



Ministry of Housing,
Communities &
Local Government

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

Technical Notes



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National Statistics Status

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

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.

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.

Assessment of data quality

In 2015, the UK Statistics Authority (UKSA) published a [regulatory standard for the quality assurance of administrative data](#). To assess the quality of the data provided for this release, the department has followed that standard. A full outline of the statistical production process and quality assurance carried out is provided below:

Communication with data supply partners

RO Excel form is sent out in May. The Excel forms are completed by local authorities and sent back via email (validations within the form will flag large year on year changes).

Any data queries or technical difficulties are dealt with via email/phone. The RO return deadline is set for late June.

QA principles, standards and checks

Validations are run on data by MHCLG looking for:

1. Year on year changes
2. Missing data
3. Incorrect sign
4. Missing comments/explanations
5. Checks on particular data items

Data quality challenges are then issued to local authorities. Local authorities then amend data and/or provide explanations. There are a series of internal quality assurance reviews of data set and outputs.

The dataset is then locked down, outputs signed off and Provisional Outturn published in August. Further validations are run, challenges issued and reviewed before Final Outturn is then published in November.

Response Rate and Imputation

The information for 2019-20 in this release is derived from Ministry of Housing, Communities and Local Government (MHCLG) Revenue Outturn (RO) forms. 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 36 imputed records in place 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.

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 – There 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**.

Dedicates 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.

Revisions policy

This policy has been developed in accordance with the UK Statistics Authority's Code of Practice for Statistics and the Ministry of Housing, Communities and Local Government Revisions Policy and can be found at [Statistical notice: MHCLG revisions policy](#).

It covers two types of revisions that the policy covers, as follow:

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.

Other information

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 polits can be found here: [Final local government finance settlement 2019 to 2020: written statement](#)

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

Notes

This statistical Release and previous publications can be accessed from: [Local authority revenue expenditure and financing](#).

Timings of future releases can be found at: [Statistics at MHCLG](#) and at: [Research and statistics](#).

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 2020-21 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](#)

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 contact given in the first page of the release.

The Department'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:

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