



Department for Levelling Up,
Housing & Communities

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

Technical Notes



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Contents

National Statistics status	4
Data collection	4
Data quality	7
Assessment of data quality	7
Response rate and imputation	8
Real terms figures	9
Definitions	10
Revisions policy	13
Non-Scheduled Revisions	13
Scheduled Revisions	13
Revisions in this release	13
Other information	14
Uses of the data	14
Notes	15
Devolved administration statistics	16
User engagement	17

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 Department for Levelling Up, Housing and Communities' 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 2020-21

All local authorities in England were required to complete the Revenue Outturn (RO) suite of forms to show all transactions for the 2020-21 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 2020 to 31 March 2021. These estimates are on a non-International Accounting Standard 19 (IAS19) and PFI "Off Balance Sheet" basis except where stated otherwise.

New sub-categories of homelessness services implemented in 2020-21

New sub-categories for homelessness services were introduced as of Revenue Outturn 2020-21. These were as proposed by a review conducted by the London School of Economics, which involved extensive discussion with local authority representatives. The new categories are more aligned with the Homelessness Reduction Act and the record-level homelessness reporting in the H-CLIC system.

The graphic below shows the new categories alongside the categories used up to RO 2019-20. The column 'How it relates to categories in use up to RO 2019-20' notes whether categories should match and reasons where they do not.

Key points of note are:

- One category (hostels etc) is unchanged.
- Three of the new categories are each the direct combination of two of the old categories.
- The new category for exclusively self-contained accommodation also causes a change to the category called B&Bs/Hotels.
- The Administration/Prevention/Relief/Support categories are now defined according to whether or not the activity is under the Homelessness Reduction Act.

New code Categories from RO 2020-2021		How it relates to categories in use up to RO 2019-20	Old code CATEGORIES until RO2019-2020	Key points from old categories definitions
80	ii. Nightly paid, privately managed accommodation, <u>self-contained</u>		39 Other nightly paid, privately managed accommodation	Includes shared facilities 'annexes' also typically involve the use of units and annexes associated with privately managed hotels, or such establishments, where households share at least some basic facilities. Meals may or may not be provided. Do not include supported lodgings as shared facilities annexes.
81	i. Private sector accommodation leased by authority or by a registered provider	2 categories, now 1	40 Private managed accommodation leased by the authority 43 Private managed accommodation leased by RSLs	Covers dwellings leased on short-term arrangements from the private sector by your authority. Include accommodation leased and managed by local authorities or leased by the authority but managed by another organisation such as an RSL. Covers dwellings leased on short-term arrangements from the private sector by an RSL. Include accommodation leased by an RSL under a housing association leasing scheme (HALS).
82	v. Hostels (including reception centres, emergency units and refuges)	should match	41 Hostels (non-Housing Revenue Account support)	Only include hostels used mainly to house the homeless, including women's refuges . Exclude any other hostel, although the cost of housing a homeless person in other types of hostel should, if significant, be identified and included as 'Other temporary accommodation', below.
83	iv. Bed and breakfast hotels (<u>including shared annexes</u>)	should match, except that all annexes with shared facilities should be reported in iv.	42 Bed/breakfast accommodation	Include privately owned/managed hotels or guest houses with some shared facilities. Exclude hotel annexes with self-contained units and where meals are not provided
84	iii. Local authority or housing association (LA/HA) stock	2 categories, now 1	45 Accommodation within the authority's own stock (non-Housing Revenue Account) 48 Accommodation within RSL stock	Covers households placed in your own authority's stock. Covers households placed in RSL stock (as RSL tenants) as temporary accommodation.
85	vi. Any other type of temporary accommodation (including private landlord and not known)	2 categories, now 1	44 Directly with a private sector landlord 46 Other temporary accommodation	where this accommodation is provided as temporary accommodation to discharge a homelessness duty. This section should not be used to record cases where the accommodation is not provided as temporary accommodation to discharge a homelessness duty (eg where people have been assisted to obtain accommodation for themselves, perhaps through rent deposit, rent in advance, or rent direct schemes). RO 2018-19 RO4 notes 5 Line 45 Include any other expenditure on housing for homeless people including payments to/for: o Caravans o Demountables o Portacabins o Transportables o Supported lodgings placements
86	vii. Temporary accommodation administration	TA administration starts to be reported specifically. Previously there was a wider 'Homelessness: administration' category which is now split across vii, viii, ix		
87	viii. Homeless Reduction Act: Administration, Prevention, Relief & Support	New categories split according to whether or not spend relates to a duty under the Homelessness Reduction Act		
88	ix. Non Homelessness Reduction Act: Administration and Support	New categories split according to whether or not spend relates to a duty under the Homelessness Reduction Act	47 Homelessness: Administration 49 Homelessness: Prevention 50 Homelessness: Support	The general administration costs of administering the homeless function, i.e. receipt of requests for help and allocation of spaces are to be recorded here. Any employee costs for the specific services should be recorded on the individual lines. Administration cost should include legal costs, direct employee costs plus proportion of office expenses, i.e. office costs, IT, finance, central recharges and administration support services, pro rata to the Homelessness prevention is where a local authority takes positive action to provide housing assistance to someone who considers him or herself to be at risk of homelessness in the near future, and as a result the person is able to either remain in his or her existing accommodation or obtain alternative accommodation providing a Support costs should include floating support of people in temporary accommodation. Please include all expenditure on rough sleeping, including staff and support costs

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 Department for Levelling Up, Housing and Communities (DLUHC) and the Chartered Institute of Public Finance and Accounting (CIPFA) 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

The RO Excel form was 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 was set for late August in 2021.

QA principles, standards and checks

Validations are run on data by DLUHC looking for:

1. Missing or inconsistent data
2. Incorrect sign
3. Unusual year on year changes
4. Missing comments/explanations

5. Other anomalies based on expectation for particular data items, some specifically for particular types of local authority.

Batches of data quality challenges are 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 are checked, and the Provisional Outturn is published (in October in 2021). Due to the number of returns (66) not received in time for the Provisional Outturn publication in October 2021, an updated Provisional Outturn was published in December 2021 following the receipt of an additional 42 forms.

Validations checks are repeated, and further challenges are issued and reviewed building up toward the 'Final Outturn' publication (initially published in January 2022 and revised in May 2022). Due to the number of returns (11) not received in time for the Final Outturn publication in January 2022, an updated Final Outturn will be published. As at late May 2022, we are still awaiting 2020-21 returns from several local authorities. The schedule for this update (the fourth release of these data) will depend on the outlook for these outstanding returns.

Response rate and imputation

The source of the figures in this release are the returns from local authorities in England to the Department for Levelling Up, Housing and Communities (DLUHC) in the Revenue Outturn (RO) forms. Several local authorities did not submit their returns in time for publication. Therefore, this publication is based on returns from 421 (97% of) local authorities in England.

In order to create valid estimates for England totals, imputed (estimated) figures were calculated for the eleven local authorities that had still not submitted their Revenue Outturn (RO) form. These account for approximately one per cent of both Total Service Expenditure and equally of the broader Revenue Expenditure aggregate. In the spreadsheet tables containing individual local authority data, these authorities are marked with a 'S' beside their name. The estimates are not shown for each authority, but the estimates feed into England and local authority class total figures.

The imputed (estimated) figures draw from grant allocation data as well as extensively from these authorities' Revenue Account (budget) data. These are adjusted by factors, for example, reflecting average change from 2020-21 budget data to 2020-21 outturn data, across all authorities who had made their Revenue Outturn return.

The method of estimation used in October and December 2021 was in line with that used in previous years; this was unable to produce satisfactory for some quantities for 2020-21. Therefore the method was refined ahead of the January 2022 publication, and this successfully enabled production of satisfactory estimates of almost all data items in the data set (now just excluding components in the Trading Services Return, and a few mostly ancillary data items in RO2, RO3, RO6.)

The full data submitted by local authorities can be found in the '2020 to 2021 individual local authority - outturn' data tables at www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing.

Real terms figures

Table 1b shows Service (net current) Expenditure and Revenue Expenditure adjusted to real terms using the implied [GDP deflator](#). This is a widely used deflator which is derived by the Office for National Statistics by combining volume and value measures of Gross Domestic Product. The exceptional circumstances arising from COVID-19 particularly affected these volume measures and resulted in extraordinary values for the implied deflator after 2019-20. The GDP deflator forecast from the Office for Budget Responsibility returns the GDP deflator time series to a credible level from 2022-23. Having discussed options with the Office for National Statistics and HM Treasury, we are able to calculate real terms figures for 2020-21 using the average annual increase over the period from 2019-20 to 2022-23. This method applied to the deflator data as published in December 2021 gives a credible value of +2.64% for 2020-21.

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 a specific grant rather than funding previously included in formula grants.

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 the 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 Department for Levelling Up, Housing and Communities Revisions Policy and can be found at [Statistical notice: DLUHC revisions policy](#).

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

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

Local Authority Revenue Expenditure and Financing are published first as 'Provisional Outturn' and later as 'Final Outturn'. Where local authorities do not provide data in time, further updates are published.

Revisions in this release

This June update comprises corrections to grant aggregates in tables 3 and 4.

The May 2022 release was an update to the 'Local authority revenue expenditure and financing England 2020 to 2021 final outturn' published on 27 January 2022. It included revisions that were made to financing items for 11 local authorities due to the treatment of the COVID business rates relief grant. The affected lines were RA 870 'Retained income from Rate Retention Scheme', RS 885 'Other Items', RS 815 'Appropriations to / from earmarked financial reserves', and RS 915 'Other earmarked financial reserves level' as at 31 March. The republished 'RS' data table also included small corrections to HRA aggregates, making them consistent with the values in table RO4.

The January release superseded the 'Local authority revenue expenditure and financing England 2020 to 2021 provisional outturn' published on 21 October 2021 and updated on

9 December 2021. It included estimated data from 11 local authorities who had not yet submitted their returns replacing the estimates previously made for these authorities.

Other information

Uses of the data

Data in this Statistical Release are essential for providing the Secretary of State for Levelling Up, Housing and Communities, 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 onwards 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, retained 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 2018-19 some authorities piloted 100% business rates retention, and in 2019-20 some piloted 100%. More information on Business Rates pilots 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 DLUHC](#) 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 2020-21](#)
- [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](#)

Northern 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>

DLUHC 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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