



Ministry of Housing,
Communities &
Local Government



Statistical release - Local Government Finance

Local Authority Revenue Expenditure and Financing: 2021-22 Budget, England

When comparing to 2020-21 budget figures, please bear in mind that budget data for 2020-21 was predominantly based on budget data from early 2020 before the start of the COVID-19 pandemic. See page 2 for further information.

Total Service Expenditure

- Net current expenditure on services is budgeted to be £105.6 billion in 2021-22. This is £5.2 billion (5.1%) higher than the £100.5 billion budgeted for 2020-21 when adjusted for inflation, and £6.2 billion (6.2%) higher in real terms than was budgeted for 2019-20.
- The largest increases within this (also in real terms) are:
 - Education Services: £35.9 billion budgeted in 2021-22, up £971 million (2.8%) compared to 2020-21 budget.
 - Adult Social Care: £18.6 billion budgeted in 2021-22, up £642 million (3.6%) compared to 2020-21 budget.
 - Other Services: £953 million budgeted in 2021-22, up £419 million (78%) compared to 2020-21 budget.
 - Highways and Transport: £5.9 billion budgeted in 2021-22, £1.9 billion (48%) higher than the 2020-21 budget. All of this increase is due to higher support to operators by Transport for London.

Revenue Expenditure

- Total revenue expenditure by all local authorities in England is budgeted to be £110.3 billion in 2021-22. This is 5.9% higher than the £104.1 billion budgeted for 2020-21, and 7.5% higher than the £102.6 billion budgeted for 2019-20 when adjusted for inflation.

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Introduction

This Statistical Release, and all the associated tables, presents National Statistics on budgeted revenue expenditure for local authorities in England for the financial year 2021-22. This release presents detail on how much authorities are budgeting to spend across the services that they provide, and the main sources of income available to finance this expenditure.

Impacts of COVID-19

The majority of Revenue Account (RA) budget returns last year (for 2020-21) were made on a pre-COVID-19 basis (89%) i.e. prior to the start of the COVID-19 pandemic. As such, much of the increases for 2021-22 seen in this release are the result of the financial impact of COVID-19 being reflected for the first time in this data series.

Please refer to [last year's statistical release](#) for further details and caveats that apply to RA 20-21 budget returns data.

Inclusion of 2019-20 budget data in time series tables

This year, we have included an extra year of historic budget data (2019-20) in our time series tables. This is to communicate change over time better, given the quality issues with the RA 2020-21 data from last year.

National Statistics designation reinstatement

Last year, MHCLG and the Office for Statistics Regulation (OSR) agreed to remove the National Statistics status from the Revenue Account Budget statistics. This was because, the majority of the returns for 2020-21 were on a wholly pre-COVID-19 basis, while the returns of 11% of local authorities reflected different point-in-time snapshots of their budget. This made it difficult to interpret aggregate data.

The quality of this year's budget data has returned to normal levels and we have not seen any issues akin to those which caused problems to last year's data, and the OSR has agreed to reinstate National Statistics designation to this publication.

Revenue Account returns and response rate

The information is compiled from Revenue Account (RA) budget returns submitted to the Ministry of Housing, Communities and Local Government by local authorities in England. This information was then validated by both MHCLG and the Chartered Institute of Public Finance and Accountancy (CIPFA). This publication is based on returns from 419 (99%) local authorities in England and with imputed records for the six authorities which have not yet provided data (Eden, Gravesham, Kent Police, Medway Towns, Shropshire and Staffordshire Combined Fire Authority). The data for these imputed records were estimated using adjusted 2020-21 budget data, 2020-21 Business Rates and 2021-22 data for Council Tax and some grants where 2021-22 data were readily available in time.

The number of authorities has decreased from previous years due to the following local government reorganisations:

- On 1 April 2021, Hampshire Combined Fire and Rescue Authority was abolished and replaced by a new Hampshire and Isle of Wight Fire and Rescue Authority which incorporated the fire functions of Hampshire FRA and those of the Isle of Wight Council.
- On 1 April 2021, Northamptonshire County Council and Corby, East Northamptonshire, Kettering, Wellingborough, Northampton, Daventry and South Northamptonshire districts were replaced by North Northamptonshire Unitary Authority and West Northamptonshire Unitary Authority.

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 in the release.

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

Definitions of terms used in this release can be found from page 20. The full definitions of what is included in each service category and guidance notes can be found in the [forms](#) section of our website.

Local Government Finance Data Review

MHCLG is carrying out a comprehensive review into local government finance statistics. The review will consider the following groups of statistical collections:

- local authority borrowing and investments
- local authority capital expenditure, receipts and financing
- local authority revenue expenditure and financing (Revenue Account Budget, Revenue Outturn and quarterly revenue outturn for local authorities)

We are running a [survey](#) to help identify users of local government finance statistics, to assess how well the statistics meet their needs, and to seek views on how the statistics could be improved.

This survey will remain live until Friday 30th July 2021.

Local Authority Expenditure

Local authorities report revenue expenditure on services they provide. Most local authority expenditure can be divided into different service areas which sum to '**Total Service Expenditure**'. This is a net figure calculated as total expenditure minus total that is specific to each service.

Service Expenditure

Table 1 shows that budgeted Service Expenditure for 2021-22 is £105.6 billion, £5.2 billion (5.1%) higher in real terms than was budgeted for 2020-21, and £6.2 billion (6.2%) higher in real terms than was budgeted for 2019-20. Within this overall change the following increases are most notable:

- Adult social care up by £642 million (+3.6%) in 2021-22. Much of this corresponds with the increase in grants allocated to authorities in 2021-22 e.g. Social Care Support Grant and grants related to COVID-19.
- Other services up by £419 million (+78%). Much of this increase relates to some local authorities including COVID-19 contingencies and additional expenditure associated with COVID-19 Pressures Grant.
- Education services up overall by £971 million (+2.8%) to £35.9 billion in 2021-22.
- Highways and Transport Services up by £1.9 billion (+48%) in 2021-22, driven by a budgeted net increase in expenditure of £1.9 billion by the Greater London Authority. Greatly reduced fare income led to larger grant payments to operators. The decrease of £965 million from 2019-20 to 2020-21 was largely due to Transport for London having a new group tax arrangement since 2019-20.

Local authorities also indicated large changes as a result of COVID-19 in their budgeted expenditure within the Cultural Services grouping. These were predominantly due to increases in Recreation and Sport net expenditure as a result of reduced income, particularly whilst COVID-19 restrictions were in place.

Table 1: Estimated net current expenditure by service, England, 2019-20 to 2021-22

<i>in 2021-22 prices</i>	Real term: adjusted to 2021-22 prices by GDP deflator	Real term: adjusted to 2021-22 prices by GDP deflator			
	Net current Expenditure 2019-20	Net current Expenditure 2020-21	Net current Expenditure 2021-22	Real terms change	Real terms change
	£m	£m	£m	£m	%
Education services ^(a)	35,472	34,933	35,903	971	2.8
Highways and transport services (excl. GLA)	2,950	2,866	2,860	-6	-0.2
Highways and transport services (GLA only) ^(b)	2,080	1,116	3,036	1,920	172.1
Children's Social Care services	9,417	9,981	10,384	403	4.0
Adult Social Care services	17,363	17,986	18,629	642	3.6
Public Health services	3,353	3,369	3,680	312	9.3
Housing services (excluding Housing Revenue Account)	1,738	1,895	1,865	-30	-1.6
Cultural services	2,201	2,226	2,380	154	6.9
Environmental services	5,350	5,506	5,601	94	1.7
Planning and development services ^(c)	1,294	1,401	1,331	-70	-5.0
Police services	12,546	13,207	13,520	314	2.4
Fire and rescue services	2,263	2,323	2,310	-13	-0.6
Central services	3,071	3,118	3,174	56	1.8
Other services	351	534	953	419	78.4
Total Service Expenditure ^(d)	99,449	100,461	105,627	5,166	5.1
<i>plus precepts, levies, trading accounts and adjustments</i>					
Housing Benefits ^(e)	18,440	16,152	15,257	-895	-5.5
Parish Precepts	571	590	587	-2	-0.4
Levies ^(f)	74	53	60	7	12.5
Trading Account Adjustments and Other Adjustments ^(g)	-553	-584	-510	74	-12.7
Non Current Expenditure and External Receipts	-20,093	-17,520	-15,801	1,719	-9.8
<i>of which:</i>					
Capital expenditure charged to Revenue Account (CERA)	1,332	1,693	2,126	433	25.6
Housing Benefits Subsidies	-18,232	-16,126	-15,249	878	-5.4
Community Infrastructure Levy (CIL)	-137	-122	-118	4	-3.6
Capital financing and debt servicing ^(h)	4,704	4,977	5,067	90	1.8
Revenue Expenditure	102,592	104,130	110,288	6,158	5.9

Source: Revenue Account Budget returns from England local authorities

- (a) During 2019-20, nine Education authorities were identified as having incorrectly included academies schools funding, therefore the total for 2019-20 was overstated.
- (b) The decrease seen from 2019-20 to 2020-21 was largely due to Transport for London having a new group tax arrangement since 2019-20. This was implemented after Revenue Account budget data was provided as of 2019-20. The increase from 2020-21 to 2021-22 budgeted net expenditure is very largely due to the marked reduction in Transport for London fare income.
- (c) The majority of the decrease in this service area is due to a small number of local authorities who made adjustments due to COVID-19 and who recorded grant to be passed to businesses in their 2020--21 budget in the business support sub-category.
- (d) As noted on page 2, Total Service Expenditure for 2020-21 includes COVID-related funding from a minority of authorities.
- (e) Includes all Mandatory and Non-Mandatory Housing Benefits
- (f) Includes 'Integrated Transport Authority levy', 'Waste Disposal Authority levy', 'London Pensions Fund Authority levy' and 'Other levies'.
- (g) Includes 'External Trading Accounts', 'Internal Trading Accounts', 'Capital items accounted for in External Trading Accounts', 'Capital items accounted for in Internal Trading Accounts', 'Adjustments to net current expenditure', and 'Appropriations to/from Accumulated Absences Account'.
- (h) Includes provision for repayment of principal, leasing payments, external interest payments and HRA item 8 interest payments and receipts.

Table 1a shows budget and outturn total service expenditure for the main areas of spend over recent years in cash terms and **Table 1b** shows budget and outturn total service expenditure for the main areas of spend over the recent years in real terms (adjusted to 2021-22 prices).

The majority of returns from local authorities last year for 2020-21 related to budgets initially set over the winter. Much more change than normal between 2020-21 budget and outturn is expected, even for the 11% of local authorities that included some early COVID-19 related funding. By contrast, we expect this year's 2021-22 budget figures to be closer to the subsequent outturn.

Table 1a: General fund revenue account: Outturn 2015-16 to 2019-20 and budget 2020-21 and 2021-22

£ million – cash terms ^(a)	2015-16	2016-17	2017-18	2018-19	2019-20	2019-20	2020-21	2021-22
	(outturn)	(outturn)	(outturn)	(outturn)	(outturn)	(Budget)	(Budget)	(Budget)
Education ^(b)	34,136	33,382	32,265	32,233	32,603	34,296	34,349	35,903
Highways and transport (excl. GLA)	3,048	2,818	2,728	2,630	2,754	2,853	2,818	2,860
Highways and transport (GLA only)	1,283	1,195	1,269	1,227	1,003	2,012	1,097	3,036
Social care	22,702	23,390	24,164	25,452	26,826	25,892	27,500	29,013
<i>of which:</i>								
Children's Social Care	8,303	8,476	8,834	9,375	9,920	9,105	9,814	10,384
Adult social care ^(c)	14,399	14,914	15,330	16,076	16,905	16,787	17,686	18,629
Public Health ^(d)	3,152	3,480	3,365	3,278	3,228	3,242	3,313	3,680
Housing (excluding Housing Revenue Account)	1,608	1,508	1,536	1,673	1,775	1,680	1,864	1,865
Cultural, environmental and planning	8,698	8,445	8,293	8,435	8,757	8,551	8,981	9,312
Police	10,932	11,050	11,165	11,426	12,203	12,130	12,986	13,520
Fire & rescue	1,984	1,961	1,972	2,005	2,158	2,188	2,284	2,310
Central Services	3,022	3,159	3,065	3,011	3,251	2,969	3,066	3,174
Other Services	70	56	-19	48	42	340	525	953
Total Service Expenditure	90,634	90,444	89,803	91,417	94,600	96,152	98,782	105,627

Source: Revenue Summary (RS) returns 2015-16 to 2019-20, Revenue Account (RA) budget returns 2019-20 to 2021-22.

(a) These figures are presented in cash terms. i.e. They have not been adjusted for inflation.

(b) Expenditure on education from 2014-15 is not comparable due to those schools that changed their status to become academies which are centrally funded rather than funded via local authorities.

(c) These figures exclude transfers from the NHS (including Better Care Fund from 2015-16 onwards).

(d) The Health and Social Care Act 2012 transferred substantial duties to local authorities from 2013-14 to protect and improve the public's health, including for ages 0-5 during 2015-16.

Table 1b: General fund revenue account: Outturn 2015-16 to 2019-20 and budget 2020-21 and 2021-22

£ million – real terms ^(a)	2015-16	2016-17	2017-18	2018-19	2019-20	2019-20	2020-21	2021-22
	(outturn)	(outturn)	(outturn)	(outturn)	(outturn)	(Budget)	(Budget)	(Budget)
Education ^(b)	38,517	36,759	34,913	34,089	33,721	35,472	34,933	35,903
Highways and transport (excl. GLA)	3,439	3,103	2,952	2,781	2,849	2,950	2,866	2,860
Highways and transport (GLA only)	1,448	1,316	1,373	1,298	1,037	2,080	1,116	3,036
Social care	25,615	25,756	26,148	26,917	27,745	26,780	27,967	29,013
<i>of which:</i>								
Children's Social Care	9,368	9,333	9,559	9,915	10,260	9,417	9,981	10,384
Adult social care ^(c)	16,247	16,423	16,589	17,002	17,485	17,363	17,986	18,629
Public Health ^(d)	3,557	3,832	3,642	3,467	3,338	3,353	3,369	3,680
Housing (excluding Housing Revenue Account)	1,815	1,661	1,662	1,769	1,836	1,738	1,895	1,865
Cultural, environmental and planning	9,815	9,299	8,974	8,920	9,057	8,844	9,133	9,312
Police	12,335	12,167	12,081	12,083	12,622	12,546	13,207	13,520
Fire & rescue	2,238	2,160	2,134	2,120	2,233	2,263	2,323	2,310
Central Services	3,409	3,479	3,317	3,184	3,362	3,071	3,118	3,174
Other Services	79	61	-21	50	44	351	534	953
Total Service Expenditure	102,265	99,591	97,175	96,679	97,844	99,449	100,461	105,627

Source: Revenue Summary (RS) returns 2015-16 to 2019-20, Revenue Account (RA) budget returns 2019-20 to 2021-22.

(a) These figures are presented in real terms. i.e. They have been adjusted for inflation.

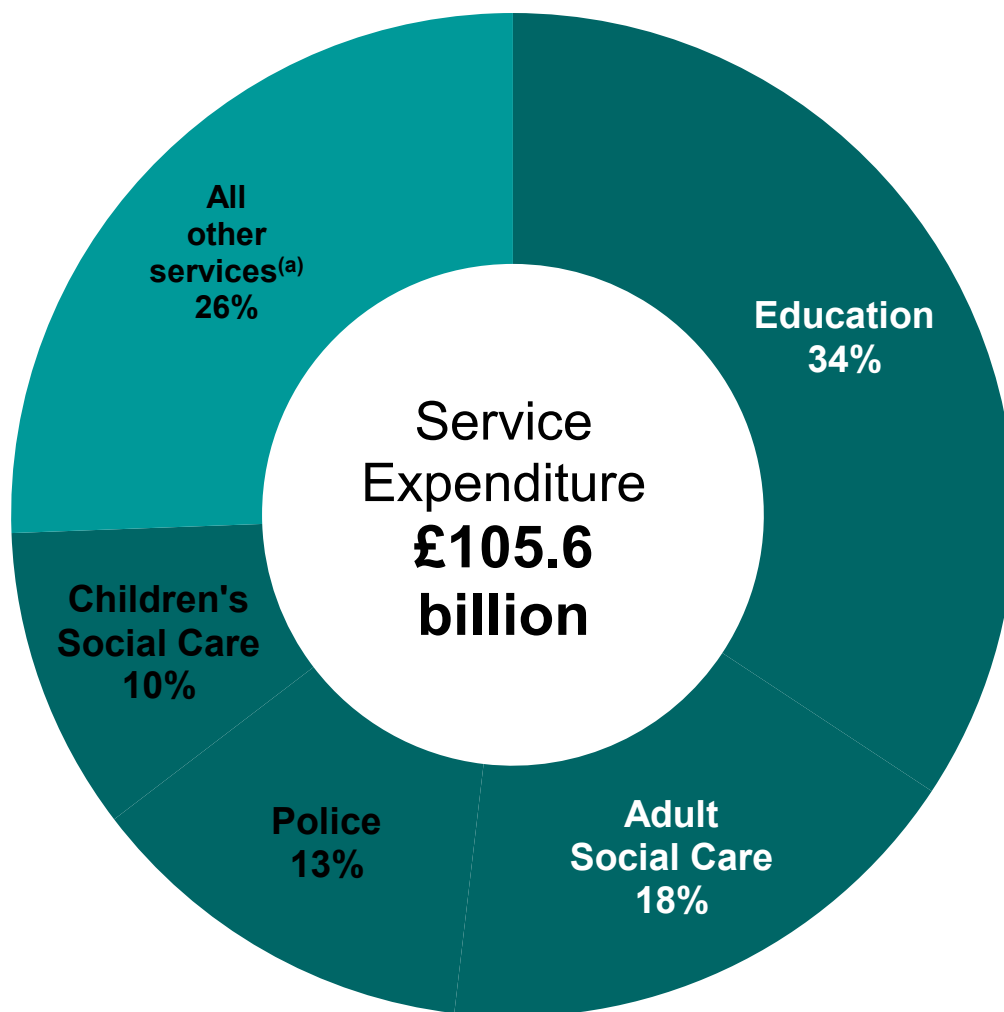
(b) Expenditure on education from 2014-15 is not comparable due to those schools that changed their status to become academies which are centrally funded rather than funded via local authorities.

(c) These figures exclude transfers from the NHS (including Better Care Fund from 2015-16 onwards).

(d) The Health and Social Care Act 2012 transferred substantial duties to local authorities from 2013-14 to protect and improve the public's health, including for ages 0-5 during 2015-16.

Chart A shows the largest proportions of local authority service expenditure. This covers expenditure by councils, combined authorities and single-purpose local authorities, including Police. Education funding, which is ring-fenced, is budgeted to account for 34% of this total. Adult Social Care and Children's social care are large elements of council expenditure, and whose expenditure accounts for 18% and 10% across all expenditure of all authorities.

Chart A: Proportion of budgeted service expenditure by service, England, 2021-22



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

Revenue Expenditure and Non-Current Expenditure

Revenue expenditure involves accounting for other current expenditure in addition to service expenditure and non-current expenditure. Other current expenditure includes housing benefits paid to residents, any money passed down to parish councils through local precepts and any additional levies and adjustments charged during the year.

Non-current expenditure includes financial payments necessary to balance local authorities' budgets; generally expenditure where the cash impact falls in one year but the cost is spread over more than one year.

The figures included in the non-current expenditure also include interactions with local authority accounts other than the revenue account. The largest of these are with the capital account. The main interactions are capital financing (interest payments and leases) and CERA (capital expenditure charged to the revenue account).

Total Revenue Expenditure by local authorities in England is budgeted to be £110.3 billion in 2021-22, compared with £104.1 billion reported in 2020-21 budget data and £102.6 billion in 2019-20 budgets, an increase of 5.9% and 7.5% respectively when adjusted for inflation.

Revenue Expenditure by class of Local Authority

Analysing the data at local authority level highlights the level of variance across different types of authorities. Table 2 shows budgeted expenditure by class of authority, however, due to authority mergers in 2021-22, some types of authority cannot be compared between 2020-21 and 2021-22. It shows:

- Metropolitan Districts' total budgeted revenue expenditure for 2021-22 is 4.3% higher than reported in 2020-21 data, while the average across London Boroughs was 4.1% higher than in 2020-21 data.
- Greater London Authority have budgeted a £2.4 billion (36%) increase in revenue expenditure to £9.2 billion in 2021-22. Most of the GLA increase is due to the £1.9 billion increase in net current expenditure on transport compared with their 2020-21 return which was on a pre-COVID-19 basis.
- Revenue Expenditure per head (based on 2019 population estimates, which are the latest data at the time of publication) is budgeted to be £1,959 in 2021-22, 7.7% higher than the largely pre-COVID-19 RA budget data for 2020-21.

Table 2: Budgeted revenue expenditure by class of authority, England, 2020-21 and 2021-22, cash terms

	£ million					
	2020-21		2021-22		Change	
	Number of authorities	Revenue expenditure	Number of authorities	Revenue expenditure	£m	%
England		102,389		110,288	7,899	7.7
Class of authority						
Shire Counties ^(a)	25	26,170	24	27,007
Metropolitan Districts	36	19,567	36	20,411	844	4.3
Unitary Authorities ^(a)	57	19,846	59	22,243
London Boroughs	33	14,782	33	15,382	600	4.1
Shire Districts ^(a)	188	3,383	181	3,282
Greater London Authority	1	6,767	1	9,207	2,440	36.1
Police ^(b)	36	8,967	36	9,465	498	5.6
Fire Authorities ^(b)	29	1,516	29	1,542	26	1.7
Combined Authorities	10	1,332	10	1,658	326	24.5
Other Authorities ^(c)	16	59	16	89	30	51.3
Revenue Expenditure per head (£) ^(d)		1,819		1,959	140	7.7

Source: Revenue Account Budget returns from England local authorities

(a) In 2021-22 North Northamptonshire and West Northamptonshire UAs were formed which affected the number of shire districts, counties and unitaries this year, making comparisons across years difficult for these authorities.

(b) All Police, Fire and Crime Commissioners chose to continue to submit separate returns for their Police and Fire functions apart from Greater Manchester Police.

(c) Includes Waste Authorities, Transport Authorities and National Park Authorities.

(d) From ONS mid-year population estimates for 2019: [Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland.](#)

Revenue Expenditure Financing

This section outlines the different funding streams that finance local authorities' expenditure and how these differ for 2021-22 from what was budgeted for 2020-21 and 2019-20.

Authorities additionally receive income from sales, fees and charges. Service line expenditure is collected and presented net of sales, fees and charges in the revenue account. Sales, fees and charges are not identified in the RA budget returns, but they are reported and published in the Revenue Outturn returns.

Central Government funding comprises funding announced in the annual [Local Government Finance Settlement](#) plus grants from a number of government departments.

Tables 4 and 5 and Chart B below show how local authorities intend to finance revenue expenditure.

Central government grants are expected to account for 53.6%, with 31.2% from council tax and the remainder set to be financed through locally retained business rates and use of (or appropriations) from the reserves.

Central government grants are expected to total £59.2 billion in 2021-22, £6.8bn (13%) higher than was reported in 2020-21 budget data, and £8.5bn (16.8%) higher than 2019-20 budgets.

Expected income from grants for 2021-22 as reported by local authorities includes: £30.9bn from Dedicated Schools Grant and the Pupil Premium, Police Grant (£8.4bn), and Public Health Grant (£3.0bn).

Budgeted 'Other grants inside Aggregate External Finance' increased from £4.4 billion to £9.3 billion in 2021-22. This budgeted increase is largely due to the expected additional funding arising due to COVID-19 as well as £2.76 billion of the increase which can be attributed to the GLA's increase in budget, largely an extraordinary grant from the Department for Transport totalling £2.67 billion.

Table 3: Budgeted revenue expenditure and financing, England, 2019-20 to 2021-22

<i>in 2021-22 prices</i>	Adjusted to 2021-22 prices by GDP deflator	Adjusted to 2021-22 prices by GDP deflator			
	Net current Expenditure 2019-20	Net current Expenditure 2020-21	Net current Expenditure 2021-22	Real terms Change	Real terms Change
	£m	£m	£m	£m	%
Revenue expenditure ^(a)	102,592	103,737	110,288	6,550	6.3
Financed by:					
Total Government Grants ^(b)	50,639	52,388	59,155	6,768	12.9
<i>of which:</i>					
Specific grants inside AEF ^(a)	42,226	42,717	49,112	6,395	15.0
<i>including:</i>					
Education grants ^(c)	31,112	29,814	31,193	1,379	4.6
Public Health Grant	3,034	3,021	3,065	43	1.4
Social Care Support Grant	396	1,348	1,680	333	24.7
Improved Better Care Fund	1,749	2,015	1,996	-19	-1.0
New Homes Bonus	925	905	618	-287	-31.7
The Private Finance Initiative (PFI)	1,262	1,209	1,237	28	2.3
Other grants inside AEF ^(a)	3,749	4,406	9,323	4,917	111.6
Revenue Support Grant ^(d)	676	1,592	1,667	75	4.7
Police grant	7,737	8,079	8,376	298	3.7
Council tax requirement ^(e)	32,557	33,681	34,390	708	2.1
Retained income from Business Rate Retention Scheme ^(d)	17,671	16,779	14,418	-2,361	-14.1
Appropriations to (-) / from (+) revenue reserves ^(f)	1,246	450	2,708	2,258	501.9
Other Items ^{(g) (h)}	479	440	-383	-823	-187.1

Source: Revenue Account Budget returns from England local authorities

(a) Whereas the returns from the majority of local authorities in 2020-21 related to budgets as initially set in the winter, some local authorities included COVID19-related grants from March 2020. When the form for this data collection launched in February 2020, there were no prescribed places for these grants. Many local authorities included them within 'grants inside Aggregate External Finance'; this table subtracts these to show an England total for Revenue Expenditure on a consistent pre-COVID-19 basis for 2020-21.

(b) Figures as reported by local authorities. These may differ from allocations amounts despite data collection forms having been pre-populated with allocations data for larger grants.

(c) Education grants include Dedicated Schools grant (DSG), Pupil Premium grant and Universal Infants Free School Meals.

(d) Revenue Support Grant was lower and Retained Business Rates were higher in 2019-20 than in 2020-21 due to business rates pilots in 2019-20.

(e) Increases can be due to changes in both tax base and bills. A small number of queries challenging differences from the CTR return were unanswered at the time of publication.

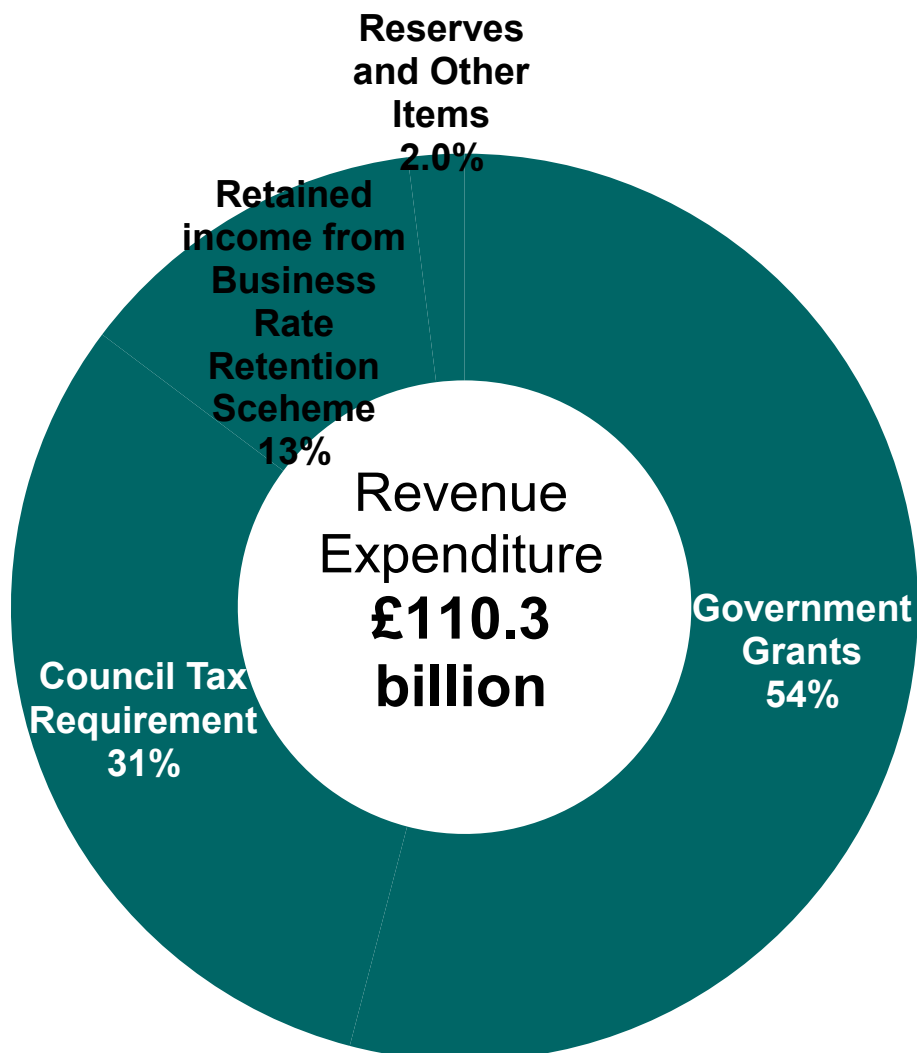
(f) Local authorities have reported that the timing of payment of grants including notably of business rate reliefs has

led to reporting higher appropriations from reserves during 2021-22.

(g) This comprises line 980 Council tax net collection fund deficits / surpluses from the previous year, plus line 985 other items where business rates surpluses/deficits have been recorded.

(h) This reduction is driven by business rates collection fund deficits recorded in Line '985 Other Items'.

Chart B: Budgeted financing of revenue expenditure, England, 2021-22



Budget data are collected as net expenditure and thus do not show sales, fees and charges separately. Data on these are published in detailed tables RSX and RO1 to RO6 in [Revenue Outturn statistics](#).

Table 4 shows funding of revenue expenditure in terms of government grants, retained business rates and council tax since 2015-16. Data for 2015-16 to 2018-19 are actuals whilst 2020-21 and 2021-22 are budgeted figures. Both outturn and budget data are shown for 2019-20.

The proportion of centrally distributed income is forecast to increase further from 50.7% in 2020-21 to 53.6%. This is due to a number of additional government funding schemes to support local governments through COVID-19.

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

	£ million			£ million				£ million		
	Centrally distributed income			Locally retained income						
Outturn	Revenue Expenditure	Government Grants ^(a)	% of Total	Retained income from Business Rate Retention Scheme ^(b)	Council Tax ^(c)	Locally retained income	% of Total	Appropriations from Reserves ^(d)	Other Items ^(e)	% of Total
2015-16	94,533	57,090	60.9	11,855	24,734	36,589	39.1	394	459	0.9
2016-17	93,567	53,812	58.7	11,735	26,083	37,817	41.3	1,521	414	2.1
2017-18	93,104	50,457	54.1	15,162	27,641	42,803	45.9	-630	474	-0.2
2018-19	94,226	48,076	50.3	17,973	29,563	47,536	49.7	-1,878	514	-1.4
2019-20	98,178	48,393	49.9	17,216	31,452	48,669	50.1	766	513	-1.3
Budget										
2019-20	99,191	48,961	49.4	17,085	31,478	48,563	49.0	1,205	463	1.7
2020-21	102,389	51,898	50.7	16,498	33,118	49,617	48.5	442	432	0.9
2021-22	110,288	59,155	53.6	14,418	34,390	48,807	44.3	2,708	-383	2.1

Source: Revenue Outturn returns from England local authorities 2015-16 to 2019-20, Revenue Account (RA) budget returns 2019-20 to 2021-22

(a) Includes 'Specific grants inside AEF', 'Revenue Support Grant' and 'Police Grant'. Since 13-14 the specific grants inside AEF have included 'Public Health grant', 'Local Council Tax Support grant' and the 'Central Share of non-domestic rates'.

(b) The additional business reliefs introduced in 2020-21 in response to the COVID-19 pandemic and the timing of grants paid in compensation to local authorities have had a bearing on the latest figures reported here for retained income from business rates retention scheme.

(c) The increase in council tax receipts reflects the combination of increases of bills and the change in tax base (i.e. the effective number of households due to pay).

(d) Local authorities have reported that the timing of payment of grants including notably of business rate reliefs has led to reporting higher appropriations from reserves during 2021-22.

(e) Other items include any income from inter-authority transfers and net collection fund surpluses(+)/deficits(-) from the previous year.

Financing of Revenue Expenditure by Class of Local Authority

Table 5 shows funding of budgeted revenue expenditure in terms of government grants, retained income from rate retention scheme, council tax and reserves across the different local authority class types. 'Other items' are shown in Table 4 but not in this table.

The proportion of income from business rates and centrally distributed income are not comparable across all authorities due to devolution deals.

The council tax share is comparable and shows that shire districts rely on council tax for a larger share of their income compared to other councils.

Table 5: Financing of revenue expenditure by local authority type, England, 2021-22

	Financing components of Revenue Expenditure ^(a)								
	£ million			£ million				£ million	
	Centrally distributed income			Locally retained income				Reserves	
	Revenue Expenditure	Gov-ernment Grants ^(b)	% of Total	Retained income from Business Rate Retention Scheme ^(c)	% of Total	Council Tax ^(d)	% of Total	Appropriations to (-) & from (+) reserves	% of Total
England	110,288	59,155	53.6	14,418	13.1	34,390	31.2	2,708	2.5
Class of authority									
Shire Counties	27,007	13,681	50.7	2,622	9.7	10,565	39.1	193	0.7
Metropolitan Districts	20,411	10,915	53.5	3,385	16.6	5,059	24.8	1,194	5.9
Unitary Authorities ^(e)	22,243	11,192	50.3	2,779	12.5	7,690	34.6	732	3.3
London Boroughs	15,382	9,177	59.7	2,327	15.1	3,793	24.7	82	0.5
Police Authorities	9,465	6,157	65.0	0	0.0	3,313	35.0	-4	0.0
Greater London Authority	9,207	5,944	64.6	2,426	26.4	1,097	11.9	-256	-2.8
Shire Districts	3,282	565	17.2	489	14.9	1,770	53.9	593	18.1
Fire Authorities	1,542	301	19.5	328	21.3	862	55.9	41	2.7
Combined Authorities	1,658	1,172	70.7	61	3.7	241	14.6	96	5.8
Other Authorities ^(f)	89	53	59.5	0	0.0	0	0.0	36	40.5

Source: Revenue Account budget returns from England local authorities

(a) The difference between 100% and sum of the percentages is due to the 'Other items' which is included in Table 4.

(b) Central Government Grants includes Local Services Support Grant, Specific Grants inside Aggregate External Finance, Revenue Support Grant and Police Grant.

(c) Retained income from Rate Retention Scheme; expected retained non-domestic rate income after payment of central share, major precepting shares and any tariff, top up, levy or safety net payments.

(d) Council Tax Requirement is the amount local authorities expect to collect from all domestic properties within their boundary, including parish and town councils.

(e) Unitary Authorities includes Isle of Scilly.

(f) Other authorities include Waste Disposal Authorities (WDA) and National Park Authorities. The financing of Waste Disposal Authorities comes from Waste Disposal levies funded by their constituent authorities, which is already included in revenue expenditure.

Accompanying tables

Symbols used

- : = Not available
- 0 = Zero or negligible
- = Not relevant
- || = Discontinuity
- S = RA return not received in time for publication, therefore imputed figure used
- (R) = Revised since the last statistical release

Rounding

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

Tables

Accompanying dropdown tables presenting detailed revenue expenditure and financing figures for 2021-22 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 [Local Authority Revenue Expenditure and Financing](#).

RA Revenue Account Budget

SG Specific and Special Revenue Grants

Technical Notes

Please see the accompanying technical notes document for further details. This can be found at: [Local authority revenue expenditure and financing England: 2021 to 2022 budget](#)

Information on Official Statistics is available via the UK Statistics Authority website. [The UK Statistical System](#)

Information about statistics at MHCLG is available via the Department's website: [Statistics at MHCLG](#)

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.



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