

# LFR & CR Final 2019-20 Review: Consultation with Data Users

## Summary of Changes

In light of Covid-19, colleagues across local authorities are facing changing priorities and additional pressures this year. To try and reduce the burden on local authority colleagues who contribute to the completion of the LFR and CR Final returns, a review of the 2019-20 return has been undertaken.

The key purposes of this review were to:

- reduce the overall size of the return by removing elements that are not required, either specifically for 2019-20 or longer term;
- improve consistency and quality of data collected with a view to reduce the volume of validation queries local authorities receive.

This paper details the proposed changes to the 2019-20 return based on this review and should be viewed alongside the Draft 2019-20 LFR document. Please note that this paper does **not** look at changes that only affect the guidance – an updated guidance document will be made available alongside the final 2019-20 LFR.

Users of LFR / CR Final data are invited to provide feedback on the draft 2019-20 LFR **by close of play Sunday 23 August 2020** via an [online survey](#). All feedback received will then be collated and reviewed. Where there is a clear requirement to do so, further revisions will be made to the return before it is finalised.

Both the LFRs and the CR Final collect information from audited accounts, and so the deadline for the collections must fall after the audited accounts are finalised. It is anticipated that publication of local authorities' 2019-20 audited accounts may be delayed. The 2019-20 LFR issue date and deadline has therefore been revised:

<b>Issue Date</b>	16 September 2020 (prev. 12 August 2020)
<b>Deadline</b>	09 December 2020 (prev. 21 October 2020)

The overall length of the 2019-20 LFR collection period has been increased by two weeks to allow local authorities additional flexibility in when they complete the return. It is **not** anticipated that this increase will be retained for future returns.

Data collected in the LFR and CR Final returns is summarised in Scottish Local Government Finance Statistics (SLGFS), which is normally published the February after the collection has taken place. In line with the delayed collection dates set out above, the 2019-20 SLGFS will be delayed, with publication planned for April 2021.

The remainder of this paper sets out the **significant** changes made to the 2019-20 LFR form, compared to the 2018-19 [LFR](#) and [CR Final](#). **Please note**, it is anticipated that the figures discussed in the SLGFS publication and associated tables will **not** be affected by these changes. Time series will be updated to ensure comparability where there has been methodological changes, such as the change to IJB transfers.

## 1. LFR CR: Capital Return

The LFR and CR Final have previously been run as separate collections, with data from both returns summarised in SLGFS. However, the two returns have been integrated for 2019-20, with the CR Final incorporated as a new tab (LFR CR) within the 2019-20 LFR. This should improve consistency and quality of data by increased pre-population and built-in validation within the return. The following changes have been made to LFR CR, compared to the 2018-19 CR Final return:

**Part B:** Balances relating to lending to other statutory bodies will be **included** in the CFR calculation – a change from the 2018-19 CR Final which advised local authorities to exclude these balances from the CFR calculation. The debt repayment figures in the CFR calculation are now pre-populated from LFR A0 and it is assumed that these amounts include repayments relating to lending to other statutory bodies.

The layout of the Total External Debt calculation has been amended to increase transparency. Rows 38 to 40 calculate Total External Debt at 31 March in line with the balance sheet figures as in Part C. Rows 41 and 42 reflect the adjustment made to calculate actual external borrowing as per the Prudential Code.

**Part D:** The services have been reordered to align to the ordering used in the LFRs. Similarly, Social Work and Trading Services subservices have been updated to reflect the changes made in the corresponding LFRs.

A new column has been added (Column M) to capture third party capital projects funded from capital grant separately to those funded by borrowing. This change mirrors that made to the CPOBE 2020 return.

**Part F:** Rows relating to Interest and Expenses (Rows 252 to 255) have been removed. Other individual rows have been removed where they are no longer required, such as rows for 'Additional voluntary contributions' as all repayments should be included within the principal repayment rows.

The schedule of future repayments which was previously captured in Part M, has now been included at the end of Part F (Rows 214 to 228). This means all overall Loans Fund figures are now recorded in Part F.

**Part G:** This section has been removed as it contained information that is captured elsewhere, for example borrowing figures are recorded in Part B of LFR CR and interest paid is recorded in LFR A0.

**Part J:** This has been updated to better reflect fixed asset categories included in accounts. Figures have been pre-populated based on Part C where appropriate.

**Part K:** This has been updated to better reflect how Capital Receipts are treated in authorities' accounts. Figures have been pre-populated based on LFR A0, LFR 23 and Parts D and E of LFR CR where appropriate.

**Part L:** The figures captured by this section should now be recorded in LFR 00, Row 38 and so this section has been removed from LFR CR.

**Consent to Borrow tab:** This tab is no longer required as this information is now captured in Part D.

## 2. LFR 00: Subjective Analysis by Service

The 'Step 1 - Statutory Accounts Adjusted to Funding Basis' section at the top of LFR 00 has been removed. The following lines have also been removed:

- Operating Costs: All Other Premises Related Costs;
- Transfer Payments: Debits Resulting From Soft Loans to Clients etc. – this expenditure should now be recorded in 'Other Transfer Payments';
- Income: Credits Resulting From Soft Loans – this expenditure should now be recorded in 'Customer & Client Receipts: Other Sales, Fees and Charges';
- Joint Boards, Bridges and RTPs only: Central Government Grant not allocated to Services in Statutory Accounts.

### **Transfer to and from Integration Joint Boards (IJBs) (Rows 31, 57 & 78 to 82):**

The way transfers to and from IJBs is recorded within the LFRs has been revised to better reflect accounting practices and to improve consistency between local authorities. Within LFR 00, the following changes have been made:

- **Row 31** records the total amount transferred to IJBs against LFR 03 and is pre-populated from Row 79. This replaces the 'Contributions to IJB' row from 2018-19 which required this amount to be split by service. This amount is recorded in a new IJB subservice in LFR 03, see '5. LFR 03' for more details.
- **Row 57** records the income to commission services received from IJBs split by service, similar to the 'Contributions from IJB' row in 2018-19. It is assumed that income to commission services received is equal to expenditure on commissioning those services and so these figures are pre-populated as equal and opposites of Row 81.
- **Rows 79 and 80** record the total amount transferred to the IJB and the total income to commission services received from the IJB in Column O. These amounts should match those stated in local authorities' accounts.
- **Row 81** records the expenditure commissioned using income received from the IJB split by service. This expenditure should already be included in the expenditure figures in Row 8 to 43 of LFR 00.
- **Row 82** calculates the difference between Rows 79 and 80. This figure is calculated for information only and is not used within the return.

In previous LFRs, 'Net contributions to / from IJBs' were calculated and used to adjust the gross expenditure and income figures to eliminate double counting of expenditure at subservice level. As the transfer to IJBs (Row 31) is now recorded in a separate subservice, the expenditure is no longer being double counted at subservice level. The 'Net contributions to / from IJBs' lines have therefore been removed from the return and no adjustment is made for LFR purposes.

These changes, in particular that in Row 31, will affect comparability with previous LFRs. Gross expenditure, gross income and net revenue expenditure figures for all services and subservices from prior years can be adjusted to reflect this revised methodology. Additional information data from prior returns cannot be adjusted and so may no longer be strictly comparable, see the relevant sections in this paper for further details on potential comparability issues caused by this change.

**‘Requisitions from Constituent Councils’ (Row 55):** To ensure consistency with the service-level LFRs, all Regional Transport Partnerships (RTPs) and Valuation Joint Boards (VJBs) must now record requisitions income by service in this row in LFR 00. Appropriate adjustments have been made to the calculations of Gross Expenditure / Income Adjusted for LFR Purposes in LFR 00. An adjustment has also been made to calculations in LFR A0 to eliminate double counting for RTPs and VJBs who treat requisition income as non-service income in their accounts.

**‘Revenue Contributions to Capital (RCC)’ (Row 76):** Only Revenue Contributions to Capital (RCC) used for the Local Government Benchmarking Framework (LGBF) Indicators and at service-level (LFR 00) are required for the 2019-20 return.

The RCC line in LFR 00 has been moved to the Additional Information section and is no longer pre-populated from service-level LFRs due to the reduction in subservice-level data requested.

In service-level LFRs, the RCC line has also been moved to the Additional Information section, with subservices not required greyed out. Where RCC figures are not required for any subservices, the RCC line has been removed entirely. The relevant change is detailed in the appropriate LFR section of this paper.

**‘Grants and Payments to Third Sector Bodies - Councils Only’ (Rows 84 to 93):** This data was previously captured in LFR 10 which has been removed from the 2019-20 LFR. See ‘12. LFR 10 – Removed’ for more information.

**‘Additional Expenditure directly related to Covid-19’ (Row 96):** Detailed guidance on exactly what expenditure local authorities should include in this row is still being finalised. Local authorities are also expected to capture additional expenditure and income relating to Covid-19 within the relevant service and subservice figures within the LFRs.

**‘Statutory Harbour Accounts’ (Column T):** This data was previously captured in LFR 22 which has been removed from the 2019-20 LFR. See ‘11. LFR 22 – Removed’ for more information.

### **3. LFR 01: Education**

Lines recording 'Contributions to IJBs' and 'Net contributions to / from IJBs' have been removed (see '2. LFR 00'). It is not anticipated that there will be significant impacts on comparability of additional information lines with prior years, however analysis is ongoing and appropriate guidance will be issued to data users alongside the published LFR 01 workbook if required.

The RCC line has been moved to the Additional Information section and reduced to subservices required for LGBF only (see '2. LFR 00').

The following additional information lines have also been removed:

#### **Gross expenditure**

- Repairs, Alterations and Maintenance of Buildings;
- Third Party Payments - Gross Payments to Private Companies;
- Third Party Payments - Gross Payments to Voluntary Bodies;
- School Hostels;
- Transfer Payments – Further Education: Residual Travel & Bursaries.

#### **Income**

- Customer and Client Receipts

### **4. LFR 02: Culture and Related Services**

Lines recording 'Contributions to IJBs' and 'Net contributions to / from IJBs' have been removed (see '2. LFR 00'). LFR 02 has no additional information lines and so there are no specific comparability issues to note.

The RCC line has been moved to the Additional Information section and reduced to subservices required for LGBF only (see '2. LFR 00').

### **5. LFR 03: Social Work**

A detailed review of LFR 03 is currently being undertaken to consider the following:

- alignment with current policies and local approaches;
- alignment with the wider Social Care data landscape;
- quality and consistency of data being captured;
- uses and users of the LFR 03.

It was intended that the detailed LFR 03 review would be complete before the 2019-20 LFR was finalised, however, there has been delays with this work caused by reduced capacity due to Covid-19. Therefore, information already gathered as part of the detailed LFR 03 review has been used to make initial changes to the 2019-20 LFR 03 return. These changes are focused on reducing the volume of data collected to that which is required for a clear and specific purpose, as well as simplifying the data collected around transfer payments with IJBs. The detailed LFR 03 review will continue and it is anticipated that further changes will be required to future returns.

All expenditure and income relating to Adult Social Care is now collected in one column (Column F), this should be in line with the sum of figures from Columns F to J in the 2018-19 LFR 03. A breakdown of Adult Social Care gross expenditure adjusted for LFR purposes by the subservices used in previous LFRs is included in the Additional Information section (Rows 48 to 54).

As set out in '2. LFR 00', the way transfers to and from IJBs is recorded within the LFRs has been revised. Within LFR 03, a new subservice has been added (Column H) to solely capture the expenditure relating to the transfer to the IJB (Cell H12) – this figure is pre-populated from LFR 00, Cell E31. Lines recording 'Contributions to IJBs' and 'Net contributions to / from IJBs' have been removed.

The 'Children with a Disability' memorandum column has been removed.

The RCC line has been moved to the Additional Information section and reduced to subservices required for LGBF only (see '2. LFR 00').

The additional information section has been reduced significantly to only collect figures that are required for specific purposes, for example, figures that are required for ONS and Eurostat data collections, or are used within the Local Government Benchmarking Framework. Due to the high number of lines removed, they are not listed here. Where a figure is required for one of the specific subservices that have been removed, this is to be collected via a new additional information line with the relevant category specified.

It should be noted that in an effort to reduce the size of the additional information section, the separate groupings of additional information lines are **not** expected to sum to the relevant total figure, however checks have been built in to ensure total figures are not exceeded where appropriate.

The changes to how transfers with IJBs are recorded would significantly impact comparability of LFR 03 additional information lines with prior LFRs, in particular for net revenue expenditure figures. As the additional information lines retained in the 2019-20 returns are for specific purposes, it is assumed that immediate loss of comparability would be problematic for users of this data. To minimise this loss of comparability for 2019-20, local authorities will be asked to provide additional information on a basis that will allow comparability with prior years where possible. The adjustments required are stated in the headings for each subsection within the LFR 03 additional information section and supporting guidance will be provided to local authorities. Details of the impacts of these adjustments, as well as any figures that could not be adjusted to allow comparability, will be issued to data users alongside the published LFR 03 workbook.

## 6. LFR 05: Roads & Transport

The detailed split of 'Local Authority Transport Undertakings' is **not** required. Instead, a total figure for this subservice is now collected in Column Q and these figures should be in line with those from Column T in the 2018-19 LFR 05.

Lines recording 'Contributions to IJBs' and 'Net contributions to / from IJBs' have been removed (see '2. LFR 00'). It is not anticipated that there will be any impacts on comparability of additional information lines with prior years, however analysis is ongoing and appropriate guidance will be issued to data users alongside the published LFR 05 workbook if required.

The RCC line has been moved to the Additional Information section and reduced to subservices required for LGBF only (see '2. LFR 00').

The following additional information lines have also been removed:

### **Gross expenditure exc. loans and leasing charges**

- Rail;
- Ferries;
- Air;
- Underground;
- SPT not included above;
- Other.

Additional information lines relating to Buses have been merged. Cell N37 should be in line with Cell N40 + Cell N41 in the 2018-19 LFR 05.

New additional information cells have been included to capture breakdowns of Local Authority Transport Undertakings relating to Buses (required for Transport Scotland) and Ferries (required for GAE calculations).

## 7. LFR 06: Environmental Services

Lines recording 'Contributions to IJBs' and 'Net contributions to / from IJBs' have been removed (see '2. LFR 00'). It is not anticipated that there will be significant impacts on comparability of additional information lines with prior years, however analysis is ongoing and appropriate guidance will be issued to data users alongside the published LFR 06 workbook if required.

The RCC line has been moved to the Additional Information section and reduced to subservices required for LGBF only (see '2. LFR 00').

The following additional information lines have also been removed:

### **Gross expenditure**

- Employee Costs;
- Operating Costs.

## **8. LFR 07: Planning and Development**

Lines recording 'Contributions to IJBs' and 'Net contributions to / from IJBs' have been removed (see '2. LFR 00'). It is not anticipated that there will be significant impacts on comparability of additional information lines with prior years, however analysis is ongoing and appropriate guidance will be issued to data users alongside the published LFR 07 workbook if required.

The RCC line has been moved to the Additional Information section and reduced to subservices required for LGBF only (see '2. LFR 00').

The following additional information lines have also been removed:

### **Costs and Income attributable to determining Planning Applications**

- Direct Staff Costs;
- Indirect Costs.

## **9. LFR 09: Central Services**

Lines recording 'Contributions to IJBs' and 'Net contributions to / from IJBs' have been removed (see '2. LFR 00'). LFR 09 has no additional information lines and so there are no specific comparability issues to note.

Lines recording RCC have been removed (see '2. LFR 00').

The following additional information line has also been removed:

- Net Requisitions to Valuation Joint Boards (excluding loan charges)

## **10. LFR 20: Non-HRA Housing**

The split of 'Private Sector Housing Renewal' is **not** required. Instead, a total figure for this subservice is now collected in Column C which should be in line with those from Column F in the 2018-19 LFR 20.

Lines recording 'Contributions to IJBs' and 'Net contributions to / from IJBs' have been removed (see '2. LFR 00'). LFR 20 has no additional information lines and so there are no specific comparability issues to note.

Lines recording RCC have been removed (see '2. LFR 00').

## **11. LFR 22: Trading Services – Removed**

The Trading Services subservices are **not** required and so the LFR 22 tab has been removed. Total Trading Services figures are still recorded in LFR 00 in line with previous years'.

A detailed breakdown of expenditure and income relating to Statutory Harbour Accounts for Orkney and Shetland is still required and this will now be collected in Column T of LFR 00.



## **12. LFR 10: Memorandum Items – Removed**

Gross Expenditure on publicity is **not** required and the level of detail on grants and payments to Third Sector bodies is to be reduced. The LFR 10 tab has therefore been removed, with the lines on grants and payments to Third Sector bodies that are still required included in Rows 84 to 93 of LFR 00.

## **13. LFR 12: Council Tax Income Account**

The Memorandum Account for council tax income set aside for affordable housing (Rows 28 to 42) has been redesigned on an income and expenditure basis, in line with the relevant accounting guidance.

Additional Council Tax income from second homes / long-term empty properties which does not have to be committed to affordable housing was previously captured in one line (Row 40). This has now been separated into two rows (Rows 45 and 46), requiring local authorities to split the additional income between that from second homes and long-term empty properties.

## **14. LFR SS: Support Services**

Lines recording 'Contributions to IJBs' and 'Net contributions to / from IJBs' have been removed (see '2. LFR 00'). LFR SS has no additional information lines and so there are no specific comparability issues to note.

Lines recording RCC have been removed (see '2. LFR 00').

The following additional information lines have also been removed:

### **Gross expenditure**

- Employee Costs;
- Supplies and Services;
- Third Party Payments;
- Payroll Function Costs;
- License Costs.

### **Income**

- Income **excluding** Recharges to Services

**Local Government Finance Statistics  
Scottish Government**

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