

POBE & CPOBE 2021 Review: Consultation

Summary of Proposed Changes

The Provisional Outturn and Budget Estimate (POBE) return collects net **revenue** expenditure provisional outturns for the current year and budget estimates for the forthcoming year on an annual basis. At present this return is only completed by the 32 councils in Scotland, other authorities are not required to complete this return.

The Capital Provisional Outturn and Budget Estimate (CPOBE) return collects **capital** expenditure and financing provisional outturns for the current year and budget estimates for the forthcoming three years on an annual basis. This return is completed by all 50 local authorities in Scotland.

Ahead of the 2021 POBE and CPOBE returns to be issued early next year, a review of the returns and associated publications has been undertaken. This paper details the changes proposed to the returns and publications following this review and should be viewed alongside the following documents:

- POBE 2021 Review – Draft Integrated Revenue and Capital Return
- POBE 2021 Review – Draft Integrated Revenue and Capital Publication

Please note that an updated guidance document to aid local authorities in completing these returns will be made available alongside the final blank return.

Any feedback on the proposed changes should be emailed to lgfstats@gov.scot by **close of play on Friday 15th January 2021** with the subject line 'POBE 2021 Review: Consultation'. All feedback received will then be collated and reviewed prior to the returns and publications being finalised.

Proposed Change 1: Integrating Revenue and Capital POBE

Following the integration of the CR Final return into the Local Financial Return (LFR) workbook for the 2019-20 LFRs, it is proposed that the revenue and capital POBE returns also be integrated into one workbook. This will help to streamline the collection and validation of these returns.

Initial feedback from local authorities generally supported this change. One local authority was not in favour of the change due to the impacts on the timing of the CPOBE return – this concern is addressed under Proposed Change 2.

A draft of the 2021 return has been provided alongside this paper to give data suppliers and users an indication of what an integrated revenue and capital POBE return would look like.

Proposed Change 2: Timing of Revenue and Capital POBE

At present, the timings for the 2021 POBE and CPOBE returns are as follows:

POBE: Issued on 3rd Feb; deadline of 24th March; data published in June

CPOBE: Issued on 24th March; deadline of 5th May; data published in June

It is proposed that the timings of the **integrated** revenue and capital POBE return (see Proposed Change 1) be revised to the following:

- Issued on Wednesday 10th February 2021
- Deadline of Wednesday 7th April 2021
- Data published in June 2021

These revised timings extend the collection period to eight weeks, giving local authorities some increased flexibility in when they complete and submit the return. It also allows both SG and local authorities to better manage the additional workload around the Local Government Finance Statistics returns in early 2021, in particular following the delay to the 2019-20 Local Financial Return (LFR)¹.

Bringing the CPOBE timings forward will also ensure sufficient time for validation of the capital data prior to publication in June. Initial feedback from some local authorities has flagged concerns that this may increase variance between capital provisional outturns / budget estimates and final, audited figures as final, year-end figures would not be available by the deadline. To address this, a comments box has been added to the bottom of both the revenue and capital collection asking local authorities to advise on what basis the provisional outturn figures have been provided and to note any factors which may affect comparability with final, audited figures. These comments will be used to inform suitable caveats on comparability to provide to users alongside the data.

Proposed Change 3: Alignment of Revenue POBE to LFR

At present, the data collected through POBE is not provided on a comparable basis to that collected through the LFRs due to several methodological differences, in particular relating to the treatment of Ring-Fenced Revenue Grants and Revenue Contributions to Capital (see below for details). To increase usability of the POBE data, it is proposed that the POBE return and guidance be revised to align to the LFRs. A draft of the 2021 return has been provided alongside this paper to give data suppliers and users an indication of what a POBE return aligned to the LFRs would look like. A note of the key changes made to the return has also been provided below for reference.

Please note, due to the timing of the return, it will not be possible to include final, audited figures for 2019-20 for validation purposes in the return itself. However, these validation checks will be carried out once returns have been submitted. To help local authorities consider what explanations would be helpful, the comparable LFR and cell reference has been provided in Column C.

¹ The 2019-20 LFR was delayed by around two months to allow for potential delays in local authorities publishing their audited 2019-20 annual accounts due to Covid-19.

Ring-Fenced Revenue Grants (RFRGs): These should now be recorded as service income, in line with how they are recorded in the LFRs, and therefore should be **netted off** the service expenditure figures recorded in the return.

RFRGs should no longer be included in the 'Taxation and Non-specific Grant Income (General Funding)' section of Part 1, **however** a line has been added to Part 3: Memorandum Items (Row 230) to record the total RFRG amounts that have been included as service income. This is to ensure the amount of RFRG being recorded can continue to be validated following this change in approach.

Revenue Contributions to Capital (RCC): These should now be **excluded** from the service expenditure figures recorded in the return, as in the LFRs. There is no longer a requirement to record RCC anywhere in the revenue return and the RCC lines have been removed from the Memorandum Items (Part 4).

Services & Subservices (Parts 1 & 2): The order of services and subservices required has been amended to be consistent with those in the 2019-20 LFR.

Comprehensive Income and Expenditure (Part 1): This section (previously Parts 1 and 2) has been revised to better reflect the equivalent sections in LFR A0. In particular, the following changes have been made:

- **Road Bridges (Row 16):** To capture net revenue expenditure on Road Bridges by the Tay Road Bridge Joint Board, in line with Proposed Change 4.
- **Trading Services (Row 21):** Previously 'General Fund Contributions to Trading Services', this row should now record Trading Services in line with the equivalent column in LFR 00 (Column L). In particular, figures relating to Harbour Accounts for Orkney and Shetland should be included.
- **Other Income & Expenditure (Rows 24 to 32):** Previously included in Parts 1 and 3.9, this has been moved to be consistent with the LFRs.
- **Reserves Balances (Rows 52 to 61):** This should now also include Harbour Account figures for Orkney and Shetland.

Public Private Partnerships (PPP) / Private Finance Initiatives (PFI) (previously Part 3.10): This section has been removed as it is no longer required.

Additional Information by Service (Part 2): In line with the 2019-20 LFR review, only additional information lines which have a known use have been retained. In particular, please note:

- the majority of additional information lines for Education (Part 3.1) are now required to be provided as **gross** expenditure, with the exception of 'School Meals' which should still be recorded as net revenue expenditure;
- the additional information lines for Social Work (Part 3.3) include specific exclusions to ensure comparability to the relevant figures from LFR 03 (cell references provided in Column C).

Impact of Covid-19: To provide an initial indication of the impact Covid-19 has had on local government outturn and budget estimates, the following lines have been added to 'Part 3: Memorandum Items':

- **Row 230:** 'Additional gross expenditure directly incurred by Covid-19' as per Row 96 of the 2019-20 LFR 00;
- **Rows 234 to 236:** a breakdown of service income from Customer and Client Receipts as per Rows 61 to 65 of LFR 00.

Whilst draft revised guidance has not been provided as part of this consultation, the guidance provided alongside the final return will reflect any revisions to the return.

Proposed Change 4: Extension of Revenue POBE to non-council authorities

The POBE return has previously only been completed by the 32 councils, whereas CPOBE and the LFRs are completed by all 50 local authorities – that is the 32 councils, ten Valuation Joint Boards (VJBs), seven Regional Transport Partnerships (RTPs) and the Tay Road Bridge Joint Board.

In line with Proposed Changes 1 and 3, it is proposed that the POBE return is extended so that it is also completed by all 50 local authorities. This change would ensure consistency across the returns and their associated publications. Due to the high-level nature of the POBE return, it is not anticipated that this would generate a significant amount of additional work for non-council local authorities as they would only be required to complete a small proportion of the return.

Proposed Change 5: Revisions to Capital POBE

The capital return has been revised in line with the changes made to the 2019-20 LFR CR following the 2019-20 LFR review, in particular:

- lines that are no longer required have been removed, particularly in the Prudential section of the return;
- terminology has been amended to be consistent with LFR CR;
- the order and layout of the return has been amended to flow better and to better reflect the split of capital expenditure and capital support to third parties as per LFR CR.

Further, the section on City Deals (previously Part F) has been removed as no requirement for provisional outturn and budget estimates of this detailed data on City Deals has been identified. Please note that figures on total financing from City Deals will still be required in Parts A, B and D.

Proposed Change 6: Refresh publications to reflect changes to returns

Following on from Proposed Change 1, the POBE and CPOBE publications would be collated into one single publication. In line with Proposed Changes 3, 4 and 5, the publication would also be reframed to provide appropriate comparisons to final, audited data for previous years to better support users' requirements.

Appropriate caveats on the limitations of comparisons between provisional outturns / budget estimates to final, audited figures will be included in both the publication commentary and in the user notes provided in any associated excel files.

A **draft** of what this publication would look like has been provided alongside this paper. Please note the data in the charts for years not yet published has been made equal to final, audited figures for 2018-19 for illustrative purposes only and is **not** based on data provided by local authorities for the years stated.

For reference, the latest publications are available at:

- [2019-20 Provisional Outturn and 2020-21 Budget Estimates – Revenue](#)
- [2019-20 Provisional Outturn and 2020-21 Budget Estimates – Capital](#)

**Local Government Finance Statistics
Scottish Government**

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