



Ministry of Housing,
Communities &
Local Government

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



Local Government Finance
Statistical Release

27 June 2019

Total Service expenditure

- Expenditure on services is budgeted to be £96.2 billion in 2019-20. This is £3.6 billion (3.8%) higher than the £92.6 billion budgeted for 2018-19.
- The largest increases within this are:
 - Adult social care: £16.8 billion budgeted in 2019-20, up £668 million (4.1%) compared to 2018-19 budget.
 - Children's social care: £9.1 billion budgeted in 2019-20, up £535 million (6.2%) compared to 2018-19 budget.
 - Police services: £12.1 billion budgeted in 2019-20, up £756 million (6.7%) compared to 2018-19 budget.
 - Highways and transport: £4.9 billion budgeted in 2019-20, up £613 million (14.4%) compared to 2018-19 budget.

Revenue Expenditure

Total revenue expenditure by all local authorities in England is budgeted to be £99.2 billion in 2019-20. This is 3.4% higher than the £95.9 billion budgeted for 2018-19.

Introduction	2
Local Authority Expenditure	4
Revenue Expenditure Financing	9
Accompanying tables	14
Definitions	16
Technical notes	18
Data Quality	18
Enquiries	24

Responsible Statistician:

Gavin Sayer

Statistical enquiries:

office hours:

0303 444 2818

lgf1.revenue@communities.gov.uk

Media Enquiries:

0303 444 1209

NewsDesk@communities.gsi.gov.uk

Date of next publication:

June 2020

Introduction

This Statistical Release, and all the associated tables, present National Statistics on budgeted revenue expenditure for local authorities in England for the financial year 2019-20. Tables in this report make comparisons between spend that local authorities have budgeted for this year against what was budgeted to be spent in the previous financial year (2018-19). Local authorities' outturn data for 2018-19 will be published later in the year.

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.

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 as part of a data quality exercise with the Chartered Institute of Public Finance and Accountancy (CIPFA). This publication is based on returns from 435 (100%) local authorities in England. The number of authorities has decreased from previous years due to the following local government changes and mergers:

- On 2 November, the North East Combined Authority was split into two. The boundaries of the re-constituted North East Combined Authority now cover the local authorities of Durham, Gateshead, South Tyneside and Sunderland, while the boundaries of the newly created North of Tyne Combined Authority cover the local authorities of Newcastle, North Tyneside and Northumberland.
- 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 by 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 East Suffolk Council.
- On 1 April 2019, Forest Heath and St Edmundsbury districts were replaced by a single non-metropolitan district council West Suffolk Council.

Key contextual information

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

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

Definitions of terms used in this release can be found from page 14. Full definitions of what is included in each service area are provided in the guidance notes on the [forms](#) section of our website.

From 2017-18 to 2018-19 local authorities have been piloting 100% business rates retention. The introduction of a 75% rate retention was introduced for some authorities in 2019-20. Details can be found here: <https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2019-to-2020-written-statement>

In Spring 2017, £2 billion of supplementary funding for local authorities was announced through the improved Better Care Fund (iBCF) grant. This was distributed as £1.0 billion in 2017-18, £674 million in 2018-19 and £337 million in 2019-20. More details on how authorities have been spending this funding can be found here:

<https://www.gov.uk/government/publications/improvedbetter-care-fund-2017-18-quarterly-and-year-end-reporting>

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 income for the specific service.

Table 1: Estimated net current expenditure by service, England, 2018-19 and 2019-20

	£ million			
	Net Current Expenditure	Net Current Expenditure	£	%
	2018-19	2019-20	Change	Change
Education services	33,862 ^{II}	34,296	434	1.3
Highways and transport services	4,251	4,864	613	14.4
Children's Social Care services	8,570	9,105	535	6.2
Adult Social Care services	16,119	16,787	668	4.1
Public Health services	3,314	3,242	-72	-2.2
Housing services (excluding Housing Revenue Account)	1,575	1,680	105	6.6
Cultural, environmental and planning services	8,258	8,551	292	3.5
<i>of which:</i>				
Cultural services	2,137	2,128	-9	-0.4
Environmental services	5,047	5,172	125	2.5
Planning and development services	1,074	1,251	177	16.5
Police services	11,374	12,130	756	6.7
Fire and rescue services	2,081	2,188	108	5.2
Central services	2,875	2,969	94	3.3
Other Services	319	340	20	6.3
Total Service Expenditure	92,599	96,152	3,553	3.8
Housing Benefits ^(a)	19,286	17,828	-1,458	-7.6
<i>of which:</i>				
Mandatory Housing Benefits	19,287	17,844	-1,443	-7.5
<i>Rent Allowances</i>	14,815	13,629	-1,186	-8.0
<i>Rent Rebates to Non-HRA Tenants</i>	688	733	45	6.6
<i>Rent Rebates to HRA Tenants</i>	3,783	3,481	-302	-8.0
Non-Mandatory Housing Benefits	0	-15	-15	-
Parish Precepts	515	552	38	7.3
Levies ^(b)	98	72	-26	-26.6
Trading Account Adjustments and Other Adjustments ^(c)	-476	-534	-59	12.3
Non Current Expenditure and External Receipts	-20,453	-19,427	1,025	-5
<i>of which:</i>				
<i>Capital expenditure charged to Revenue Account (CERA)</i>	1,509	1,288	-221	-15
<i>Housing Benefits Subsidies</i>	-19,105	-17,627	1,477	-8
<i>Community Infrastructure Levy (CIL)</i>	-129	-132	-3	2
Capital financing and debt servicing ^(d)	4,370	4,548	178	4
Revenue Expenditure	95,940	99,191	3,251	3.4

(a) Includes all Mandatory and Non-Mandatory Housing Benefits
(b) Includes 'Integrated Transport Authority levy', 'Waste Disposal Authority levy', 'London Pensions Fund Authority levy' and 'Other levies'
(c) 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'
(d) Includes provision for repayment of principal, leasing payments, external interest payments and HRA item 8 interest payments and receipts

Service Expenditure

Table 1 shows that budgeted Service Expenditure for 2019-20 is £92.6 billion, £3.6 billion (3.8%) higher than was budgeted for 2018-19. Within this overall change the following increases are most notable:

- Children's social care up overall by £535 million (+6.2%) to £9.1 billion in 2019-20. The largest changes within this are from expenditure on:
 - i) looked after children, which continues to be the highest budgeted area of spend at £4.5 billion, up by £352 million (8.4%) compared to 2018-19 budget.
 - ii) safeguarding of children of £2.2 billion, up by £188 million (9.2%) from the previous year.
- Adult social care up by £668 million (+4.1%) to £16.8 billion in 2019-20. Much of this corresponds with increase in grants allocated to authorities in 2019-20 e.g. Improved Better Care fund (iBCF) grant allocation. . More information on allocations can be found here: <https://www.gov.uk/government/publications/the-allocations-of-the-additional-funding-for-adult-social-care>
- Education services up overall by £434 million (+1.3%) to £34.3 billion in 2019-20. This is in spite of schools converting to academies, for which funding is then provided directly rather than passing through local authorities. These conversions resulted in year-on-year decreases in local authorities' total expenditure on education services until 2017-18.
- Highways and Transport Services up by £613 million (+14.4%) in 2019-20, driven by a budgeted net increase in expenditure of £634 million by the Greater London Authority.

Table 1a shows budget and outturn total service expenditure for the main areas of spend over the last 8 years.

Table 1a. General fund revenue account: Outturn 2012-13 to 2017-18 and budget 2018-19 and 2019-20

£ million - cash terms ^(a)								
	2012-13 (outturn)	2013-14 (outturn)	2014-15 (outturn)	2015-16 (outturn)	2016-17 (outturn)	2017-18 (outturn)	2018-19 (B)	2019-20 (B)
Education ^(b)	37,134	35,881	34,477	34,136	33,382	32,265	33,862	34,296
Highways and transport	4,823	4,795	4,537	4,331	4,013	3,997	4,251	4,864
Social care	21,136	21,480	22,587	22,702	23,390	24,164	24,689	25,892
<i>of which:</i>								
<i>Children's Social Care</i>	6,612	6,915	8,091	8,303	8,476	8,834	8,570	9,105
<i>Adult Social Care</i> ^(c)	14,524	14,565	14,496	14,399	14,914	15,330	16,119	16,787
Public Health ^(d)	-	2,508	2,737	3,152	3,480	3,365	3,314	3,242
Housing (excluding Housing Revenue Account)	1,996	2,025	1,852	1,608	1,508	1,536	1,575	1,680
Cultural, environmental and planning	9,407	9,176	8,915	8,698	8,445	8,293	8,258	8,551
Police	11,337	10,920	10,889	10,932	11,050	11,165	11,374	12,130
Fire & rescue	2,119	2,089	2,045	1,984	1,961	1,972	2,081	2,188
Central services	3,002	2,845	3,068	3,022	3,159	3,065	2,875	2,969
Other Services	118	91	92	70	56	-19	319	340
Total Service Expenditure	91,072 	91,809	91,199	90,634	90,444	89,803	92,599	96,152

Source: Revenue Summary (RS) returns 2012-13 to 2017-18, Revenue Account (RA) budget returns 2018-19 to 2019-20. All figures shown in cash terms

(a) These figures are presented in cash terms and have not been adjusted for inflation

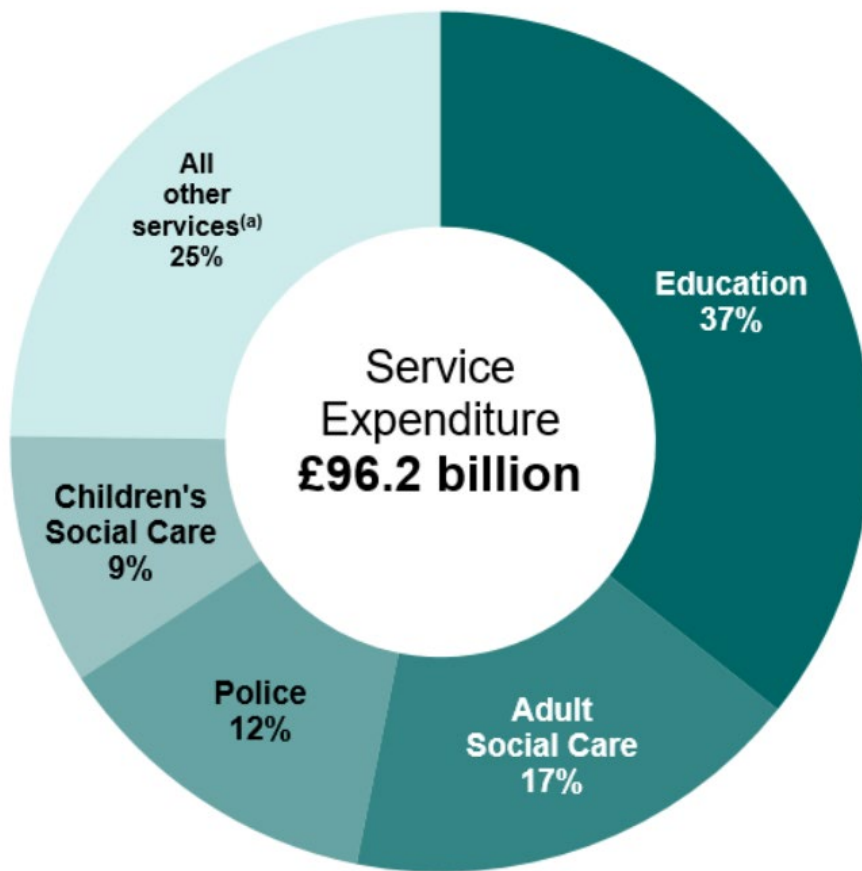
(b) Expenditure on education services from 2014-15 is not comparable to previous years due to a number of schools changing their status to become academies, which are centrally funded rather than funded by local authorities

(c) These figures exclude NHS transfers (including Winter Pressures money) from 2012-13 to 2014-15 and Better Care Fund money 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

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 37% of this total. Adult Social Care and Children's social care are large elements of council expenditure, and whose expenditure accounts for 17% and 9% across all expenditure of all authorities.

Chart A: Proportion of budgeted service expenditure by service, England, 2018-19



(a) 'Other' includes Highways and Transport, Public Health, Fire and Rescue, Central services, Cultural, Environmental and Planning 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 authority's 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 £99.2 billion in 2019-20, compared with £95.9 billion in 2018-19, an increase of 3.4%.

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 2019-20, some types of authority cannot be compared between 2018-19 and 2019-20.

£ million						
	2018-19		2019-20		£m	%
	Number of authorities ^(a)	Revenue expenditure	Number of authorities ^(a)	Revenue expenditure	Change	Change
England		95,940		99,191	3,251	3.4
Class of authority						
Shire Counties ^(b)	27	26,526	26	26,888	-	-
Metropolitan Districts	36	18,462		18,803	341	1.8
Unitary Authorities ^(b)	56	17,349	56	18,189	-	-
London Boroughs	33	14,272		14,254	-18	-0.1
Shire Districts ^(b)	201	3,026	192	3,159	-	-
Greater London Authority	1	5,860		6,764	903	15.4
Police ^(c)	36	7,959		8,433	473	6.0
Fire Authorities ^(c)	28	1,389	29	1,468	-	-
Other Authorities ^(d)	25	1,096	26	1,233	-	-
					£	
Revenue Expenditure per head (£) ^(e)		1,724.94		1,783.39	48.22	2.8

(a) Number of authorities submitting Revenue Account forms
(b) In 2019-20 several authorities merged or split which affected the number of shire districts, shire counties and other authorities, this making comparison across years difficult for these authorities
(c) Police, Fire and Crime Commissioners chose to continue to submit separate returns for their Police and Fire functions
(d) Includes Waste Authorities, Transport Authorities, Combined Authorities and National Park Authorities
(e) From ONS mid-year population estimates for 2017:
<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates>

- Metropolitan Districts' total budgeted revenue expenditure for 2019-20 is 1.8% higher than in 2018-19, and Greater London Authority have budgeted a £903m (15.4%) increase in revenue expenditure to £6.8 billion in 2019-20, of which more than two thirds is due to an increase in net current expenditure on transport.
- Revenue Expenditure per head (using 2017 population estimates) is budgeted to increase by 2.8%, from £1,725 in 2018-19 to £1,783 in 2019-20.

Revenue Expenditure Financing

This section outlines the different funding streams that finance local authorities' budgeted expenditure and how these differ for 2019-20 from what was budgeted in 2018-19.

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 at budget stage 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.

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

	£ million			
	Net current expenditure 2018-19	Net current expenditure 2019-20	£ Change	% Change
Revenue expenditure	95,940	99,191	3,251	3.4
Financed by:				
Government Grants ^{(a) (b)}	47,983	48,961	978	2.0
<i>of which:</i>				
Specific grants inside AEF	39,406	40,827	1,420	3.6
<i>of which:</i>				
<i>Dedicated Schools Grant (DSG)</i>	28,458	28,436	-21	-0.1
<i>Pupil Premium Grant</i>	1,364	1,282	-82	-6.0
<i>Public Health Grant</i>	2,991	2,933	-58	-1.9
<i>New Homes Bonus</i>	889	895	6	0.6
<i>The Private Finance Initiative (PFI)</i>	1,157	1,220	63	5.4
<i>Other grants inside AEF</i>	4,547	6,060	1,513	33.3
Revenue Support Grant	1,443	653	-790	-54.7
Police grant	7,120	7,481	361	5.1
Retained income from Business Rate Retention Scheme	17,054	17,085	31	0.2
Appropriations to(-) / from (+) revenue reserves	914	1,205	291	31.8
Other items ^(c)	427	463	36	8.5
Council tax requirement ^(d)	29,561	31,478	1,916	6.5

(a) 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.
(b) 2018-19 figures include Local Services Support grant of £14 million
(c) Council tax net collection fund deficits / surpluses from the previous year
(d) Some outstanding validation queries with local authorities

Table 3 above and Chart B below show how local authorities intend to finance revenue expenditure. Central government grants are expected to account for 49.4%, with 31.7% 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 £49.0 billion. The totals of the expected income from grants in 2019-20 as reported by local authorities were: Police Grant (£7.5bn), Revenue Support Grant (£653m), and Specific grants inside Aggregate External Finance (£40.8bn of which £28.4bn Dedicated School Grant).

Council tax requirement is set to amount to £31.5 billion in 2019-20, 6.5% higher than in 2018-19. This is due to the combination of council tax levels increases including the adult social care precept, and due to increased tax base. As shown in Chart B, this accounts for 31.7% of all budgeted local authority funding.

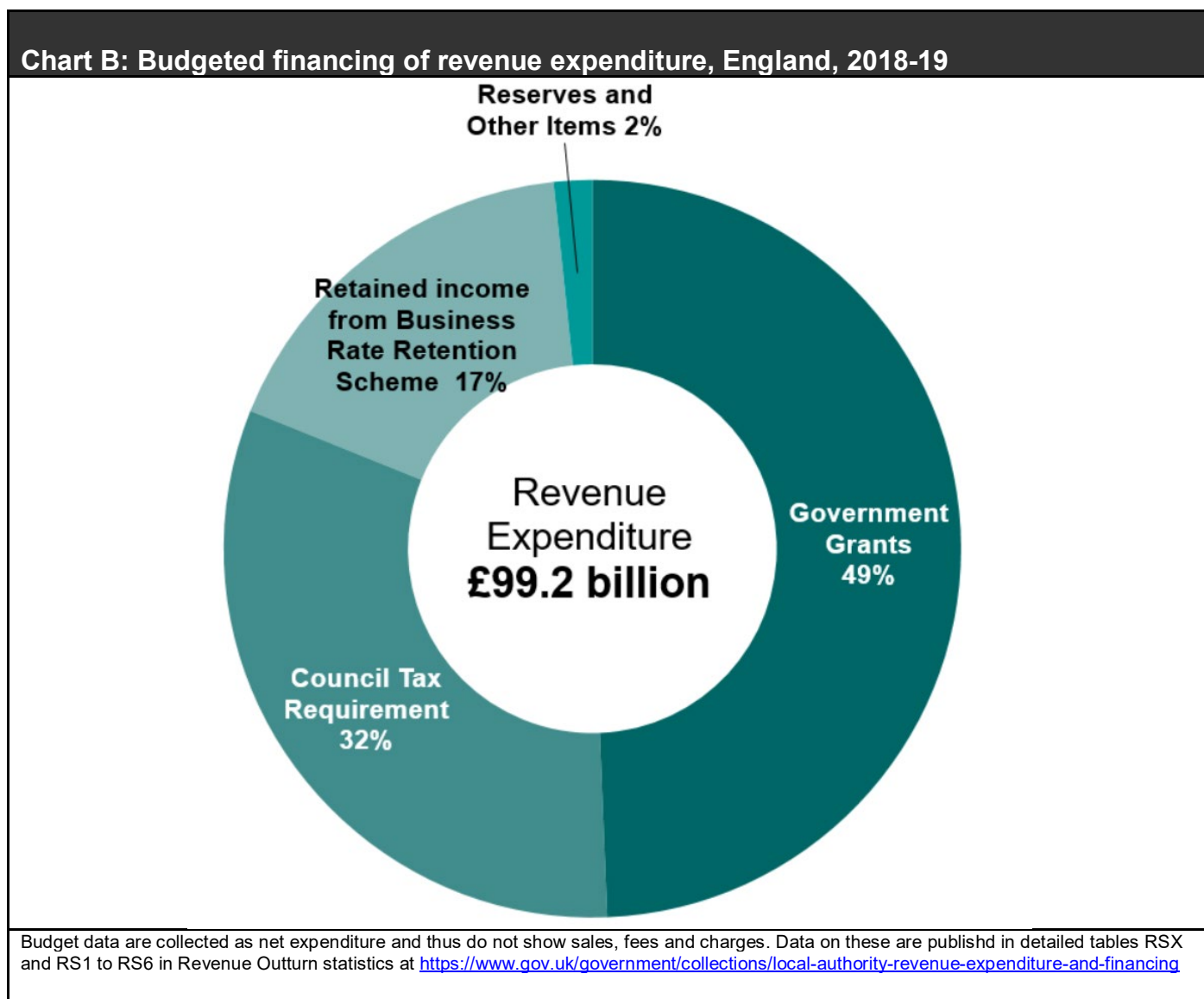


Table 4 shows funding of revenue expenditure in terms of government grants, retained business rates and council tax since 2010-11. Data for 2010-11 to 2017-18 are actuals whilst 2018-19 and 2019-20 are budgeted figures.

The proportion of centrally distributed income is forecast to reduce further from 50.0% in 2018-19 to 49.4% in 2019-20, with a corresponding increase in income retained by local authorities from 48.6% in 2018-19 to a forecast 49.0%. Local authorities have become more reliant on locally retained income due to changes to council tax and business rates policies since 2013-14.

	£ million				£ million				£ million		
	<i>Centrally distributed income</i>				<i>Locally retained income</i>				<i>Appropriations</i>		
	Revenue Expenditure	Government Grants ^(a)	Centrally distributed income ^(b)	% of total	Retained income from Business Rate Retention Scheme ^(c)	Council Tax ^(d)	Locally retained income	% of total	from Reserves ^(e)	Other Items ^(f)	% of total
Outturn											
2010-11	104,256	57,657	79,173	75.9	...	26,254	26,254	25.2	-1,261	89	-1.1
2011-12	99,278	56,237	75,254	75.8	...	26,451	26,451	26.6	-2,553	126	-2.4
2012-13	94,148	46,765	69,895	74.2	...	26,715	26,715	28.4	-2,592	131	-2.6
2013-14	96,419	64,578	64,578	67.0	10,719	23,371	34,090	35.4	-2,379	130	-2.3
2014-15	95,942	61,312	61,312	63.9	11,331	23,964	35,295	36.8	-949	284	-0.7
2015-16	94,533	57,090	57,090	60.4	11,855	24,734	36,589	38.7	394	459	0.9
2016-17	93,530	53,766	53,766	57.5	11,740	26,082	37,821	40.4	1,529	414	2.1
2017-18	93,104	50,457	50,457	54.2	15,162	27,641	42,803	46.0	-630	474	-0.2
Budget											
2018-19	95,940	47,983	47,983	50.0	17,054	29,561	46,615	48.6	914	427	1.4
2019-20	99,191	48,961	48,961	49.4	17,085	31,478	48,563	49.0	1,205	463	1.7

(a) Includes 'Specific grants inside AEF', 'Revenue Support Grant' and 'Police Grant'. Since 2013-14 the specific grants inside AEF have included 'public health grant', 'local council tax support grant' and the (b) Prior to 2013-14 centrally distributed income included redistributed business rates and government grants
(c) Much of the increase in retained business rates follow from an equivalent amount of grants to be foregone as part of the business rates retention pilots from 2017-18 to 2019-20.
(d) Since 2013-14 Council Tax has not included the 'local council tax support grant', this is now included in Government Grants. The increase in council tax receipts reflects the combination of increases of bills and the increase in tax base (i.e. the effective number of properties)
(e) Reserves includes all appropriations to (-) and from (+) the reserves
(f) Other items includes 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, redistributed non-domestic rates, retained income from rate retention scheme, council tax and reserves & other items across the different local authority class types.

The proportions of income from business rates and centrally distributed income are not comparable across all authorities due to the business rates retention pilots.

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 classification, England, 2019-20

£ million									
<i>Financing components of Revenue Expenditure ^(a)</i>									
	Revenue Expenditure	Centrally distributed income		Locally retained income				Reserves	
		Government Grants ^(b)	% of total	Retained income ^(c)		Council Tax ^(d)		Appropriations to (-) & from (+) reserves	
				from Business Rate Retention Scheme	% of total	Council Tax ^(d)	% of total	& from (+) reserves	% of total
England	99,191	48,961	49.4	17,085	17.2	31,478	31.7	1,205	1.2
Class of authority									
Shire Counties	26,888	13,451	50.0	2,892	10.8	10,285	38.3	167	0.6
Metropolitan Districts	18,803	9,535	50.7	4,389	23.3	4,651	24.7	167	0.9
Unitary Authorities ^(e)	18,189	8,658	47.6	3,057	16.8	6,319	34.7	107	0.6
London Boroughs	14,254	7,661	53.7	2,967	20.8	3,508	24.6	28	0.2
Police Authorities	8,433	5,366	63.6	0	0.0	2,968	35.2	72	0.9
Greater London Authority	6,764	2,704	40.0	2,523	37.3	961	14.2	554	8.2
Shire Districts	3,159	501	15.8	840	26.6	1,766	55.9	14	0.4
Fire Authorities	1,468	215	14.7	355	24.2	821	55.9	44	3.0
Other Authorities ^(f)	1,233	870	70.6	61	5.0	200	16.2	52	4.2

(a) The difference between 100% and the 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 Combined Authorities (CA) 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

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

Revenue Account Budget	RA
Specific and Special Revenue Grants	SG

Definitions

A list of terms relating to local government finance is given in *Local Government Finance Statistics England* (LGFS). The most recent edition is LGFS No. 28 2018. This is accessible at:

<https://www.gov.uk/government/statistics/local-government-financial-statistics-england-2018>

The most relevant terms for this release are explained below.

Aggregate External Finance

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

Central Government Grants

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

Central Services

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

Council Tax Requirement

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

Current expenditure

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

Dedicated Schools Grant (DSG)

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

Funding through the Settlement Grant

This 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 it on.

Greater London Authority (GLA) Group

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

Housing Revenue Account

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

Mandatory Housing Benefit

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

Net Current Expenditure

see **Current Expenditure**

Reserves

These are sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as earmarked reserves.

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

Retained income from the Rate Retention Scheme

This is expected retained non-domestic rate income after payment of central share, major precepting shares and any tariff, top up, levy or safety net payments. In 2017-18 2018-19 some authorities piloted 100% rates retention and in 2019-20 some authorities are also piloting 75% business rates retention.

Revenue expenditure

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

Revenue Support Grant

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

Specific Grants inside AEF

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

Specific Grants outside AEF

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

Technical notes

Symbols

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

Rounding

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

Data collection

Survey design for collecting Revenue Account data in 2019-20

From February until April 2019, all 435 local authorities in England were requested to complete the Revenue Account (RA) suite of forms to show all their budgeted transactions related to the general fund revenue account. This included net current expenditure, capital charges and also elements that finance net current expenditure, which includes; levy payments, interest receipts, central government grants, use of reserves, council tax and other non-current expenditure items.

The estimates requested cover local authority revenue expenditure and financing for the financial year 1 April 2019 to 31 March 20. These estimates are on a non-International Accounting Standard 19 (IAS19) and PFI "Off Balance Sheet" basis except where stated otherwise.

Data quality

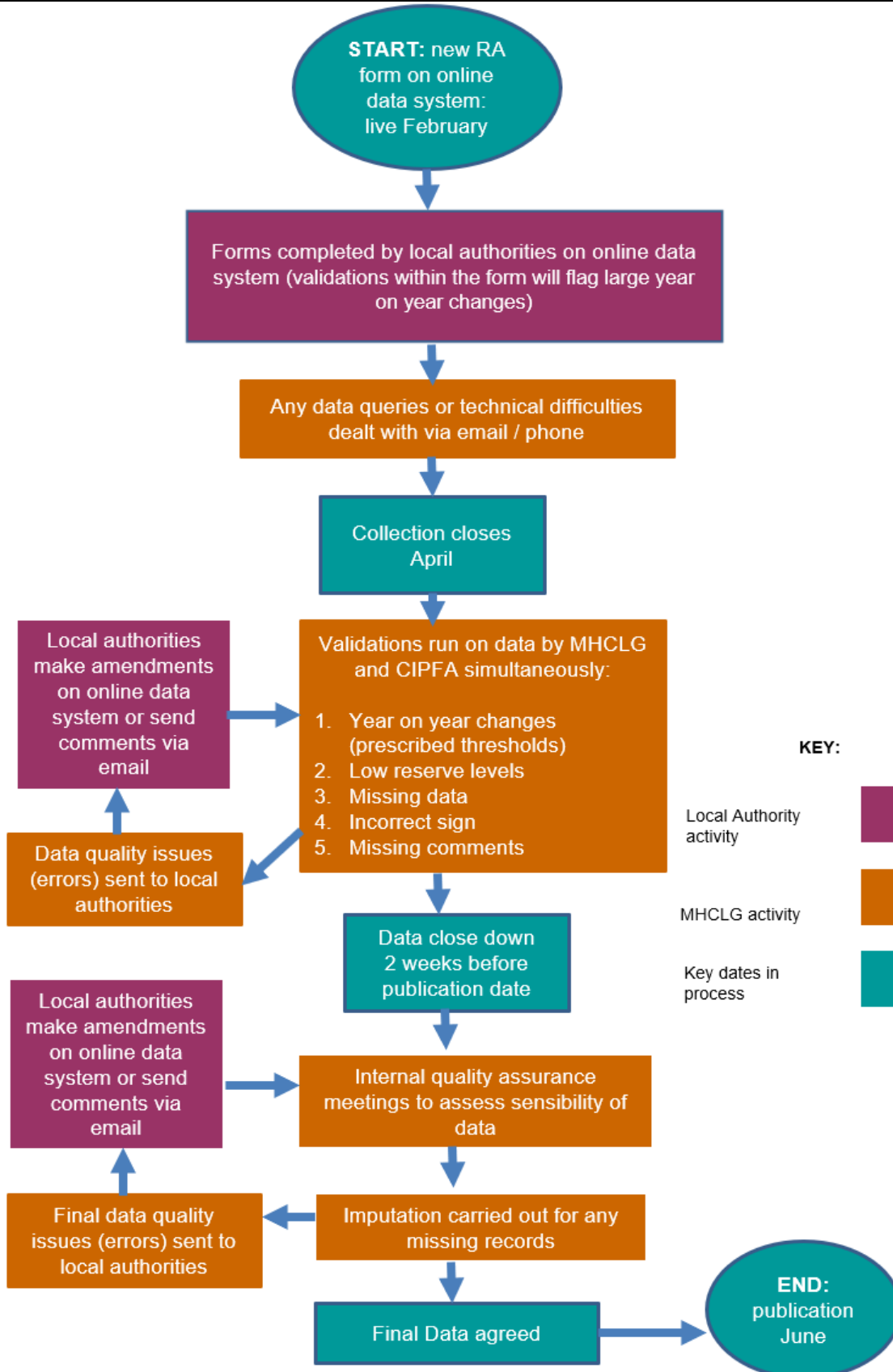
This Statistical Release contains National Statistics and, as such, has been produced to the high professional standards set out in the Code of Practice for Official Statistics. National Statistics products undergo regular quality assurance reviews to ensure that they meet customer demands.

The information for 2019-20 in this release is derived from Ministry of Housing, Communities and Local Government (MHCLG) Revenue Account (RA) forms and is based on returns from all 435 local authorities in England. Figures are subjected to rigorous pre-defined validation tests both within the form itself, while the form is being completed by the authority, and also by the Ministry of Housing, Communities and Local Government and the Chartered Institute of Public Finance and Accounting as the data are received and processed.

A full outline of the statistical production process and quality assurance carried out is provided in

the flow chart in Figure 1.

Figure 1: Quality Assurance Flow Diagram



Please note: the imputation step was not required in 2019-20 due to 100% returns



National Statistics Status

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

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

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

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

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

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

Revisions policy

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

There are two types of revisions that the policy covers:

Non-Scheduled Revisions

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

Scheduled Revisions

At time of publication there are no scheduled revisions for this series

Uses of the data

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

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

The release allows for trends in funding for different local authority services and types to be identified over a period of years when compared with previous releases. Local authorities can also compare their own spending with the aggregated figures presented here or with the equivalent data for individual local authorities. However, caution should be taken in comparing figures across years prior to 2013-14 due to changes in responsibilities. There were a number of changes to local government expenditure and financing in 2014-15 which have an impact on the figures in this release:

Education Services; expenditure on education services from 2014-15 is not comparable to previous years due to a number of schools changing their status to become academies, which are

centrally funded rather than funded by local authorities. As a result of this discontinuity, total net current expenditure is not comparable from 2013-14 and the years beyond.

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

Public Health Grant; the Health and Social Care Act 2012 transferred substantial duties to local authorities from 2013-14 to protect and improve the public's health and reduce health inequalities. Local Authorities were given a ring-fenced grant to improve outcomes for the health and wellbeing of their local populations through Public Health England.

Business Rates Retention; From April 2013 local authorities, except police authorities, could retain a share of their business rates and keep the growth of that share, this impacted the amount of business rates authorities retained in 2013-14. In addition to this in 2017-18 some authorities piloted 100% business rates retention, and in 2019-20 some have moved from 100% to 75% retention. More information on Business Rates pilots can be found here:

<https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2019-to-2020-written-statement>

Police Grant; police authorities, which are not part of the rates retention scheme, starting receiving all of their funding through a police grant in 2013-14.

User engagement

Users are encouraged to provide feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and encouraged. Responses should be addressed to the "Public enquiries" contact given in the "Enquiries" section below.

The Ministry's engagement strategy to meet the needs of statistics users is published here: <https://www.gov.uk/government/publications/engagement-strategy-to-meet-the-needs-of-statistics-users>

MHCLG engages with the CLIP Finance (CLIP-F) group, which is a consultative group made up of other government departments, local authorities and stakeholders to consider the collection, presentation and analysis of data on local government finance. To ensure users are made aware of significant changes and adjustments to Local Government Finance forms papers are tabled, discussed and published.

Comments and feedback from end users for further improvement or about your experiences with this product will be welcomed. Please send all views to: lgf1.revenue@communities.gov.uk

Notes

This Statistical Release and previous publications can be accessed from:

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

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

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

Devolved administration statistics

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

Scotland:

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

Wales:

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

Ireland:

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

Enquiries

Media enquiries:

Tel: 0303 444 1209

Email: newsdesk@communities.gov.uk

Public enquiries and Responsible Statistician:

Tel: 0303 44 42818

Email: lgf1.revenue@communities.gov.uk

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

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

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

www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics

© Crown copyright, 2019

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, www.nationalarchives.gov.uk/doc/open-government-licence/ or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gov.uk.

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

If you have any enquiries regarding this document/publication, email contactus@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

June 2019

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

ISBN: 978-1-4098-5481-4