



Ministry of Housing,
Communities &
Local Government

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

Total Service expenditure

- Local authorities' Total Service Expenditure was £94.4 billion in 2019-20
- The Total Service Expenditure excluding Education Services was £61.8 billion in 2019-20. This was 2.0% higher than in 2018-19 when adjusted for inflation, or 4.5% higher in cash terms.
- The categories of service with the largest increases (not adjusted for inflation) in expenditure were:
 - Police Services, up by £777 million (+6.8%) from 2018-19 to £12.2 billion in 2019-20,
 - Adult Social Care, up by £822 million (+5.1%) from 2018-19 to £16.9 billion in 2019-20, and
 - Children's Social Care, up by £476 million (+5.1%) from 2018-19 to £9.9 billion in 2019-20.

Revenue Expenditure

- The broader measure of local authority Revenue Expenditure (see Definitions section) totalled £97.9 billion across all local authorities in England in 2019-20. This was 3.9% higher in cash terms than in 2018-19, and 1.4% higher than 2018-19 when adjusted for inflation.

Reserves

- Local authorities' total revenue account reserves decreased during 2019-20. On a like-for-like basis (see page 13), total reserves decreased by £900 million during 2019-20. This contrasted with a net addition of +£1.8 billion (+£1.1 billion excluding the Greater London Authority) in 2018-19.



Local Government Finance
Statistical Release

22 October 2020

Introduction	2
Local Authority	
Expenditure	4
Revenue Expenditure	
Financing	9
Accompanying tables	16
Definitions	17
Technical notes	20
Data Quality	20
Enquiries	26

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Introduction

This statistical release, and all the associated tables, present National Statistics on provisional data for revenue expenditure for local authorities in England for the financial year 2019-20.

Local government expenditure accounts for over a fifth of all government spending and the majority of this is shown in local authorities' revenue accounts. The release also presents the main sources of income available to local authorities to finance this expenditure. Broadly, these sources include the central government grants and funding they receive, the business rates authorities retain and council tax.

All the data in the release is compiled from the Ministry of Housing, Communities and Local Government Revenue Outturn (RO) returns submitted by all local authorities in England. Coverage includes but is not limited to local councils which are the following types: London Boroughs, Metropolitan Districts, Shire Counties, Shire Districts and Unitary Authorities. The return also covers other authority types such as Police and Crime Commissioners, Fire Authorities, Waste Authorities, Combined Authorities, Park Authorities and the Greater London Authority.

Due to the exceptional circumstances this year several local authorities were unable to submit their returns in time for publication. Therefore, this publication is based on returns from 400 (92%) local authorities in England and imputed records in places of the returns for the authorities who have yet to provide data. In the spreadsheet tables containing individual local authority data, these authorities are marked with a 'S' beside their name. The data for these imputed records were estimated using 2019-20 budget data, proportions from 2018-19 outturn data, 2019-20 data for Council Tax and some grants where 2019-20 data were readily available in time.

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

- 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 from year to 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 and reports are shown as **net current expenditure figures**. 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.

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

Definitions of terms used in this release can be found from page 14. The full data collections forms and guidance notes can be found in the [forms](#) section of our website.

Potential changes to future data

If you would like to receive invitations to comment on proposals for potential change to the information that will be collected by local authority expenditure data collections, please email lqf1.revenue@communities.gov.uk marking the subject of the email 'Consultation contact list'.

Local Authority Expenditure

The majority of local authority spend is on providing services, the sum of spend of which is 'Total Service Expenditure'.

'Revenue Expenditure' also accounts for any costs which do not fall wholly within the financial year, but which are charged to the year's account. The majority of these costs relate to repayment and management of debt, financing capital and grants that authorities receive on behalf of a third party.

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

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

£ million - cash terms ^(b)	2015-16	2016-17	2017-18	2018-19	2019-20
Education ^(c)	34,136	33,382	32,265	32,233	32,588
Highways and transport	4,331	4,013	3,997	3,857	3,719
Social care ^(d)	22,702	23,390	24,164	25,452	26,750
of which: Children's Social Care	8,303	8,476	8,834	9,375	9,851
Public Health ^(e)	3,152	3,480	3,365	3,278	3,204
Housing (excluding Housing Revenue Account)	1,608	1,508	1,536	1,673	1,799
Cultural, environmental and planning	8,698	8,445	8,293	8,435	8,772
Police	10,932	11,050	11,165	11,426	12,203
Fire & rescue	1,984	1,961	1,972	2,005	2,155
Central services	3,022	3,159	3,065	3,011	3,171
Other Services	70	56	-19	48	74
Total Service Expenditure	90,634	90,444	89,803	91,417	94,435
% Difference Year-on-year	-0.6%	-0.2%	-0.7%	1.8%	3.3%
Total Service Expenditure excluding Education ^(f)	56,498	57,061	57,538	59,183	61,847
% Difference Year-on-year	-0.4%	1.0%	0.8%	2.9%	4.5%
Total Service Expenditure excluding Education & Public Health ^(f)	53,346	53,581	54,173	55,905	58,643
% Difference Year-on-year	-1.2%	0.4%	1.1%	3.2%	4.9%
Revenue Expenditure	94,529	93,567	93,104	94,226	97,902
% Difference Year-on-year	-1.5%	-1.0%	-0.5%	1.2%	3.9%

Source: Revenue Outturn returns from England local authorities

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

(b) These figures are presented in cash terms and as such are not adjusted for inflation.

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

(d) Adult Social Care is not shown separately since figures will be available in NHS Digital's Adult Social Care - Activity and Finance Report, without the exclusions noted. This is due to be published 10 December 2020.

(e) Responsibility and funding for public health of children aged 0-5 transferred to local authorities on 1 October 2015.

(f) Education and public health spend are excluded to provide a fairer year-on-year comparison. In the case of education services spend by local authorities, this is not comparable over time due to schools converting to academies and thus becoming directly funded. As noted, there were changes in responsibility for Public Health over the period.

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

£ million - adjusted for inflation, in 2019-20 prices ^(b)									
	2015-16		2016-17		2017-18		2018-19		2019-20
Education ^(c)	37,308		35,603		33,816		33,021		32,588
Highways and transport	4,733		4,280		4,189		3,952		3,719
Social care ^(d)	24,811		24,946		25,326		26,074		26,750
<i>of which: Children's Social Care</i>	9,074		9,040		9,258		9,604		9,851
Public Health ^(e)	3,445		3,712		3,527		3,358		3,204
Housing (excluding Housing Revenue Account)	1,758		1,608		1,609		1,713		1,799
Cultural, environmental and planning	9,507		9,007		8,692		8,641		8,772
Police	11,948		11,785		11,702		11,705		12,203
Fire & rescue	2,168		2,092		2,067		2,054		2,155
Central services	3,302		3,369		3,213		3,084		3,171
Other Services	76		59		-20		49		74
Total Service Expenditure	99,055	 	96,461	 	94,120	 	93,650	 	94,435
% Difference Year-on-year	-1.4%		-2.6%		-2.4%		-0.5%		0.8%
Total Service Expenditure excluding Education ^(f)	61,748	 	60,858		60,304		60,629		61,847
% Difference Year-on-year	-1.2%		-1.4%		-0.9%		0.5%		2.0%
Total Service Expenditure excluding Education & Public Health ^(f)	58,303		57,146		56,777		57,271		58,643
% Difference Year-on-year	-2.0%		-2.0%		-0.6%		0.9%		2.4%
Revenue Expenditure	103,312	 	99,792	 	97,580	 	96,529	 	97,902
% Difference Year-on-year	-2.3%		-3.4%		-2.2%		-1.1%		1.4%

Source: Revenue Outturn returns from England local authorities

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

(b) All figures have been adjusted for inflation using the GDP deflator: <https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp> (as updated 1 October 2020).

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

(d) Adult Social Care is not shown separately since figures will be available in NHS Digital's Adult Social Care - Activity and Finance Report, without the exclusions noted. This is due to be published 10 December 2020.

(e) Responsibility and funding for public health of children aged 0-5 transferred to local authorities on 1 October 2015.

(f) Education and public health spend are excluded to provide a fairer year-on-year comparison. In the case of education services spend by local authorities, this is not comparable over time due to schools converting to academies and thus becoming directly funded. As noted, there were changes in responsibility for Public Health over the period.

Expenditure by service

Service Expenditure is classified under twelve main categories of service type, such as Education, Adults Social Care and Public Health, and an 'Other services' category catching all expenditure that authorities are unable to allocate to specific areas.

Expenditure by local authorities on the Education service category has decreased over recent years, largely due to the ongoing change in status of local authority schools to centrally funding academies. As such, these figures are not comparable over time. Public Health expenditure also changed in scope during 2015-16.

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

Total Service Expenditure excluding Education Services was 4.5% higher in 2019-20 compared to 2018-19, and 2.0% higher than 2018-19 in real terms.

Table 1a and 1b also show the time series of Total Service Expenditure and of Revenue Expenditure. In 2019-20 Total Service Expenditure for all local authorities in England was £94.4 billion, an increase of £3.0 billion (+3.3%) in cash terms compared to 2018-19. Caution is appropriate when comparing figures across years for the reasons noted.

Table 2 provides a more detailed breakdown of the components of each expenditure category for all local authorities in England for provisional 2019-20 figures compared to 2018-19 final outturn.

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

- i) Adult Social Care +822 million (+5.1%) to £16.9 billion,
- ii) Children's services +£476 million (+5.1%) to £9.9 billion,
- iii) Police Services +£777 million (+6.8%) to £12.2 billion,
- iv) Central Services +£160 million (+5.3%).

Note on overall estimate of public spending on Adult Social Care

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

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

Table 2 on page 15 of NHS Digital's [Adult Social Care Activity and Finance Report 2018-19](#) (published in October 2019, 2019-20 edition due in December) shows net current expenditure as reported in its Adult Social Care Financial Returns from local authority social service departments, alongside the planned £2.1 billion [Better Care Fund](#) (BCF) expenditure on adult social care reported in BCF plans for 2018-19. This £2.1 billion should be added to local authorities' net current expenditure on adult social care to give the best estimate of total government net current expenditure on adult social care.

The majority of these funds are transferred to local authorities. Correspondingly, these are recorded as 'other income' in the returns to MHCLG. They are therefore reflected within total (i.e. gross) expenditure (in the RSX individual table), but not within net current expenditure. The remainder of the Better Care Fund planned expenditure is for social care activities delivered by other providers.

Table 2: Revenue Expenditure and Financing Summary, England, 2018-19 and 2019-20

	Net current ^(a) expenditure 2018-19 £m	Net current ^(a) expenditure 2019-20 provisional £m	Change between 2018-19 and 2019-20 provisional £m	Change between 2018-19 and 2019-20 %
Education services	32,233	32,588	355	1.1
Highways and transport services (excl. GLA)	2,630	2,716	86	3.3
Highways and transport services (GLA only)	1,227	1,003	-224	-18.3
Children's Social Care services	9,375	9,851	476	5.1
Adult Social Care services	16,076	16,899	822	5.1
Public Health services	3,278	3,204	-74	-2.3
Housing services (excluding Housing Revenue Account)	1,673	1,799	126	7.5
<i>including:</i>				
Homelessness: Prevention	117	140	24	20.3
Homelessness: all other	547	589	43	7.8
Cultural services	2,201	2,229	28	1.3
Environmental services	5,008	5,171	163	3.3
Planning and development services	1,226	1,372	146	11.9
Police services	11,426	12,203	777	6.8
Fire and rescue services	2,005	2,155	150	7.5
Central services	3,011	3,171	160	5.3
Other Services	48	74	26	55.1
Total Service Expenditure	91,417	94,435	3,019	3.3
<i>plus precepts, levies, trading accounts and adjustments</i>				
Housing Benefits	17,833	15,798	-2,035	-11.4
Total Net Current Expenditure	109,344	110,197	853	0.8
<i>plus non-current expenditure</i>				
Capital financing ^(b)	4,688	4,909	221	4.7
Capital expenditure charged to Revenue Account (CERA)	1,626	2,100	474	29.1
Flexible use of Capital Receipts	-158	-164	-6	4.0
Bad debt provision	164	212	48	29.2
Flood defence payments to Environment Agency	36	38	2	5.7
Private Finance Initiative (PFI) schemes - difference from service charge	-25	-15	10	-41.0
Appropriations to(+)/ from(-) financial instruments adjustment account	-180	13	193	-107.3
Appropriations to(+)/ from(-) unequal pay back pay account	-105	2	107	-101.6
less interest receipts	1,507	1,619	112	7.4
less specific grants outside AEF ^(d)	19,127	17,096	-2,031	-10.6
less Business Rates Supplement	271	269	-3	-0.9
less Community Infrastructure Levy (CIL)	317	403	87	27.4
less Carbon Reduction Commitment	8	2	-6	-74.3
Revenue Expenditure ^(e)	94,226	97,902	3,676	3.9

(a) Net of sales, fees and charges and net of recharges and funding from other local authorities or delivery bodies such as from the NHS (eg the Better Care Fund). The RSX table shows this within the 'Other income' as well as local authority gross expenditure.

(b) Includes provision for repayment of principal, leasing payments, external interest payments and HRA item 8 interest payments and receipts.

(c) Adjustments permitted by regulation to the revenue account charges for financial instruments.

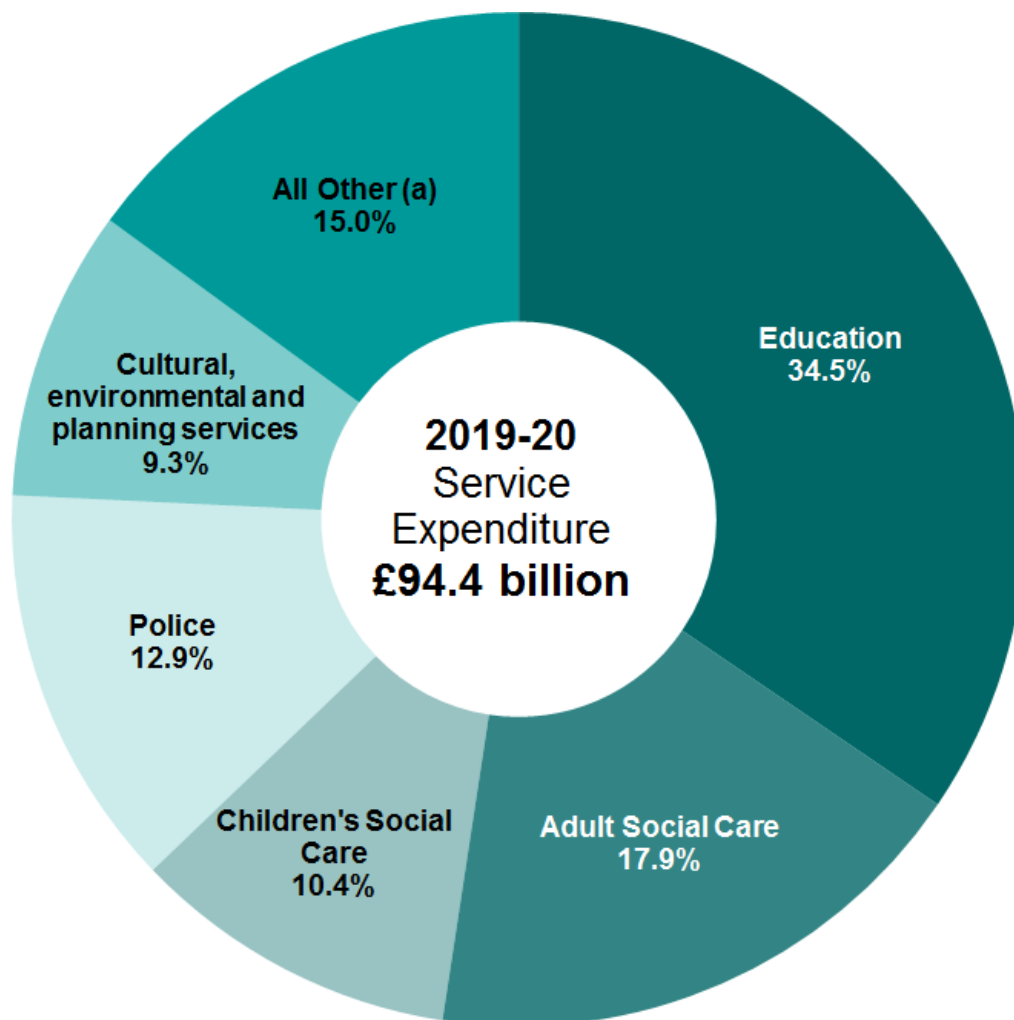
(d) Aggregate External Finance; see Definitions.

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

(f) Includes disbursement to businesses figures as reported in RO 2019-20. Published Local authority grant payments can be found at the following link: <https://www.gov.uk/government/publications/coronavirus-grant-funding-local-authority-payments-to-small-and-medium-businesses>

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

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



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

Housing benefits

Although not part of Service Expenditure, Housing Benefits are a large component of total local authority spending. Paid by local councils to help individuals currently on low incomes pay for rents for both private and social housing, these are financed through subsidies from the Department for Work and Pensions (DWP). Housing Benefits expenditure decreased by £2.0 billion (-11.4%) to £15.8 billion in 2019-20. There was a corresponding decrease in subsidies received by local authorities, and this is reflected in the 'Grants outside Aggregate External Finance (AEF)' category. These changes are the result of the transition to Universal Credit.

Revenue Expenditure Financing

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

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

The main sources of funding available to finance revenue expenditure are locally retained business rates, Council Tax, government grants and the use of held financial reserves.

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

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

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

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

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

	£ million	£ million		
	Net current expenditure	Net current expenditure	Change	Change
	2018-19	2019-20	£m	%
Revenue expenditure ^(a)	94,226	97,902	3,676	3.9
Financed by:				
Government Grants	48,076	50,398	2,323	4.8
<i>of which:</i>				
Specific grants inside AEF ^(b)	39,549	40,173	623	1.6
<i>including:</i>				
Dedicated Schools Grant (DSG)	26,462	25,690	-772	-2.9
Public Health Grant ^(c)	3,011	2,931	-80	-2.7
Pupil Premium Grant	1,332	1,124	-208	-15.6
New Homes Bonus	941	902	-39	-4.1
Local Services Support Grant (LSSG)	22	27	5	23.0
Revenue Support Grant ^(d)	1,379	653	-726	-52.6
Police grant	7,125	7,269	144	2.0
COVID-19 emergency funding first tranche £1.6bn		1,366		
Brought forward s.31 grants for 2020-21 business rates relief		910		
Council tax requirement	29,563	31,401	1,838	6.2
Retained income from Business Rate Retention Scheme ^(d)	17,973	17,172	-801	-4.5
Appropriations to(-) / from (+) revenue reserves	-1,878	-1,374	504	-26.8
Adjusted Appropriations to(-) / from (+) revenue reserves ^(f)		902	2,780	-148.0
Council tax collection fund surplus (+) / deficit (-) ^(e)	403	338	-65	-16.2
Other items	110	-18		

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

(b) Specific grants inside AEF also includes the following grants: Private Finance Initiative (PFI), Education Services Grant, GLA Transport Grant, Universal Infants Free School Meals, Housing Benefit Subsidy and Council Tax Support Admin Grant, Adult Social Care Implementation and all Other grants inside AEF. Please see the Specific and Special Revenue Grants (RG) data tables for more detail.

(c) Public Health Grant allocations for the Metropolitan Districts of Greater Manchester are not reflected due to the devolution deal for the Greater Manchester area.

(d) In 2018-19 and 2019-20, some local authorities participated in pilots to retain an increased share of revenue for that year only. For 2018-19, this was 100% and in 2019-20, this was 75% retention, details can be found at: <https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2019-to-2020>

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

(f) This nets off where local authorities recorded in their RO2019-20 returns their shares of the £1.6bn first tranche of COVID-19 funding and business rates reliefs compensation Section 31 grants for 2020-21. Both of which were paid in late March 2020 but much or all of which would be spent for 2020-21.

Revenue Expenditure financing

Table 4 shows funding of revenue expenditure in terms of government grants and locally retained income (retained income from rate retention scheme and council tax) since 2014-15. The table also shows whether overall local authorities have made net appropriations to or from reserves.

From 2014-15 onwards local authorities have been more reliant on locally retained income because business rates moved from being a centrally redistributed function to one where authorities retain a percentage of what they collect. The proportion of revenue expenditure less use of reserves and council tax collection fund surplus funded from grants has fallen from 65% of all local authority revenue expenditure in 2013-14 to 50% in 2019-20¹. There has been a corresponding increase in the income retained by local authorities from 35% in 2013-14 to 50% in 2019-20.

Central government grants financed £48.1 billion in 2019-20. The grants comprise all direct grants to local government ('Specific grants inside AEF'), Revenue Support Grant (which is determined as part of the Local Government Finance Settlement), Local Services Support Grant (LSSG) and Police Grant.

- Specific grants inside aggregate external finance increased from £39.5 billion in 2018-19 to £40.2 billion in 2019-20. Dedicated Schools Grant accounted for 64% of these types of grants and 51% of all central government grants, excluding those outside aggregate external finance.
- Revenue Support Grant (RSG) was £726 million lower compared to 2018-19, and retained income from Business Rates Retention was £801 million lower. The business rates 75 per cent retention pilot scheme in 2019-20 followed a 100 per cent pilot scheme in 2018-19, and some of the decrease in grant is attributable to this change. Details of the scheme can be found here: <https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2019-to-2020>

Council tax requirement was £31.4 billion in 2019-20 which is 6.2% higher than the £29.6 billion in 2018-19. This increase is the result of the combination of growth in tax base and in levels of council tax. Councils that deliver social care services were allowed under the Adult Social Care Precept to raise their bills by an additional total of 6 percentage points above the standard referendum threshold across the three years of 2017-18, 2018-19 and 2019-20.

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

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

	£ million			£ million				£ million	
	Revenue Expenditure ^(a)	Government Grants excluding those paid in advance ^{** (b)}	% of Total ^(c)	<i>Locally retained income</i>		Locally retained income	% of Total ^(c)	Adjusted use of Reserves ^{** (d)}	Council Tax Collection Fund Surplus and Other items
				Retained income from Business Rate Retention Scheme	Council Tax				
Outturn									
2015-16	94,533	57,090	60.9	11,855	24,734	36,589	39.1	394	459
2016-17	93,567	53,812	58.7	11,735	26,083	37,817	41.3	1,521	422
2017-18	93,104	50,457	54.1	15,162	27,641	42,803	45.9	-630	473
2018-19	94,226	48,076	50.3	17,973	29,563	47,536	49.7	-1,878	513
2019-20	97,902	48,122	49.8	17,172	31,401	48,573	50.2	902	320

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

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

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

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

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

Reserves

Reserves are funds set aside to finance future revenue spend. Increases in reserves may be due to a delay or cancellation of a project, or an authority saving for future projects. Decreases in reserves indicate when authorities use funds that have been set aside in previous years.

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

	£ million								Total Reserves ^(c)	Adjusted Total Reserves ^(b)
	Schools reserves	Dedicated Schools Grant reserves ^(e)	Public Health reserves	Non-ringfenced reserves				Non-ringfenced Total		
				Other earmarked	Unallocated	Adjusted Non-ringfenced Total ^(b)				
At 1 April										
2015	2,436	...	315	17,862	4,491		22,353	25,104		
2016	2,344	...	260	17,626	4,390		22,016	24,620		
2017	1,835	...	243	16,934	4,182		21,116	23,195		
2018	1,596	132	235	17,711	4,261		21,972	23,935		
2019	1,537	13	222	18,706	4,095		22,801	24,574		
At 31 March										
2020	1,397	-295	205	20,142	4,492	22,358	24,634	25,940	23,664	
Changes in 2019-20 ^(e)										
Movements to (+) and from (-) reserves	-140	-309	-17	1,436	397	-443	1,833	1,367	-910 **	
as a percentage of 1 April 2018	-9.1%	-2293.5%	-7.8%	7.7%	9.7%	-1.9%	8.0%	5.6%	-3.7%	
England reserves excluding Greater London Authority										
Movements to (+) and from (-) reserves	-140	-309	-17	1,575	54	-457	1,630	1,163	-923	
as a percentage of 1 April 2019	-9.1%	-2293.5%	-7.8%	9.7%	1.4%	-2.3%	8.1%	5.3%	-4.2%	
** Differs from -902 figure in other tables due to a small numbers of returns whose change in levels of reserves do not yet match with their appropriations to/from reserves.										
(a) A small number of discrepancies in change in levels of reserves figures have yet to be resolved.										
(b) Non-ringfenced reserves minus the two grants paid in late March 2020. This nets off local authorities' shares of COVID-19 £1.6bn first tranche and business rates Section 31 grants for 2020-21 - where these were recorded in RO 2019-20 returns. Both of which were paid in late March 2020 but much or all of which was spent for 2020-21.										
(c) Total reserves includes a new category of Dedicated Schools Grant reserves which was introduced in this return in 2019. It had previously been collected and continues to be collected in the Department for Education's Section 251 returns, available from: https://www.gov.uk/government/collections/section-251-materials . In keeping with past recording, local authorities may record a negative reserve against this item, if spend to date has exceeded grant.										

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

The adjusted total of all local authorities' general fund revenue account reserves decreased by £900 million from £24.6 billion at 1 April 2019 to £23.7 billion at 31 March 2020.

Use of reserves by class of authority

There continued to be substantial variation among local authorities. On the adjusted basis, overall 254 (58%) authorities made a net use of reserves during 2019-20, and within this 42 (75% of) Unitary Authorities, 26 (72% of) Metropolitan Districts, 23 (70% of) London Boroughs and 16 (62% of) of Shire Counties.

Table 6a shows the net change to/from reserves by class of local authority and table 6b shows the number and proportion of local authorities by class which made net use of their reserves.

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

£ million	Appropriations to (+)/from (-) total revenue reserves				
	2015-16	2016-17	2017-18	2018-19	2019-20 **
England	-394	-1,523	630	1,878	-902
Class of authority (number of authorities) ^(c)					
Shire Counties (26)	-188	-378	72	266	-141
Metropolitan Districts (36)	3	-388	165	129	-166
Unitary Authorities (56)	94	-254	101	188	-444
London Boroughs (33)	-63	-359	63	315	-202
Shire Districts (192)	263	203	253	252	6
Greater London Authority (1)	-457	-396	-2	776	14
Other Authorities (92) ^{(a)(b)}	-45	48	-22	-46	32

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

(a) Includes Police and Crime Commissioner Authorities, Fire Authorities, Combined Authorities, Waste Authorities, Transport Authorities and National Park Authorities. Due to authority mergers and the creation of new combined authorities in 2016-17 and 2019-20 the number of other authorities varies across years.

(b) The number of Other Authorities has varied slightly over the years due to authorities combining and submitting separate returns for their Fire and Police. 2015-16 (90), 2016-17 (92), 2017-18 (91), 2018-19 (90), 2019-20 (92).

(c) The count of authorities has changed slightly largely due to reorganisations.

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

Number and proportion (%) of authorities making net use of reserves ^(c)											
	All authorities	2015-16		2016-17		2017-18		2018-19		2019-20 ^{**}	
England	436	181	41%	221	50%	180	40%	165	38%	254	58%
Class of authority											
Shire Counties	26	18	67%	22	81%	12	44%	13	48%	16	62%
Metropolitan Districts	36	19	53%	29	81%	16	44%	16	44%	26	72%
Unitary Authorities	56	27	48%	36	64%	24	43%	21	38%	42	75%
London Boroughs	33	20	61%	26	79%	15	45%	13	39%	23	70%
Shire Districts	192	47	23%	64	32%	55	27%	58	29%	105	55%
Greater London Authority	1	1	100%	1	100%	1	100%	0	0%	0	0%
Other Authorities ^{(a) (b)}	92	49	53%	43	47%	57	63%	44	49%	42	46%

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

(a) Includes Police and Crime Commissioner Authorities, Fire Authorities, Combined Authorities, Waste Authorities, Transport Authorities and National Park Authorities. Due to authority mergers and the creation of new combined authorities in 2016-17 and 2019-20 the number of other authorities varies across years.

(b) The number of Other Authorities has varied slightly over the years due to authorities combining and submitting separate returns for their Fire and Police. 2015-16 (90), 2016-17 (92), 2017-18 (91), 2018-19 (90), 2019-20 (92).

(c) The count of authorities has changed slightly largely due to reorganisations.

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>

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

Estimates from the Subjective Analysis Return (SAR), which is complete by a sample of authorities in England, will be published in due course. These are not presented as a drop down table as this information is grossed to produce England level estimates.

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 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% 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 Outturn data in 2019-20

All local authorities in England were required to complete the Revenue Outturn (RO) suite of forms to show all transactions for the 2019-20 financial year related to the general fund revenue account. This includes 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 figures 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.

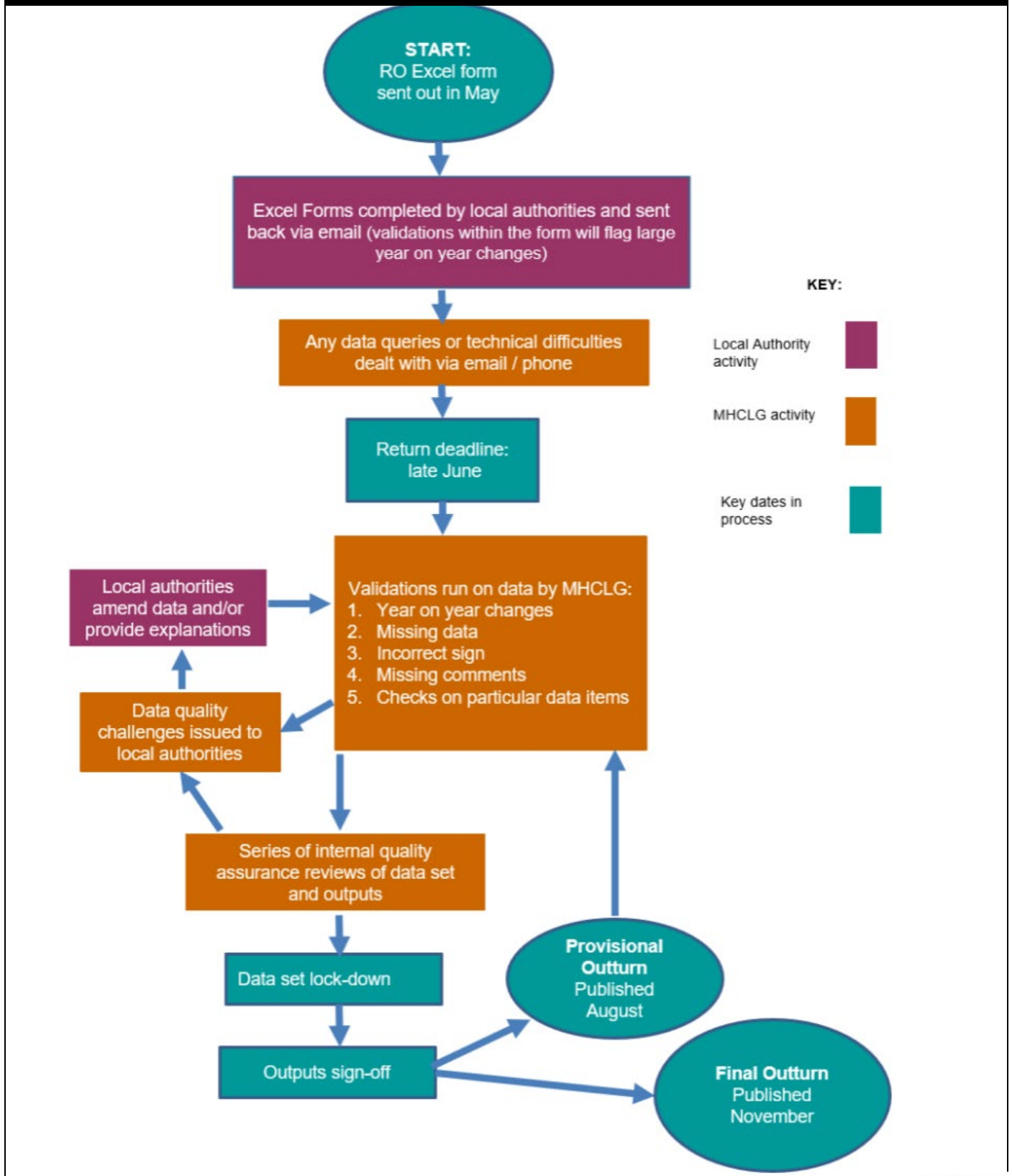
Data quality

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 400 local authorities in England and 36 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 the flow chart in Figure 1.

Figure 1: Quality Assurance Flow Diagram



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-assessment-report97englishlocalauthoritycapitalexpenditureandreceiptsandrevenueexpenditureandfinancin_tm97-39896.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

Revised data will be published in the form of the Final Outturn update of this data set and statistical release. This is due for publication in January.

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 be in touch via: 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 2013-14 to 2019-20](#)
- [Local government finance: Budget 2019-20 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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