administration of rebates;
- discounts for prompt payment, where offered;
- late payments or other penalties.

Gross Council Tax (Row 7): Record here the gross Council Tax levied before any discounts, reliefs, exemptions and provisions against doubtful debts / non-payment. This figure should include any arrears of local tax collection.

Additional Council Tax income (Row 8): Record here the additional income in relation to the following:

- reducing the discount on second homes from 50% to 0%;
- reducing the discount on long-term empty properties from 50% to 0% or applying an increase.

Income arising from penalties (Row 9): For example for non-disclosure of the person liable to pay tax or penalties arising from a summary warrant being approved.

Contributions in respect of Class 17 and 24 dwellings (Row 10): Include armed forces accommodation and dwellings where crown immunity applies.

Council Tax Reduction (Row 13): Record here the total value of Council Tax Reduction (CTR) awarded under the CTR scheme (Council Tax Reduction (Scotland) Regulations 2012, Council Tax Reduction (State Pension Credit) (Scotland) Regulations 2012).

Discounts (Row 14): Record here the total value of discounts given as covered by The Local Government Finance Act 1992, Section 79(1) and 79(2). This includes the 25% Single Person Discount and 50% discount for second homes and long-term empty properties.

Exemptions (Row 15): Record here the total reduction relating to exempt properties, in accordance with The Council Tax (Exempt Dwellings) (Scotland) Order 1997 (SSI 1997/728). This includes halls of residences; dwellings occupied by students; dwellings awaiting demolition; repossessed dwellings and empty dwellings.

Disabled Relief (Rows 16): Record here the total reduction relating to disabled relief given by the authority, in accordance with The Council Tax (Reductions for Disabilities) (Scotland) Regulations 1992 (SSI 1992/1335).

Provisions Against Doubtful Debts (Row 17): Record here the local authority's provision for property tax doubtful debts.

Net residual adjustments to Council Tax income during the year (Row 18): This will include arrears of Council Tax recovered; arrears of community charge recovered; and redetermination of prior years.

14.1 Memorandum Account (Rows 28 to 42)

Local authorities have discretion to reduce the Council Tax discount on second homes and long-term empty properties to between 10% and 50% as per The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 (SSI 2013/45 as amended). The additional income generated from this reduction in discount is retained locally and must be used for the provision of new-build affordable social housing to meet locally determined priorities. The additional income can be used on the council's own social housing stock, or paid as grant to Registered Social Landlords (RSLs).

This section collects all income recognised in the Council Tax income account arising from the reduction in discounts to a minimum of 10%, and all expenditure recognised as being funded from this income. The [2013 guidance on Council Tax on second homes and long-term empty properties](#) advises proper accounting practices, i.e. on a levied basis, but also references actual amounts collected.

This has led to local authorities taking different approaches in how this income and expenditure is recorded. Given the discrepancies in approach, the 2013 guidance will be reviewed with a view to updating it to clarify the accounting treatment.

For the 2019-20 LFRs, local authorities are asked to complete this section **on the same basis as their annual accounts**. Where the figures are provided on a levied basis, local authorities are asked to split the balance held on this account between cash held and amounts not yet collected in Rows 41 and 42 respectively. Where the figures provided are on a cash basis, the split will just show the full balance as cash held and Row 42 will be zero.

Please note, these figures should be independent of billing years and so will not match the information provided on the Council Tax Revenue Return, which collects data on a billing year basis.

Balance brought forward 1 April (Row 29): Record here the balance of income set aside for affordable housing that has been brought forward at the start of the financial year.

Additional Council Tax income from reducing discount on second homes to between 50% and 10% (Row 30): Record here additional income relating to reducing the discount on second homes from 50% to a minimum of 10%.

Additional Council Tax income from reducing discount on long-term empty properties to between 50% and 10% (Row 31): Record here additional income relating to reducing the discount on long-term empty properties from 50% to a minimum of 10%.

Interest on unspent monies (Row 32): Record here interest allocated to this Memorandum Account (earmarked reserve) based on the balance held in this account.

Expenditure on Affordable Housing - HRA Capital Expenditure (Row 34): Record here expenditure on affordable housing recorded as HRA capital expenditure that has been funded by the additional Council Tax income.

Expenditure on Affordable Housing - HRA Revenue Expenditure (Row 35): Record here expenditure on affordable housing recorded as HRA revenue expenditure that has been funded by the additional Council Tax income.

Expenditure on Affordable Housing - Registered Social Landlords (RSLs), other organisations or individuals (Row 36): Record here amounts paid to RSLs, other organisations or individuals for affordable housing that has been funded by the additional Council Tax income.

Amount carried forward for affordable housing (Row 38): Automatically calculates the amount carried forward for affordable housing, i.e. the amount earmarked in reserves. The amount calculated here **must** be equal to the earmarked reserve amount as per the accounts and recorded in LFR 23, Row 76. This condition is validated in Cell E38 and LFR 23, Cell L76.

The amount that has been collected (Row 41): Record here the amount of additional Council Tax Income to be carried forward and earmarked in reserves that has been collected, i.e. cash received.

The amount not yet collected (Row 42): This figure is automatically calculated based on Row 41. It reflects the remaining amount to be carried forward as amounts not yet collected, i.e. still recognised as a Council Tax debtor. Where a local authority has completed the Memorandum Account on a cash basis, this balance should be zero.

14.2 Other Additional Council Tax Income (Rows 44 to 46)

These lines capture information on additional Council Tax income relating to second homes / long-term empty properties which is general in nature (i.e. not ring-fenced) and may be spent as local authorities determine. Figures should be provided on the same basis as those in the memorandum account section.

Additional Council Tax income from reducing discount on second homes from 10% to 0% (Row 45): Record here additional income relating to reducing the discount on second home from 10% to 0%.

Additional Council Tax income from reducing discount on long-term empty properties below 10% (including 0%) or applying an increase (Row 46): Record here additional income relating to reducing the discount on long-term empty properties below 10% (including to 0%) or applying an increase in amount charged.

15. LFR SS: Support Services

Include in this return all expenditure and income relating to support services. Local authorities should adhere to the following guidance when completing LFR SS. This guidance is in line with SeRCoP and the definitions used for the SOLACE benchmarking exercise.

Section 15.1 sets out on what activity costs should be included within each support service. All costs associated with these activities should be regarded as support costs, regardless of where in the local authority the activities are undertaken. In particular, please note the following:

- All payroll costs must be included under Finance.
- Any departmental staff undertaking support service work should be included as a cost for the relevant support service. For example, costs associated with finance staff employed by Education should be included in the Finance column of LFR SS, rather than in LFR 01.
- If the activity is procured by a **third party** then the costs to the local authority in procuring these activities should still be regarded as support costs, and as such, should be included as a cost for the relevant support service. For example, costs of an outsourced IT function should be included within the IT column of LFR SS.
- **Shared administration support costs must be recharged** to front line services and individual support services. Only the proportion relating to support services should be included within LFR SS, and should be allocated to each of the relevant columns as determined by the activity undertaken.
- **Corporate and Democratic Core (CDC) costs** should be recorded in LFR 09, Column R. Any support services element of CDC costs (as recorded in LFR 09, Cell R8) should be included in LFR SS in the relevant column.

Any costs which do **not** come under the activities listed in Section 15.1 **must not** be included as support costs but **must be recharged to the relevant service** and included within the appropriate LFR.

Local authorities are advised to examine the costs they currently class as support costs and assess whether they adhere to this guidance. If they do not, appropriate recalculations should be made and the adjusted figures provided in the final LFR. Local authorities should also consider whether there are any other types of support costs established as a result of local decisions or structures, for example a contact centre that provides functions on behalf of a range of departments, and seek clarification on how to treat these if required.

Apportionment methodologies is a matter for each local authority and should be reviewed and agreed with their external auditor.

15.1 Activity costs by support service

Corporate Services

- Review teams, for example policy, performance, Best Value, change management, service reform etc.
- Customer care and service centres
- Press, publicity and public relations
- Internal mail
- Internal print facilities and post rooms
- Any general administrative services
- Departmental directorate costs and associated administrative support
- Client management of any outsourced activities noted above

Finance

- Accountancy
- Payroll
- Administration of pension funds
- Insurance (excluding premiums) and risk management
- Internal audit
- Financial management systems – provision and development
- Financial advice
- Treasury functions
- Departmental directorate costs and associated administrative support
- Client management of any outsources activities noted above

Human Resources (HR)

- Employee relations
- Equal opportunities
- Health and safety
- Industrial relations
- Occupational health
- Retirement
- Administration of redundancy and retirements
- Staff resource planning
- Terms and conditions and welfare
- Departmental directorate costs and associated administrative support
- Client management of any outsources activities noted above

Information Technology (IT)

- ICT strategy, policy and service development
- ICT support, including software support
- Network management
- Systems procurement
- Development and operations, including project and change resources
- Departmental directorate costs and associated administrative support
- Client management of any outsources activities noted above

Legal

- Advocacy and litigation
- Commercial work
- Contract negotiation
- Conveyance
- Departmental directorate costs and associated administrative support
- Client management of any outsources activities noted above

Procurement

- Preparation of procurement strategy
- Negotiation and arrangement for contracts
- Procurement administration
- EU procurement procedures
- Departmental directorate costs and associated administrative support
- Client management of any outsources activities noted above

Property Management / Office Accommodation

- Administration of acquisitions and disposals
- Property asset management policies and plans
- Energy management
- Property register maintenance
- Surveying
- Valuation and review
- Departmental directorate costs and associated administrative support
- Client management of any outsources activities noted above

16. LFR 24: Pension Funds

Enquiries: Enquiries about the completion of this form should be made to Kimberley.Linge@gov.scot in Scottish Public Pensions Agency and should be copied to lgfstats@gov.scot.

Please note the following:

- The references in these notes are to the Local Government Pension Scheme (Scotland) Regulations 2018 (SI 2018 No. 141), unless otherwise specified.
- The form should be completed by every authority that maintains a pension fund. Entries should include all pension benefits expressly authorised to be charged to pension funds, whether or not rechargeable to services. Any other expenditure not authorised to be charged to the fund should be excluded.
- The data supplied should only relate to employees and pensioners who are covered by the Local Government Pension Scheme and **not** teachers who have their own schemes. For the avoidance of doubt, AVC contributions received from and transferred to AVC providers should be excluded.
- UK investments comprise UK public sector securities, securities of UK registered companies, property investments in the UK and unit trusts etc. where the management is based in the UK. UK should be taken to include the Channel Islands and Isle of Man and to exclude the Republic of Ireland.

Lump Sums on Death: Include death gratuities and lump sum payments on death on a deferred pensioner.

Other Benefits: Include injury allowances including any payments to widows or dependants.

Refund of Contributions: Include the amount of contributions returned to employees plus interest thereon (if any); any recovery by employing authority from the funds in respect of the employee's share of payment in lieu of contributions and any recovery from the fund of Contributions Equivalent Premium (CEP) paid (Regulation 18); and the amount of charge to tax on repayment (Regulation 18).

Transfer Values (including apportionments): Include all transfer payments and apportionments. Where apportionments have not been completed, this line should include their book value.

Contributions equivalent premiums (less any recoveries from employees included above): Regulation 18 provides that transfer premiums and limited revaluation premiums to the premiums payable under the Pensions Act may be met from the pension fund.

Other Expenditure: Include administration costs charged to the fund, but exclude losses on realisation of investments.

Payments made overseas (included above): Include payments to persons resident or to bank accounts outside the UK.

16.1 Additional Information

Additional Information 3: The columns for admitted bodies are only for employees admitted or deemed to be admitted under regulation 4. It is not for employees of other schedule bodies who participate in the fund.

Additional information 4: This should show the number of scheduled bodies and admitted bodies potentially covered by the scheme, including those that don't have active members.

Additional Information 5: Administration and management staff of the fund includes only the number of FTE staff involved in pension fund duties as an administrating authority of a Local Government Pension Scheme. Administration costs should only be those for the local authority acting in the role of the Local Government Pension Scheme administering authority. The costs to the administering authority of acting as an employing authority should not be included in Additional Information 4. Costs of administering the Teacher Schemes should be excluded.

Benefits Administration Expenditure (excluding fund management costs) should include:

- Staff costs – to include staff employed in pensions, personnel, accounting functions etc. for time on pension admin duties but to exclude all staff involved in fund management (i.e. employees' salary costs, NI costs, admin staff pension costs, other benefit costs (e.g. cars, bonuses, etc.), travel and subsistence, and other staff costs (e.g. relocation, recruitment, training));
- System costs (except fund management system cost) – i.e. systems processing, development, maintenance, lease costs/depreciation, and disaster recovery insurance.
- General costs (except fund management general costs) – i.e. rent and rates charges for office and storage space, repairs and maintenance, depreciation, postage, telephone and fax costs, insurances, preparation of scheme accounts (excluding audit), PLSA membership fees and other subscriptions, general management and time spent on pension issues, legal costs, stationery, printing and office supplies (including benefits statements and scheme booklets), outside administration consultancy (e.g. actuaries, external auditors, other management and administration consultancies) and other general costs.

Investment Administration Expenditure should include internal monitoring costs, investment accounting, performance measurement, external investment consultancy and advisory fees etc.

Investment Management Expenditure should include internal fund management costs (e.g. staff, system and general costs) and external fund management costs (e.g. fund managers, consultancy and other external management costs including Unit Trust fees, custody fees, corporate governance fees etc.).

If the costs of Council committees are charged to the fund, then these costs should be apportioned between 'fund management, investment, administration' and 'benefits administration' costs.

The total administration and management costs (chargeable to the fund) figure should be the sum of these lines.

Additional Information 6: All information in this section should relate only to employees who retired during the year. The number of retirements should represent those to whom the payments in pension payments are made. Those retiring on 31 March and whose payments are recorded in the next financial year should be shown as numbers in the LFR 24 period in which the payments are recorded.

Scottish Government

Local Government Finance Statistics

September 2020

Annex A: Usable Reserves as in LFR 23

General Fund (Column C): Local Authorities are required under section 93(1) of the Local Government (Scotland) Act 1973 to have a General Fund. The LFR follows the Code requirement to calculate the total Surplus or Deficit on the provision of services and make statutory adjustments to adjust from an accounting basis to funding basis.

Housing Revenue Account (HRA) (Column D): The legislative framework does not allow for a specific housing reserve. This however is contrary in spirit to the ring-fenced nature of the HRA under the Housing (Scotland) Act 1987 which ring fences HRA monies. As such it is recognised that local authorities can separately identify a housing balance and the form therefore recognises this practice.

Harbour Account (Column E): The Orkney County Council Act 1974 and the Zetland County Council Act 1974 require Orkney and Shetland to keep separate accounts for their harbour undertaking, and provides the power for them to hold a reserve fund for the same undertaking.

Renewal and Repair Fund (Column F): Local Authorities are permitted under Section 16 (Schedule 3 paragraph 22 (1)) of the Local Government (Scotland) Act 1975, to establish a Renewal and Repair Fund. This fund may be used for repairing, maintaining, replacing and renewing the authority's buildings, plant and equipment.

Insurance Fund (Column G): Local Authorities are permitted under Section 16 (Schedule 3 paragraph 22 (1)) of the Local Government (Scotland) Act 1975 (as amended by schedule 13 of the Local Government etc. (Scotland) Act 1994) to establish an Insurance Fund.

Other Statutory Funds (Column H): In addition to the funds listed above, some local authorities may have specific statutory authority to hold other reserves. Such reserves are recorded under this heading.

Capital Fund / Capital Receipts (Column I): Local Authorities are permitted under section 16 (Schedule 3, Para 22 (1)) of the Local Government (Scotland) Act 1975 Act to establish a Capital Fund. Useable capital receipts reserves are also considered allowable under these powers.

This reserve may be used for the purpose of meeting the cost of capital expenditure and for the repayment of principal on loans, but **not** any interest on loans.

Capital Grants and Receipts Unapplied (Column J): This reserve holds capital grant and capital receipts that have been received but not yet used to fund capital expenditure.