



# Local Authority Revenue Expenditure and Financing: 2018-19 Provisional Outturn, England



## Service Expenditure

- Local authorities' Total Service Expenditure was £91.4 billion in 2018-19.
- The Total Service Expenditure excluding Education Services was £59.2 billion in 2018-19. This was 1.0% higher than in 2017-18 when adjusted for inflation, or 2.8% higher in cash terms.
- The categories of service with the largest increases (not adjusted for inflation) in expenditure were:
  - Adult Social Care, up by £783 million (+5.1%) from 2017-18 to £16.1 billion in 2018-19, and
  - Children's Social Care, up by £514 million (+5.8%) from 2017-18 to £9.4 billion in 2018-19.

## Revenue Expenditure

- The broader measure of local authority Revenue Expenditure (see Definitions section) totalled £94.2 billion across all local authorities in England in 2018-19. This was 1.2% higher in cash terms than in 2017-18, and 0.6% lower than 2017-18 when adjusted for inflation. These lower figures are the result of local authority expenditure on education services being slightly lower in cash terms. This in turn follows from the trend over recent years of schools converting to academies and thus no longer being funded via local authorities.

## Reserves

- Local authorities' total revenue account reserves increased during 2018-19. Excluding the Greater London Authority, there was a net addition to reserves of +£977m, up from the net addition of +£632 million in 2017-18.

### Update to release since original publication – 14 November 2019

In the process of routine updates to the data to produce the 2018-19 Final Revenue Outturn release, an error was found and rectified in Table 5. Specifically, the Total Reserves figure for 'England reserves excluding Greater London Authority as a percentage of 1 April 2018' was incorrectly shown as 5.2%, when it should have been 4.5%.

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### Date of next publication:

November 2019 (final outturn)

# Introduction

This Statistical Release, and all the associated tables, present National Statistics on provisional data for revenue expenditure for local authorities in England for the financial year 2018-19.

Local government expenditure accounts for over a fifth of all government spending and the majority of this is shown in local authorities' revenue accounts. The release also 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 authorities retain and council tax.

All the data in the release is compiled from the Ministry of Housing, Communities and Local Government Revenue Outturn (RO) returns submitted by all local authorities in England. Coverage includes but is not limited to 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.

This publication is based on returns from all but five local authorities in England in 2018-19. We did not receive returns in time for publication from Bradford, Epping Forest, Kings Lynn & West Norfolk, Reading and South Cambridgeshire. Comparable England level figures are derived by using estimates for these authorities based largely on their budget data.

## Key contextual information

Functions and responsibilities of local government can change year on year so comparisons between financial years may potentially not be wholly valid, but where major changes occur these will be highlighted in the release.

Figures in this report and the associated tables are collected and reported as **net current expenditure figures**. So, for example, a decrease may be driven by decreases in expenditure or increases in income within the service area.

Definitions of terms used in this release can be found from page 14. The full data collection forms and guidance notes can be found in the [forms](#) section of our website.

### Potential changes to future data

If you would like to receive invitations to comment on proposals for potential change to the information that will be collected local authority expenditure data collections, please email [lqf1.revenue@communities.gov.uk](mailto:lqf1.revenue@communities.gov.uk) marking the subject of the email 'Consultation contact list'. MHCLG will be considering proposals for reorganisation of the detailed categories relating to Parks and Open Spaces, and which would impact on other categories such as those relating to Sports, physical activity and recreation. NB These detailed categories of information are published only with the Final Outturn release of data each November.

# Local Authority Expenditure

The majority of local authority spend is on providing services, the sum of spend of which is 'Total Service Expenditure'.

'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.

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 <sup>(a)</sup>, 2014-15 to Provisional 2018-19 (cash terms)**

£ million - cash terms <sup>(b)</sup>	2014-15	2015-16	2016-17	2017-18	2018-19
Education <sup>(c)</sup>	34,477	34,136	33,382	32,265	32,229
Highways and transport	4,537	4,331	4,013	3,997	3,854
Social care <sup>(d)</sup>	22,587	22,702	23,390	24,164	25,461
<i>of which: Children's Social Care</i>	8,091	8,303	8,476	8,834	9,348
Public Health <sup>(e)</sup>	2,737	3,152	3,480	3,365	3,284
Housing (excluding Housing Revenue Account)	1,852	1,608	1,508	1,536	1,675
Cultural, environmental and planning	8,915	8,698	8,445	8,293	8,399
Police	10,889	10,932	11,050	11,165	11,426
Fire & rescue	2,045	1,984	1,961	1,972	2,005
Central services	3,068	3,022	3,159	3,065	3,006
Other Services	92	70	56	-19	58
<b>Total Service Expenditure</b>	<b>91,199</b>	<b>90,634</b>	<b>90,444</b>	<b>89,803</b>	<b>91,396</b>
% Difference Year-on-year	-0.7%	-0.6%	-0.2%	-0.7%	1.8%
<b>Total Service Expenditure excluding Education <sup>(f)</sup></b>	<b>56,721</b>	<b>56,498</b>	<b>57,061</b>	<b>57,538</b>	<b>59,168</b>
	1.4%	-0.4%	1.0%	0.8%	2.8%
<b>Total Service Expenditure excluding Education &amp; Public Health <sup>(f)</sup></b>	<b>53,985</b>	<b>53,346</b>	<b>53,581</b>	<b>54,173</b>	<b>55,884</b>
	1.1%	-1.2%	0.4%	1.1%	3.2%
<b>Revenue Expenditure</b>	<b>95,943</b>	<b>94,529</b>	<b>93,567</b>	<b>93,104</b>	<b>94,203</b>
% Difference Year-on-year	-0.5%	-1.5%	-1.0%	-0.5%	1.2%

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) Education services spend by local authorities, this is not comparable over time due to schools converting to academies and thus becoming directly funded

(d) Adult Social Care is not shown separately since figures are available without the exclusions noted in NHS Digital's Adult Social Care - Activity and Finance Report (<https://digital.nhs.uk/data-and-information/publications/statistical/adult-social-care-activity-and-finance-report/2017-18> published 23 October 2018)

(e) The Health and Social Care Act 2012 transferred substantial duties to local authorities from 2013-14 to protect and improve the public's health. Responsibility and funding for Children's public health transferred to local authorities on 1 October 2015

(f) Education and public health spend are excluded to provide a fairer year-on-year comparison. In the case of education services spend by local authorities, this is not comparable over time due to schools converting to academies and thus becoming directly funded. As noted, there were changes in responsibility for Public Health over the period.

**Table 1b. Service expenditure net of sales, fees and charges and of other income <sup>(a)</sup>, 2014-15 to Provisional 2018-19 (real terms)**

£ million - adjusted for inflation, in 2018-19 prices <sup>(b)</sup>									
	2014-15		2015-16		2016-17		2017-18		2018-19
Education <sup>(c)</sup>	36,927		36,271		34,680		32,856		32,229
Highways and transport	4,860		4,602		4,169		4,071		3,854
Social care <sup>(d)</sup>	24,192		24,121		24,300		24,607		25,461
<i>of which: Children's Social Care</i>	8,666		8,822		8,806		8,996		9,348
Public Health <sup>(e)</sup>	2,931		3,349		3,615		3,427		3,284
Housing (excluding Housing Revenue Account)	1,983		1,709		1,567		1,564		1,675
Cultural, environmental and planning	9,548		9,242		8,773		8,445		8,399
Police	11,662		11,616		11,479		11,370		11,426
Fire & rescue	2,190		2,108		2,037		2,009		2,005
Central services	3,285		3,211		3,282		3,122		3,006
Other Services	98		74		58		-20		58
<b>Total Service Expenditure</b>	<b>97,677</b>		<b>96,302</b>		<b>93,960</b>		<b>91,450</b>		<b>91,396</b>
% Difference Year-on-year	-1.9%		-1.4%		-2.4%		-2.7%		-0.1%
<b>Total Service Expenditure excluding Education <sup>(f)</sup></b>	<b>60,751</b>		<b>60,032</b>		<b>59,280</b>		<b>58,594</b>		<b>59,168</b>
% Difference Year-on-year	0.1%		-1.2%		-1.3%		-1.2%		1.0%
<b>Total Service Expenditure excluding Education &amp; Public Health <sup>(f)</sup></b>	<b>57,820</b>		<b>56,682</b>		<b>55,664</b>		<b>55,166</b>		<b>55,884</b>
% Difference Year-on-year	-0.2%		-2.0%		-1.8%		-0.9%		1.3%
<b>Revenue Expenditure</b>	<b>102,758</b>		<b>100,441</b>		<b>97,205</b>		<b>94,812</b>		<b>94,203</b>
% Difference Year-on-year	-1.8%		-2.3%		-3.2%		-2.5%		-0.6%

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 using the GDP deflator. [www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp](http://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp)

(c) Education services spend by local authorities, this is not comparable over time due to schools converting to academies and thus becoming directly funded

(d) Adult Social Care is not shown separately since figures are available without the exclusions noted in NHS Digital's Adult Social Care - Activity and Finance Report (<https://digital.nhs.uk/data-and-information/publications/statistical/adult-social-care-activity-and-finance-report/2017-18> published 23 October 2018)

(e) The Health and Social Care Act 2012 transferred substantial duties to local authorities from 2013-14 to protect and improve the public's health. Responsibility and funding for Children's public health transferred to local authorities on 1 October 2015

(f) Education and public health spend are excluded to provide a fairer year-on-year comparison. In the case of education services spend by local authorities, this is not comparable over time due to schools converting to academies and thus becoming directly funded. As noted, there were changes in responsibility for Public Health over the period

## 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.

Expenditure by local authorities on Education 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.

Total Service Expenditure excluding Education Services was 2.8% higher in 2018-19 compared to 2017-18, and 1.0% higher than 2017-18 in real terms.

Tables 1a and 1b also show the time series of Total Service Expenditure and of Revenue Expenditure. In 2018-19 Total Service Expenditure for all local authorities in England was £91.4 billion, an increase of £1.6 billion (+1.8%) in cash terms compared to 2017-18. Caution is appropriate when comparing figures across years for the reasons noted.

Table 2 provides a more detailed breakdown of the components of each expenditure category for all local authorities in England for provisional 2018-19 figures compared to 2017-18 final outturn.

The largest components of change in service expenditure (not adjusted for inflation) from 2017-18 to 2018-9 were as follows:

- i) Adult Social Care +£783 million (+5.1%) to £16.1 billion,
- ii) Children's services +£514 million (+5.8%) to £9.3 billion,
- iii) Police Services +£261 million (+2.3%) to £11.4 billion,
- iv) Housing Services +£140 million (+9.1%) due to higher spend on homelessness (see table 2).

#### **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.

Table 2 on page 15 of NHS Digital's [Adult Social Care Activity and Finance Report 2017-18](#) (published October last year) shows net current expenditure as reported in its Adult Social Care Financial Returns from local authority social service departments, alongside the planned £2.1 billion [Better Care Fund](#) (BCF) expenditure on adult social care reported in BCF plans for 2017-18. This £2.1 billion 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 the RSX individual table), 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, 2017-18 and Provisional 2018-19**

	Net current <sup>(a)</sup> expenditure 2017-18 £m	Net current <sup>(a)</sup> expenditure 2018-19 £m	Change £m	Change %
<b>Education services</b>	32,265	32,229	-36	-0.1
<b>Highways and transport services</b>	3,997	3,854	-143	-3.6
<b>Children's Social Care services</b>	8,834	9,348	514	5.8
<b>Adult Social Care services</b>	15,330	16,113	783	5.1
<b>Public Health services</b>	3,365	3,284	-82	-2.4
<b>Housing services (excluding Housing Revenue Account)</b>	1,536	1,675	140	9.1
<i>including:</i>				
Homelessness: Prevention	79	113	34	42.7
Homelessness: all other	437	546	109	24.9
<b>Cultural services</b>	2222	2,202	-20	-0.9
<b>Environmental services</b>	4890	5,012	122	2.5
<b>Planning and development services</b>	1181	1,186	5	0.4
<b>Police services</b>	11,165	11,426	261	2.3
<b>Fire and rescue services</b>	1,972	2,005	32	1.6
<b>Central services</b>	3,065	3,006	-59	-1.9
<b>Other Services</b>	-19	58	78	-398
<b>Total Service Expenditure</b>	<b>89,803</b>	<b>91,396</b>	<b>1,594</b>	<b>1.8</b>
<i>plus precepts, levies, trading accounts and adjustments</i>				
Housing Benefits	19,177	17,808	-1,369	-7.1
Parish Precepts	485	517	32	6.7
Levies	89	68	-21	-23.2
Trading Account Adjustments and Other Adjustments	-449	-454	-5	1.1
<i>plus non-current expenditure</i>				
Capital financing <sup>(b)</sup>	4,239	4,647	408	9.6
Capital expenditure charged to Revenue Account (CERA)	1,994	1,617	-377	-18.9
Flexible use of Capital Receipts	-151	-177	-26	16.9
Bad debt provision	162	161	-1	-0.6
Flood defence payments to Environment Agency	36	36	-1	-1.5
Private Finance Initiative (PFI) schemes - difference from service charge	-30	-18	13	-42.4
Appropriations to(+)/ from(-) financial instruments adjustment account	-25	-179	-154	627.4
Appropriations to(+)/ from(-) unequal pay back pay account <sup>(c)</sup>	-30	-105	-75	253.8
less interest receipts	1,169	1,503	334	28.6
less specific grants outside AEF <sup>(d)</sup>	20,478	19,081	-1,397	-6.8
less Business Rates Supplement	285	271	-14	-4.9
less Community Infrastructure Levy (CIL)	276	269	-7	-2.5
less Carbon Reduction Commitment	-12	-8	4	-34.6
<b>Revenue Expenditure</b>	<b>93,104</b>	<b>94,203</b>	<b>1,099</b>	<b>1.2</b>

(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 RSX table shows this within the 'Other income' as well as local authority gross expenditure.

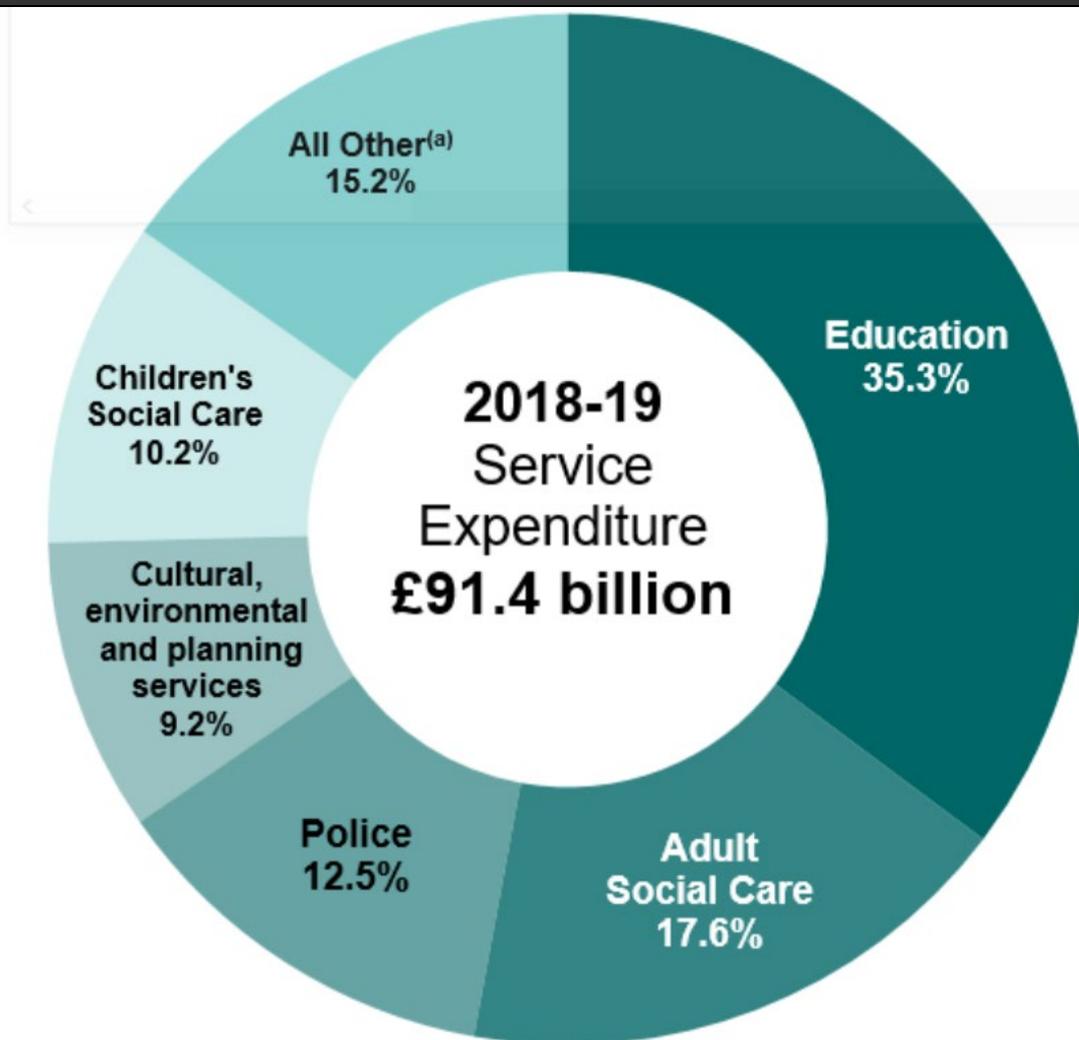
(b) Includes provision for repayment of principal, leasing payments, external interest payments and HRA item 8 interest payments and receipts

(c) Adjustments permitted by regulation to the revenue account charges for financial instruments

(d) Aggregate External Finance; see Definitions

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 Service Expenditure by service, England 2018-19**



(a) 'Other' includes Highways and Transport, Public Health, Fire and Rescue, Central services 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 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 £1.4 billion (-7.1%) to £17.8 billion in 2018-19. 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.

# Revenue Expenditure Financing

This section outlines the key sources of funding available to local authorities to finance their spending and how these differ for 2018-19 compared to 2017-18.

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 chapter.

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.

**Table 3: Revenue expenditure financing, England, 2017-18 and 2018-19**

	£ million	£ million		
	Net current expenditure	Net current expenditure	Change	Change
	2017-18	2018-19	£m	%
<b>Revenue expenditure <sup>(a)</sup></b>	<b>93,104</b>	<b>94,203</b>	<b>1,099</b>	<b>1.2</b>
<b>Financed by:</b>				
<b>Government Grants</b>	<b>50,457</b>	<b>48,383</b>	<b>-2,074</b>	<b>-4.1</b>
<i>of which:</i>				
Specific grants inside AEF <sup>(b)</sup>	39,330	39,858	528	1.3
<i>including:</i>				
Dedicated Schools Grant (DSG)	26,516	26,799	283	1.1
Public Health Grant <sup>(c)</sup>	3,090	3,011	-79	-2.5
Pupil Premium Grant	1,409	1,337	-72	-5.1
New Homes Bonus	1,212	942	-270	-22.3
Local Services Support Grant (LSSG)	35	20	-15	-42.1
Revenue Support Grant <sup>(d)</sup>	3,978	1,379	-2,599	-65.3
Police grant	7,114	7,125	11	0.2
<b>Council tax requirement</b>	<b>27,641</b>	<b>29,592</b>	<b>1,950</b>	<b>7.1</b>
<b>Retained income from Business Rate Retention Scheme <sup>(d)</sup></b>	<b>15,162</b>	<b>17,628</b>	<b>2,466</b>	<b>16.3</b>
<b>Appropriations to(-) / from (+) revenue reserves</b>	<b>-630</b>	<b>-1,753</b>	<b>-1,123</b>	<b>178.2</b>
<b>Council tax collection fund surplus (+) / deficit (-) <sup>(e)</sup></b>	<b>474</b>	<b>398</b>	<b>-76</b>	<b>-16.0</b>

(a) As at the time of publication of provisional outturn, the returns of a number of local authorities did not exactly balance revenue expenditure to its sources of financing.

(b) Specific grants inside AEF also includes grants Improved Better care fund, 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.

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

(d) In 2017-18 and 2018-19, a number of authorities piloted 100% business rates retention, details can be found here:

<https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2018-to-2019>

In 2018-19, a number of authorities piloted 75% rate retention in line with Government's approach on BRRS reform. Details can be found here: <https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2019-to-2020> Pilot authorities will retain more Business Rates income in return for foregoing Revenue Support Grant.

(e) 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.

## Revenue Expenditure financing

Table 4 shows funding of revenue expenditure in terms of government grants and locally retained income (retained income from rate retention scheme and council tax) since 2014-15. The table also shows whether overall local authorities have made net appropriations to or from reserves.

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

From 2014-15 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 revenue expenditure less use of reserves and council tax collection fund surplus funded from grants has fallen from 65.4% of all local authority revenue expenditure in 2013-14 to 50.6% in 2018-19. There has been a corresponding increase in the income retained by local authorities from 34.6% in 2013-14 to 49.4% in 2018-19.

**Central government grants** financed £48.4 billion 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 £39.3 billion in 2017-18 to £39.9 billion in 2018-19. Dedicated Schools Grant accounted for 67.2% of these types of grants and 55.4% of all central government grants, excluding those outside aggregate external finance.
- Compared to 2017-18, Revenue Support Grant (RSG) decreased by £2.6 billion, and retained income from Business Rates Retention increased by £2.5 billion. 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: <https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2019-to-2020>.

**Council tax requirement** was £29.6 billion in 2018-19 which is 7.1% higher than the £27.6 billion in 2017-18. This increase is the result of the combination of growth in tax base and in levels of council tax. Councils that deliver social care services were allowed under the Adult Social Care Precept to raise their bills by an additional 3% above the standard referendum threshold.

**Table 4: Financing of revenue expenditure, England, since 2013-14**

	£ million			£ million				£ million	
	<i>Centrally distributed income</i>		<i>Locally retained income</i>		<b>Locally retained income</b>	<b>% of total<sup>(c)</sup></b>	Use of Reserves <sup>(e)</sup>	Council Tax Collection Fund Surplus	
	<b>Revenue Expenditure</b>	Government Grants <sup>(b)</sup>	% of total <sup>(c)</sup>	Retained income from Business Rate Retention Scheme					Council Tax <sup>(d)</sup>
<b>Outturn</b>									
2013-14	<b>96,419</b>	64,578	65.4	10,719	23,371	<b>34,090</b>	<b>34.6</b>	-2,379	130
2014-15	<b>95,943</b>	61,312	63.5	11,331	23,964	<b>35,295</b>	<b>36.5</b>	-946	282
2015-16	<b>94,533</b>	57,090	60.9	11,855	24,734	<b>36,589</b>	<b>39.1</b>	394	459
2016-17	<b>93,567</b>	53,812	58.7	11,735	26,083	<b>37,817</b>	<b>41.3</b>	1,521	422
2017-18	<b>93,104</b>	50,457	54.1	15,162	27,641	<b>42,803</b>	<b>45.9</b>	-630	473
2018-19	<b>94,203</b>	48,383	50.6	17,628	29,592	<b>47,219</b>	<b>49.4</b>	-1,753	398

(a) As at the time of publication, a number of the returns of local authorities did not exactly match between revenue expenditure and its sources of financing.

(b) 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'.

(c) As a percentage of total expenditure minus use of reserves and council tax collection fund surplus.

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

(e) Use of Reserves includes all appropriations to (-) and from (+) the reserves. Tables 5 and 6 show that £776m of the £1.75bn increase in 2018-19 was due to the GLA.

# Local Authority Financial Reserves

Reserves are funds set aside to finance future revenue spend. 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 funds set aside in previous years.

Table 5 shows the level of local authority revenue reserves since April 2014 and the end position for 2018-19. 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 5: Level of revenue reserves, England, since 2014-15							£ million
	Schools reserves	Public Health reserves	Non-ringfenced reserves			Non-ringfenced Total	Total Reserves
			Other earmarked	Unallocated			
<b>At 1 April</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	1,835	243	16,934	4,182		<b>21,116</b>	<b>23,195</b>
2018	1,596	236	17,476	4,318		<b>21,793</b>	<b>23,765</b>
<b>At 31 March</b>							
2019	1,615	235	19,389	4,291		<b>23,680</b>	<b>25,517</b>
<b>Changes in 2018-19 (a)</b>							
Movements to (+) and from (-) reserves	19	-1	1,913	-27		<b>1,887</b>	<b>1,752</b>
as a percentage of 1 April 2018	1.2%	-0.6%	10.9%	-0.6%		<b>8.7%</b>	<b>7.4%</b>
<b>England reserves excluding Greater London Authority <sup>(b)</sup></b>							
Movements to (+) and from (-) reserves	19	-1	1,105	5		<b>1,111</b>	<b>976</b>
as a percentage of 1 April 2018	1.2%	-0.6%	7.0%	0.1%		<b>5.6%</b>	<b>4.5% <sup>(c)</sup></b>
(a) A small number of discrepancies in change in levels of reserves figures have yet to be resolved.							
(b) This total excluding the Greater London Authority is shown since the GLA made a net addition to its revenue account reserves of £776m, much of which was attributed to the refinancing of Elizabeth line rolling stock.							
(c) Since the original publication of this release in August 2019, this figure was amended on 14 November 2019 (from 5.2% to 4.5%) to correct a calculation error.							

The total of all local authorities' general fund revenue account reserves increased by £1.75 billion from £23.75 billion at 1 April 2018 to £25.5 billion at 31 March 2019.

The aggregate change within non-ringfenced reserves was an increase of £1.9 billion. Much of this increase is driven by a net increase of £776m in the Greater London Authority's revenue reserves, largely due to Transport for London's refinancing of rolling stock for the Elizabeth Line. Thus, when excluding the GLA, total net additions to non-ringfenced reserves was £1.1 billion in 2018-19.

## Use of reserves by class of authority

While the overall net addition to reserves was higher in 2018-19 (+£977 million excluding the GLA, compared to £632 million in 2017-18), there remains substantial variations among local authorities with 164 (37%) making a net use of reserves during 2018-19, and this continuing to be lower across Shire Districts (28%) than for other classes of authority.

Table 6a shows the net change to/from reserves by class of local authority and table 6b shows the number and proportion of local authorities by class which made net use of their reserves.

Table 6 (a): Appropriation to and from reserves by class of authority, England, 2015-16 to 2018-19				
£ million	Appropriations to (+)/from (-) total revenue reserves			
	2015-16	2016-17	2017-18	2018-19
<b>England</b>	<b>-394</b>	<b>-1,523</b>	<b>630</b>	<b>1,753</b>
<b>Class of authority (number of authorities)</b>				
Shire Counties (27)	-188	-378	72	279
Metropolitan Districts (36)	3	-388	165	85
Unitary Authorities (56)	94	-254	101	173
London Boroughs (33)	-63	-359	63	257
Shire Districts (201)	263	203	253	229
Greater London Authority (1)	-457	-396	-2	776
Other Authorities (90) <sup>(a) (b)</sup>	-45	48	-22	-47
(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 the number of other authorities varies across years				
(b) The number of Other Authorities has varied slightly over the years due to authorities combining and submitting separate returns for their Fire and Police. 2015-16 (90). 2016-17 (92). 2017-18 (91). 2018-19 (90)				

Table 6 (b): Net use of reserves by class of authority, England, 2015-16 to 2018-19									
	All authorities	Number and proportion (%) of authorities making net use of reserves							
		2015-16		2016-17		2017-18		2018-19	
<b>England</b>	<b>444</b>	<b>181</b>	<b>41%</b>	<b>221</b>	<b>50%</b>	<b>180</b>	<b>40%</b>	<b>164</b>	<b>37%</b>
<b>Class of authority</b>									
Shire Counties	27	18	67%	22	81%	12	44%	13	48%
Metropolitan Districts	36	19	53%	29	81%	16	44%	16	44%
Unitary Authorities	56	27	48%	36	64%	24	43%	21	38%
London Boroughs	33	20	61%	26	79%	15	45%	14	42%
Shire Districts	201	47	23%	64	32%	55	27%	57	28%
Greater London Authority	1	1	100%	1	100%	1	100%	0	0%
Other Authorities <sup>(a) (b)</sup>	90	49	53%	43	47%	57	63%	43	48%
(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 the number of other authorities varies across years									
(b) The number of Other Authorities has varied slightly over the years due to authorities combining and submitting separate returns for their Fire and Police. 2015-16 (90), 2016-17 (92), 2017-18 (91), 2018-19 (90)									

# Accompanying tables

Accompanying dropdown tables presenting detailed revenue expenditure and financing figures for 2018-19 for all local authorities are available to download alongside this release.

These tables present all revenue information, by local authority, in a similar format as returned to the Ministry for Housing, Communities and Local Government. These data form the basis of the tables in this release.

These are available here: <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

Revenue Outturn Summary	RS
Service Expenditure Summary	RSX
Specific and Special Revenue Grants	RG

# Definitions

The most relevant terms for this release are explained below.

## **Aggregate External Finance**

This 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

## **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**

This 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 the Settlement Grant**

This the main channel of government funding. This includes

**Retained income from the Rate Retention Scheme, Revenue Support Grant, and Police grant.** The distribution is determined by the Formula spending shares formulae, also taking account of authorities' relative ability to raise council tax and the floor damping mechanism. 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**

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

### **Mandatory Housing Benefit**

This is financial help given to local authority or private tenants whose income falls below the 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**

### **Reserves**

These are 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.

Non-ringfenced revenue reserves comprise of unallocated reserves and other earmarked reserves. Local authorities often earmark reserves to meet known financial commitments and to mitigate known risks. As reserves of this type cannot be used without putting wider service delivery at risk, most local authorities will have significantly lower usable revenue reserves than their non-ringfenced revenue reserves balance would imply. It is not possible to identify usable revenue reserves in the current release.

### **Retained income from the Business Rate Retention Scheme (BRRS)**

This is 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, a number of authorities piloted 100% business rates retention, details can be found here:

<https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2018-to-2019>. In 2019-20, a number of authorities piloted 75% rate retention in line with

Government's approach on BRRS reform. Details can be found here:

[www.gov.uk/government/collections/final-local-government-finance-settlement-england-2019-to-2020](https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2019-to-2020)

### **Revenue expenditure**

Revenue expenditure involves accounting for other current expenditure in addition to service

expenditure and non-current expenditure. Other current expenditure includes housing benefits paid to residents, any money passed down to parish councils through local precepts and any additional levies and adjustments charged during the year. It excludes expenditure financed by grants outside **Aggregate External Finance**. Revenue expenditure is financed by grants inside Aggregate External Finance, council tax and authorities' reserves.

### **Revenue Support Grant**

A general grant now distributed as part of **Funding through the Settlement Grant**.

### **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.

# Technical notes

## 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.

## Data collection

### Survey design for collecting Revenue Account data in 2018-19

All local authorities in England were required to complete the Revenue Outturn (RO) suite of forms to show all transactions for the 2018-19 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 2018 to 31 March 19. These estimates are on a non-International Accounting Standard 19 (IAS19) and PFI "Off Balance Sheet" basis except where stated otherwise.

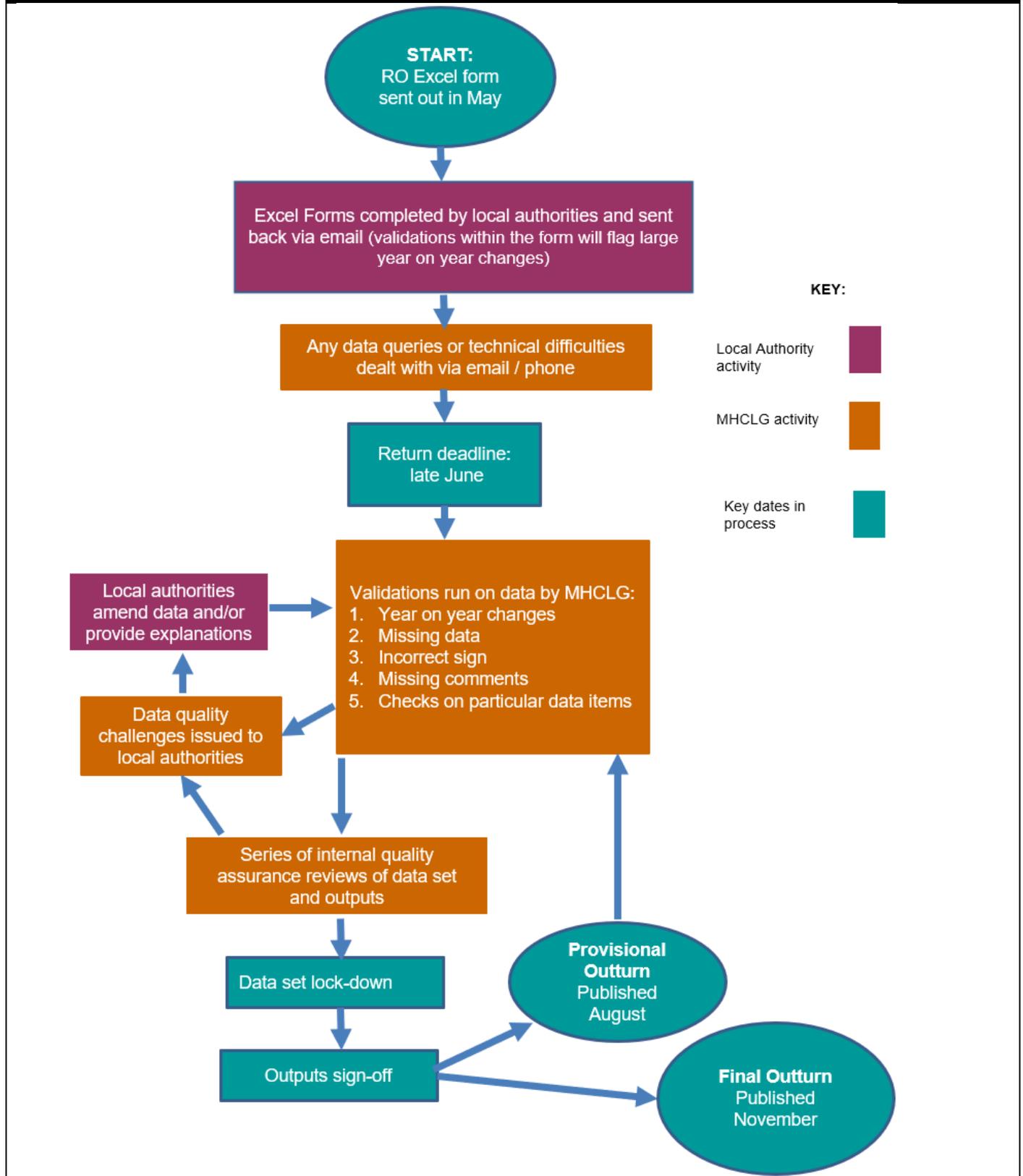
## Data quality

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 Official Statistics. National Statistics products undergo regular quality assurance reviews to ensure that they meet customer demands.

The information for 2018-19 in this release is derived from Ministry of Housing, Communities and Local Government (MHCLG) Revenue Outturn (RO) forms and is based on returns from all but five of the local authorities in England. Bradford, Epping Forest, King Lynn & West Norfolk, Reading and South Cambridgeshire were unable to submit complete data in time for the release and we are currently working with these authorities to help them to complete their returns. 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 the Ministry of Housing, Communities and Local Government as the data are received and stored.

A full outline of the statistical production process and quality assurance carried out is provided in the flow chart in Figure 1.

**Figure 1: Quality Assurance Flow Diagram**



The UK Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics. Designation can be broadly interpreted to mean that the statistics: meet identified user needs; are well explained and readily accessible; are produced according to sound methods, and are managed impartially and objectively in the public interest. Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

National Statistics status means that our statistics meet the highest standards of trustworthiness, quality and public value as set out in the Code of Practice for Statistics. It is the Ministry of Housing Communities and Local Government's statisticians' responsibility to maintain compliance with these standards.

The continued designation of these statistics as National Statistics was confirmed in April 2012 following an assessment by the UK Statistics Authority.

The statistics last underwent a full assessment ([https://www.statisticsauthority.gov.uk/wp-content/uploads/2015/12/images-assessmentreport97englishlocalauthoritycapitalexpenditureandreceiptsandrevenueexpenditureandfinancin\\_tcm97-39896.pdf](https://www.statisticsauthority.gov.uk/wp-content/uploads/2015/12/images-assessmentreport97englishlocalauthoritycapitalexpenditureandreceiptsandrevenueexpenditureandfinancin_tcm97-39896.pdf)) against the Code of Practice for Statistics in 2011.

Since the latest review by the UK Statistics Authority, we have continued to comply with the Code of Practice for Statistics, and have made the following improvements:

- Improved the Data quality section of the statistical release, including a clear flow of quality assurance;
- Improved validations within the form and those sent to authorities after form processing;
- Made users aware of the differences between the equivalent statistics in other UK countries;
- We have been working closely with both NHS Digital and the Department for Education (DfE) to understand differences between figures in our publications on Adult and Children's social care, and as a result we have improved our validation methods and guidance.

## Revisions policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Ministry of Housing, Communities and Local Government Revisions Policy (found at: <https://www.gov.uk/government/publications/statistical-notice-dclg-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**

Revised data will be published in the form of the Final Outturn update of this data set and statistical release. This is due for publication in November.

## Uses of the data

Data in this Statistical Release are essential for providing the Secretary of State for Housing, Communities and Local Government, 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.

Data collected are an important source for the department to create evidence based policy, make financial decisions and answer parliamentary questions. They are 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. However, caution should be taken in comparing figures across years prior to 2013-14 due to changes in responsibilities. A number of changes to local government expenditure and financing which have an impact on the figures in this release:

**Education Services;** expenditure on education services from 2014-15 is not comparable to previous years due to a number of schools changing their status to become academies, which are centrally funded rather than funded by local authorities. As a result of this discontinuity, revenue expenditure is not comparable over time.

**Children's Social Care;** local authority expenditure on 'services to young people' moved from education services to children's social care services in 2014-15, therefore total net current expenditure on children's social care is not comparable between 2013-14 and the years beyond.

**Public Health Grant;** 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 grant to improve outcomes for the health and wellbeing of their local populations through Public Health England.

**Business Rates Retention;** From April 2013 local authorities, except police authorities, could retain a share of their business rates and keep the growth of that share, this impacted the amount of business rates authorities retained in 2013-14. In addition to this, some authorities piloted 100% business rates retention schemes in 2017-18 and 2018-19. More information on Business Rates pilots can be found at [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) and [www.gov.uk/government/speeches/final-local-government-finance-settlement-2019-to-2020-written-statement](http://www.gov.uk/government/speeches/final-local-government-finance-settlement-2019-to-2020-written-statement).

## 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>

MHCLG engages with the Central and Local Government Information Partnership Finance (CLIP-F) group, which is a consultative group made up of other government departments, local authorities and stakeholders to consider 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.

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)

## Notes

This Statistical Release and previous publications can be accessed from:

<https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

Timings of future releases can be found at: <https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government/about/statistics#forthcoming-publications> and at: <https://www.gov.uk/government/statistics/announcements>

The CIPFA Finance and General Statistics publication also contains detailed information on local government finance.

## Devolved administration statistics

Scotland, Wales and Northern Ireland have different local government structures and funding to those in England. Their finance statistics are therefore also different and cannot be meaningfully compared with the statistics for England. However, information on local government funding within the devolved administrations is available – some of the most useful sources are listed below.

### Scotland:

- [The Scottish Local Government Finance Statistics](#)
- [Local government finance: Facts and figures 2010-11 to 2017-18](#)
- [Local government finance: Draft Budget 2018-19 and provisional allocations to local authorities](#)

### Wales:

- [local government finance](#)
- [revenue budgets and financing](#)
- [central funding settlement](#)
- [CIPFA revenue statistics for England and Wales](#)

### Ireland:

- [The Northern Ireland Audit Office](#)
- [Overview of Local Authorities](#)

# Enquiries

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**Public enquiries and Responsible Statistician:**

Tel: 0303 44 42818

Email: [lgf1.revenue@communities.gov.uk](mailto:lgf1.revenue@communities.gov.uk)

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

<https://www.gov.uk/government/statistics/announcements>

Information about statistics at MHCLG is available via the Ministry's website:

[www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics](http://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics)

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

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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August 2019

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