



Ministry of Housing,
Communities &
Local Government

Local Authority Revenue Expenditure and Financing: 2020-21 Budget, England

Local Government Finance
Statistical Release

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COVID-19

The data collection period for this release ran from mid-February and had a deadline in April. Forty nine (11%) of local authorities included some updates that reflected early additional income arising due to COVID-19. Detail of these differences of basis and how we have been able to address these is described in some detail in the introduction section and in the tables and commentary.

This includes producing adjusted England figures for Total Service Expenditure and Revenue Expenditure on a 'pre-COVID-19 basis', i.e. by removing any additional COVID-19 funding, to make as budgets as initially set by early in 2020.

It should also be noted that it is very likely that there will be far more differences between budget and outturn figures than in a typical year.

Total Service expenditure

- The best estimate of local authorities' budgeted total service expenditure for 2020-21 on a pre COVID-19 basis was £98.3bn. This was 0.3% higher in real terms than 2019-20 budgets (Table 1a).

Revenue Expenditure

- Total revenue expenditure by all local authorities in England on a pre COVID-19 basis was budgeted to be £102.0 billion in 2020-21. This was 0.8% higher in real terms than 2019-20 budgets (Table 3).

This statistical release was updated 1 October 2020 to include returns from eight local authorities who submitted their return late and also revised figures from two other local authorities.

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Introduction

This Statistical Release, and all the associated tables, present statistics on budgeted revenue expenditure for local authorities in England for the financial year 2020-21. 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 Revenue Account (RA) data return form which is the source for this statistics release was launched mid-February. In response to the Coronavirus outbreak, we wrote to local authorities in early April, extending the deadline and adding an additional question to the RA return for local authorities to indicate whether their return included any COVID-19 funding. The majority of budget returns were made on a pre-COVID-19 basis, however some local authorities have made adjustments as a result of the outbreak and have done so to varying degrees, largely by including additional grant funding paid in late March.

Based on the answer to the additional question and verification of this, 49 local authorities (11%) made some adjustment to their budget as a result of COVID-19. The basis for the remainder - 382 (89%) - are of budgets as set prior to COVID-19.

MHCLG is continuing to collect data on budget pressures, lost income, and cash flow through the Local Authority COVID-19 financial impact monitoring information collection. Data from this can be found at: www.gov.uk/government/publications/local-authority-COVID-19-financial-impact-monitoring-information.

Temporary suspension of National Statistics designation

Although efforts been made to make data comparable and interpretable as detailed below, MHCLG and the Office for Statistics Regulation have agreed to temporarily remove this publication's national statistics status for this year. This is to reflect that:

- While the majority of the data returns (382, 89%) are on a pre-COVID-19 basis, 49 (11%) of the returns reflect differing point-in-time snapshots of budgets. This makes it difficult to interpret the aggregate data, for example hindering comparisons to previous years.
- The impacts of COVID-19 are likely to result in substantial differences between budget and the subsequent outturn.

Changes to this publication

We have made the following changes to aid interpretation of budgets on differing snapshots:

- In Table 3: adjusted total financing and revenue expenditure by deducting the reported COVID-19 grants to give a pre-COVID baseline.
- In the local authority level data tables (RA and SG): included an additional column to indicate whether any adjustments were made due to COVID-19. We have a high level of completeness on what grants have been included.
- In the local authority level data tables (RA and SG): indicated the additional COVID-19

related income an LA has reported (e.g. from the following grants paid in March 2020: COVID-19 £1.6bn grant, from the £500m Council tax hardship grant, and from the grants made via local authorities to eligible businesses).

- Indicated in the local authority level RA data table and the England summary Table the categories of service expenditure where local authorities' returns showed substantial increases following additional COVID-19 funding. This list is less exhaustive than the reported additional COVID-19 income that has been identified.

Note also that the returns from local authorities who have adjusted their budget data as a result of COVID-19 are not directly comparable to the returns which have no adjustment.

Revenue Account returns and response rate

The information is compiled from 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).

Due to the exceptional circumstances this year a number of local authorities were unable to submit their returns in time for publication. Therefore, this publication is based on returns from 402 (93%) local authorities in England and 29 imputed records. These authorities are flagged in the RA and SG Live drop-down tables with an 'S'. The data for these imputed records were estimated using adjusted 2019-20 budget data, 2019-20 Business Rates and 2020-21 data for Council Tax and some grants where 2020-21 data were readily available in time.

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

- On 1 April 2020, Buckinghamshire County Council and the Aylesbury Vale, Chiltern, South Bucks, and Wycombe district councils were replaced by Buckinghamshire Unitary Authority.

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**. So, for example, a decrease may be driven by decreases in expenditure or increases in income that is specific to a service area.

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

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. Additionally 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% retention and in 2019-20, this was 75% retention. Details can be found here: <https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2019-to-2020-written-statement>. These business rates pilots have now ended.

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 income that is specific to each service.

Service Expenditure – adjusted to pre-COVID-19 basis

In order to derive a figure for Total Service Expenditure that is on a consistent basis nationally, Table 1a nets off the identifiable additional COVID-19-related income that was reported by the 49 (11%) of local authorities that were not wholly on a pre-COVID-19 basis.

Table 1a: Pre-Covid-19 Estimate of net current expenditure by service, England, 2019-20 and 2020-21, in 2020-21 prices				
£ million	adjusted to 2020-21 prices by GDP deflator		Real terms change (£m)	Real terms change (%)
	Net Current Expenditure 2019-20	Net Current Expenditure 2020-21		
Total Service Expenditure ^(a)	98,046	98,782	736	0.8%
COVID grant - first tranche (£1.6bn) ^(b)	na	151		
Grants for payments to businesses (SBGF* and RHLGF**)	na	335		
Total Service Expenditure (excluding Covid related payments) ^(c)	98,046	98,295	249	0.3%

(a) Total Service Expenditure for 2020-21 is inflated due to a minority of local authorities including some COVID-related funding. The amount of such grants are shown in this table.

(b) Of those that included the COVID19 grant, the vast majority of those figures matched the first tranche of funding only.

(c) This is a best estimate of budgeted total service expenditure for 2020-21 on a pre-covid basis. It is assumed that all COVID19 funding reported in these returns will be used as service expenditure in 2020-21.

* Small Business Grants Fund

** Retail, Hospitality and Leisure Business Grants Fund

Service Expenditure – as reported

We have been able to identify a number of service areas where local authorities have indicated they have made some adjustment to their budgeted expenditure, although this list has a lower level of completeness in comparison to additional income Local authorities have reported. These include:

- Highways and transport services
- Children’s Social Care services
- Adult Social Care services
- Public Health services
- Housing services (excluding Housing Revenue Account)
- Cultural services
- Environmental services
- Planning and development services
- Fire and rescue services
- Central services
- Other services

The local authority ‘Revenue Account (RA)’ data table indicates the service categories where higher expenditure due to COVID-19 was identified.

The increases in expenditure overall for Planning and Development, Central Services and Other Services were wholly due to the 49 (11%) of returns that reported some additional COVID19-related income and expenditure.

Table 1 shows that the sum of reported budgeted Service Expenditure for 2020-21 was £98.8 billion, £736 million (0.8%) higher in real terms than was budgeted for 2019-20. Within this overall change the following increases are most notable:

- Children’s social care higher overall by £529 million (+5.7%) to £9.8 billion in 2020-21. The largest changes within this are from expenditure on:
 - i) *looked after children*, which continues to be the highest budgeted area of spend at £5.0 billion, up by £438 million (9.6%) compared to 2019-20 budget.
 - ii) *safeguarding of children* of £2.4 billion, up by £164 million (7.4%) from the previous year.
- Adult social care up by £568 million (+3.3%) to £17.7 billion in 2020-21. Much of this corresponds with increase in grants allocated to authorities in 2020-21 e.g. Social Care Support Grant and Improved Better Care fund (iBCF) grant allocation. More information on allocations can be found here: <https://www.gov.uk/government/publications/core-spending-power-final-local-government-finance-settlement-2020-to-2021>
- Planning and development services higher overall by £102 million (+ 8.0%) to £1.4 billion in 2020-21. Much of this increase is due to those local authorities having made adjustments to their budget as a result of COVID-19, recording increased expenditure particularly on business support.
- Central services overall higher by £38 million (+1.3%) to £3.1 billion in 2020-21. The

majority of this increase is due to those local authorities having made adjustments to their budget as a result of COVID-19, with the largest changes within this from expenditure on emergency planning.

- Other services up overall by £179 million (+ 51.7%) to £525 million in 2020-21. Over half of this increase comes from Local authorities who made COVID-19 adjustments to their budget reporting additional expenditure due to COVID-19 pressures.

Table 1: Estimated net current expenditure by service, England, 2019-20 and 2020-21, in 2020-21 prices

	£ million			
	Real term: adjusted to 2020-21 prices by GDP deflator			
	Net Current Expenditure 2019-20	Net Current Expenditure 2020-21	Real terms change (£m) Change	Real terms change (%) Change
Education services ^(f)	34,972	34,349	-623	-1.8%
Highways and transport services (excl. GLA)	2,909	2,818	-91	-3.1%
Highways and transport services (GLA only) ^(h)	2,051	1,097	-954	-46.5%
Children's Social Care services	9,284	9,814	529	5.7%
Adult Social Care services	17,118	17,686	568	3.3%
Public Health services	3,305	3,313	7	0.2%
Housing services (excluding Housing Revenue Account)	1,713	1,864	151	8.8%
Cultural, environmental and planning services	8,719	8,981	261	3.0%
<i>of which:</i>				
Cultural services	2,170	2,189	19	0.9%
Environmental services	5,274	5,414	140	2.7%
Planning and development services ^(e)	1,275	1,378	102	8.0%
Police services	12,369	12,986	617	5.0%
Fire and rescue services	2,231	2,284	52	2.3%
Central services ^(e)	3,027	3,066	38	1.3%
Other Services ^(e)	346	525	179	51.7%
Total Service Expenditure ^(g)	98,046	98,782	736	0.8%
Housing Benefits ^(a)	18,180	15,882	-2,298	-12.6%
<i>of which:</i>				
Mandatory Housing Benefits	18,195	15,899	-2,296	-12.6%
<i>Rent Allowances</i>	13,898	12,058	-1,840	-13.2%
<i>Rent Rebates to Non-HRA Tenants</i>	748	672	-76	-10.2%
<i>Rent Rebates to HRA Tenants</i>	3,550	3,169	-381	-10.7%
Non-Mandatory Housing Benefits	-16	-17	-1	8.4%
Parish Precepts	563	580	16	2.9%
Levies ^(b)	73	52	-21	-28.3%
Trading Account Adjustments and Other Adjustments ^(c)	-545	-574	-29	5.3%
Non Current Expenditure and External Receipts	-19,810	-17,227	2,583	-13.0%
<i>of which:</i>				
<i>Capital expenditure charged to Revenue Account (CERA)</i>	1,313	1,665	352	26.8%
<i>Housing Benefits Subsidies</i>	-17,975	-15,857	2,118	-11.8%
<i>Community Infrastructure Levy (CIL)</i>	-135	-120	15	-10.8%
Capital financing and debt servicing ^(d)	4,638	4,894	256	5.5%
Revenue Expenditure	101,145	102,389	1,244	1.2%

(a) Includes all Mandatory and Non-Mandatory Housing Benefits. This has been on a downward trend as Universal Credit has been replacing this.

(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.

(e) The majority of the increase in these three service areas are due to those Local Authorities who made adjustments due to Covid-19, attributing most of their additional income to be spent in these service areas.

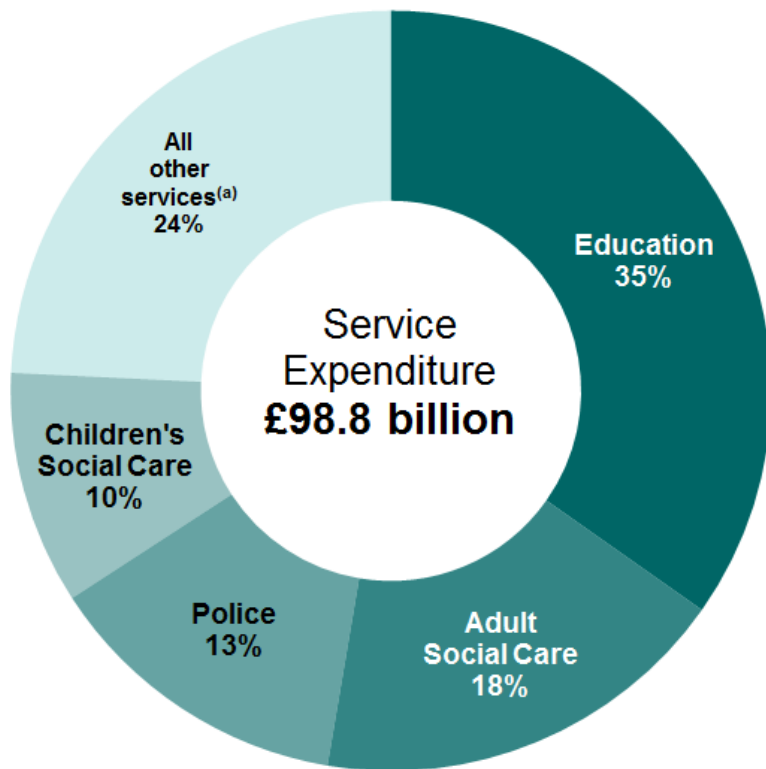
(f) During 2019-20 9 Education authorities were identified as incorrectly including academies schools funding, therefore the correct 19-20 would have been accordingly lower.

(g) Total Service Expenditure for 2020-21 is inflated due to a minority of local authorities including some COVID-related funding. The amount of such grants is noted in footnote (d) of table 3.

(h) This change is 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 for 2019-20.

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 35% 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, 2020-21



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

Table 2a shows budget and outturn total service expenditure for the main areas of spend over recent years in cash terms and **Table 2b** shows budget and outturn total service expenditure for the main areas of spend over the recent years in real terms (adjusted to 2020-21 prices).

The majority of returns from local authorities related to budgets initially set over the winter, and even for local authorities that included some COVID-19 related funding, this was only partial. It is therefore very likely that there will be far more differences between budget and outturn figures than in a typical year.

Table 2a. General fund revenue account: Outturn 2014-15 to 2018-19 and budget 2019-20 and 2020-21

£ million - cash terms ^(a)							
	2014-15 (outturn)	2015-16 (outturn)	2016-17 (outturn)	2017-18 (outturn)	2018-19 (outturn)	2019-20 (B)	2020-21 (B)
Education ^(b)	34,477	34,136	33,382	32,265	32,233	34,296	34,349
Highways and transport services (excl GLA)	3,319	3,048	2,818	2,728	2,630	2,853	2,818
Highways and transport services (GLA only)	1,219	1,283	1,195	1,269	1,227	2,012	1,097
Social care	22,587	22,702	23,390	24,164	25,452	25,892	27,500
of which:							
Children's Social Care	8,091	8,303	8,476	8,834	9,375	9,105	9,814
Adult Social Care ^(c)	14,496	14,399	14,914	15,330	16,076	16,787	17,686
Public Health ^(d)	2,737	3,152	3,480	3,365	3,278	3,242	3,313
Housing (excluding Housing Revenue Account)	1,852	1,608	1,508	1,536	1,673	1,680	1,864
Cultural, environmental and planning	8,915	8,698	8,445	8,293	8,435	8,551	8,981
Police	10,889	10,932	11,050	11,165	11,426	12,130	12,986
Fire & rescue	2,045	1,984	1,961	1,972	2,005	2,188	2,284
Central services	3,068	3,022	3,159	3,065	3,011	2,969	3,066
Other Services	92	70	56	-19	48	340	525
Total Service Expenditure	91,199	90,634	90,444	89,803	91,417	96,152	98,782

Source: Revenue Summary (RS) returns 2014-15 to 2018-19, Revenue Account (RA) budget returns 2019-20 to 2020-21. All figures shown in cash terms

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

(b) Expenditure on education services 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 Winter Pressures money in 2014-15 and 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 2b. General fund revenue account: Outturn 2014-15 to 2018-19 and budget 2019-20 and 2020-21

£ million - real terms ^(a)							
	2014-15 (outturn)	2015-16 (outturn)	2016-17 (outturn)	2017-18 (outturn)	2018-19 (outturn)	2019-20 (B)	2020-21 (B)
Education ^(b)	38,438	37,732	36,046	34,247	33,498	34,972	34,349
Highways and transport services (excl GLA)	3,700	3,369	3,043	2,896	2,733	2,909	2,818
Highways and transport services (GLA only)	1,359	1,418	1,290	1,347	1,276	2,051	1,097
Social care	25,182	25,093	25,257	25,649	26,451	26,402	27,500
of which:							
Children's Social Care	9,021	9,177	9,152	9,377	9,743	9,284	9,814
Adult Social Care ^(c)	16,161	15,916	16,104	16,272	16,707	17,118	17,686
Public Health ^(d)	3,051	3,484	3,758	3,572	3,407	3,305	3,313
Housing (excluding Housing Revenue Account)	2,065	1,778	1,628	1,630	1,738	1,713	1,864
Cultural, environmental and planning	9,939	9,615	9,119	8,803	8,766	8,719	8,981
Police	12,140	12,084	11,931	11,851	11,874	12,369	12,986
Fire & rescue	2,280	2,193	2,118	2,094	2,083	2,231	2,284
Central services	3,420	3,340	3,411	3,254	3,129	3,027	3,066
Other Services	102	77	60	-21	49	346	525
Total Service Expenditure	101,675	100,182	97,660	95,321	95,005	98,046	98,782

Source: Revenue Summary (RS) returns 2014-15 to 2018-19, Revenue Account (RA) budget returns 2019-20 to 2020-21. All figures shown in real terms

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

(b) Expenditure on education services 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 Winter Pressures money in 2014-15 and 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.

Revenue Expenditure and Non-Current Expenditure (table 1)

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).

The Revenue Account budget 2020-21 returns included £486million of identifiable additional COVID-19-related income, of which of which £390m is within Total Revenue Expenditure. Total Revenue Expenditure by local authorities in England on a pre COVID-19 basis was therefore budgeted to be £102.0 billion in 2020-21. This was 0.8% higher in real terms than the forecast for 2019-20.

Revenue Expenditure Financing

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

In response to COVID-19 the government announced a number of additional grants to be allocated to each local authority in England. The following are the initial grants announced that we have identified that some local authorities included in their return:

- COVID-19 funding (first tranche £1.6bn)
- Council tax hardship fund (£500m)
- Small business grant fund and retail, hospitality and leisure grant fund (£12.3bn)
- Homelessness (£3.2m) – Only the London Borough of Islington included this grant (value of £38,000).

We did not find evidence of other subsequent COVID-19 related funding either in the returns or from local authorities in response to our challenges and queries.

Table 3: Budgeted revenue expenditure and financing, England, 2019-20 and 2020-21, in 2020-21 prices

£ million	adjusted to 2020-21 prices by GDP deflator		Real terms Change (£m)	Real terms Change (%)
	Net current expenditure 2019-20	Net current expenditure 2020-21		
Government Grants: ^(a)				
Revenue Support Grant ^(b)	666	1,565	899	135.0
Police grant	7,628	7,944	315	4.1
<i>Education grants ^(c)</i>	30,673	29,315	-1,358	-4.4
<i>Public Health Grant</i>	2,991	2,971	-21	-0.7
<i>Social Care Support Grant</i>	390	1,325	935	239.7
<i>Improved Better Care Fund</i>	1,724	1,982	258	15.0
<i>New Homes Bonus</i>	912	890	-22	-2.5
<i>The Private Finance Initiative (PFI)</i>	1,244	1,188	-56	-4.5
<i>Other grants inside AEF</i>	3,696	4,718	1,022	27.6
Specific grants inside AEF	41,631	42,389	758	1.8
Total Government Grants:	49,925	51,898	1,972	4.0
Finances:				
Revenue expenditure	101,145	102,389	1,244	1.2
Retained income from Business Rate Retention Scheme ^(b)	17,422	16,498	-923	-5.3
Appropriations to (-) / from (+) revenue reserves	1,229	442	-786	-64.0
Other items ^(f)	472	432	-40	-8.5
Council tax requirement ^(g)	32,098	33,118	1,021	3.2

NB Some COVID grants were included by a few local authorities e.g. as follows: ^(h)

COVID grant - first tranche (£1.6bn) reported inside AEF only ^{(d) (e)} 141

Grants for payments to businesses (SBGF and*

*RHLGF**) reported inside AEF only ^(d)* 244

Government grants excluding reported Covid related funding:

Other grants inside AEF (excluding reported Covid funding) 4,332 636 17.2

 Specific grants inside AEF (excluding reported Covid funding) 42,003 373 0.9

Total Government Grants (excluding reported Covid funding) 51,512 1,587 3.2

Revenue expenditure (excluding reported Covid funding) 102,003 858 0.8

(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) 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.

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

(d) Whereas the returns from the majority of local authorities related to budgets as initially set in the winter, some local authorities included COVID19-related grants from March (notably those shown as COVID funding in this table). When the form for this data collection launched in February, 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. There were a further £101m of these grants recorded in revenue account returns 'grants outside Aggregate External Finance'. While this further amount does not need to be net off from revenue expenditure, COVID-related grants reported in this return both inside and outside AEF would need to be net off Total Service Expenditure (TSE) to arrive at a pre-COVID-19 budget figure for TSE.

(e) Of those that included the Covid grant, the vast majority of those figures matched the first tranche of funding only. A further £10m was reported as grants outside aggregate external finance (AEF) which does not to be net off from Revenue Expenditure.

(f) Council tax net collection fund deficits / surpluses from the previous year.

(g) A Increase is due to both increases in the tax base and bills. A small number of queries challenging differences from the CTR return were unanswered at the time of publication.

(h) Some local authorities have included all of their allocated Covid related funding, however others have reported only some of the grants allocated to them. Further details by local authority is available in the accompanying RA data by LA spreadsheet.

* Small Business Grants Fund

** Retail, Hospitality and Leisure Business Grants Fund

Accompanying tables

Accompanying dropdown tables presenting detailed revenue expenditure and financing figures for 2020-21 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. 30 2020. This is accessible at:

<https://www.gov.uk/government/collections/local-government-finance-statistics-england>

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

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% retention 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 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 2020-21

From February until April 2020, all 431 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 2020 to 31 March 21. 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 Revenue Account (RA) budget returns that have been produced at different snapshots in time which makes it difficult to interpret the data as well as make direct comparisons to previous years. As such, national statistics status has been temporarily removed from the RA publication this year.

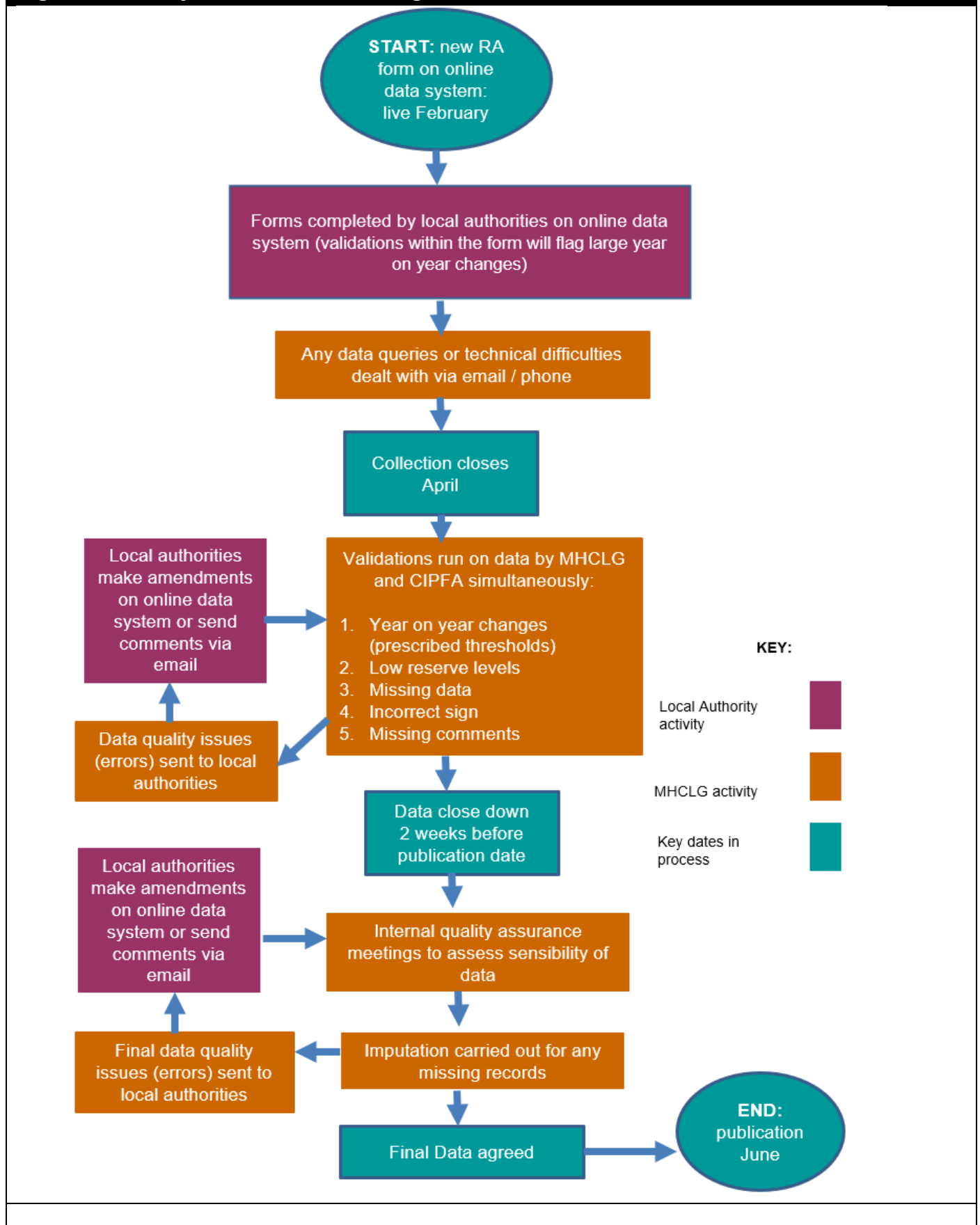
The information for 2020-21 in this release is derived from Ministry of Housing, Communities and Local Government (MHCLG) RA forms and is based on returns from 402 local authorities in England and 29 imputed records. Figures are subjected to rigorous pre-defined validation tests both within the form 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](#)

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the flow chart in Figure 1.

Figure 1: Quality Assurance Flow Diagram



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 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% retention and in 2019-20, this was 75% retention. These business rates pilots have now ended. 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: lcf1.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](#)

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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

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