



Ministry of Housing,
Communities &
Local Government

This release and accompanying tables contain data from all local authorities. The January release included estimates for five local authorities which had not yet provided data. This release also incorporates revised figures from seven other local authorities.



Statistical release

Local Government Finance

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

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 2.4% 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 £545 million (+5.8%) 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 1.9% 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 £766 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.

Originally published: 21 January 2021

Updated: 11 June 2021

Date of next release: October 2021

Contact: Gavin Sayer

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

Table of contents

Introduction	2
Local Authority Expenditure	4
Revenue Expenditure Financing	13
Reserves.....	17
Accompanying tables.....	20
Technical Notes	21
Definitions	21

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 and the Final Revenue Outturn release on 21 January 2021. This release is based on data from all 436 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.

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		32,603	
Highways and transport	4,331		4,013		3,997		3,857		3,757	
Social care ^(d)	22,702		23,390		24,164		25,452		26,826	
of which: Children's Social Care	8,303		8,476		8,834		9,375		9,920	
Public Health ^(e)	3,152		3,480		3,365		3,278		3,228	
Housing (excluding Housing Revenue Account)	1,608		1,508		1,536		1,673		1,775	
Cultural, environmental and planning	8,698		8,445		8,293		8,435		8,757	
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		3,251	
Other Services	70		56		-19		48		42	
Total Service Expenditure	90,634		90,444		89,803		91,417		94,600	
<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		61,997	
<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		58,769	
<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		98,178	
<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)	37,245		35,543		33,758		32,960		32,603
Highways and transport	4,725		4,273		4,182		3,944		3,757
Social care ^(d)	24,769		24,904		25,283		26,025		26,826
of which: Children's Social Care	9,059		9,025		9,243		9,587		9,920
Public Health ^(e)	3,439		3,705		3,521		3,352		3,228
Housing (excluding Housing Revenue Account)	1,755		1,606		1,607		1,710		1,775
Cultural, environmental and planning	9,490		8,991		8,677		8,625		8,757
Police	11,928		11,765		11,682		11,683		12,203
Fire & rescue	2,164		2,088		2,064		2,050		2,158
Central Services	3,297		3,364		3,207		3,078		3,251
Other Services	76		59		-20		49		42
Total Service Expenditure	98,888		96,297		93,961		93,477		94,600
<i>% Difference Year-on-year</i>	-1.4%		-2.6%		-2.4%		-0.5%		1.2%
Total Service Expenditure excluding education ^(f)	61,643		60,754		60,202		60,517		61,997
<i>% Difference Year-on-year</i>	-1.2%		-1.4%		-0.9%		0.5%		2.4%
Total Service Expenditure excluding Education & Public Health ^(f)	58,204		57,049		56,681		57,165		58,769
<i>% Difference Year-on-year</i>	-2.0%		-2.0%		-0.6%		0.9%		2.8%
Revenue Expenditure	103,138		99,623		97,415		96,350		98,178
<i>% Difference Year-on-year</i>	-2.3%		-3.4%		-2.2%		-1.1%		1.9%

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 March 2021](#) (as updated 31 March 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 2.4% 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 +£545 million (+5.8%) to £9.9 billion,
- iii) Police Services +£778 million (+6.8%) to £12.2 billion,
- iv) Central Services +£240 million (+8.0%) to £3.3 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	32,603	370	1.1
Highways and transport services (excl. GLA)	2,630	2,716	2,754	124	4.7
Highways and transport services (GLA only)	1,227	1,003	1,003	-224	-18.3
Children's Social Care services	9,375	9,851	9,920	545	5.8
Adult Social Care services	16,076	16,899	16,905	829	5.2
Public Health services	3,278	3,204	3,228	-51	-1.5
Housing services (excluding Housing Revenue Account)	1,673	1,799	1,775	102	6.1
<i>Including:</i>					
<i>Homelessness: Prevention</i>	<i>117</i>	<i>140</i>	<i>146</i>	<i>30</i>	<i>25.5</i>
<i>Homelessness: all other</i>	<i>547</i>	<i>589</i>	<i>616</i>	<i>69</i>	<i>12.7</i>
Cultural services	2,201	2,229	2,228	27	1.2
Environmental services	5,008	5,171	5,146	138	2.8
Planning and development services	1,226	1,372	1,383	156	12.8
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	3,251	240	8.0
Other services	48	74	42	-5	-11.3
Total Service Expenditure	91,417	94,435	94,600	3,183	3.5
<u><i>plus precepts, levies, trading accounts and adjustments</i></u>					
Housing Benefits	17,833	15,798	15,768	-2,064	-11.6
Parish Precepts	517	539	554	37	7.1
Levies	83	48	14	-70	-83.5
Trading Account Adjustments and Other Adjustments ^(e)	-506	-623	-606	-100	-19.8
Total Net Current Expenditure	109,344	110,197	110,330	986	0.9
<u><i>plus non-current expenditure</i></u>					
Capital financing ^(b)	4,688	4,909	5,173	485	10.3
Capital expenditure charged to Revenue Account (CERA)	1,626	2,100	2,110	484	29.8
Flexible use of Capital Receipts	-158	-164	-200	-43	-26.9
Bad debt provision	164	212	210	47	28.4
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	1,688	181	12.0
/less specific grants outside AEF ^(c)	19,127	17,096	17,068	-2,058	-10.8
/less Business Rates supplement	271	269	269	-3	-0.9
/less Community Infrastructure Levy (CIL)	317	403	468	152	47.9
/less carbon Reduction Commitment	8	2	2	-6	-74.4
Revenue Expenditure ^(d)	94,226	97,902	98,178	3,952	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.

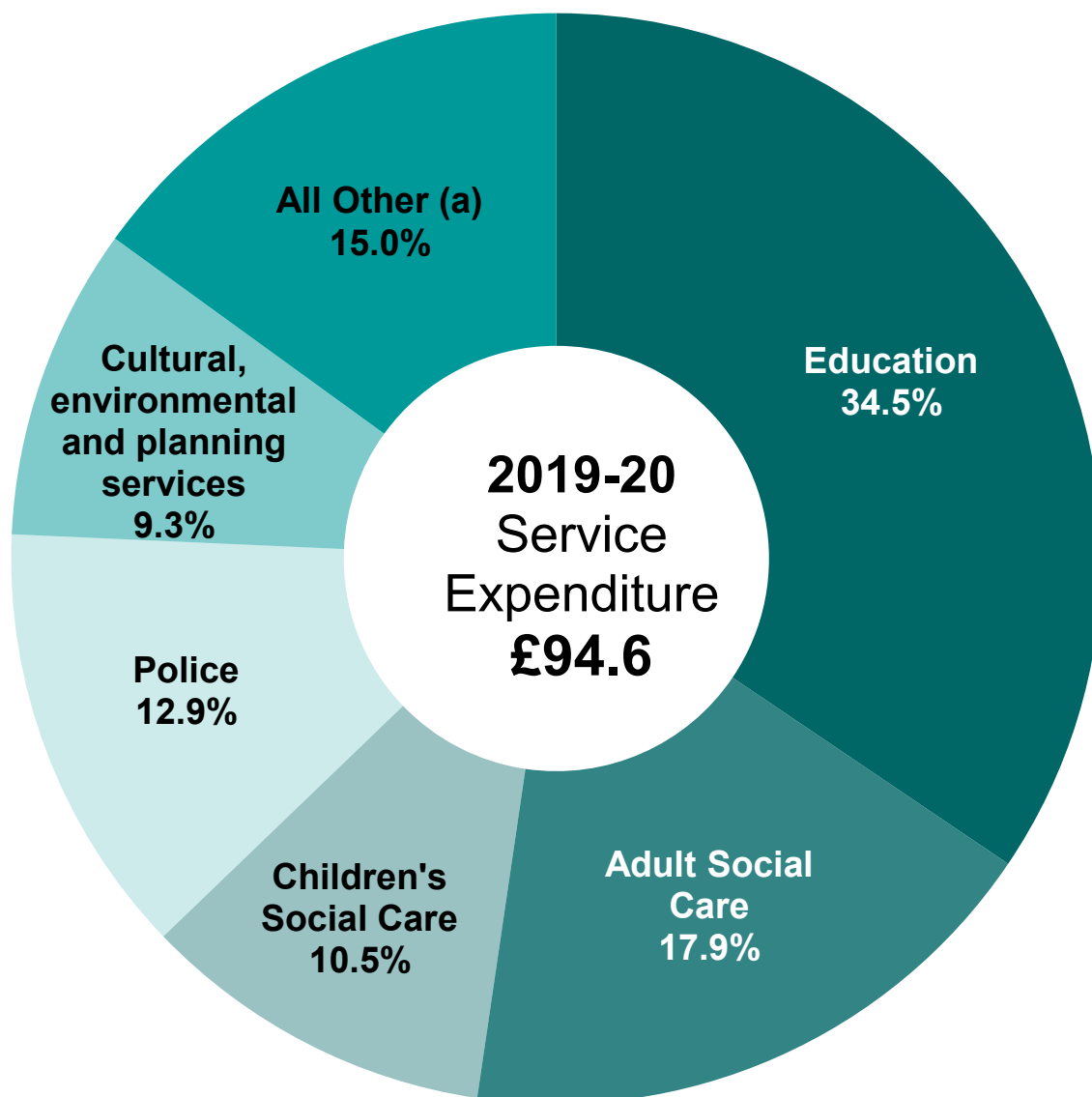
(c) Aggregate External Finance; see Definitions

(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 (-11.6%) 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	36,840	4,237	527	157
Highways and transport	7,431	3,574	7,586	3,828	155	255
Children's Social Care	10,141	766	10,754	834	613	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	1,494	102	-1
Cultural	3,569	1,368	3,592	1,364	23	-4
Environmental	7,019	2,011	7,196	2,050	177	39
Planning and development	2,673	1,447	2,906	1,523	233	77
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	11,717	8,466	466	226
Other	384	336	380	338	-4	2
Total Service Expenditure	122,794	31,377	127,037	32,437	4,244	1,060

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	98,178	3,952	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	883	2.2
<i>Including:</i>				
<i>Dedicated Schools Grant (DSG)</i>	<i>26,462</i>	<i>25,678</i>	<i>-784</i>	<i>-3.0</i>
<i>Public Health Grant ^(c)</i>	<i>3,011</i>	<i>2,931</i>	<i>-80</i>	<i>-2.7</i>
<i>Pupil Premium Grant</i>	<i>1,332</i>	<i>1,232</i>	<i>-100</i>	<i>-7.5</i>
<i>New Homes Bonus</i>	<i>941</i>	<i>905</i>	<i>-37</i>	<i>-3.9</i>
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	17,216	-756	-4.2
Appropriations to (-) / from (+) revenue reserves	-1,878	-1,481	397	21.1
Adjusted Appropriations to (-) / from (+) revenue reserves ^(f)		766	2,645	140.8
Council tax collection fund surplus (+) / deficit (-) ^(e)	403	361	-42	-10.4
Other Items	110	-12		

Source: Revenue Outturn returns from England local authorities

(a) As at the time of final outturn publication, 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 their 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 £756 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

Outturn	£ 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	98,178	48,393	49.9	17,216	31,452	48,669	50.1	766	350

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 reserves			Non-ringfenced Total	£ million	
				Other earmarked	Unallocated	Adjusted Non-ringfenced Total ^(b)		Total Reserves ^(c)	Adjusted Total Reserves ^(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	1,582	6	231	19,427	4,220		23,624	25,442	
At 31 March									
2020	1,429	-397	212	21,022	4,681	23,455	25,703	26,947	24,699
Changes in 2019-20 ^(a)									
Movements to (+) and from (-) reserves	-153	-403	-19	1,595	461	-192	2,056	1,481	-766
as a percentage of 1 April 2019	-9.6%	-6324.8%	-8.4%	8.2%	10.9%	-0.8%	8.7%	5.8%	-3.0%
England reserves excluding Greater London authority									
Movements to (+) and from (-) reserves	-153	-403	-19	1,734	118	-206	1,853	1,278	-780
as a percentage of 1 April 2019	-9.6%	-6324.8%	-8.4%	10.2%	3.0%	-1.0%	8.8%	5.6%	-3.4%

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 £766 million from £25.5 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 245 (56%) authorities made a net use of reserves during 2019-20, and within this 40 (71% of) Unitary Authorities, 25 (69% 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	-766
Class of authority (number of authorities) ^(c)					
Shire Counties (26)	-188	-378	72	266	-152
Metropolitan Districts (36)	3	-388	165	129	-147
Unitary Authorities (56)	94	-254	101	188	-407
London Boroughs (33)	-63	-359	63	315	-192
Shire Districts (192)	263	203	253	252	69
Greater London Authority (1)	-457	-396	-2	776	14
Other Authorities (92) ^{(a) (b)}	-45	48	-22	-46	48

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 proportion (%) 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%	245	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%	25	69%
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%	95	49%
Greater London Authority	1	1	100%	1	100%	1	100%	0	0%	0	0%
Other Authorities ^{(a) (b)}	92	49	53%	43	47%	57	63%	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>

June 2021