



Department for Levelling Up, Housing & Communities



Statistical release

Local Government Finance

Local Authority Revenue Expenditure and Financing: 2020-21 Updated Provisional Outturn - England

Impact of COVID-19 on 2020-21 data

The data in this release covers the 2020-21 financial year, when there were significant impacts on local authority finances resulting from the COVID-19 pandemic. Consequently the 2020-21 expenditure data is substantially higher compared with 2019-20 and earlier years.

Net current service expenditure

- Local authorities' total net current service expenditure was £106.3 billion in 2020-21, up £10.2 billion (+10.6%) in real terms compared to 2019-20. This higher net current expenditure during the COVID-19 pandemic was the result of the combination of higher expenditure and reduced fees and charges income. This figure is £695.4 million lower (-0.6%) than the total service expenditure figure reported in October.
- The categories of service with the largest increases (not adjusted for inflation) in net current expenditure compared to 2019-20 were:
 - Highways and transport up by +109% (+£4.1bn) to £7.9 billion, largely due lower public transport fares income and corresponding additional revenue grants.
 - Adult social care (excluding funding via NHS) up by +11% (+£1.8bn) to £18.7 billion.
 - Expenditure classified to Central and Other services: up by £1.3 billion.
 - Police Services +7% (+£879 million) to £13.1 billion.

Revenue Expenditure

- The broader measure of local authority Revenue Expenditure (see Definitions section) totalled £109.7 billion across all local authorities in England in 2020-21, 10.0% higher than 2019-20 in real terms.

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Contact: lgf1.revenue@communities.gov.uk

Media enquiries: 0303 444 1209 NewsDesk@communities.gov.uk

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Introduction

Local government expenditure accounts for around a fifth of all government spending and the majority of this is shown in local authorities' revenue accounts.

This statistical release, and all the associated tables, present provisional outturn data on the revenue expenditure of local authorities in England for the financial year 2020-21. It is based on data from 408 (94%) of the 432 local authorities in England in 2020-21. Data for the remaining 24 authorities have been imputed in order to produce the provisional class and national totals. This imputation method provides satisfactory imputed values for net service expenditure and for other components of Revenue Expenditure, drawing particularly on Revenue Account budget data. For the reasons noted in the section 'Imputation for missing returns', it was not possible to impute for missing financing or reserves data.

All the data in the release is compiled from the Revenue Outturn (RO) returns from local authorities in England to the Department for Levelling Up, Housing and Communities. Coverage includes but is not limited to local councils i.e.: London Boroughs, Metropolitan Districts, Shire Counties, Shire Districts and Unitary Authorities, as well as other authority types: Police and Crime Commissioners, Fire Authorities, Waste Authorities, Park Authorities, Combined Authorities, and the Greater London Authority.

The total number of local authorities is again lower than previous years due to the following local government reorganisation:

- On 1 April 2020, Buckinghamshire Unitary Authority replaced Buckinghamshire County Council and these District Councils: Aylesbury, Chiltern, South Buckinghamshire and Wycombe.

Definitions of terms used in this release can be found in the accompanying Technical Notes document. The full data collections forms and guidance notes can be found in the [forms](#) section of our website.

Key Contextual information

Functions and responsibilities of local government can change from year to year, so comparisons between financial years may potentially not be wholly valid, but where major changes occur these are highlighted.

Figures in this report and the associated tables and reports are shown as **net current expenditure figures**. So, for example, a decrease may be driven by a net decrease in expenditure or by an increase in fees or other income relating to that category of services, and conversely.

Impact of Covid-19 grants

As a result of the impacts of COVID-19, local authorities received various new grants. Two grant payments were made in late March 2020; since many local authorities recorded these in their

Revenue Outturn 2019-20, this caused an increase in reserves at the end of 2019-20. Further grant payments followed including those compensating for lower income from local taxation (business rates and council tax). The timing and routing of these grants through the local authorities' revenue accounts has resulted in increases to reserves levels at the end of 2020-21.

Imputation for missing returns

For those 24 local authorities who had not submitted their Revenue Outturn (RO) return three months after the deadline, estimates (imputations) have been made for Revenue Expenditure and its components. These draw from Revenue Account (budget 2020-21) data, adjusted by factors reflecting average change from budget to outturn from those authorities who made their RO return in time. The method provides estimates of net current service expenditure, and other components of Revenue Expenditure.

The large and varied change to income items from budget 2020-21 (pre the impact of COVID-19) to outturn 2020-21, coupled with the much lower than normal response rate of 94%, made estimation of these impractical.

Consequently, this provisional outturn release contains estimates for England:

- for the broad categories of service (net current) expenditure in tables 1a & 1b,
- for the components of revenue expenditure (table 2),

At this time, it was neither possible to produce estimates of financing nor of reserves items for the reasons noted; this will be possible once we have a near final set of returns.

The full data submitted by local authorities, including financing and reserves items, can be found in the '2020 to 2021 individual local authority - outturn' data tables at www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing.

Potential changes to future data collected

If you would like to receive invitations to comment on proposals for potential changes to the information that will be collected by local authority expenditure data collections, please email lqf1.revenue@communities.gov.uk marking the subject of the email 'Consultation contact list'.

Changes to this release

This release is an update to the 'Local authority revenue expenditure and financing England 2020 to 2021 provisional outturn' published on 21 October 2021. This release includes data from 42 local authorities who had not submitted their returns in time to be included in the October publication. Estimates previously made for these authorities have now been replaced with reported figures. This release also includes revisions to data where errors were identified from ongoing validation checks.

Local Authority Expenditure

The majority of local authority spend is on the provision of services. The Revenue Outturn data records current expenditure by detailed categories of service, and these sum up to '**Total Service Expenditure**'.

'**Revenue Expenditure**' also accounts for any costs, notably those which do not fall wholly within the financial year, but which are charged to the year's account. The majority of these costs relate to repayment and management of debt, financing capital and grants that authorities receive on behalf of a third party.

Tables 1a and 1b below provide a summary of the key expenditure lines for all authorities in England for the last five years in cash terms and adjusted for inflation respectively.

Table 1a: Service expenditure net of sales, fees and charges and of other income^(a), 2016-17 to 2020-21 (cash terms)

£ million – not adjusted for inflation ^(b)									
	2016-17		2017-18		2018-19		2019-20		2020-21
Education ^(c)	33,382		32,265		32,233		32,603		33,479
Highways and transport	4,013		3,997		3,857		3,757		7,855
Social care ^(d)	23,390		24,164		25,452		26,826		29,209
of which: Children's Social Care	8,476		8,834		9,375		9,920		10,494
Public Health	3,480		3,365		3,278		3,228		3,786
Housing (excluding Housing Revenue Account)	1,508		1,536		1,673		1,775		2,060
Cultural, environmental and planning	8,445		8,293		8,435		8,757		10,113
Police	11,050		11,165		11,426		12,203		13,083
Fire & rescue	1,961		1,972		2,005		2,158		2,194
Central Services	3,159		3,065		3,011		3,251		4,019
Other Services	56		-19		48		42		524
Total Service Expenditure	90,444		89,803		91,417		94,600		106,322
<i>% Difference Year-on-year</i>	-0.2%		-0.7%		1.8%		3.5%		12.4%
Total Service Expenditure excluding education ^(e)	57,061		57,538		59,183		61,997		72,843
	1.0%		0.8%		2.9%		4.8%		17.5%
Total Service Expenditure excluding Education & Public Health	53,581		54,173		55,905		58,769		69,057
	0.4%		1.1%		3.2%		5.1%		17.5%
Revenue Expenditure	93,567		93,104		94,226		98,178		109,698
<i>% Difference Year-on-year</i>	-1.0%		-0.5%		1.2%		4.2%		11.7%

Source: Revenue Outturn returns from England local authorities

(a) Other income includes, for example, significant funding for Adult Social Care from the NHS such as via Better Care Fund pooled budgets.

(b) These figures are presented in cash terms and as such are not adjusted for inflation.

(c) Expenditure on education services is not comparable between years due to a number of schools changing their status to become academies, which are centrally funded rather than funded through local authorities.

(d) Adult Social Care is not shown separately since figures were published on 21/10/2021 in NHS Digital's Adult Social Care - Activity and Finance Report, without the exclusions noted. <https://digital.nhs.uk/data-and-information/publications/statistical/adult-social-care-activity-and-finance-report>

(e) Education is excluded to provide a fairer year-on-year comparison as it is not comparable over time due to schools converting to academies and thus becoming directly funded.

Table 1b: Service expenditure net of sales, fees and charges and of other income^(a), 2016-17 to 2020-21 (real terms)

£ million – adjusted for inflation, in 2020-21 prices ^(b)									
	2016-17		2017-18		2018-19		2019-20		2020-21
Education ^(c)	36,054		34,247		33,546		33,117		33,479
Highways and transport	4,334		4,243		4,015		3,817		7,855
Social care ^(d)	25,263		25,649		26,488		27,248		29,209
of which: Children's Social Care	9,154		9,377		9,757		10,076		10,494
Public Health	3,759		3,572		3,412		3,278		3,786
Housing (excluding Housing Revenue Account)	1,629		1,630		1,741		1,803		2,060
Cultural, environmental and planning	9,121		8,803		8,778		8,894		10,113
Police	11,934		11,851		11,891		12,396		13,083
Fire & rescue	2,118		2,094		2,086		2,192		2,194
Central Services	3,412		3,254		3,133		3,302		4,019
Other Services	60		-21		49		43		524
Total Service Expenditure	97,683		95,321		95,140		96,090		106,322
<i>% Difference Year-on-year</i>	-1.4%		-2.4%		-0.2%		1.0%		10.6%
Total Service Expenditure excluding education ^(e)	61,629		61,074		61,594		62,973		72,843
<i>% Difference Year-on-year</i>	-1.2%		-0.9%		0.9%		2.2%		15.7%
Total Service Expenditure excluding Education & Public Health	57,870		57,502		58,182		59,695		69,057
<i>% Difference Year-on-year</i>	-2.0%		-0.6%		1.2%		2.6%		15.7%
Revenue Expenditure	101,056		98,825		98,064		99,725		109,698
<i>% Difference Year-on-year</i>	-2.3%		-2.2%		-0.8%		1.7%		10.0%

Source: Revenue Outturn returns from England local authorities

(a) Other income includes, for example, significant funding for Adult Social Care from the NHS such as via Better Care Fund pooled budgets.

(b) All figures have been adjusted for inflation. This is described in the Technical Note.

(c) Expenditure on education services is not comparable between years due to a number of schools changing their status to become academies, which are centrally funded rather than funded through local authorities.

(d) Adult Social Care is not shown separately since figures were published on 21/10/2021 in NHS Digital's Adult Social Care - Activity and Finance Report, without the exclusions noted. <https://digital.nhs.uk/data-and-information/publications/statistical/adult-social-care-activity-and-finance-report>

(e) Education is excluded to provide a fairer year-on-year comparison as it is not comparable over time due to schools converting to academies and thus becoming directly funded.

Expenditure by service

Service Expenditure is classified under twelve main categories of service type, such as Education, Adult Social Care and Public Health, and an 'Other Services' category catching all expenditure that authorities are unable to allocate to specific areas.

Table 1a and 1b also show the time series of Total Service Expenditure and of Revenue Expenditure. Table 2 provides a more detailed breakdown of the components of each expenditure category for all local authorities in England for 2019-20 and 2020-21.

Expenditure by local authorities on the Education service category has decreased over recent years, largely due to the ongoing change in status of local authority schools to centrally funded academies. As such, these figures are not comparable over time. Public Health expenditure also changed in scope during 2015-16. Consequently, excluding Education – or if prior to 2016-17, also excluding Public Health – from Total Service Expenditure, provides a fairer year-on-year comparison.

In 2020-21, Total Service Expenditure for all local authorities in England was £106.3 billion, an increase of £10.2 billion (+10.6%) in real terms compared to 2019-20. Total Service Expenditure excluding Education Services was 17.5% higher in 2020-21 compared to 2019-20, and 15.7% higher than 2019-20 in real terms.

The higher net expenditure is a result of a combination of higher expenditure and lower fees and charges income. Substantial additional grants were provided, and a [summary detailing many of these](https://www.gov.uk/government/publications/covid-19-emergency-funding-for-local-government) can be found at www.gov.uk/government/publications/covid-19-emergency-funding-for-local-government.

The largest components of change in (net current) service expenditure (not adjusted for inflation) from 2019-20 to 2020-21 were as follows:

- i) Highways and transport: +£4.1bn (+109%) to £7.9 billion. Within this, the Greater London Authority accounted for +£3.3bn, very largely due to lower fare income on public transport. This was also the main cause for the increase across other authorities as well as lower income from off-street parking. Local authorities with toll bridge or tunnel crossings also reported lower fee income from these.
- ii) Lower fees and charges income were also widely reported in leisure centres (part of cultural service). Correspondingly, net expenditure on cultural services was up by 19% to £2.7 billion.
- iii) Local authority spend on Adult Social Care was up +£1.8bn (+11%) to £18.7 billion (nb excluding funding from the NHS – see note below).
- iv) Police Services: +£879 million (+7%) to £13.1 billion.
- v) Central Services: +£768 million (+24%) to £4.0 billion.

Note on overall estimate of public spending on Adult Social Care

The figures in this publication are net of sales, fees and charges, and net of Other Income. Other Income includes, for example, significant funding for Adult Social Care from the NHS such as via Better Care Fund pooled budgets.

To reflect the full extent of public expenditure on Adult Social Care, it is necessary to consider funding from the NHS in addition to net current expenditure by local authorities.

NHS Digital's Adult Social Care Activity and Finance Report 2020-21 was published on 21/10/2021 and shows net current expenditure as reported in its Adult Social Care Financial Returns from local authority social service departments, alongside the planned Better Care Fund (BCF) expenditure on adult social care for 2020-21, which should be added to local authorities' net current expenditure on adult social care to give the best estimate of total government net current expenditure on adult social care. In 2019-20, that was £2.3 billion.

The majority of these funds are transferred to local authorities. Correspondingly, these are recorded as 'other income' in the returns to DLUHC. They are therefore reflected within total (i.e., gross) expenditure, but not within net current expenditure. The remainder of the Better Care Fund planned expenditure is for social care activities delivered by other providers.

Table 2: Revenue Expenditure and Financing Summary, England, 2019-20 and 2020-21

	Net current ^(a) Expenditure 2019-20 final £m	Net current ^(a) Expenditure 2020-21 provisional £m	Change between 2019- 20 and 2020- 21 £m	Change between 2019-20 and 2020-21 %
Education services	32,603	33,479	876	3
Highways and transport services (excl. GLA)	2,754	3,569	815	30
Highways and transport services (GLA only)	1,003	4,286	3,283	327
Children's Social Care services	9,920	10,494	574	6
Adult Social Care services	16,905	18,715	1,810	11
Public Health services	3,228	3,786	559	17
Housing services (excluding Hous- ing Revenue Account)	1,775	2,060	286	16
<i>including:</i>				
<i>Homelessness: Prevention</i>	<i>146</i>	<i>275</i>	<i>129</i>	<i>88</i>
<i>Homelessness: all other</i>	<i>616</i>	<i>717</i>	<i>101</i>	<i>16</i>
Cultural services	2,228	2,662	433	19
Environmental services	5,146	5,517	371	7
Planning and development services	1,383	1,935	553	40
Police services	12,203	13,083	879	7
Fire and rescue services	2,158	2,194	35	2
Central services	3,251	4,019	768	24
Other Services	42	524	482	1,143
Total Service Expenditure	94,600	106,322	11,722	12
<u><i>plus precepts, levies, trading accounts and adjustments</i></u>				
Housing Benefits	15,768	15,053	-715	-5
Parish Precepts	554	596	42	8
Levies	14	41	27	197
Trading Accounts and Other Adjust- ments	-606	-556	50	-8
Total Net Current Expenditure	110,330	121,450	11,120	10
<u><i>plus non-current expenditure</i></u>				
Capital financing ^(b)	5,173	4,953	-221	-4
Capital expenditure charged to Reve- nue Account (CERA)	2,110	1,707	-403	-19
Flexible use of Capital Receipts	-200	-125	76	-38
Bad debt provision	210	292	82	39
Flood defence payments to Environ- ment Agency	37	37	0	0
Private Finance Initiative (PFI) schemes	-3	21	24	-736

- difference from service charge				
Appropriations to(+)/ from(-) financial instruments adjustment account	14	50	35	244
Appropriations to(+)/ from(-) unequal pay back pay account	2	1	0	-21
<i>less</i> interest receipts	1,688	1,480	-208	-12
<i>less</i> specific grants outside AEF ^(c)	17,068	16,499	-569	-3
<i>less</i> Business Rates Supplement	269	173	-96	-36
<i>less</i> Community Infrastructure Levy (CIL)	468	326	-142	-30
<i>less</i> Carbon Reduction Commitment	2	2	0	21
Appropriations to(+)/ from(-) dedicated schools grant adjustment account	-	-207	-	-
Revenue Expenditure ^(d)	98,178	109,698	11,519	12

Source: Revenue Outturn returns from England local authorities

(a) Net of sales, fees and charges and net of recharges and funding from other local authorities or delivery bodies such as from the NHS (e.g., the Better Care Fund). The RO3 table shows this within the 'Other income' as well as local authority gross expenditure.

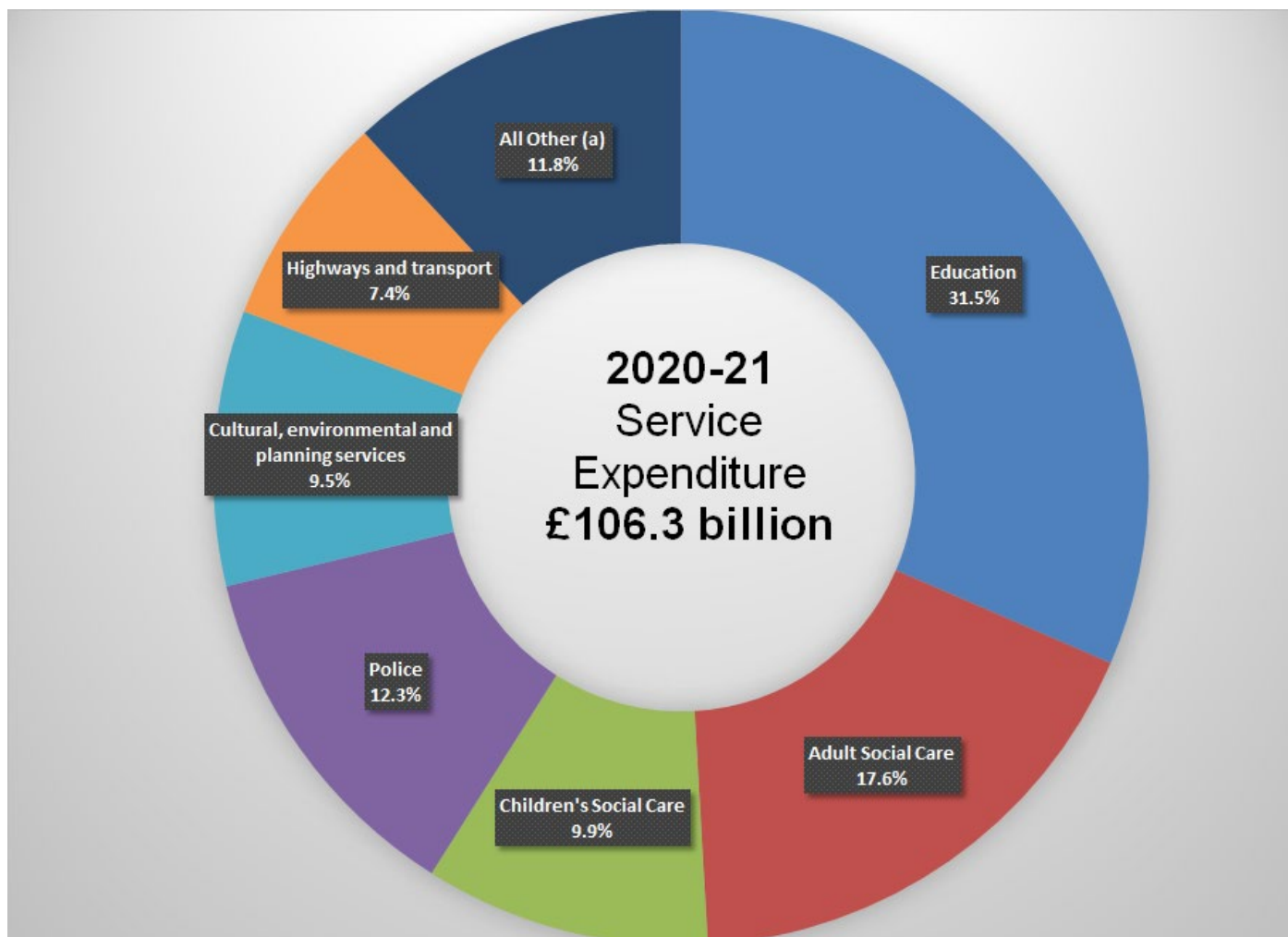
(b) Includes provision for repayment of principal, leasing payments, external interest payments and HRA item 8 interest payments and receipts.

(c) Aggregate External Finance; see Definitions.

(d) Components of revenue expenditure do not sum exactly due to several residual imbalances.

Chart A illustrates proportions of expenditure by Service. Education and Social Care services combined continue to represent over half of all local authority service expenditure.

Chart A: Proportion of budgeted service expenditure by service, England, 2020-21



(a) 'Other' includes Public Health, Fire and Rescue, Housing, Central and Other services.

Housing benefits

Although not part of Service Expenditure, Housing Benefits are a large component of total local authority spending. Paid by local councils to help individuals currently on low incomes pay for rents for both private and social housing, these are financed through subsidies from the Department for Work and Pensions (DWP). Housing Benefits expenditure decreased by £715 million (-5%) to £15.1 billion in 2020-21. There was a corresponding decrease in subsidies received by local authorities, and this is reflected in the 'Grants outside Aggregate External Finance (AEF)' category. These changes are the result of the transition to Universal Credit.

Accompanying tables

Tables

Accompanying dropdown tables presenting detailed revenue expenditure and financing figures for 2020-21 for all returns from local authorities received by mid-November 2021 are available to download alongside this release.

These tables present all revenue information, by local authority, in a similar format as returned to the Department for Levelling Up, Housing and Communities. This data forms the basis of the tables in this release.

These tables can be accessed at <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

Description	Form
Revenue Outturn Summary	RS
Service Expenditure Summary	RSX
Specific and Special Revenue Grants	RG
Education Services	RO1
Highways and Transport Services	RO2
Social Care and Public Health	RO3
Housing Services	RO4
Cultural, Environmental, Regulatory and Planning Services	RO5
Protective, Central and Other Services	RO6
Trading Services Revenue Account	TSR
Subjective Analysis Return (Part A only for 2020-21)	SAR

Symbols used

- ... = not available
- 0 = zero or negligible
- = not relevant
- II = discontinuity
- (R) = revised since the last statistical release
- S = RO return not received in time for publication, therefore imputed figures used

Rounding

Where figures have been rounded, there may be a slight discrepancy between the total and the sum of constituent parts.

Technical Notes

Please see the accompanying technical notes document for further details. This can be found at [Local authority revenue expenditure and financing England: 2020 to 2021 provisional outturn](#).

Information on Official Statistics is available via the UK Statistics Authority website:

<https://www.statisticsauthority.gov.uk/>

Information about statistics at DLUHC is available via the Department's website:

<https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities/about/statistics>



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Department for Levelling Up, Housing and Communities

Fry Building

2 Marsham Street

London

SW1P 4DF

Telephone: 030 3444 0000

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