



Ministry of Housing,  
Communities &  
Local Government

# Local Authority Revenue Expenditure and Financing: 2017-18 Final Outturn, England - Revised



Local Government Finance  
*Statistical Release*

15 November 2018  
(revised 20<sup>th</sup> March 2019)

## Service Expenditure

- Total Local Authority Service Expenditure was £89.8bn in 2017-18, down £641m (0.7%) compared to 2016-17.
- The largest decrease in local authority expenditure was on Education services. This was £1.1billion (3.3%) lower in 2017-18 than in 2016-17. This continues the decrease seen in recent years as local authority funded schools have converted to academies.
- Local authority Total Service Expenditure excluding Education Services was £57.5bn in 2017-18, 0.8% higher than in 2016-17.
- The categories of services with the largest increases in expenditure were:
  - Adult Social Care, up by 2.8% from 2016-17 to £15.3 billion in 2017-18, and
  - Children's Social Care, up by 4.2% from 2016-17 to £8.8bn in 2017-18.

## Revenue expenditure and reserves

- Revenue Expenditure (see Definitions section) totalled £93.1 billion across all local authorities in England in 2017-18. This was 0.5% lower than the £93.6 billion spent in 2016-17.
- The aggregate change in revenue account reserves across all local authorities during 2017-18 was a net increase of £630 million.

This revised publication and the accompanying data tables are based on complete returns from all 444 local authorities (compared to 443 and estimates for Copeland District Council in November). Late corrections submitted by other local authorities have also been included; these were small and have very little impact on national figures.

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# Introduction

This Local Authority Revenue Expenditure and Financing statistical release and the associated tables show expenditure by local authorities in England during 2017-18. The tables in this report make comparisons to spend in the previous financial year. Local government expenditure accounts for almost a quarter of all government spending and the majority of this is shown in local authorities' revenue accounts. The release presents the main sources of income available to local authorities to finance this expenditure. Broadly, these sources include the central government grants and funding they receive, the business rates that authorities retain and council tax.

All the data in the release are compiled from the Ministry of Housing, Communities and Local Government Revenue Outturn (RO) returns submitted by local authorities in England. Coverage includes local councils which are of the following types: London Boroughs, Metropolitan Districts, Shire Counties, Shire Districts and Unitary Authorities. The returns also cover other authority types such as Police and Crime Commissioners, Fire Authorities, Waste Authorities, Combined Authorities, Park Authorities and the Greater London Authority.

**Please note:** This revised publication is based on complete returns from all 444 (compared to 443 in November 2018). The publication has been updated to include figures from Copeland District Council who were unable to submit their return in time for the November publication and some minor corrections submitted by other local authorities. Headline figures have not changed. Further details can be found under the heading "scheduled revisions" on page 22.

Local authorities were sent the forms in early May 2018. The most recent copy of the forms and guidance sent to authorities can be found at:

[www.gov.uk/government/publications/general-fund-revenue-account-outturn](http://www.gov.uk/government/publications/general-fund-revenue-account-outturn)

## Notes and definitions

Functions and responsibilities of local government can change year on year so comparisons between financial years may not be wholly valid. Major changes are highlighted in the report.

Definitions of the terms used in the report can be found from page 16. Full descriptions of what is included in each service area and individual line are provided in guidance notes for each of the revenue outturn forms on the ['forms'](#) section of our website.

## Relevant information on revenue data for 2017-18

These figures are a revision of the final estimated published on 15 November 2018 and are an update of the provisional figures published on 23 August 2018.

Since April 2017, twenty nine local authorities have been piloting 100% business rates retention. Details can be found here: [www.gov.uk/government/collections/final-local-government-finance-settlement-england-2018-to-2019](http://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2018-to-2019) From April 2018, a further 123 local authorities are piloting 100% business rate retention during 2018-19.

Local authorities were able to raise council tax by up to an additional 3 per cent under the Adult Social Care referendum principle threshold in 2017-18. More detail can be found at:

[www.gov.uk/government/publications/council-tax-in-2017-to-2018](http://www.gov.uk/government/publications/council-tax-in-2017-to-2018)

In Spring 2017, £2 billion of supplementary funding for local authorities was announced through the improved Better Care Fund (iBCF) grant. This was distributed as £1.0 billion in 2017-18, £674 million in 2018-19 and £337 million in 2019-20. More details on how authorities have been spending this funding can be found here: <https://www.gov.uk/government/publications/improved-better-care-fund-2017-18-quarterly-and-year-end-reporting>

## Uses of the data

Data in this Statistical Release are essential for providing Ministers, HM Treasury and the Office for National Statistics with the most up to date and comprehensive information available on local authority revenue spending for decision making. They are used by the Office for National Statistics in compiling Public Sector Finances and National Accounts, which are used to set fiscal and monetary policy.

The data are an important source for the Ministry to create evidence based policy, make financial decisions and answer parliamentary questions. The data are also used by local authorities and their associations, regional bodies, other government departments, academics, research organisations, members of the business community and the general public.

The release allows for trends in funding for different local authority services and types to be identified over a period of years when compared with previous releases. Local authorities can also compare their own spending with the aggregated figures presented here or with the equivalent data for individual local authorities.

These statistics can be compared to budgeted Revenue Account (RA) statistics, which are collected at the beginning of the financial year, to illustrate how local authorities budgeting plans at the start of the year compare with actual spend and financing.

Accompanying dropdown tables presenting detailed revenue expenditure and financing figures for 2017-18 for all local authorities are available to download alongside this release. See

**Accompanying tables** on page 19 for more details.

## Symbols

- ... = not available
- 0 = zero or negligible
- = not relevant
- || = discontinuity
- (R) = revised since the last statistical release

## Rounding

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

# Local Authority Outturn Summary

Table 1 below provides a summary of all key expenditure lines for all local authorities in England for 2017-18 in comparison to 2016-17 outturn. Detail is also provided on how this expenditure is financed, presented under the broad categories of financing available to authorities.

	Net current <sup>(a)</sup>	Net current <sup>(a)</sup>	Net current <sup>(a)</sup>	Final 2017-18 <sup>(R)</sup>	
	expenditure	expenditure	expenditure	Change	Change
	Final 2016-17 £m	Provisional 2017-18 £m	Final 2017-18 <sup>(R)</sup> £m	£m	%
Education services	33,382	32,321	32,265	-1,118	-3.3
Highways and transport services	4,013	3,994	3,997	-16	-0.4
Children's Social Care services	8,476	8,844	8,834	358	4.2
Adult Social Care services	14,914	15,349	15,330	416	2.8
Public Health services	3,480	3,356	3,365	-115	-3.3
Housing services (excluding Housing Revenue Account)	1,508	1,537	1,536	28	1.8
Cultural, environmental and planning services	8,445	8,399	8,293	-152	-1.8
Police services	11,050	11,163	11,165	115	1.0
Fire and rescue services	1,961	1,972	1,972	11	0.6
Central services	3,159	3,072	3,065	-94	-3.0
Other Services <sup>(b)</sup>	56	-12	-19	-75	-135.0
<b>Total Service Expenditure</b>	<b>90,444</b>	<b>89,996</b>	<b>89,803</b>	<b>-641</b>	<b>-0.7</b>
<i>Total Service Expenditure excluding Education Services <sup>(c)</sup></i>	<i>57,061</i>	<i>57,675</i>	<i>57,538</i>	<i>477</i>	<i>0.8</i>
Housing Benefits	20,228	19,180	19,177	-1,052	-5.2
Precepts, levies, trading account movements and adjustments <sup>(d)</sup>	52	115	126	74	143.8
<b>Total Net Current Expenditure</b>	<b>110,724</b>	<b>109,291</b>	<b>109,106</b>	<b>-1,618</b>	<b>-1.5</b>
Non Current Expenditure and External Receipts	-21,396	-20,218	-20,240	1,155	-5.4
Capital financing and debt servicing	4,239	4,183	4,239	0	0.0
<b>Revenue Expenditure</b>	<b>93,567</b>	<b>93,256</b>	<b>93,104</b>	<b>-463</b>	<b>-0.5</b>
<i>Financed by:</i>					
Government Grants	53,812	50,455	50,457	-3,355	-6.2
Local Services Support Grant (LSSG)	19	34	35	16	87.4
Specific and special revenue grants inside AEF	39,218	39,329	39,330	112	0.3
Revenue Support Grant <sup>(f)</sup>	7,188	3,978	3,978	-3,210	-44.7
Police grant	7,387	7,114	7,114	-273	-3.7
Locally Retained Business Rates <sup>(e) (f)</sup>	11,735	15,145	15,163	3,429	29.2
Council Tax	26,083	27,648	27,641	1,559	6.0
Movements to(-) / from (+) financial reserves	1,523	-447	-630	-2,153	-141.4
Collection fund surpluses (+) and deficits (-)	419	484	474	55	13.2

(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 (eg the Better Care Fund). The spreadsheet tables RSX and RO1-RO6 show this within the 'Other income' as well as local authority gross expenditure.

(b) The shift from net expenditure in 2016-17 to a net income in 2017-18 is largely the result of two items in Birmingham City Council's return: an expenditure item in 2016-17 and an income item in 2017-18

(c) Education is excluded to provide a fairer year-on-year comparison since schools converting to academies and thus becoming directly funded has led to decreasing total expenditure by local authorities on education services

(d) The largest change within this total is an increase in parish precepts (up to £485m from £445m in 2016-17).

(e) This is retained business rates income used to finance expenditure during the financial year. Comprehensive data on business rates income is available at [www.gov.uk/government/collections/national-non-domestic-rates-collected-by-councils](http://www.gov.uk/government/collections/national-non-domestic-rates-collected-by-councils)

(f) Since April 2017, the government has been piloting 100% business rates retention in 29 of local authorities. Details can be found here: <https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2018-to-2019>. Pilot authorities have chosen to retain more Business Rates income in return for foregoing Revenue Support Grant

The majority of local authority spend is on providing services, the sum of spend in all these areas is '**Total Service Expenditure**'. Housing Benefits payments and any charges, levies and adjustments are added to this total to obtain '**Total Net Current Expenditure**'. This measures the costs involved in running local authority that are within the current financial year.

'**Revenue Expenditure**' also accounts for any costs 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 authorities receive on behalf of a third party.

For 2017-18, total revenue expenditure by local authorities in England was £93.1 billion. This was £463 million (0.5%) lower than in 2016-17.

# Local Authority Expenditure

## Total net current expenditure

Table 2 expands on the previous table and provides a more detailed breakdown and comparison of the components of Total Service Expenditure and total Net Current Expenditure.

Total net current expenditure was £109.1 billion in 2017-18, 1.5% lower than in 2016-17.

Table 2: Net current expenditure by service, England, 2016-17 and 2017-18 <sup>(R)</sup>				
	Net current <sup>(a)</sup> expenditure 2016-17 £m	Net current <sup>(a)</sup> expenditure 2017-18 <sup>(R)</sup> £m	Change £m	Change %
<b>Education services</b>	<b>33,382</b>	<b>32,265</b>	<b>-1,118</b>	<b>-3.3</b>
<b>Highways and transport services</b>	<b>4,013</b>	<b>3,997</b>	<b>-16</b>	<b>-0.4</b>
<b>Social care services</b>	<b>23,390</b>	<b>24,164</b>	<b>774</b>	<b>3.3</b>
<i>of which:</i>				
<i>Children's Social Care services</i>	8,476	8,834	358	4.2
<i>Adult Social Care services</i>	14,914	15,330	416	2.8
<b>Public Health services</b>	<b>3,480</b>	<b>3,365</b>	<b>-115</b>	<b>-3.3</b>
<b>Housing services (excluding Housing Revenue Account)</b>	<b>1,508</b>	<b>1,536</b>	<b>28</b>	<b>1.8</b>
<b>Cultural, environmental and planning services</b>	<b>8,445</b>	<b>8,293</b>	<b>-152</b>	<b>-1.8</b>
<i>of which:</i>				
<i>Cultural services</i>	2,346	2,222	-123	-5.2
<i>Environmental services</i>	4,923	4,890	-33	-0.7
<i>Planning and development services</i>	1,176	1,181	5	0.4
<b>Police services</b>	<b>11,050</b>	<b>11,165</b>	<b>115</b>	<b>1.0</b>
<b>Fire and rescue services</b>	<b>1,961</b>	<b>1,972</b>	<b>11</b>	<b>0.6</b>
<b>Central services</b>	<b>3,159</b>	<b>3,065</b>	<b>-94</b>	<b>-3.0</b>
<b>Other Services <sup>(b)</sup></b>	<b>56</b>	<b>-19</b>	<b>-75</b>	<b>-135</b>
<b>Total Service Expenditure</b>	<b>90,444</b>	<b>89,803</b>	<b>-641</b>	<b>-0.7</b>
<i>plus precepts, levies, trading accounts and adjustments</i>				
Housing Benefits	20,228	19,177	-1,052	-5.2
Parish Precepts	445	485	40	9.0
Levies <sup>(c)</sup>	62	89	27	44.4
Trading Account Adjustments and Other Adjustments <sup>(d)</sup>	-455	-449	7	-1.5
<b>Total Net Current Expenditure</b>	<b>110,724</b>	<b>109,106</b>	<b>-1,618</b>	<b>-1.5</b>

(a) Net of sales, fees and charges and net of funding from other local authorities or delivery bodies such as from the NHS (eg the Better Care Fund). The spreadsheet tables RSX and RO1-RO6 show this within the 'Other income' as well as local authority gross expenditure.

(b) Much of this shift from overall net expenditure of £56m nationally to a net income of £14m can be attributed to movement for Birmingham City Council arising from an item of expenditure in 2016-17, and an income item in 2017-18.

(c) Includes 'Integrated Transport Authority levy', 'Waste Disposal Authority levy', 'London Pensions Fund Authority levy' and 'Other levies'

(d) Includes 'External Trading Accounts', 'Internal Trading Accounts', 'Capital items accounted for in External Trading Accounts', 'Capital items accounted for in Internal Trading Accounts', 'Adjustments to net current expenditure' and 'Appropriations to/from Accumulated Absences Account'

## Expenditure by service

Service expenditure is made up of 12 distinct service areas of spend (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.

- Overall Total Service Expenditure decreased to £89.8 billion from £90.4 billion in 2016-17, a decrease of 0.7%.
- The largest **reduction** to any service area continues to be to Education which was 3.3 per cent lower at £32.3 billion in 2017-18. This is largely due to the ongoing change in status of local authority schools to centrally funded academies.
- The largest overall **increases** were:
  - Children's Social Care which increased by £358 million (+4.2%) to £8.8 billion in 2017-18.
  - Adult Social Care which increased by £416m (+2.8%) to £15.3 billion in 2017-18.

### ***Note on overall estimate of public spending on Adult Social Care***

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

Table 2 on page 15 of NHS Digital's [Adult Social Care Activity and Finance Report 2017-18](#) shows net current expenditure as reported in its Adult Social Care Financial Returns from local authority social service departments, alongside the planned £2.1bn [Better Care Fund](#) (BCF) expenditure on adult social care reported in BCF plans for 2017-18. This £2.1bn 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.

The majority of these funds are transferred to local authorities. Correspondingly, these are recorded as 'other income' in the returns to MHCLG. They are therefore reflected within total (i.e. gross) expenditure (in table 3 and in spreadsheet tables RSX and RO3), but not within net current expenditure. The remainder of the Better Care Fund planned expenditure is for social care activities delivered by other providers.

## 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 help 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 £1.05 billion (-5.2%) to £19.2 billion in 2017-18. This change is largely the result of transition to Universal Credit.

## Expenditure and income

Expenditure lines in the summary tables, such as in 'Total Service Expenditure' and each of the individual service areas, are net current expenditure i.e. expenditure minus relevant income as follows:

- 'Total expenditure', collected as the amounts spent on running expenses and employees costs, minus
- 'Total income' for each area, comprising of income from Sales, Fees and Charges and Other Income (including lottery funding, joint arrangements and additional applied for grants not part of central government funding).

Further details on these can be found in the Service Expenditure Summary (RSX) table associated with the release. Table 3 shows figures for each service line for the Total (gross) Expenditure and Total Income (from both sales, fees and charges, and from transfers from other local authorities and other delivery bodies).

Breaking down the differences presented in the service totals table into these components can show whether a net decrease in spend in a specific service area is largely due to a decrease in expenditure or an increase in these forms of income.

	£ million				£ million	
	2016-17		2017-18 <sup>(R)</sup>		Change	
	Total Expenditure	Total Income	Total Expenditure	Total Income	Total Expenditure	Total Income
Education	37,243	3,860	36,397	4,132	-846	272
Highways and transport	7,330	3,306	7,427	3,430	97	124
Childrens Social Care	9,155	679	9,553	719	398	40
Adult Social Care <sup>(a)</sup>	20,887	5,972	21,628	6,298	742	326
Public Health	3,671	191	3,541	176	-129	-15
Housing (excluding HRA <sup>(b)</sup> )	2,883	1,375	2,987	1,451	104	76
Cultural	3,586	1,240	3,546	1,324	-39	84
Environmental	6,859	1,936	6,890	2,000	31	64
Planning and development	2,479	1,303	2,599	1,418	119	115
Police	12,144	1,094	12,352	1,188	209	94
Fire and rescue	2,071	109	2,088	116	17	6
Central	11,732	8,573	11,350	8,285	-382	-288
Other <sup>(c)</sup>	397	342	373	393	-24	51
<b>Total Service Expenditure</b>	<b>120,436</b>	<b>29,981</b>	<b>120,733</b>	<b>30,930</b>	<b>297</b>	<b>949</b>

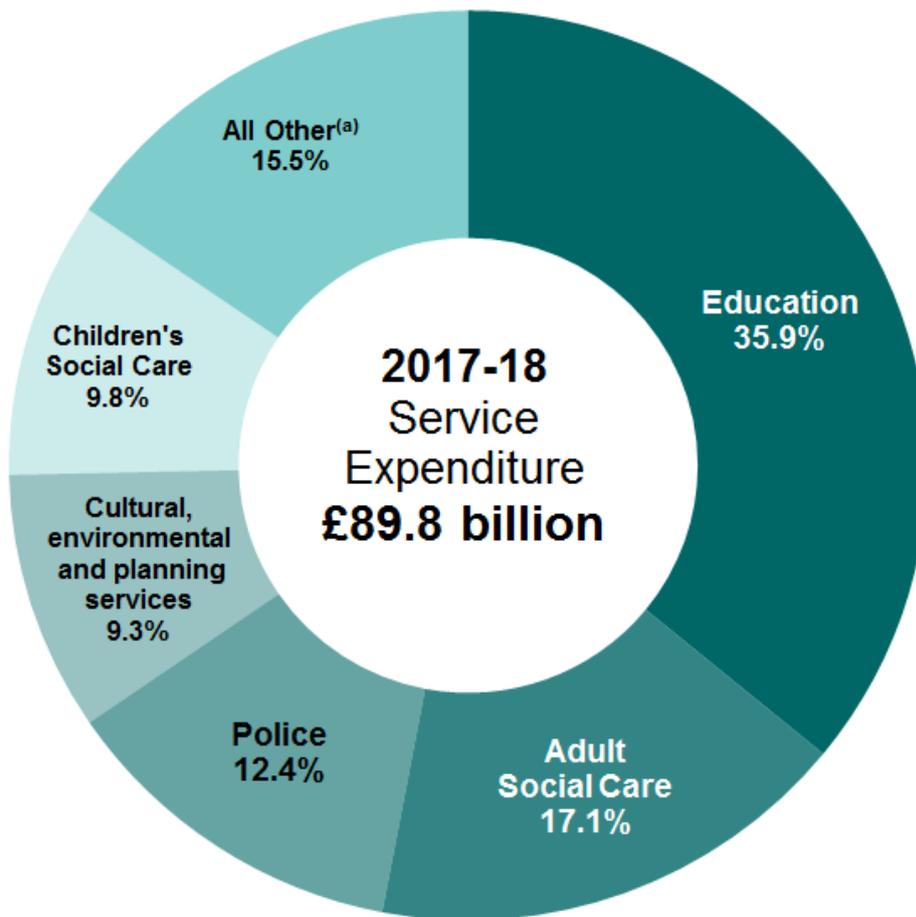
(a) Further aggregates of Adult Social Care Expenditure can be found in *NHS Digital's* publication *Adult Social Care Activity and Financial Report*. These are summarised in figure 7 (on page 17) of its 2017-18 edition which is available at <https://digital.nhs.uk/data-and-information/publications/statistical/adult-social-care-activity-and-finance-report/2017-18>

(b) Housing Revenue Account

(c) The shift from net expenditure in 2016-17 to a net income in 2017-18 is largely the result of two items in Birmingham City Council's return: an expenditure item in 2016-17 and an income item in 2017-18

- Adult Social care has the second largest total income figure after Central services. This is due mainly to income from fees and from the [Better Care Fund](#), which is not treated as a grant in our returns as it is not paid direct to the authority from central government but distributed to local authorities through National Health Service Clinical Commissioning Groups (CCGs).
- While net expenditure for Central services accounts for £3 billion, the total (gross) expenditure is £11.4 billion. The majority of this (£8.3 billion) is financed by income within this service area. However this is due to the majority of spend in the Central Services category being affected by recharges; largely those within the authority itself. (See spreadsheet table RO6 lines 489-495).
- Chart A illustrates proportions of net current expenditure by Service. Education and Social Care services combined continue to account for over half of all local authority net current expenditure.

**Chart A: Proportion of net current expenditure by service, England, 2017-18**



(a) 'Other' includes Highways and Transport, Public Health, Fire and Rescue, Central services and other services

## Non-current expenditure

Non-current expenditure and other adjustments and levies are added to Net Current Expenditure to obtain Revenue Expenditure. This non-current spend includes financial payments necessary to balance local authorities budgets and expenditure.

The majority of this expenditure is for capital financing and debt servicing. In 2017-18 this amounted to £4.2 billion, no change on the previous year.

Grants 'outside aggregate external finance (AEF)', which are grants authorities pass on financing to a third party to administer a service, are also netted out here to obtain Revenue expenditure. The majority of this is the DWP subsidy to help finance Housing Benefits spend.

<b>Table 4: Revenue expenditure, England, 2016-17 and 2017-18 <sup>(R)</sup></b>		
	<b>Net current expenditure 2016-17</b>	<b>£ million Net current expenditure 2017-18 <sup>(R)</sup></b>
<b>Total Net Current Expenditure</b>	<b>110,724</b>	<b>109,106</b>
<i>plus non-current expenditure</i>		
Capital financing <sup>(a)</sup>	4,239	4,239
Capital expenditure charged to Revenue Account (CERA)	1,536	1,994
Flexible use of Capital Receipts	-85	-151
Bad debt provision	160	162
Flood defence payments to Environment Agency	35	36
Private Finance Initiative (PFI) schemes - difference from service charge	78	-30
Appropriations to(+)/ from(-) financial instruments adjustment account	37	-25
Appropriations to(+)/ from(-) unequal pay back pay account <sup>(c)</sup>	60	-30
<i>less interest receipts</i>	1,088	1,169
<i>less specific grants outside AEF <sup>(b)</sup></i>	21,608	20,478
<i>less Business Rates Supplement</i>	235	285
<i>less Community Infrastructure Levy (CIL)</i>	302	276
<i>less Carbon Reduction Commitment</i>	-17	-12
<b>Revenue Expenditure</b>	<b>93,567</b>	<b>93,104</b>
(a) Includes provision for repayment of principal, leasing payments, external interest payments and HRA item 8 interest payments and receipts		
(b) Adjustments permitted by regulation to the revenue account charges for financial instruments		
(c) Aggregate External Finance; see Definitions		

# Revenue Expenditure Financing

This section outlines the key sources of funding available to local authorities to finance their spending. Any income authorities received from sales, fees and charges, levies and interest receipts and grants passed on to a third party have been all accounted for and netted out in the expenditure figures presented in the previous chapters.

The main sources of funding available to finance revenue expenditure are locally retained business rates, Council tax, government grants and the use of held financial reserves. The Ministry of Housing, Communities and Local Government annual [Local Government Finance Settlement](#) determines allocations for Revenue Support Grant and the local share of business rates.

**Table 5: Revenue expenditure financing, England, 2016-17 and 2017-18 <sup>(R)</sup>**

	£ million	£ million		
	Net current expenditure	Net current expenditure	Change	Change
	2016-17	2017-18 <sup>(R)</sup>	£m	%
<b>Revenue expenditure</b>	<b>93,567</b>	<b>93,104</b>	<b>-463</b>	<b>-0.5</b>
<b>Financed by:</b>				
<b>Government Grants</b>	<b>53,812</b>	<b>50,457</b>	<b>-3,355</b>	<b>-6.2</b>
<i>of which:</i>				
Specific grants inside AEF <sup>(a)</sup>	39,218	39,330	112	0.3
<i>including:</i>				
Dedicated Schools Grant (DSG)	26,904	26,516	-388	-1.4
Public Health Grant <sup>(d)</sup>	3,388	3,090	-298	-8.8
Pupil Premium Grant	1,527	1,409	-118	-7.7
NewHomes Bonus	1,438	1,212	-226	-15.7
Local Services Support Grant (LSSG)	19	35	16	87.4
Revenue Support Grant <sup>(b)</sup>	7,188	3,978	-3,210	-44.7
Police grant	7,387	7,114	-273	-3.7
<b>Council tax requirement</b>	<b>26,083</b>	<b>27,641</b>	<b>1,559</b>	<b>6.0</b>
<b>Retained income from Business Rate Retention Scheme <sup>(b)</sup></b>	<b>11,735</b>	<b>15,162</b>	<b>3,427</b>	<b>29.2</b>
<b>Appropriations to(-) / from (+) revenue reserves</b>	<b>1,523</b>	<b>-630</b>	<b>-2,153</b>	<b>-141.4</b>
<b>Council tax collection fund surplus (+) / deficit (-) <sup>(c)</sup></b>	<b>419</b>	<b>474</b>	<b>55</b>	<b>13.2</b>

(a) Specific grants inside AEF also includes grants The Private Finance Initiative (PFI), Education Services Grant, GLA Transport Grant, Universal Infants Free School Meals, Housing Benefit Subsidy and Council Tax Support Admin Grant, Adult Social Care Implementation and all Other grants inside AEF. Please see the Specific and Special Revenue Grants (RG) data tables for more detail.

(b) Since April 2017, the government has been piloting 100% business rates retention in 29 of local authorities. Details can be found here: <https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2018-to-2019>. Pilot authorities have chosen to retain more Business Rates income in return for foregoing Revenue Support Grant.

(c) Council Tax collection fund surplus/deficit includes 'Inter-authority transfers in respect of reorganisation', and the net collection fund surpluses/deficits from the previous year.

(d) Public Health Grant allocations for the Metropolitan Districts of Greater Manchester are not reflected due to the devolution deal for the Greater Manchester area

## Revenue Expenditure financing

Authorities are financing more of their expenditure from locally retained income, although the majority of spend is still financed from central government grants.

In 2017-18, 46.0% of revenue expenditure was funded through council tax and retained business rates and 54.2% from central Government grants. These percentages were 40.4 % and 57.5% in 2016-17 (the remaining 2.1% in 2016-17 was funded from use of reserves and collection fund surpluses).

**Central government grants** financed £50.5 billion (54.2% of revenue expenditure) this year. The grants comprise all direct grants to local government ('Specific grants inside AEF'), Revenue Support Grant (which is determined as part of the Local Government Finance Settlement), Local Services Support Grant (LSSG) and Police Grant.

- Specific grants inside aggregate external finance increased from £39.2 billion in 2016-17 to £39.3 billion in 2017-18. Dedicated Schools Grant accounted for 67% of these types of grants and 53% of all central government grants, excluding those outside aggregate external finance.
- Local authorities with public health responsibilities received £3.3 billion in Public Health Grant in 2017-18<sup>1</sup>, a reduction of 2.5% from the 2016-17 baseline of £3.4 billion.
- Compared to 2016-17, Revenue Support Grant (RSG) decreased by £3.2 billion (44.7%), and retained income from Business Rates Retention increased by £3.4 billion (29.2%). This follows from the business rates 100 per cent retention pilot scheme, and some of the decrease in grant is attributable to this. Details of the scheme can be found here: [www.gov.uk/government/collections/final-local-government-finance-settlement-england-2017-to-2018](http://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2017-to-2018)

**Council tax requirement** was £27.6 billion in 2017-18 which is 5.9% higher than the £26.1 billion in 2016-17. This increase is the result of the combination of growth in tax base and in levels of council tax. 2017-18 was the second year authorities have been able to use the Adult Social Care Precept, where councils can raise their bills by an additional 3% above the referendum threshold.

Table 6 shows funding of revenue expenditure in terms of government grants and locally retained income (retained income from rate retention scheme and council tax) since 2013-14. The table also shows whether overall local authorities have made net appropriations to or from reserves.

From 2013-14 onwards local authorities have been more reliant on locally retained income because business rates moved from being a centrally redistributed function to one where authorities retain a percentage of what they collect.

The proportion of centrally distributed income has fallen from 67% of all local authority revenue expenditure in 2013-14 to 54% in 2017-18. There has been a corresponding increase in the income retained by local authorities from 35% in 2013-14 to 46% in 2017-18.

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<sup>1</sup> Table 5 shows this figure as £3.1 billion due to allocations for the Metropolitan Districts of Greater Manchester not being reflected due to the devolution deal for the Greater Manchester area

**Table 6: Financing of revenue expenditure, England, since 2013-14**

	£ million			£ million				£ million	
	<b>Centrally distributed income</b>			<b>Locally retained income</b>				Use of Reserves <sup>(c)</sup>	Council Tax Collection Fund Surplus
	<b>Revenue Expenditure</b>	Government Grants <sup>(a)</sup>	% of total	Retained income from Business Rate Retention Scheme	Council Tax <sup>(b)</sup>	<b>Locally retained income</b>	% of total		
<b>Outturn</b>									
2013-14	<b>96,419</b>	64,578	67.0	10,719	23,371 <sup>▼</sup>	<b>34,090</b>	<b>35.4</b>	-2,379	130
2014-15	<b>95,943</b>	61,312	63.9	11,331	23,964 <sup>▼</sup>	<b>35,295</b>	<b>36.8</b>	-946	282
2015-16	<b>94,533</b>	57,090	60.4	11,855	24,734	<b>36,589</b>	<b>38.7</b>	394	459
2016-17	<b>93,567</b>	53,812	57.5	11,735	26,083	<b>37,817</b>	<b>40.4</b>	1,521	422
2017-18 <sup>(R)</sup>	<b>93,104</b>	50,457	54.2	15,162 <sup>▼</sup>	27,641 <sup>▼</sup>	<b>42,803</b>	<b>46.0</b>	-630	473

(a) Includes 'Local Services Support Grant (LSSG)', 'Specific grants inside AEF', 'Revenue Support Grant' and 'Police Grant'. Since 2013-14 the specific grants inside AEF have included 'public health grant', 'local council tax support grant' and the 'central share of non-domestic rates'

(b) Since 2013-14 Council Tax has not included the 'local council tax support grant', this is now included in Government Grants

(c) Use of Reserves includes all appropriations to (-) and from (+) the reserves.

# Local Authority Financial Reserves

Reserves are funds set aside to finance future revenue spend. Movement of funds to and from reserves are the 'appropriations' identified in the previous section.

Increases in reserves may be due to a delay or cancellation of a project or an authority saving for future projects. Decreases to the levels therefore indicate when authorities are using these funds set aside in previous years.

Table 7 shows the level of local authority revenue reserves since April 2011 and the end position for 2017-18.

The Housing Revenue Account (HRA) also has reserves figures although these are not included in this table because these are separate from the General Fund Revenue Account (GFRA).

Table 7: Level of revenue reserves, England, since 2011-12						
						£ million
	Schools reserves	Public Health reserves	Non-ringfenced reserves			Total Reserves
			Other earmarked	Unallocated	Non-ringfenced Total	
<b>At 1 April</b>						
2011 <sup>(a)</sup>	2,047	-	10,451	3,862	<b>14,313</b>	<b>16,360</b>
2012 <sup>(a)</sup>	2,413	-	12,534	4,255	<b>16,790</b>	<b>19,203</b>
2013	2,354	7	14,930	4,297	<b>19,227</b>	<b>21,588</b>
2014	2,419	207	17,200	4,454	<b>21,653</b>	<b>24,279</b>
2015	2,436	315	17,862	4,491	<b>22,353</b>	<b>25,104</b>
2016	2,344	260	17,626	4,390	<b>22,016</b>	<b>24,620</b>
2017 <sup>(R)</sup>	1,835	243	16,934	4,182	<b>21,116</b>	<b>23,195</b>
<b>At 31 March</b>						
2018 <sup>(R)</sup>	1,659	239	17,641	4,286	<b>21,927</b>	<b>23,825</b>
<b>Changes in 2017-18 <sup>(R)</sup></b>						
Movements to (+) and from (-) reserves	-176	-5	707	104	<b>811</b>	<b>630</b>
as a percentage of 1 April 2017	-9.6%	-1.9%	4.2%	2.5%	<b>3.8%</b>	<b>2.7%</b>
(a) the Health and Social Care Act 2012 transferred substantial duties to local authorities from 2013-14 to protect and improve the public's health and reduce health inequalities. Local authorities were given a ring-fenced public health grant to improve outcomes for the health and wellbeing of their local populations through Public Health England.						

The total of all local authorities' general fund (revenue account) reserves increased from £23.2billion at 1 April 2017 to £23.8 billion at 31 March 2018.

The change in non-ringfenced reserves by £811 million is driven predominantly by authorities increasing their 'Other Earmarked' reserve levels.

## Use of reserves by class of authority

Although local authorities' net use of reserves has decreased overall, there are variations in how different types of local authorities are managing their financial reserves.

Table 7 shows types of authorities by whether they were using or adding to their reserves. The number of authorities in each class type is provided in brackets to indicate the magnitude of the change relative to the number of authorities.

Table 8: Appropriation to and from reserves by class of authority, England, 2015-16 to 2017-18 <sup>(R)</sup>						
						£ million
	2015-16		2016-17		2017-18 <sup>(R)</sup>	
	Proportion of authorities making net use of reserves	Appropriations to (+)/from (-) total revenue reserves	Proportion of authorities making net use of reserves	Appropriations to (+)/from (-) total revenue reserves	Proportion of authorities making net use of reserves	Appropriations to (+)/from (-) total revenue reserves
<b>England</b>	<b>41%</b>	<b>-394</b>	<b>50%</b>	<b>-1,523</b>	<b>40%</b>	<b>630</b>
<b>Class of authority (number of authorities)</b>						
Shire Counties (27)	67%	-188	81%	-378	44%	72
Metropolitan Districts (36)	53%	3	81%	-388	44%	165
Unitary Authorities (56)	48%	94	64%	-254	43%	101
London Boroughs (33)	61%	-63	79%	-359	45%	63
Shire Districts (201)	23%	263	32%	203	27%	253
Greater London Authority (1)	100%	-457	100%	-396	100%	-2
Other Authorities (91) <sup>(a)</sup>	53%	-45	47%	48	63%	-22

(a) Includes Police and Crime Commissioner Authorities, Fire Authorities, Combined Authorities, Waste Authorities, Transport Authorities and National Park Authorities. Due to authority mergers and the creation of new combined authorities in 2016-17 there were 92 'Other Authorities' in 2016-17 and 90 in 2015-16.

Net appropriation to reserves across all local authorities in 2017-18 was £630 million. This is in contrast to the net use of £1.5 billion in 2016-17 and £394 million in 2015-16.

Shire Counties, Metropolitan Districts, Unitary Authorities and London Boroughs made much lower net use of reserves in 2017-18 (between 43% and 45%) compared to previous years (64% to 81%) in 2016-17 and (48% to 67%) in 2015-16 .

# Definitions

A list of terms relating to local government finance is given in *Local Government Finance Statistics England* (LGFS). The most recent edition is LGFS No. 28 2018. This is available at: <https://www.gov.uk/government/statistics/local-government-financial-statistics-england-2018>.

The most relevant terms for this release are explained below.

## **Aggregate External Finance**

is the total amount of grant provided to finance all local government expenditure, excluding that subject to separate arrangements under statutory schemes, rent allowances and rebates and council tax benefit, which are funded by specific grants outside Aggregate External Finance.

## **Central Government Grants**

the biggest source of funding that local authorities receive is from central government. This is made up from 'specific' grants and a general grant (also called the Revenue Support Grant). Central government grant money pays for capital projects, such as roads or school buildings, as well as revenue spending, such as the cost of maintaining council housing and running services, including employee wages.

## **Central Services**

these are services organised on a corporate basis that support the delivery of services to the public. Central services include building costs, administration and IT

## **Community Infrastructure Levy**

a levy available to registered local authorities allowing them to choose to charge on new developments in their area to pay for new infrastructure developments

## **Council Tax Requirement**

the amount of revenue a local authority needs to raise through council tax, (its council tax requirement) is calculated by deducting from its planned spending any funding from reserves, income it expects to raise, and funding it will receive from the Government.

## **Current expenditure**

is the cost of running local authority services within the financial year. This includes the costs of staffing, heating, lighting and cleaning, together with expenditure on goods and services consumed within the year. This expenditure is offset by income from sales, fees and charges and other (non-grant) income, which gives total **net current expenditure**. Total net current expenditure also includes payments made by local authorities on behalf of central government, under statutory schemes and the payment of rent allowances and rebates. Such payments are fully funded by central government through specific grants outside **Aggregate External Finance**.

## **Dedicated Schools Grant (DSG)**

there was a change in the funding of specific and formula grants in 2006-07 largely due to changes in the way that expenditure on schools is funded. From 2006-07, local authorities receive school funding through specific grant rather than funding previously included in formula grant.

### **Funding through Local Government Settlement**

the main channel of government funding. This includes **Retained Income from the Rate Retention Scheme**, **Revenue Support Grant**, and Police grant which take in to account of authorities' relative ability to raise council tax. Generally, there are no restrictions on what local government can spend it on.

### **Greater London Authority (GLA) Group**

this includes the GLA (the Mayor of London and London Assembly) and its five constituent functional bodies: the Mayor's Office for Policing and Crime (MOPAC), the London Fire Commissioner (LFC), Transport for London (TfL), the London Legacy Development Corporation (LLDC) which administers Queen Elizabeth Olympic Park and the Old Oak and Park Royal Development Corporation (OPDC). Transactions in their General Fund Revenue Account are reported by the GLA and the five functional bodies as a group.

### **Housing Revenue Account**

is a local authority statutory account, it contains all the spending and income related to the housing stock owned by the council.

### **Local Services Support Grant**

is an non-ringfenced grant paid under section 31 of the Local Government Act 2003 to support local government functions.

### **Mandatory Housing Benefit**

financial help given to local authority or private tenants whose income falls below prescribed amounts as required by law. This usually consists of mandatory Rent Allowances and mandatory Rent Rebates, to HRA and non-HRA tenants.

### **Net Current Expenditure**

see **Current Expenditure**

### **Other items**

are Council Tax and Business Rates collection fund surpluses / deficits from previous financial years

### **Public Health Grant**

is a ringfenced grant for providing public health services. The grant is provided to give local authorities the funding needed to carry out their public health responsibilities.

The conditions of the grant are funds are only spent on activities whose main or primary purpose is to improve the public health of local populations.

### **Reserves**

sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as earmarked reserves. Local authorities are required by statute to have regard to the level of reserves needed for meeting estimated future expenditure as part of their financial risk management

### **Retained income from the Rate Retention Scheme**

expected retained non-domestic rate income after payment of central share, major precepting shares and any tariff, top up, levy or safety net payments. In 2017-18 and 2018-19 some

authorities are piloting 100% business rates retention.

### **Revenue expenditure**

is equal to total net current expenditure (line 749), plus capital financing costs and a few minor adjustments, but excludes expenditure financed by grants outside **Aggregate External Finance**. Revenue expenditure is financed by grants inside Aggregate External Finance, council tax and authorities' reserves.

### **Ringfenced Grant**

these grants have specific conditions on how they are spent. Financing received from the grant must only be spent on the services it is provided for.

### **Specific Grants inside AEF**

these are revenue grants which are paid to local authorities by individual government departments, for which the local authority has sole responsibility for decisions on how the grant is allocated. The main purpose for the provision of these grants is to deliver core local authority services.

### **Specific Grants outside AEF**

these are revenue grants, which are paid to local authorities by individual government departments. However, the local authority usually only acts as the 'middle person', as the grants are passed over to a third party who administers the service. The local authority does not normally have any control over the service for which the grant was intended for. This responsibility rests solely with the third party that receives the grant.

# Accompanying tables

Accompanying dropdown tables, presenting detailed revenue expenditure and financing figures for 2017-18 for all local authorities are available to download alongside this release.

These tables present all revenue outturn information, by local authority, in a similar format as returned to Ministry of Housing, Communities and Local Government. This data forms the basis of the tables in this release. These are available here:

<https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2017-to-2018-individual-local-authority-data-outturn>

<b>Description</b>	<b>Form</b>
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

Estimates from the Subjective Analysis Return (SAR), which is completed by a sample of authorities in England, will be published in due course. These are not presented as a drop down table as this information is grossed to produce England level estimates.

# Technical notes

## Data collection

### Survey design for collecting Revenue Outturn data in 2017-18

From May until July 2018 all local authorities in England were requested to complete the Revenue Outturn (RO) suite of forms to show all transactions for the 2017-18 financial year related to the general fund revenue account. This includes net current expenditure, capital charges and also elements that finance net current expenditure, which includes; levy payments, interest receipts, central government grants, use of reserves, council tax and other non-current expenditure items.

The figures requested cover local authority revenue expenditure and financing for the financial year 1 April 2017 to 31 March 2018. These estimates are on a non-International Accounting Standard 19 (IAS19) and PFI "Off Balance Sheet" basis except where stated otherwise.

## Data quality

This Statistical Release contains National Statistics and as such has been produced to the high professional standards set out in the Code of Practice for Statistics. National Statistics products undergo regular quality assurance reviews to ensure that they meet customer demands.

The information for 2017-18 in this release is derived from Ministry of Housing, Communities and Local Government (MHCLG) Revenue Account (RO) forms and is based on returns from all but one local authority in England, Copeland District Council. Copeland was unable to submit in time for release and we are currently working with these authorities to return this.

When authorities are unable to submit, information is grossed using a combination of information available for the current year budget data.

Figures are subjected to rigorous pre-defined validation tests both within the form itself, while the form is being completed by the authority and also by Ministry of Housing, Communities and Local Government as the data are received and stored.

## Revisions policy

The MHCLG revisions policy has been developed in accordance with the UK Statistics Authority Code of Practice for statistics and the Ministry of Housing, Communities and Local Government Revisions Policy (found at <https://www.gov.uk/government/publications/statistical-notice-MHCLG-revisions-policy>). There are two types of revisions that the policy covers:

### Non-scheduled revisions

Where a substantial error has occurred as a result of the compilation, imputation or dissemination process, the statistical release, live tables and other accompanying releases will be updated with a correction notice as soon as is practical.

## Scheduled revisions

At the time of publication there are no further scheduled revisions for this series. Figures have been revised following the receipt of one form that had not been received prior to initial publication and for corrections submitted by local authorities. Figures have also changed following further checks, including on community infrastructure levy, capital expenditure charged to the GF revenue account (CERA), council tax requirement, and local council tax support.

## User engagement

Users are encouraged to provide feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and encouraged. Responses should be addressed to the "Public enquiries" contact given in the "Enquiries" section below. The Ministry's engagement strategy to meet the needs of statistics users is published here: <https://www.gov.uk/government/publications/engagement-strategy-to-meet-the-needs-of-statistics-users>

Comments and feedback from end users for further improvement or about your experiences with this product will be welcomed. Please send all views to: [lqf1.revenue@communities.gov.uk](mailto:lqf1.revenue@communities.gov.uk)

We are currently running a survey to understand more about how local government finance statistics and data are used. Please see the link to the short survey below:

<https://www.surveymonkey.co.uk/r/LGFuserengagement>

## Notes

Timings of future releases are regularly placed at:

<https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government/about/statistics>

and on the National Statistics website: <https://www.gov.uk/government/statistics/announcements>

The Chartered Institute of Public Finances and Accounting (CIPFA) produce the 'Finance and General Statistics' publication which also contains detailed information on local government finance.

CLIP Finance (CLIP-F) is a consultative group which considers the collection, presentation and analysis of data on local government finance. 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.

<https://knowledgehub.local.gov.uk/web/clip>

## Devolved administration statistics

The Scottish, Welsh Assembly and Northern Ireland Government also collect revenue budget data. Their information can be found at the following websites:

**Scotland**      <http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance>

**Wales**      <https://statswales.wales.gov.uk/Catalogue/Local-Government/Finance/Revenue>

**Northern  
Ireland**      <https://www.communities-ni.gov.uk/articles/funding>

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Information on Official Statistics is available via the UK Statistics Authority website:  
[www.statisticsauthority.gov.uk/national-statistician/types-of-official-statistics/index.html](http://www.statisticsauthority.gov.uk/national-statistician/types-of-official-statistics/index.html)

Timings of future releases are placed at:  
<https://www.gov.uk/government/statistics/announcements>

Information about statistics at MHCLG is available via:  
<https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government/about/statistics>

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This document/publication is also available on our website at [www.gov.uk/MHLCG](http://www.gov.uk/MHLCG)

If you have any enquiries regarding this document/publication, email [contactus@communities.gov.uk](mailto:contactus@communities.gov.uk) or write to us at:

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