



Ministry of Housing,
Communities &
Local Government



Statistical release

Local Government Finance

Local Authority Revenue Expenditure and Financing: 2019-20 Final Outturn, England

In this release:

Total Service Expenditure

- Local authorities' Total Service Expenditure was £94.6 billion in 2019-20
- The Total Service Expenditure excluding Education Services was £62.0 billion in 2019-20. This was 2.3% higher than in 2018-19 when adjusted for inflation, or 4.8% higher in cash terms.
- The categories of service with the largest increases (not adjusted for inflation) in expenditure were:
 - Police Services, up by £778 million (+6.8%) from 2018-19 to £12.2 billion in 2019-20,
 - Adult Social Care, up by £829 million (+5.2%) from 2018-19 to £16.9 billion in 2019-20, and
 - Children's Social Care, up by £552 million (+5.9%) from 2018-19 to £9.9 billion in 2019-20.

Revenue Expenditure

- The broader measure of local authority Revenue Expenditure (see Definitions section) totalled £98.2 billion across all local authorities in England in 2019-20. This was 4.2% higher in cash terms than in 2018-19, and 1.7% higher than 2018-19 when adjusted for inflation.

Reserves

- Local authorities' total revenue account reserves decreased during 2019-20. On a like-for-like basis (see page 13), total reserves decreased by £789 million during 2019-20. This contrasted with a net addition of +£1.8 billion (+£1.1 billion excluding the Greater London Authority) in 2018-19.

Release date: 21 January 2021

Date of next release: August 2021

Contact: Gavin Sayer

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

Table of contents

| | |
|------------------------------------|----|
| In this release:..... | 1 |
| Table of contents | 2 |
| Introduction | 2 |
| Local Authority Expenditure | 5 |
| Revenue Expenditure Financing..... | 14 |
| Reserves..... | 18 |
| Accompanying tables..... | 20 |
| Technical Notes | 22 |
| Definitions | 22 |

Introduction

This statistical release, and all the associated tables, present National Statistics on final outturn data for revenue expenditure for local authorities in England for the financial year 2019-20. This statistical release and the accompanying tables are an update to the data published in the Provisional Revenue Outturn release on 22 October 2020. This release is based on data from 431 local authorities in England in 2019-20, whereas the *provisional* release in October had to be based on imputed values for the 36 local authorities which had still not provided data at that point. The revisions between provisional and final also reflect updates from local authorities, typically in response to further examination of their data. The change to national totals compared to the *provisional* release in October is small.

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 the following types: London Boroughs, Metropolitan Districts, Shire Counties, Shire Districts and Unitary Authorities. The return also covers other authority types such as Police and Crime Commissioners, Fire Authorities, Waste Authorities, Combined Authorities, Park Authorities and the Greater London Authority.

Due to exceptional circumstances this year several local authorities were unable to submit their returns in time for publication. Therefore, this publication is based on returns from 431 (99%) local authorities in England and imputed records in places of the returns for the authorities who have yet

to provide data. In the spreadsheet tables containing individual local authority data, these authorities are marked with a 'S' beside their name. The data for these imputed records were estimated using 2019-20 budget data, proportions from 2018-19 outturn data, 2019-20 data for Council Tax and some grants where 2019-20 data were readily available in time.

The total number of local authorities is lower than previous years due to the following local government changes and mergers:

- On 1 January 2019, the Northamptonshire Commissioner Fire and Rescue Authority was created. Northamptonshire County Council had previously been responsible for reporting revenue expenditure on fire and rescue functions. For 2019-20 Northamptonshire Fire and Northamptonshire Police have submitted separate returns.
- On 1 April 2019, Dorset County Council, the district councils in Dorset, and the Unitary Authorities of Bournemouth, Christchurch and Poole were replaced with two Unitary Authorities:
 - Bournemouth, Christchurch and Poole
 - Dorset Council
- On 1 April 2019, the West Somerset and Taunton Dean districts were replaced by a single non-metropolitan district council Somerset West and Taunton.
- On 1 April 2019, Suffolk Coastal and Waveney districts were replaced by a single non-metropolitan district East Suffolk.
- On 1 April 2019, Forest Heath and St Edmundsbury districts were replaced by a single non-metropolitan district West Suffolk Council.

Key Contextual information

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

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

Due to COVID-19, local authorities received two grant payments in late March 2020 which many local authorities recorded in their Revenue Outturn 2019-20 and thus showed an increase in reserves at 31 March 2020. As noted on pages 9 and 13, comparisons over time of grants and reserves levels in 2019-20 remain possible by netting off these amounts reported, therefore data are shown on that basis in the relevant table (tables 3,4, 5 and 6 in this statistics release).

Definitions of terms used in this release can be found from page 14. The full data collections 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 changes to the information that will be collected by local authority expenditure data collections, please email lqf1.revenue@communities.gov.uk marking the subject of the email 'Consultation contact list'.

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 that authorities receive on behalf of a third party,

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

Table 1a: Service expenditure net of sales, fees and charges and of other income^(a), 2015-16 to 2019-20 (cash terms)

| £ million – cash terms ^(b) | | | | | | | | | | |
|---|----------------|--|----------------|--|----------------|--|----------------|--|----------------|--|
| | 2015-16 | | 2016-17 | | 2017-18 | | 2018-19 | | 2019-20 | |
| Education ^(c) | 34,136 | | 33,382 | | 32,265 | | 32,233 | | 32,607 | |
| Highways and transport | 4,331 | | 4,013 | | 3,997 | | 3,857 | | 3,761 | |
| Social care ^(d) | 22,702 | | 23,390 | | 24,164 | | 25,452 | | 26,833 | |
| of which: Children's Social Care | 8,303 | | 8,476 | | 8,834 | | 9,375 | | 9,927 | |
| Public Health ^(e) | 3,152 | | 3,480 | | 3,365 | | 3,278 | | 3,227 | |
| Housing (excluding Housing Revenue Account) | 1,608 | | 1,508 | | 1,536 | | 1,673 | | 1,776 | |
| Cultural, environmental and planning | 8,698 | | 8,445 | | 8,293 | | 8,435 | | 8,755 | |
| Police | 10,932 | | 11,050 | | 11,165 | | 11,426 | | 12,203 | |
| Fire & rescue | 1,984 | | 1,961 | | 1,972 | | 2,005 | | 2,158 | |
| Central Services | 3,022 | | 3,159 | | 3,065 | | 3,011 | | 3,246 | |
| Other Services | 70 | | 56 | | -19 | | 48 | | 42 | |
| Total Service Expenditure | 90,634 | | 90,444 | | 89,803 | | 91,417 | | 94,609 | |
| <i>% Difference Year-on-year</i> | -0.6% | | -0.2% | | -0.7% | | 1.8% | | 3.5% | |
| Total Service Expenditure excluding education ^(f) | 56,498 | | 57,061 | | 57,538 | | 59,183 | | 62,002 | |
| <i>% Difference Year-on-year</i> | -0.4% | | 1.0% | | 0.8% | | 2.9% | | 4.8% | |
| Total Service Expenditure excluding Education & Public Health ^(f) | 53,346 | | 53,581 | | 54,173 | | 55,905 | | 58,775 | |
| <i>% Difference Year-on-year</i> | -1.2% | | 0.4% | | 1.1% | | 3.2% | | 5.1% | |
| Revenue Expenditure | 94,529 | | 93,567 | | 93,104 | | 94,226 | | 98,197 | |
| <i>% Difference Year-on-year</i> | -1.5% | | -1.0% | | -0.5% | | 1.2% | | 4.2% | |

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

(d) Adult Social Care is not shown separately since figures will be available in NHS Digital's Adult Social Care – Activity and Finance Report, without the exclusions noted. This can be found using the following link: [Adult Social Care Activity and Finance Report, England – 2019-20](#)

(e) Responsibility and funding for public health of children aged 0-5 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^(a), 2015-16 to 2019-20 (real terms)

| £ million – adjusted for inflation, in 2019-20 prices ^(b) | | | | | | | | | |
|---|----------------|--|----------------|--|----------------|--|----------------|--|----------------|
| | 2015-16 | | 2016-17 | | 2017-18 | | 2018-19 | | 2019-20 |
| Education ^(c) | 37,309 | | 35,605 | | 33,817 | | 33,017 | | 32,607 |
| Highways and transport | 4,733 | | 4,280 | | 4,190 | | 3,951 | | 3,761 |
| Social care ^(d) | 24,812 | | 24,948 | | 25,327 | | 26,071 | | 26,833 |
| of which: Children's Social Care | 9,074 | | 9,040 | | 9,259 | | 9,603 | | 9,927 |
| Public Health ^(e) | 3,445 | | 3,712 | | 3,527 | | 3,358 | | 3,227 |
| Housing (excluding Housing Revenue Account) | 1,758 | | 1,608 | | 1,609 | | 1,713 | | 1,776 |
| Cultural, environmental and planning | 9,507 | | 9,007 | | 8,692 | | 8,640 | | 8,755 |
| Police | 11,949 | | 11,785 | | 11,702 | | 11,704 | | 12,203 |
| Fire & rescue | 2,168 | | 2,092 | | 2,067 | | 2,054 | | 2,158 |
| Central Services | 3,303 | | 3,369 | | 3,213 | | 3,084 | | 3,246 |
| Other Services | 76 | | 59 | | -20 | | 49 | | 42 |
| Total Service Expenditure | 99,060 | | 96,465 | | 94,125 | | 93,640 | | 94,609 |
| <i>% Difference Year-on-year</i> | -1.4% | | -2.6% | | -2.4% | | -0.5% | | 1.0% |
| Total Service Expenditure excluding education ^(f) | 61,751 | | 60,860 | | 60,307 | | 60,623 | | 62,002 |
| <i>% Difference Year-on-year</i> | -1.2% | | -1.4% | | -0.9% | | 0.5% | | 2.3% |
| Total Service Expenditure excluding Education & Public Health ^(f) | 58,306 | | 57,149 | | 56,780 | | 57,265 | | 58,775 |
| <i>% Difference Year-on-year</i> | -2.0% | | -2.0% | | -0.6% | | 0.9% | | 2.6% |
| Revenue Expenditure | 103,318 | | 99,797 | | 97,585 | | 96,518 | | 98,197 |
| <i>% Difference Year-on-year</i> | -2.3% | | -3.4% | | -2.2% | | -1.1% | | 1.7% |

Source: Revenue Outturn returns from England local authorities

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

(b) All figures have been adjusted for inflation using the GDP deflator: [GDP deflators at market prices, and money GDP December 2020](#) (as updated 6 January 2021).

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

(d) Adult Social Care is not shown separately since figures will be available in NHS Digital's Adult Social Care – Activity and Finance Report, without the exclusions noted. This can be found using the following link: [Adult Social Care Activity and Finance Report, England – 2019-20](#)

(e) Responsibility and funding for public health of children aged 0-5 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 the Education service category has decreased over recent years, largely due to the ongoing change in status of local authority schools to centrally funded academies. As such, these figures are not comparable over time. Public Health expenditure also changed in scope during 2015-16.

Consequently, excluding Education – or if prior to 2016-17, also excluding Public Health – from Total Service Expenditure, provides a fairer year-on-year comparison.

Total Service Expenditure excluding Education Services was 4.8% higher in 2019-20 compared to 2018-19, and 2.3% higher than 2018-19 in real terms.

Table 1a and 1b also show the time series of Total Service Expenditure and of Revenue Expenditure. In 2019-20 Total Service Expenditure for all local authorities in England was £94.6 billion, an increase of £3.2 billion (+3.5%) in cash terms compared to 2018-19. Caution is appropriate when comparing figures across years for the reasons noted.

Table 2a provides a more detailed breakdown of the components of each expenditure category for all local authorities in England for provisional and final 2019-20 figures compared to 2018-19 final outturn. The table shows that the changes to the England totals for final 2019-20 data compared to those published in the provisional 2019-20 release are small. These revisions reflect updates and corrections.

The largest components of change in service expenditure (not adjusted for inflation) from 2018-19 to 2019-20 were as follows:

- i) Adult Social Care +£829 million (+5.2%) to £16.9 billion,
- ii) Children's Services +£552 million (+5.9%) to £9.9 billion,
- iii) Police Services +£778 million (+6.8%) to £12.2 billion,
- iv) Central Services +£235 million (+7.8%) to £3.2 billion.

Note on overall estimate of public spending on Adult Social Care

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

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

Table 3 in Section '1. Activity and Finance Overview' of NHS Digital's [Adult Social Care Activity and Finance Report 2019-20](#) (published in December 2020) shows net current expenditure as reported in its Adult Social Care Financial Returns from local authority social service departments,

alongside the planned £2.3 billion [Better Care Fund](#) (BCF) expenditure on adult social care reported in BCF plans for 2018-19. This £2.3 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 2a: Revenue Expenditure and Financing Summary, England, 2018-19 and 2019-20

| | Net current (a) Expenditure 2018-19 final £m | Net current (a) Expenditure 2019-20 provisional £m | Net current (a) expenditure 2019-20 final £m | Change between 2018-19 and 2019-20 final £m | Change between 2018-19 and 2019-20 final % |
|---|--|--|--|--|--|
| Education services | 32,233 | 32,588 | 32,607 | 374 | 1.2 |
| Highways and transport services (excl. GLA) | 2,630 | 2,716 | 2,758 | 128 | 4.9 |
| Highways and transport services (GLA only) | 1,227 | 1,003 | 1,003 | -224 | -18.3 |
| Children's Social Care services | 9,375 | 9,851 | 9,927 | 552 | 5.9 |
| Adult Social Care services | 16,076 | 16,899 | 16,906 | 829 | 5.2 |
| Public Health services | 3,278 | 3,204 | 3,227 | -51 | -1.6 |
| Housing services (excluding Housing Revenue Account) | 1,673 | 1,799 | 1,776 | 104 | 6.2 |
| <i>Including:</i> | | | | | |
| <i>Homelessness: Prevention</i> | <i>117</i> | <i>140</i> | <i>146</i> | <i>29</i> | <i>25.2</i> |
| <i>Homelessness: all other</i> | <i>547</i> | <i>589</i> | <i>617</i> | <i>70</i> | <i>12.8</i> |
| Cultural services | 2,201 | 2,229 | 2,228 | 27 | 1.2 |
| Environmental services | 5,008 | 5,171 | 5,142 | 135 | 2.7 |
| Planning and development services | 1,226 | 1,372 | 1,384 | 158 | 12.9 |
| Police services | 11,426 | 12,203 | 12,203 | 778 | 6.8 |
| Fire and rescue services | 2,005 | 2,155 | 2,158 | 154 | 7.7 |
| Central services | 3,011 | 3,171 | 3,246 | 235 | 7.8 |
| Other services | 48 | 74 | 42 | -6 | -12.3 |
| Total Service Expenditure | 91,417 | 94,435 | 94,609 | 3,192 | 3.5 |
| <u><i>plus precepts, levies, trading accounts and adjustments</i></u> | | | | | |
| Housing Benefits | 17,833 | 15,798 | 15,780 | -2,053 | -11.5 |
| Parish Precepts | 517 | 539 | 554 | 37 | 7.1 |
| Levies | 83 | 48 | 14 | -70 | -83.5 |
| Trading Account Adjustments and Other Adjustments ^(e) | -506 | -623 | -604 | -98 | -19.4 |
| Total Net Current Expenditure | 109,344 | 110,197 | 110,353 | 1,009 | 0.9 |
| <u><i>plus non-current expenditure</i></u> | | | | | |
| Capital financing ^(b) | 4,688 | 4,909 | 5,169 | 480 | 10.2 |
| Capital expenditure charged to Revenue Account (CERA) | 1,626 | 2,100 | 2,109 | 483 | 29.7 |
| Flexible use of Capital Receipts | -158 | -164 | -200 | -43 | -26.9 |
| Bad debt provision | 164 | 212 | 210 | 46 | 28.0 |
| Flood defence payments to Environment Agency | 36 | 38 | 37 | 2 | 4.8 |

| | | | | | |
|---|---------------|---------------|---------------|--------------|------------|
| Private Finance Initiative (PFI) schemes – difference from service charge | -25 | -15 | -3 | 22 | 87.2 |
| Appropriations to(+)/from(-) financial instruments adjustment account | -180 | 13 | 14 | 194 | 108.0 |
| Appropriations to(+)/from(-) unequal pay back pay account | -105 | 2 | 2 | 107 | 101.6 |
| less interest receipts | 1,507 | 1,619 | 1,682 | 175 | 11.6 |
| less specific grants outside AEF ^(c) | 19,127 | 17,096 | 17,075 | -2,052 | -10.7 |
| less Business Rates supplement | 271 | 269 | 269 | -3 | -0.9 |
| less Community Infrastructure Levy (CIL) | 317 | 403 | 466 | 149 | 47.2 |
| less carbon Reduction Commitment | 8 | 2 | 2 | -6 | -74.4 |
| Revenue Expenditure ^(d) | 94,226 | 97,902 | 98,197 | 3,970 | 4.2 |

Source: Revenue Outturn returns from England local authorities

(a) Net of sales, fees and charges and net of recharges and funding from other local authorities or delivery bodies such as from the NHS (e.g. the Better Care Fund). The 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.

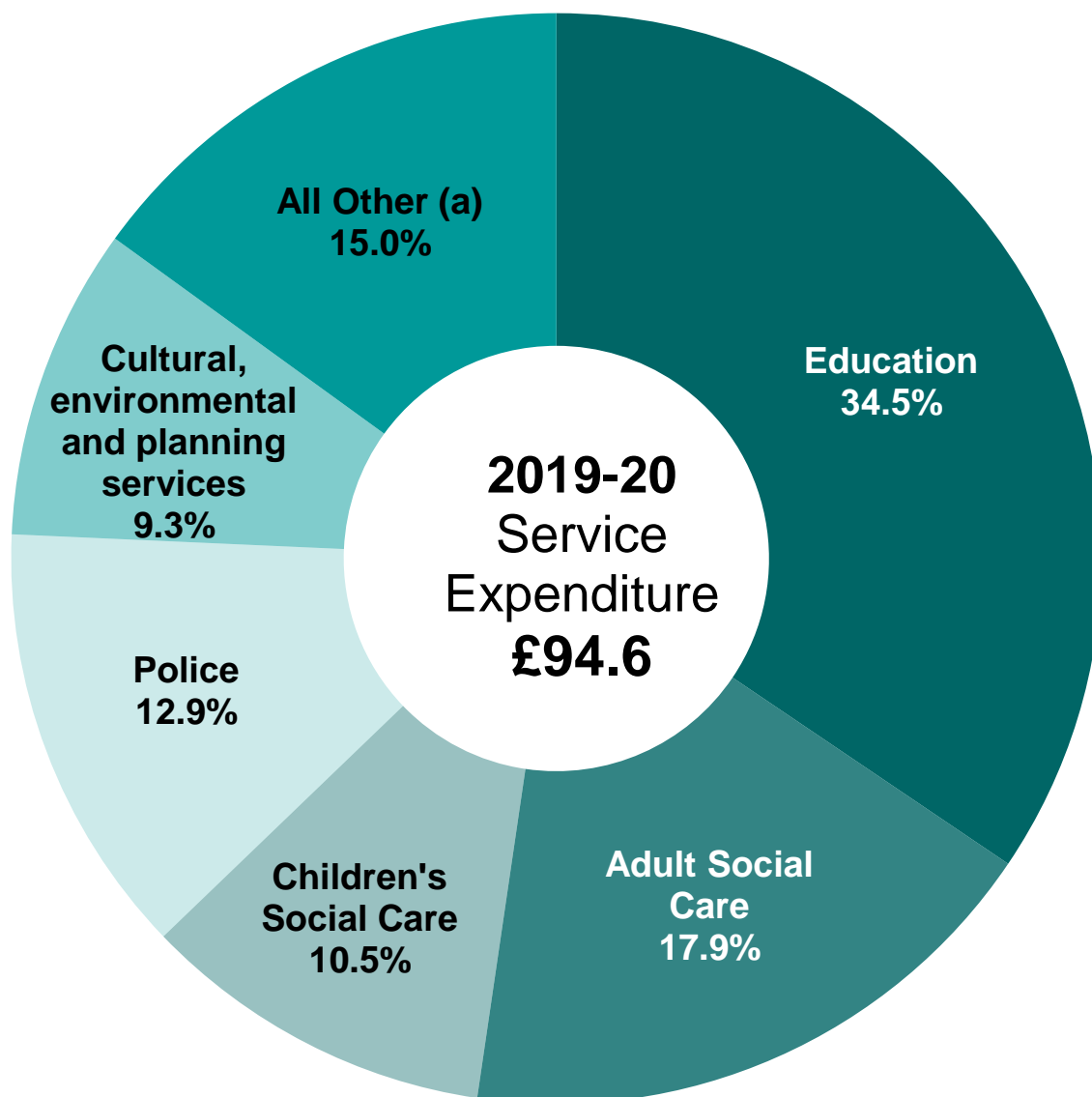
(c) Aggregate External Finance; see Definitions

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

(e) Includes disbursement to businesses figures as reported in RO 2019-20. Published Local authority grant payments can be found at the following link: [Coronavirus grant funding: local authority payments to small and medium businesses](#)

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

Chart A: Proportion of budgeted service expenditure by service, England, 2019-20



(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 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 £2.1 billion (-11.5%) to £15.8 billion in 2019-20. 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.

Expenditure and income

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

Table 2b 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). Further details of these can be found in the Service Expenditure Summary (RSX) table associated with the release.

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.

Table 2b: Expenditure, income and total service expenditure, England, 2018-19 and 2019-20

| | £ million | | | | | |
|---|-------------------|---------------|-------------------|---------------|-------------------|--------------|
| | 2018-19 | | 2019-20 | | Change | |
| | Total Expenditure | Total Income | Total Expenditure | Total Income | Total Expenditure | Total Income |
| Education | 36,314 | 4,080 | 36,844 | 4,237 | 530 | 157 |
| Highways and transport | 7,431 | 3,574 | 7,586 | 3,825 | 155 | 252 |
| Children's Social Care | 10,141 | 766 | 10,761 | 834 | 620 | 68 |
| Adult Social Care ^(a) | 22,613 | 6,536 | 23,655 | 6,750 | 1,043 | 213 |
| Public Health | 3,431 | 153 | 3,381 | 154 | -50 | 1 |
| Housing (excluding HRA ^(b)) | 3,168 | 1,495 | 3,269 | 1,493 | 102 | -2 |
| Cultural | 3,569 | 1,368 | 3,591 | 1,362 | 22 | -5 |
| Environmental | 7,019 | 2,011 | 7,191 | 2,048 | 172 | 37 |
| Planning and development | 2,673 | 1,447 | 2,927 | 1,543 | 254 | 96 |
| Police | 12,669 | 1,243 | 13,462 | 1,258 | 793 | 15 |
| Fire and rescue | 2,132 | 127 | 2,299 | 141 | 168 | 14 |
| Central | 11,251 | 8,240 | 11,708 | 8,462 | 457 | 222 |
| Other | 384 | 336 | 378 | 336 | -6 | 0 |
| Total Service Expenditure | 122,794 | 31,377 | 127,053 | 32,444 | 4,259 | 1,067 |

Source: Revenue Outturn returns from England local authorities

(a) Further aggregates of Adult Social Care Expenditure can be found in NHS Digital's Adult Social Care – Activity and Finance Report ([Adult Social Care Activity and Finance Report 2019-20](#), published 10 December 2020).

(b) Housing Revenue Account.

Revenue Expenditure Financing

This section outlines the key sources of funding available to local authorities to finance their spending and how these differ for 2019-20 compared to 2018-19.

Any income that authorities received from sales, fees and charges, levies and interest receipts and grants passed on to a third party, are already netted off in the net current expenditure figures presented in this document.

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.

As a result of COVID-19, local authorities received in late March 2020:

- i) The £1.6bn first tranche of COVID-19 grant
- ii) Early payment of business rates relief compensation grant.

Many local authorities recorded these receipts in their Revenue Outturn 2019-20 return, with much of this income then going into 'other earmarked' or 'unallocated' reserves as at 31 March 2020.

The total amounts of the two grants which were recorded in local authorities' revenue outturn returns are shown in Table 3, and in both Tables 3 and 5 appropriations to/from reserves are shown both with (not adjusted) and excluding (adjusted) these amounts. Tables 4 and 6 show reserves on the adjusted basis only. The adjusted basis enables meaningful comparisons with the levels of reserves with previous years.

Table 3: Revenue expenditure financing, England, 2018-19 and 2019-20

| | Net current Expenditure 2018-19 | Net current Expenditure 2019-20 | Change | Change |
|---|---------------------------------------|---------------------------------------|--------------|--------------|
| | £m | £m | £m | % |
| Revenue expenditure ^(a) | 94,226 | 98,197 | 3,970 | 4.2 |
| Financed by: | | | | |
| Government grants | 48,076 | 50,641 | 2,565 | 5.3 |
| COVID-19 emergency funding first tranche £1.6bn | | 1,375 | | |
| Brought forward s. 31 grants for 2020-21 business rates relief | | 873 | | |
| Government Grants excluding those paid in advance ^(f) | 48,076 | 48,393 | 317 | 0.7 |
| <i>of which:</i> | | | | |
| Specific grants inside AEF ^(b) | 39,549 | 40,432 | 882 | 2.2 |
| <i>Including:</i> | | | | |
| Dedicated Schools Grant (DSG) | 26,462 | 25,678 | -784 | -3.0 |
| Public Health Grant ^(c) | 3,011 | 2,931 | -80 | -2.7 |
| Pupil Premium Grant | 1,332 | 1,232 | -100 | -7.5 |
| New Homes Bonus | 941 | 903 | -38 | -4.0 |
| Local Services Support Grant (LSSG) | 22 | 29 | 6 | 29.2 |
| Revenue Support Grant ^(d) | 1,379 | 664 | -715 | -51.9 |
| Police grant | 7,125 | 7,269 | 144 | 2.0 |
| Council tax requirement | 29,563 | 31,452 | 1,889 | 6.4 |
| Retained income from Business Rate Retention Scheme ^(d) | 17,973 | 17,218 | -754 | -4.2 |
| Appropriations to (-) / from (+) revenue reserves | -1,878 | -1,459 | 419 | 22.3 |
| Adjusted Appropriations to (-) / from (+) revenue reserves ^(f) | | 789 | 2,667 | 142.0 |
| Council tax collection fund surplus (+) / deficit (-) ^(e) | 403 | 362 | -42 | -10.4 |
| Other Items | 110 | -15 | | |

Source: Revenue Outturn returns from England local authorities

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

(b) Specific grants inside AEF also includes the following grants: 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 2018-19 and 2019-20, some local authorities participated in pilots to retain an increased share of revenue for that year only. For 2018-19, this was 100% and in 2019-20, this was 75% retention, details can be found at: [Final local](#)

[government finance settlement: England, 2019 to 2020](#)

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

(f) This nets off where local authorities recorded in the RO 2019-20 returns their shares of the £1.6bn first tranche of COVID-19 funding and business rates reliefs compensation Section 31 grants for 2020-21. Both of which were paid in late March 2020 but much or all of which would be spent in 2020-21.

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 2015-16. The table also shows whether overall local authorities have made net appropriations to or from reserves.

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% of all local authority revenue expenditure in 2013-14 to 50% in 2019-20¹. There has been a corresponding increase in the income retained by local authorities from 39% in 2015-16 to 50% in 2019-20.

Central government grants financed £48.4 billion of local authority revenue expenditure in 2019-20. 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 £39.5 billion in 2018-19 to £40.4 billion in 2019-20. Dedicated Schools Grant accounted for 64% of these types of grants an 51% of all central government grants, excluding those outside aggregate external finance.
- Revenue Support Grant (RSG) was £715 million lower compared to 2018-19, and retained income from Business Rates Retention was £754 million lower. The business rates 75 per cent retention pilot scheme in 2019-20 followed a 100 per cent pilot scheme in 2018-19, and some of the decrease in grant is attributable to this change. Details of the scheme can be found here: [Final local government finance settlement: England, 2019 to 2020](#)

Council tax requirement was £31.5 billion in 2019-20 which is 6.4% higher than the £29.6 billion in 2018-19. 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 total of 6 percentage points above the standard referendum threshold across the three years of 2017-18, 2018-19 and 2019-20.

¹ Excludes government grants as a result of COVID-19 that were paid in March 2020.

Table 4: Financing of revenue expenditure, England, since 2015-16

| | £ million | | | £ million | | | | £ million | |
|---------|------------------------------------|--|---------------------------|---|-------------|-------------------------|---------------------------|---|---|
| | Revenue Expenditure ^(a) | Government Grants excluding those paid in advance ^(b) | % of Total ^(c) | Retained income from Business Rate Retention Scheme | Council Tax | Locally retained income | % of Total ^(c) | Adjusted use of Reserves ^(d) | Council Tax Collection Fund Surplus and Other items |
| 2015-16 | 94,533 | 57,090 | 60.9 | 11,855 | 24,734 | 36,589 | 39.1 | 394 | 459 |
| 2016-17 | 93,567 | 53,812 | 58.7 | 11,735 | 26,083 | 37,817 | 41.3 | 1,521 | 422 |
| 2017-18 | 93,104 | 50,457 | 54.1 | 15,162 | 27,641 | 42,803 | 45.9 | -630 | 473 |
| 2018-19 | 94,226 | 48,076 | 50.3 | 17,973 | 29,563 | 47,536 | 49.7 | -1,878 | 513 |
| 2019-20 | 98,197 | 48,393 | 49.9 | 17,218 | 31,452 | 48,670 | 50.1 | 789 | 347 |

Source: Revenue Outturn returns from England local authorities

** Many local authorities' reported figures including their shares of COVID-19 £1.6bn first tranche and business rates Section 31 grants for 2020-21. Both of which were paid in late March 2020 but much or all of which was spent for 2020-21. These 2019-20 figures have net these amounts off, so that the figures are comparable to previous years.

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

(b) Includes 'Local Services Support Grant (LSSG)', 'Revenue Support Grant', 'Police Grant' and 'Specific grants inside aggregate external finance'.

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

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

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 in reserves indicate when authorities use funds that have been set aside in previous years.

Table 5 shows the level of authority revenue reserves since April 2014 and the end position for 2019-20. The Housing Revenue Account (HRA) also has reserves figures although these are not included in this table because there are separate from the General Fund Revenue Account (GFRA).

Table 5: Level of revenue reserves, England, since 2015-16

| At 1 April | Schools reserves | Dedicated Schools Grant Reserves ^(c) | Public Health reserves | Non-ringfenced | | | Non-ringfenced Total | Total Reserves ^(c) | Adjusted Total Reserves ^(b) |
|--|------------------|---|------------------------|-----------------|-------------|--|----------------------|-------------------------------|--|
| | | | | Other earmarked | Unallocated | Adjusted Non-ringfenced Total ^(b) | | | |
| 2015 | 2,436 | ... | 315 | 17,862 | 4,491 | | 22,353 | 25,104 | |
| 2016 | 2,344 | ... | 260 | 17,626 | 4,390 | | 22,016 | 24,620 | |
| 2017 | 1,835 | ... | 243 | 16,934 | 4,182 | | 21,116 | 23,195 | |
| 2018 | 1,596 | 132 | 235 | 17,711 | 4,261 | | 21,972 | 23,935 | |
| 2019 | 1,581 | 7 | 231 | 19,401 | 4,222 | | 23,624 | 25,442 | |
| At 31 March | | | | | | | | | |
| 2020 | 1,428 | -396 | 212 | 20,976 | 4,682 | 23,410 | 25,658 | 26,901 | 24,654 |
| Changes in 2019-20 ^(a) | | | | | | | | | |
| Movements to (+) and from (-) reserves | -153 | -403 | -19 | 1,575 | 459 | -214 | 2,034 | 1,459 | -789 |
| as a percentage of 1 April 2019 | -9.7% | -5765.5% | -8.4% | 8.1% | 10.9% | -0.9% | 8.6% | 5.7% | -3.1% |
| England reserves excluding Greater London authority | | | | | | | | | |
| Movements to (+) and from (-) reserves | -153 | -403 | -19 | 1,714 | 117 | -228 | 1,831 | 1,256 | -803 |
| as a percentage of 1 April 2019 | -9.7% | -5765.5% | -8.4% | 10.1% | 2.9% | -1.1% | 8.7% | 5.5% | -3.5% |

Source: Revenue Outturn returns from England local authorities

(a) A small number of discrepancies in change in levels of reserves figures have yet to be resolved.

(b) Non-ringfenced reserves minus the two grants paid in late March 2020. This nets off local authorities' shares of COVID-19 £1.6bn first tranche and business rates Section 31 grants for 2020-21 – where these were recorded in RO 2019-20 returns. Both of which were paid in late March 2020 but much or all of which was spent for 2020-21.

(c) Total reserves includes a new category of Dedicated Schools Grant reserves which was introduced in this return in 2019. It had previously been collected and continues to be collected in the Department for Education's Section 251 returns, available from: [Section 251 documents](#). In keeping with past recording, local authorities may record a

negative reserve against this item, if spend to date has exceeded grant.

Local authorities received payment of the £1.6bn first tranche COVID-19 funding and payments for business rates reliefs for 2020-21 in late March 2020. Many local authorities have shown this as received in 2019-20 and most was therefore added to reserves at 31 March 2020. In order to be able to compare to previous years, it is necessary to adjust by netting off these amounts from non-ringfenced reserves.

The adjusted total of all local authorities' general fund revenue account reserves decreased by £789 million from £25.4 billion at 1 April 2019 to £24.7 billion at 31 March 2020.

Use of reserves by class of authority

There continued to be substantial variation among local authorities. On the adjusted basis, overall 243 (56%) authorities made a net use of reserves during 2019-20, and within this 40 (71% of) Unitary Authorities, 26 (72% of) Metropolitan Districts, 24 (73% of) London Boroughs and 16 (62% of) Shire Counties.

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 6a: Appropriation to and from reserves by class of authority, England, 2015-16 to 2019-20

| £ million | Appropriations to (+)/from (-) total revenue reserves | | | | |
|--|---|---------------|------------|--------------|-------------|
| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 ** |
| England | -394 | -1,523 | 630 | 1,878 | -789 |
| Class of authority (number of authorities) ^(c) | | | | | |
| Shire Counties (26) | -188 | -378 | 72 | 266 | -152 |
| Metropolitan Districts (36) | 3 | -388 | 165 | 129 | -166 |
| Unitary Authorities (56) | 94 | -254 | 101 | 188 | -407 |
| London Boroughs (33) | -63 | -359 | 63 | 315 | -192 |
| Shire Districts (192) | 263 | 203 | 253 | 252 | 65 |
| Greater London Authority (1) | -457 | -396 | -2 | 776 | 14 |
| Other Authorities (92) ^{(a) (b)} | -45 | 48 | -22 | -46 | 49 |

Source: Revenue Outturn returns from England local authorities

** In order to make figures for 2019-20 comparable to those of previous years, data for 2019-20 have been adjusted to remove grants paid in late March i.e. where local authorities have recorded income received in March 2020 from either £1.6bn first tranche of COVID-19 funding or business rate relief compensation payments for 2020-21.

(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 and 2019-20 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), 2019-20 (92).

(c) The count of authorities has changed slightly largely due to reorganisations. Greater Manchester Combined Authority and its Police function choose to make returns separately.

Table 6b: Net use of reserves by class of authority, England, 2015-16 to 2019-20

| Number and proportions (%) of authorities making net use of reserves ^(c) | | | | | | | | | | | |
|---|-----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | All authorities | 2015-16 | | 2016-17 | | 2017-18 | | 2018-19 | | 2019-20 ** | |
| England | 436 | 181 | 41% | 221 | 50% | 180 | 40% | 165 | 38% | 243 | 56% |
| Class of authority | | | | | | | | | | | |
| Shire Counties | 26 | 18 | 67% | 22 | 81% | 12 | 44% | 13 | 48% | 16 | 62% |
| Metropolitan Districts | 36 | 19 | 53% | 29 | 81% | 16 | 44% | 16 | 44% | 26 | 72% |
| Unitary Authorities | 56 | 27 | 48% | 36 | 64% | 24 | 43% | 21 | 38% | 40 | 71% |
| London Boroughs | 33 | 20 | 61% | 26 | 79% | 15 | 45% | 13 | 39% | 24 | 73% |
| Shire Districts | 192 | 47 | 23% | 64 | 32% | 55 | 27% | 58 | 29% | 92 | 48% |
| Greater London Authority | 1 | 1 | 100% | 1 | 100% | 1 | 100% | 0 | 0% | 0 | 0% |
| Other Authorities ^{(a) (b)} | 92 | 49 | 54% | 43 | 47% | 57 | 65% | 44 | 49% | 45 | 49% |

Source: Revenue Outturn returns from England local authorities

** In order to make figures for 2019-20 comparable to those of previous years, data for 2019-20 have been adjusted to remove grants paid in late March i.e. where local authorities have recorded income received in March 2020 from either £1.6bn first tranche of COVID-19 funding or business rate relief compensation payments for 2020-21.

(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 and 2019-20 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), 2019-20 (92).

(c) The count of authorities has changed slightly largely due to reorganisations. Greater Manchester Combined Authority and its Police function choose to make returns separately.

Accompanying tables

Symbols used

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

Rounding

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

Tables

Accompanying dropdown tables presenting detailed revenue expenditure and financing figures for 2019-20 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. This data forms the basis of the tables in this release.

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

| Description | Form |
|---|-------------|
| Revenue Outturn Summary | RS |
| Service Expenditure Summary | RSX |
| Specific and Special Revenue Grants | RG |
| Education Services | RO1 |
| Highways and Transport Services | RO2 |
| Social Care and Public Health | RO3 |
| Housing Services | RO4 |
| Cultural, Environmental, Regulatory and Planning Services | RO5 |
| Protective, Central and Other Services | RO6 |
| Trading Services Revenue Account | TSR |

Estimates from the Subjective Analysis Return (SAR), which is completed by a sample of authorities in England are published alongside this release. These are not presented as a drop-down table as this information is grossed to produce England level estimates. Review of the SAR 2019-20 data highlighted issues with SAR data returns for 2017-18 and 2018-19, hence the estimates for these years have also been updated.

Technical Notes

Please see the accompanying technical notes document for further details. This can be found at [Local authority revenue expenditure and financing England: 2019 to 2020 final outturn](#).

Information on Official Statistics is available via the UK Statistics Authority website: <https://www.statisticsauthority.gov.uk/>

Information about statistics at MHCLG is available via the Department's website: www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics

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 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 is 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 on it.

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 (TLF), 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 Rate Retention Scheme – Since 2017-18 some local authorities have been able to retain 100% of their business rates revenue as part of their Devolution deal. In 2017-18, the local share for London boroughs was also increased to 67% to reflect additional functions given to the GLA. In 2018-19 and 2019-20, some local authorities participated in pilots to retain an increased share of revenue for that year only. For 2018-19, this was 100% and in 2019-20, this was 75% retention. These business rates pilots have now ended.

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 adjustment 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 part that receives the grant.



© Crown copyright, 2021

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>

This document/publication is also available on our website at www.gov.uk/mhclg

If you have any enquiries regarding this document/publication, complete the form at <http://forms.communities.gov.uk/> or write to us at:

Ministry of Housing, Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

For all our latest news and updates follow us on Twitter: <https://twitter.com/mhclg>

January 2021