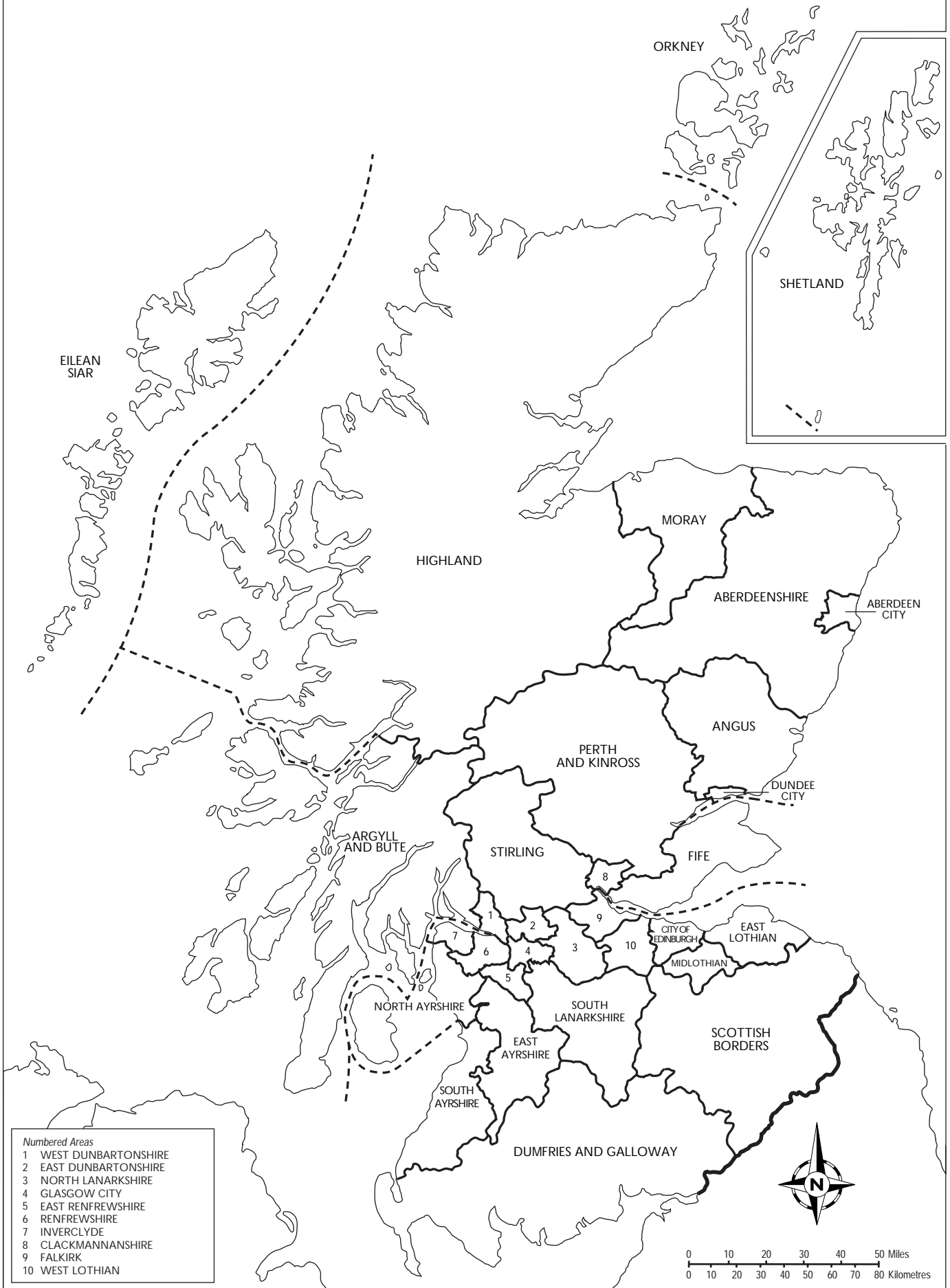


Local Authority Areas

Local Government etc (Scotland) Act 1994



INTRODUCTION

Scottish Local Government Financial Statistics is an annual publication prepared by the Local Government Finance Statistics branch of the Scottish Executive. It gives a series of tables largely relating to local authority accounts.

Source and coverage of data

The tables in this issue have been compiled from various financial returns made by local authorities, as well as joint boards. The co-operation of these bodies in completing returns is gratefully acknowledged.

Most of the data are presented at Scotland level, however, tables 10, 11 and 12 (showing, respectively, 'Outstanding Debt' and 'Local tax base') have been broken down to show individual local authority data. All of the data used relate to the 1998-99 financial year, with the exception of sections 3 and 4 which also provide figures for other years.

Contents

The publication gives information, contained in four broad sections on local government finance in Scotland.

- Section 1 – Income and Expenditure
- Section 2 – Outstanding Debt
- Section 3 – Local Taxes
- Section 4 – Local Authority Employment

Summary

Expenditure

In 1998/99, Scottish local authority gross expenditure was £11.8 billion. This can be split into gross *revenue* expenditure of £11.0 billion, and gross *capital* expenditure (on land, buildings and other major assets) of £0.8 billion. Revenue expenditure on general fund services, housing and trading services (i.e. excluding special, common good and superannuation funds) was £10.0 billion. [Tables 1 and 2A]

Just under half of this £10.0 billion local authority revenue expenditure went on education (£2.6 billion) and housing services (£2.2 billion) in 1998/99. A further £1.4 billion went on social work services, with revenue expenditure on law, order and protective services amounting to just under £1 billion. [Tables 2A and 3]

Almost 40 per cent of local authority revenue expenditure on general fund, housing and trading services was accounted for by employee costs; 44 per cent on operating costs and a further 11 per cent on loan charges. [Fig 1]

Income

Scottish local authority gross income in 1998/99 was £12.5 billion. This can be split into gross *revenue* income of £12.1 billion and gross *capital* income of £0.4 billion. Revenue income (excluding special, common good and superannuation funds) was £10.0 billion in 1998/99. [Tables 1 and 2A]

Of this, £5.4 billion came from Government Grants; £1.7 billion from fees and charges (mainly council house rents); £1.4 billion from non-domestic rates and £1.1 billion from council tax. [Tables 1 and 2A]

Employment

As at December 1999 local government in Scotland employed over 290,000 people. Of these, over a third worked part-time.

Structure and functions of local government

The Local Government etc. (Scotland) Act 1994, which came into force on 1 April 1996, significantly changed the structure of local government in Scotland. Prior to the 1996-97 financial year local government in Scotland operated mainly on a two-tier basis, with 9 regional councils and 53 district councils. The district and regional councils had responsibility for delivering different types of local government services while the three island councils provided services for Orkney, Shetland and Eilean Siar (the Western Isles).

Local government reorganisation left the 3 island councils unchanged while the district councils and regional councils were replaced with 29 single tier (or unitary) bodies (see map on page 5). These 32 unitary councils are responsible for all the local government services formerly administered by their predecessors with two main exceptions: water and sewerage (now the responsibility of 3 public water authorities) and the reporters to Children's Panels (for which responsibility now lies with the Scottish Children's Reporters Administration).

In addition to information from the 32 unitary authorities described above, this publication provides information on the income and expenditure of police and fire services. For most of Scotland these services are provided through Joint Boards, which are the collective responsibility of two or more councils. The publication also includes information drawn from the income and expenditure of the Forth Bridge, Tay Bridge and the Strathclyde Passenger Transport Authority (which are the collective responsibility of groups of councils in the same way as police and fire services).

Notes to tables

All financial data are shown at **outturn** level. That is to say that figures are actuals supplied after the year's accounts have been closed. Wherever possible actual figures have been used, where this was not possible "near actual" figures have been taken. For this reason the figures published in this edition may not always agree with those published in Local Authority Abstracts of Accounts.

Please note that, due to rounding, some totals may not agree with the sum of their constituent parts.

The following symbols are used throughout the publication:

- .. not available
- . not applicable
- nil or less than half the final digit shown

SECTION 1 : INCOME AND EXPENDITURE

The tables in this section summarise local authority spending and income. These are broken down to show both capital and revenue accounts and also the split between the different service accounts operated by local authorities. Tables 1 to 3 are summary tables. The tables then split into General Fund, Housing, Trading Services, Superannuation, Special and Common Goods Funds with, where relevant, separate revenue and capital tables given.

Service Accounts

The **General Fund** is the account within which most transactions of a local authority take place; it is therefore, by far, the largest account.

The **Housing Revenue Account (HRA)** records expenditure and income associated with dwellings provided under the Housing (Scotland) Act 1987. Housing is the only service where a separate 'ring-fenced' account is required by law. Expenditure and income on other housing services, such as the provision of renovation grants to private homeowners, is charged to the general fund.

Trading Services are local authority services which are, or are intended to be, self-financing through fees and charges levied on the users of the service. Because of the differences between the funding for trading services and other activities their accounts are maintained separately.

Superannuation, Special and Common Goods Funds are maintained outside of the general fund.

Capital and revenue accounting

Local authority accounts have two distinct constituent parts, the **Revenue Account** and the **Capital Account**.

Revenue Expenditure covers the cost of maintaining local services and includes costs such as employees salaries and service operating costs. **Employee Costs** includes salaries, wages, national insurance, superannuation contributions, cash allowances paid to employees (excluding car allowances), redundancy and severance payments, and other employee costs. **Operating Costs** includes property costs, supplies and services, transport (including car allowances) and plant costs, payment to agencies and other bodies and direct administration expenses (including training).

Revenue Income comes from a variety of sources including Government Grants, local taxes, sales, fees and charges on local authority services.

Capital Expenditure relates to the provision and improvement of tangible fixed assets (such as schools, new houses and machinery) which continue to be of value long after their acquisition. **Capital Income** is made up mostly from the sale of these assets.

Cash and accruals accounting

The capital and revenue parts of local authority accounts are collected on different basis.

The Revenue account figures are collected on an **Accruals Basis** where transactions are reflected in the accounts of the period *in which they take place*.

The Capital account figures are collected on a **Cash Basis**, where transactions are recorded in the period *in which payment is made or received*.

Net and gross amounts

Net Expenditure is gross expenditure minus income. Both gross and net figures are presented in the publication. It is, however, usual to present **Revenue** expenditure *net*. For **Capital** expenditure, the figures are usually presented *gross*. This is because capital receipts are pooled and the expenditure which they can fund can be carried forward from one year to the next. It is therefore not possible to identify which particular item of capital expenditure has been funded from which receipt.

Capital Expenditure funded from Current Revenue (CFCR)

This is expenditure from local authority revenue budgets, which has been used to buy capital items. This is identified as a separate category of expenditure in the revenue tables. In order to avoid double counting, the capital tables in the publication **exclude** CFCR.