

Capital Payments and Receipts 2003-04 to Q2 2012-13: England CPR 1-4 metadata:

Terminology used in this release

A set of terms relating to local government finance is given in the glossary at *Annex G to Local Government Financial Statistics England No. 22 2012*. This is accessible at

<https://www.gov.uk/government/publications/local-government-financial-statistics-england-no-22-2012>

The most relevant terms for this release are explained below.

Capital expenditure – expenditure on the acquisition of fixed assets or expenditure, which adds to and does not merely maintain the value of existing fixed assets

Capital receipts – income from the sale of capital assets. Such income may only be used to repay loan debt or to finance new capital expenditure.

Capitalised current expenditure – expenditure which would normally score as current expenditure but which a local authority has been allowed to capitalise, with the permission of the Secretary of State (e.g. redundancy payments).

Capital expenditure charged to revenue account (CERA) – a method of financing capital expenditure where the expenditure is financed direct from revenue account in the year it is incurred

Credit arrangements – forms of credit, which does not involve the borrowing of money by a local authority. For example leases of land (including buildings) or other property and contracts which provide for external credit (in the sense that there is more than a full financial year gap between the giving of value to the authority and the payment for that value).

Greater London Authority (GLA) Group – this includes GLA and its constituent bodies, the Mayor's Office for Policing, London Fire and Emergency Planning Authority, Transport for London (TfL) and London Legacy Development Corporation. Capital expenditure and receipts are reported by the GLA and the four functional bodies as a group and individually.

Minimum revenue provision – the minimum amount which must be charged to a revenue account each year and set aside as provision for repaying external loans and meeting other credit liabilities

Prudential capital finance system – this is the informal name for the system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003. It allows local authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources.

The Prudential Code – a professional code of practice prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA), for the prudential system introduced on 1 April 2004. Local authorities are required by legislation to have regard to the code.

Supported Capital Expenditure – the term for most forms of central government support for local authority capital expenditure from 1 April 2004. Supported Capital Expenditure (Revenue) – SCE(R) – is the amount of expenditure towards which revenue support grant will be paid to a local authority on the cost of its borrowing. The revenue grant support is provided to help authorities with the costs of financing loans. This form of financial support will be discontinued from 2011-12 so only expenditure financed from borrowing undertaken in previous years will be recorded after 2011-12.

Service Reporting Code of Practice (SeRCOP) – is a set of general guidance notes which are provided to local authorities, providing them with instructions on how to account on various elements of public service expenditure. The services are primarily broken down into a few main groups (e.g. Children and Family Services, Housing Services, Central services). Within each group, detailed guidance is provided on all possible elements of spending, which a LA could have responsibility over. The SeRCOP is used by all LA's as a foundation for constructing their accounts in the financial year. Therefore the categorisation defined by SeRCOP is used as a basis for our form design and guidance, enabling LA to report their financial data under the correct headings – improving quality of the outputs. In-depth discussions take place with several authorities, prior to them being put forward to Central and Local Government Information Partnership/Finance (CLIP/F) for agreement, as part of our ongoing review of enhanced data collection. CLIP/F is also kept informed of the full planned developments to meet the HM Treasury and ONS requirements

Data quality

National Statistics are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer demands.

Adjustments have been made to avoid double counting the GLA grants to other London authorities.

The data for Quarter 2 2012-13 are derived from Capital Payments and Receipts (CPR) 2 returns.

Figures are subjected to rigorous pre-defined validation tests both within the forms themselves, while the forms are being completed by the authority and also in Communities and Local Government itself as the data are received and stored. These include:

- 1) **In form validation:** This refers to warnings that are built into the excel forms that are sent to authorities. Forms have been pre-programmed with sense checks to highlight figures outside a set range. If an

authority inputs figures that are likely to be incorrect, the form flags up to the officer inputting the data that this value could be incorrect. In some fields the figure can still be accepted if a reason is given whereas some cells will definitely be rejected as it is deemed impossible. In the majority of cases this means that the forms are returned completed and without any validation queries.

- 2) **CLASS** (Computerised Local Authority Statistics System) validation: Once the figures have been received by DCLG, they get inputted onto the CLASS database, which has built in checks that return errors and warnings for unexpected figures. CLASS can then be asked to output a list of warnings and errors which a team member can look through and contact an authority about if necessary.
- 3) **Manual (or analytical) validation:** These are extra checks done manually by the teams to double check the figures they receive. During this process the teams also liaise with relevant policy sections and the Group Accountant to clarify and rectify any anomalies. Furthermore the data received from Local Authorities is compared with other data sources (both internal and external).
- 4) **Post validation:** Figures get checked and double-checked on the statistical releases. Particular attention is paid to making sure the values have been entered correctly and the figures on the graphs and tables correlate with each other.

Finally, the release document, once prepared, is also subject to intensive peer review before being cleared as fit for the purposes of publication.

Uses made of the data

The data in this Statistical Release are important for a number of different purposes. They are used to provide ministers in DCLG, HM Treasury and the Office for National Statistics (ONS) with the most up to date information available on local authority capital spending and how they are financed. The ONS use the information for National Accounts and public sector finances for which the service breakdown is used. In particular, the data are often provided to HM Treasury to inform the Chancellor's Pre-Budget Report or for government spending reviews. Information from this release such as capital receipts and self-financed borrowing are used by policy colleagues.

In addition, the returns are important sources for answering Parliamentary Questions and other requests for information by Ministers, local authorities and their associations and the general public. Local authorities also use the information for comparisons between authorities and value for money profiling.

Background Notes

1. For information on this dataset please telephone Runa Chatterjee on 0303 44 42115 or email capital.receipts@communities.gsi.gov.uk.
2. This and other live table statistics can be found at the following weblink:

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-local-government-finance>

3. Please see the web link below for access to the papers tabled to the 'Central and Local Information Partnership – Finance' (CLIP-F) group

<http://www.clip.local.gov.uk/lqv/core/page.do?pagelId=31626>

CLIP Finance (CLIP F) is a consultative group which considers the collection, presentation and analysis of data on local government finance. It has been in existence since 2006, prior to this the group was known as Working Group on Local Government Financial Statistics (WGLGFS). The membership consists of representatives from central government departments, local government, CIPFA and the Audit Commission, and generally meets three times a year. To ensure users are made aware of significant changes and adjustments to Local Government Finance forms papers are tabled, discussed and published. Please visit the website for details of likely changes for future Revenue/Capital statistical releases

4. Further information is also available on the corporate website:

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>

5. For a fuller picture of recent trends in local government finance readers are directed to Local Government Financial Statistics England No. 22 2012 which is available in hard copy from product@communities.gsi.gov.uk (Tel. 0300 123 1124) and electronically in PDF format via the corporate web site:

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>

6. The statistics in this Release are for England only. Statistics for Wales and Scotland can be found at www.wales.gov.uk/topics/statistics/theme/loc-gov/?lang=en and www.scotland.gov.uk/topics/statistics/browse/local-government-finance respectively.