



Department for Levelling Up, Housing & Communities

Statistical release

Local Government Finance

Local Authority Revenue Expenditure and Financing: 2020-21 Final Outturn – England (Revised)

The May update comprised corrections that were necessary to the treatment by eleven local authorities of COVID business rates relief grant income. The corrections affected the following financing items: 'Retained income from Rate Retention Scheme', 'Other Items' and 'Other Earmarked Reserves', which are part of tables 3, 4 and 5. In preparing this update, an error was identified in the presentation of the national totals of adjusted reserves levels (table 5), and this was also corrected. All other figures in the May release were unchanged from the January version. The June update comprises corrections to grant aggregates in tables 3 and 4.

Impact of COVID-19 on 2020-21 data

The data in this release covers the 2020-21 financial year, when there were significant impacts on local authority finances resulting from the COVID-19 pandemic. Consequently the 2020-21 expenditure data is substantially higher compared with 2019-20 and earlier years. The timing of grants has also had a large impact on reserves figures.

Net current service expenditure

- Local authorities' total net current service expenditure was £106.4 billion in 2020-21, up £9.3 billion (+9.5%) in real terms compared to 2019-20. This higher net current expenditure during the COVID-19 pandemic was the result of the combination of higher expenditure and reduced fees and charges income.
- The categories of service with the largest increases (not adjusted for inflation) in net current expenditure compared to 2019-20 were:
 - Highways and transport up by +109% (+£4.1bn) to £7.8 billion, largely due to lower public transport fares income and corresponding additional revenue grants.
 - Adult social care (excluding funding via NHS) up by +11% (+£1.8bn) to £18.7 billion.
 - Expenditure classified to Central and Other services: up by £1.4 billion.
 - Police Services +7% (+£879 million) to £13.1 billion.

Revenue Expenditure

- The broader measure of local authority Revenue Expenditure (see Definitions section) totalled £109.8 billion across all local authorities in England in 2020-21, 8.9% higher than

2019-20 in real terms.

Release date: 30 June 2022 Grants aggregates in table 3 (p16) and table 4 (p18) corrected (originally published 27 January 2022 and revised 26 May 2022)

Date of next release: Dependent on receipt of missing returns

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Introduction

Local government expenditure accounts for around a fifth of all government spending and the majority of this is shown in local authorities' revenue accounts.

This statistical release, and all the associated tables, present outturn data on the revenue expenditure of local authorities in England for the financial year 2020-21. It is based on data from 421 (97%) of the 432 local authorities in England in 2020-21. Data for the remaining 11 authorities have been imputed in order to produce the estimated class and national totals.

All the data in the release is compiled from the Revenue Outturn (RO) returns from local authorities in England to the Department for Levelling Up, Housing and Communities. Coverage includes, but is not limited to, local councils i.e.: London Boroughs, Metropolitan Districts, Shire Counties, Shire Districts and Unitary Authorities, as well as other authority types: Police and Crime Commissioners, Fire Authorities, Waste Authorities, Park Authorities, Combined Authorities, and the Greater London Authority.

The total number of local authorities is again lower than previous years due to the following local government reorganisation:

- On 1 April 2020, Buckinghamshire Unitary Authority replaced Buckinghamshire County Council and these District Councils: Aylesbury, Chiltern, South Buckinghamshire and Wycombe.

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

Key Contextual information

This release is an update to the 'Local authority revenue expenditure and financing England 2020 to 2021 final outturn' published on 27 January 2022. It includes revisions that were made to financing items for 11 local authorities due to the treatment of the COVID business rates relief grant. The affected quantities are: 'Retained income from Rate Retention Scheme' (line 870), 'Other Items' (line 885) and 'other earmarked reserves'. This release was further updated in June to correct grant aggregates in tables 3 and 4.

Functions and responsibilities of local government can change from year to year, so comparisons between financial years may potentially not be wholly valid. Where major changes occur, these are noted.

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 a decrease in expenditure or by an increase in fees or other income relating to that category of services, and conversely.

Impact of Covid-19 grants

As a result of the impacts of COVID-19, local authorities received various new grants. Two grant

payments were made in late March 2020; since many local authorities recorded these in their Revenue Outturn 2019-20, this caused an increase in (unadjusted) reserves at the end of 2019-20. Further grant payments followed during 2020-21 including additional covid funding as well as grants compensating for the additional business rates reliefs announced for 2020-21. The timing and routing of these grants through the local authorities' revenue accounts have contributed to increases to reserves levels at the end of 2020-21. In the summary tables within this release, we have adjusted grants and reserves to remove those effects that are just due to timing. These adjustments are explained in more detail on page 14.

Imputation for missing returns

As at the mid-January cut-off for inclusion in this publication, 11 local authorities had still not submitted their Revenue Outturn (RO) return. In order to create valid estimates for England totals, imputed (estimated) figures were calculated. These 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 budget to outturn across all authorities who made their RO return in time.

The full data submitted by local authorities, including financing and reserves items, 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.

Potential changes to future data collected

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

Local Authority Expenditure

The majority of local authority spend is on the provision of services. The Revenue Outturn data records current expenditure by detailed categories of service, and these sum up to '**Total Service Expenditure**'.

'**Revenue Expenditure**' also accounts for any costs, notably those 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), 2016-17 to 2020-21 (cash terms)

£ million – not adjusted for inflation ^(b)									
	2016-17		2017-18		2018-19		2019-20		2020-21
Education ^(c)	33,382	||	32,265	||	32,233	||	32,603	||	33,422
Highways and transport	4,013		3,997		3,857		3,757		7,840
Social care ^(d)	23,390		24,164		25,452		26,826		29,234
of which: Children's Social Care	8,476		8,834		9,375		9,920		10,513
Public Health	3,480		3,365		3,278		3,228		3,784
Housing (excluding Housing Revenue Account)	1,508		1,536		1,673		1,775		2,057
Cultural, environmental and planning	8,445		8,293		8,435		8,757		10,096
Police	11,050		11,165		11,426		12,203		13,083
Fire & rescue	1,961		1,972		2,005		2,158		2,194
Central Services	3,159		3,065		3,011		3,251		4,125
Other Services	56		-19		48		42		526
Total Service Expenditure	90,444	||	89,803	||	91,417	||	94,600	||	106,360
<i>% Difference Year-on-year</i>	-0.2%		-0.7%		1.8%		3.5%		12.4%
Total Service Expenditure excluding education ^(e)	57,061		57,538		59,183		61,997		72,938
<i>% Difference Year-on-year</i>	1.0%		0.8%		2.9%		4.8%		17.6%
Total Service Expenditure excluding Education & Public Health	53,581		54,173		55,905		58,769		69,154
<i>% Difference Year-on-year</i>	0.4%		1.1%		3.2%		5.1%		17.7%
Revenue Expenditure	93,567	||	93,104	||	94,226	||	98,178	||	109,763
<i>% Difference Year-on-year</i>	-1.0%		-0.5%		1.2%		4.2%		11.8%

Source: Revenue Outturn returns from local authorities in England

(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 were published on 21/10/2021 in [NHS Digital's Adult Social Care - Activity and Finance Report](#), without the exclusions noted.

(e) Education is excluded to provide a fairer year-on-year comparison as it is not comparable over time due to schools converting to academies and thus becoming directly funded.

Table 1b: Service expenditure net of sales, fees and charges and of other income^(a), 2016-17 to 2020-21 (real terms)

£ million – adjusted for inflation, in 2020-21 prices ^(b)									
	2016-17		2017-18		2018-19		2019-20		2020-21
Education ^(c)	36,364	||	34,552	||	33,857	||	33,463	||	33,422
Highways and transport	4,371		4,281		4,052		3,857		7,840
Social care ^(d)	25,480		25,877		26,734		27,533		29,234
of which: Children's Social Care	9,233		9,460		9,848		10,182		10,513
Public Health	3,791	||	3,604		3,443		3,313		3,784
Housing (excluding Housing Revenue Account)	1,643		1,644		1,757		1,822		2,057
Cultural, environmental and planning	9,199		8,881		8,860		8,988		10,096
Police	12,037		11,956		12,001		12,525		13,083
Fire & rescue	2,136		2,112		2,106		2,215		2,194
Central Services	3,441		3,283		3,162		3,337		4,125
Other Services	61		-21		50		43		526
Total Service Expenditure	98,522	||	96,168	||	96,022	||	97,095	||	106,360
<i>% Difference Year-on-year</i>	-1.4%		-2.4%		-0.2%		1.1%		9.5%
Total Service Expenditure excluding education ^(e)	62,158	||	61,617		62,165		63,632		72,938
<i>% Difference Year-on-year</i>	-1.2%		-0.9%		0.9%		2.4%		14.6%
Total Service Expenditure excluding Education & Public Health	58,367		58,013		58,721		60,319		69,154
<i>% Difference Year-on-year</i>	-2.0%		-0.6%		1.2%		2.7%		14.6%
Revenue Expenditure	101,925	||	99,703	||	98,973	||	100,768	||	109,763
<i>% Difference Year-on-year</i>	-2.3%		-2.2%		-0.7%		1.8%		8.9%

Source: Revenue Outturn returns from local authorities in England

(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. This is described in the Technical Note.

(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 were published on 21/10/2021 in [NHS Digital's Adult Social Care - Activity and Finance Report](#), without the exclusions noted.

(e) Education is excluded to provide a fairer year-on-year comparison as it is not comparable over time due to schools converting to academies and thus becoming directly funded.

Expenditure by service

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

Tables 1a and 1b also show a five year time series of Total Service Expenditure and Revenue Expenditure. Table 2 provides a more detailed breakdown of the components of each expenditure category for all local authorities in England for 2019-20 and 2020-21.

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 funded academies. As such, these figures are not comparable over time. Public Health expenditure also changed in scope during 2015-16 with local authorities also gaining the responsibility and funding for public health for children aged 0-5. Consequently, excluding Education – or if prior to 2016-17, also excluding Public Health – from Total Service Expenditure, provides a fairer year-on-year comparison.

In 2020-21, Total Service Expenditure for all local authorities in England was £106.4 billion, an increase of £9.3 billion (+9.5%) in real terms compared to 2019-20. Total Service Expenditure excluding Education Services was 17.6% higher in 2020-21 compared to 2019-20, and 14.6% higher than 2019-20 in real terms.

The higher net expenditure is a result of a combination of higher expenditure and lower fees and charges income. Substantial additional grants were provided, and a [summary detailing many of these](#) can be found at [COVID-19 emergency funding for local government](#).

The largest components of change in (net current) service expenditure (not adjusted for inflation) from 2019-20 to 2020-21 were as follows:

- i) Highways and transport: +£4.1bn (+109%) to £7.8 billion. Within this, the Greater London Authority accounted for +£3.3bn, much of which can be attributed to the increase in grants for Transport for London, which were necessary as a result of much lower fare income. Lower income from off-street parking and from fares drove increases in highways and transport net current expenditure for other authorities. Some local authorities with toll bridge or tunnel crossings also reported lower fee income from these.
- ii) Lower fees and charges income were also widely reported for leisure centres (part of cultural services), and the same was observed for theatres, and services in Parks and Open spaces. As a result of these, net expenditure on cultural services was up by 19% to £2.7 billion.
- iii) Local authority spend on Adult Social Care was up +£1.8bn (+11%) to £18.7 billion (n.b. excluding funding via the NHS – see note below).
- iv) Police Services: +£879 million (+7%) to £13.1 billion.
- v) Central Services: +£874 million (+27%) to £4.1 billion.

Note on overall estimate of public spending on Adult Social Care

The figures in the tables of this document are, with the exception of table 2b, net of sales, fees and charges, and net of other service-specific income (not including grants from government). 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.

NHS Digital's Adult Social Care Activity and Finance Report 2020-21 was published on 21/10/2021 and shows net current expenditure as reported in its Adult Social Care Financial Returns from local authority social service departments, alongside the planned Better Care Fund (BCF) expenditure on adult social care for 2020-21, which 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. In 2020-21, that was £2.4 billion.

The majority of these funds are transferred to local authorities. Correspondingly, these are recorded as 'other income' in the returns to DLUHC. They are therefore reflected within total (i.e., gross) expenditure, 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 2a: Revenue Expenditure and Financing Summary, England, 2019-20 and 2020-21

	Net current (a) Expenditure 2019-20 final £m	Net current (a) Expenditure 2020-21 provisional £m	Net current (a) Expenditure 2020-21 final £m	Change between 2019-20 and 2020-21 final £m	Change between 2019-20 and 2020-21 final %
Education services	32,603	33,479	33,422	819	3
Highways and transport services (excl. GLA)	2,754	3,569	3,560	805	29
Highways and transport services (GLA only)	1,003	4,286	4,280	3,277	327
Children's Social Care services	9,920	10,494	10,513	593	6
Adult Social Care services	16,905	18,715	18,721	1,816	11
Public Health services	3,228	3,786	3,784	556	17
Housing services (excluding Housing Revenue Account)	1,775	2,060	2,057	282	16
<i>including:</i>					
<i>Homelessness: Prevention</i>	<i>146</i>	<i>275</i>	<i>299</i>	<i>153</i>	<i>104</i>
<i>Homelessness: all other</i>	<i>616</i>	<i>717</i>	<i>699</i>	<i>83</i>	<i>14</i>
Cultural services	2,228	2,662	2,655	427	19
Environmental services	5,146	5,517	5,526	381	7
Planning and development services	1,383	1,935	1,915	532	39
Police services	12,203	13,083	13,083	879	7
Fire and rescue services	2,158	2,194	2,194	35	2
Central services	3,251	4,019	4,125	874	27
Other Services	42	524	526	484	1,149
Total Service Expenditure	94,600	106,322	106,360	11,760	12
<i>plus precepts, levies, trading accounts and adjustments</i>					
Housing Benefits	15,768	15,053	15,038	-730	-5
Parish Precepts	554	596	596	42	8
Levies	14	41	29	15	110
Trading Accounts and Other Adjustments	-606	-556	-613	-7	1
Total Net Current Expenditure	110,330	121,450	121,411	11,081	10
<i>plus non-current expenditure</i>					
Capital financing ^(b)	5,173	5,069	5,108	-65	-1
Capital expenditure charged to Revenue Account (CERA)	2,110	1,707	1,730	-381	-18
Flexible use of Capital Receipts	-200	-125	-109	91	-45
Capitalisation by a direction under Section 16(2)b	-	-116	-116	-	-
Bad debt provision	210	292	316	106	50

Flood defence payments to Environment Agency	37	37	38	1	2
Private Finance Initiative (PFI) schemes - difference from service charge	-3	21	40	44	-1,350
Appropriations to(+)/ from(-) financial instruments adjustment account	14	50	50	35	244
Appropriations to(+)/ from(-) unequal pay back pay account	2	1	1	0	-21
less interest receipts	1,688	1,480	1,483	-205	-12
less specific grants outside AEF ^(c)	17,068	16,499	16,489	-579	-3
less Business Rates Supplement	269	173	173	-96	-36
less Community Infrastructure Levy (CIL)	468	326	328	-140	-30
less Carbon Reduction Commitment	2	2	2	0	21
Appropriations to(+)/ from(-) dedicated schools grant adjustment account	-	-207	-230	-	-
Revenue Expenditure^(d)	98,178	109,698	109,763	11,585	12

Source: Revenue Outturn returns from local authorities in England

(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 (e.g., the Better Care Fund). The RO3 table shows this within the 'Other income' as well as local authority gross expenditure.

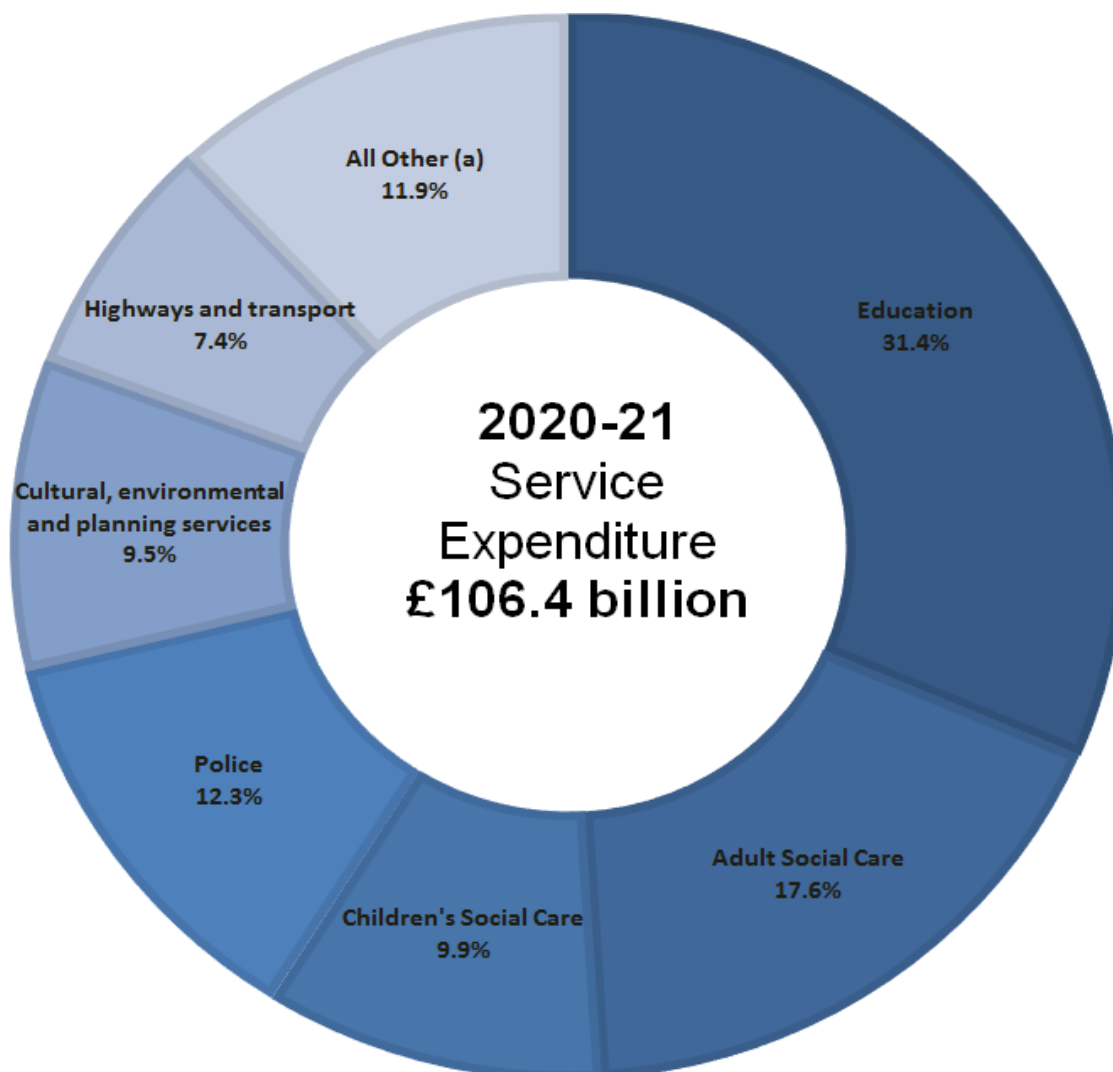
(b) Includes provision for repayment of principal, leasing payments, external interest payments and HRA item 8 interest payments and receipts.

(c) Aggregate External Finance; see Definitions.

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

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, 2020-21



(a) 'Other' includes Public Health, Fire and Rescue, Housing, Central 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 to 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 £730 million (-5%) to £15.0 billion in 2020-21. 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.

Expenditure and income

Expenditure lines in the summary tables in this release, such as in 'Total Service Expenditure' and each of the individual service areas, are net current expenditure i.e. expenditure minus relevant income.

Table 2b shows figures for each service line for the Total (gross) Expenditure and Total Income (from both sales, fees and charges, and from transfers from other local authorities and other delivery bodies). Further details of these can be found in the Service Expenditure Summary (RSX) table associated with the release.

Breaking down the differences presented in the service totals table into these components can show whether a net decrease in spend in a specific service area is largely due to a decrease in expenditure or an increase in these forms of income.

Table 2b: Expenditure, income and total service expenditure, England, 2019-20 and 2020-21

	£ million					
	2019-20		2020-21		Change	
	Gross Expenditure	Total Income	Gross Expenditure	Total Income	Gross Expenditure	Total Income
Education	36,840	4,237	37,168	3,746	328	-492
Highways and transport	7,586	3,828	10,859	3,020	3,274	-809
Children's Social Care	10,754	834	11,389	876	635	42
Adult Social Care ^(a)	23,655	6,750	26,632	7,911	2,976	1,161
Public Health	3,381	154	4,013	229	632	75
Housing (excluding HRA ^(b))	3,269	1,494	3,667	1,610	397	115
Cultural ^(c)	3,592	1,364	3,387	726	-205	-638
Environmental	7,196	2,050	7,614	2,088	418	38
Planning and development	2,906	1,523	3,506	1,591	600	68
Police	13,462	1,258	14,341	1,258	879	0
Fire and rescue	2,299	141	2,358	164	58	23
Central ^(d)	11,717	8,466	12,154	8,029	437	-438
Other	380	338	804	277	424	-60
Total Service Expenditure ^(c)	127,037	32,437	137,890	31,524	10,853	-914

Source: Revenue Outturn returns from local authorities in England

(a) Further aggregates of Adult Social Care Expenditure can be found in NHS Digital's Adult Social Care – Activity and Finance Report ([Adult Social Care Activity and Finance Report 2020-21](#), published 21 October 2021).

(b) Housing Revenue Account.

(c) Our pre-publication checks identified a small inaccuracy in the process to estimate values for the eleven authorities which have yet to provide their data. This affected the estimates of the following lines within Cultural Services: Theatres & public entertainment, Sports & leisure facilities and Parks & Open spaces. The figures would in any case only be approximate at best, following marked reductions in incomes at these in 2020-21. Overall, the estimate of net

expenditure for Total Cultural and Related Services was inflated by £6.2million (0.2%) nationally from £2.654billion (as shown correctly in table RS and the statistics release tables T1a, T1b and T2a) to show as £2.661 billion in tables RO5, RSX and in this table (£3.387bn-£726m). This will be corrected when the publication is next updated.

(d) Most of the £8 billion 'other income' recorded against 'Central Services' is in fact removing what would otherwise be double counting of recharges of 'management and support services' to more specific service categories, and income from other local authorities e.g. for shared services arrangements.

Revenue Expenditure Financing

This section outlines the key sources of funding available to local authorities to finance their spending and how these differ for 2020-21 compared to 2019-20. 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 financial reserves.

Note on locally retained income

It is important to note that the figures for locally retained income (retained business rates and Council Tax) are projected before the start of the financial year through the budget setting process. For 2020-21, this means that the figures in the table were set before the COVID-19 pandemic. Deviations from this income are realised in a separate account, the Collection Fund, and any deficits or surpluses are due from / to authorities the following year. The COVID-19 pandemic caused far greater deviation from projected income for 2020-21, largely due to the substantial additional business rates reliefs, for which additional grant was provided to compensate, but also to a lesser extent to reduced council tax and business rates receipts for other pandemic-related reasons.

Adjustments to financing items

Legal requirements relating to payments of business rates income among local authorities, along with accountancy regulations and the timing of grants compensating local authorities for additional COVID-19 business rates reliefs in 2020-21 have had a large impact on reserves figures showing in local authorities' 2020-21 Revenue Accounts. Additionally there were two grant payments made to local authorities at the very end of 2019-20. Consequently a number of adjustments have been made to Tables 3, 4 and 5 to remove any effects to grants and to appropriation to / from reserves that are just as a result of their timing and recording.

Where authorities included in their Revenue Outturn 2019-20 receipt of tranche 1 of COVID-19 emergency general grant that was paid in March 2020, this is treated as if it had been received in 2020-21.

Where authorities included in their Revenue Outturn 2019-20 regular business rates relief grant income that was brought forward to March 2020, this is netted off for 2019-20. Regular business rates relief grants feed into the final amount of retained business rates income in their 2020-21 Revenue Outturn return.

The amounts of COVID-19 business rates relief grant income reported in Revenue Outturn 2020-21 returns are netted off because these are earmarked for the collection fund to compensate for lower income due to the reliefs.

In line with these adjustments, appropriations to / from revenue reserves have also been amended by an equal amount.

After these adjustments, there is still a large overall large net addition (£6.0 billion) to Revenue Account reserves; see table 5 for a breakdown of this figure.

More generally, movements to and from reserves as a result of additional COVID grant funding and changes in business rates and council tax income and related grant compensation (e.g. for the additional COVID-19 business rates reliefs) ought to be interpreted over a period longer than to 31/3/2021. Interpretation of reserves levels needs also to include analysis of the collection fund, which is beyond the scope of this data set and publication.

Revenue expenditure financing in 2019-20 and 2020-21

Table 3 shows the funding of revenue expenditure in 2019-20 and 2020-21.

The large increase, 11.8%, in revenue expenditure in 2020-21 compared with 2019-20, was predominantly financed by increased central government grants. Central government grants (adjusted, notably removing COVID-19 business rate relief grants) financed £65.7 billion of local authority revenue expenditure in 2020-21, an increase of 36% compared with 2019-20, largely reflecting increased funding due to the impact of COVID-19.

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), Police Grant, Sales, Fees and Charges Compensation Scheme, COVID-19 Emergency Funding and Council Tax Hardship Fund.

Table 3: Revenue expenditure financing, England, 2019-20 and 2020-21

	Net current Expenditure 2019-20	Net current Expenditure 2020-21	Change	Change
	£m	£m	£m	%
Revenue expenditure (a)	98,178	109,763	11,585	11.8
Financed by:				
Government grants	50,641	71,734 (r)	21,093 (r)	41.7 (r)
less COVID-19 emergency funding first tranche £1.6bn	1,375	-1,375	...	...
less brought forward s. 31 grants for 2020-21 business rates relief	873	...	...	...
less s. 31 grant compensation for COVID-19 2020-21 business rates reliefs	...	7,424	...	...
Government Grants adjusted (f)	48,393	65,686 (r)	17,293 (r)	35.7 (r)
<i>of which:</i>				
Specific grants inside AEF (b)	40,432	49,827	9,395	23.2
<i>Including:</i>				
<i>Dedicated Schools Grant (DSG)</i>	<i>25,678</i>	<i>26,596</i>	<i>918</i>	<i>3.6</i>
<i>Public Health Grant (c)</i>	<i>2,931</i>	<i>3,061</i>	<i>130</i>	<i>4.4</i>
<i>Pupil Premium Grant</i>	<i>1,232</i>	<i>1,221</i>	<i>-11</i>	<i>-0.9</i>
<i>New Homes Bonus</i>	<i>905</i>	<i>905</i>	<i>0</i>	<i>0.0</i>
<i>COVID-19 LA Surge Funding</i>	<i>...</i>	<i>861</i>	<i>...</i>	<i>...</i>
<i>Adult Social Care Infection Control Fund (Round 1 and 2)</i>	<i>...</i>	<i>1,014</i>	<i>...</i>	<i>...</i>
Local Services Support Grant (LSSG)	29	21	-8	-27.9
Revenue Support Grant	664	1,613	949	143.0
Police grant	7,269	7,776	507	7.0
Sales, Fees and Charges Compen- sation Scheme	...	1,155	...	...
COVID-19 Emergency Funding (tranches 2,3 4)	...	3,443	...	...
Council Tax Hardship Fund	...	476	...	...
Council tax requirement	31,452	33,141	1,689	5.4
Retained income from Business Rate Retention Scheme (d)	17,216	16,856 (R)	-361 (R)	-2.1 (R)
Adjusted appropriations to (-) / from (+) revenue reserves (f)	766	-6,121 (g)(R)	...	...
Council tax collection fund sur- plus (+) / deficit (-) (e)	361	93	-269	-74.4
Other Items	-12	61 (R)	...	...

Source: Revenue Outturn returns from local authorities in England

(a) As at the time of publication, the data 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), GLA Transport Grant, Universal Infants Free School Meals, Housing Benefit Subsidy and Council Tax Support Admin Grant, 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 2019-20 some local authorities participated in pilots to retain an increased share (75%) of revenue for that year only. Details can be found at: [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 surplus/deficits from the previous year.

(f) Where local authorities recorded in their RO 2019-20 returns their shares of the £1.6bn first tranche of COVID-19 funding paid in March 2020, these were netted off from 2019-20 and added into 2020-21 instead. The business rates reliefs grants also paid in March 2020 are also netted off; this is because grant compensation for regular business rates reliefs feed into the figure for 'Retained Business Rates income' for 2020-21. The grant compensation for 2020-21 COVID-19 business rates reliefs are netted off because these are earmarked for the collection fund to compensate for lower income due to the reliefs and will be transferred to it in 2022-23. The same amounts are netted from 'appropriation to other earmarked reserves' which otherwise would be inflated by these amounts.

(g) Movements to and from reserves as a result of additional COVID grant funding and changes in business rates and council tax income and related grant compensation (e.g. for the additional COVID-19 business rates reliefs) ought to be interpreted over a period longer than to 31/3/2021. Interpretation of reserves levels needs also to include analysis of the collection fund, which is beyond the scope of this data set and publication.

(R) The May 2022 update corrected where ten billing authorities recorded COVID business rate relief grant as expenditure in 'Other items', rather than going into their 'Other earmarked reserves'. The effect on the figures published on 27th January (when England reserves figure for 2020-21 were first published) is that the aggregate of local authorities' other earmarked reserves at 31/3/2021 (both unadjusted and adjusted) was understated by around £730million, with 'Other items' overstated by the same amount. Also, the GLA's treatment of the COVID business rate relief grant was not compatible with that of the reporting by London boroughs. In the January tables, this resulted in an overstatement in retained business rates and consequently by this same amount in 'Other earmarked' reserves; this was also corrected.

(r) This June 2022 update contains a correction to the Government Grants aggregates.

Revenue expenditure financing trend over recent years

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 2016-17. 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.

Prior to this year, the proportion of revenue expenditure (excluding use of reserves and council tax collection fund surplus) funded from grants fell from 58.7% in 2016-17 to 49.9% in 2019-20 and there was a corresponding increase in the income retained by local authorities.

Since 2017-18, some authorities have been able to retain more than a 50% share of local business rates revenue. Additionally, single year rate retention pilots took place in 2017-18, 2018-

19 and 2019-20, where different authorities and different percentage shares were involved. This led to a marked increase in retained business rates income and a similar decrease in Revenue Support Grant income in these years.

The increases over the year in Council tax requirement is the result of the combination of growth in tax base and in levels of council tax.

Table 4: Financing of revenue expenditure, England, since 2016-17

Outturn	£ million			£ million				£ million	
	Revenue Expenditure ^(a)	Government Grants (adjusted) ^(b)	% of Total ^(c)	Retained income from Business Rate Retention Scheme	Council Tax	Locally retained income	% of Total ^(c)	Adjusted use of Reserves ^{(d)(e)}	Council Tax Collection Fund Surplus and Other items
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 ^(e)	98,178	48,393	49.9	17,216	31,452	48,669	50.1	766	350
2020-21 ^(e)	109,763	65,686 ^(r)	56.8 ^(r)	16,856 ^(R)	33,141	49,997 ^(R)	43.2 ^(r)	-6,121 ^{(e)(r)(R)}	154 ^(R)

Source: Revenue Outturn returns from local authorities in England

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

(b) Includes 'Local Services Support Grant (LSSG)', 'Revenue Support Grant', 'Police Grant', 'Specific grants inside aggregate external finance', 'Sales, Fees and Charges Compensation Scheme', 'COVID-19 Emergency Funding' and 'Council Tax Hardship Fund'.

(c) As a percentage of total expenditure excluding use of reserves and Council Tax Collection Fund surplus and other items.

(d) Use of Reserves includes all appropriations to (-) and from (+) Revenue Account Reserves.

(e) Movements to and from reserves as a result of additional COVID grant funding and changes in business rates and council tax income and related grant compensation (e.g. for the additional COVID-19 business rates reliefs) ought to be interpreted over a period longer than to 31/3/2021. Interpretation of reserves levels needs also to include analysis of the collection fund, which is beyond the scope of this data set and publication.

(f) This adjustment to the reserves item is necessary to balance the required changes to the three grants: i) where local authorities recorded in their RO 2019-20 returns their shares of the £1.6bn first tranche of COVID-19 funding, these were netted off 2019-20 and added back on into 2020-21 instead. ii) The business rates reliefs grants also paid in March 2020 are also netted off; this is because grant compensation for regular business rates reliefs feed into the figure for 'Retained Business Rates income' for 2020-21. iii) The grant compensation for 2020-21 COVID-19 business rates reliefs are netted off because these will compensate for lower business rates retained income subsequently.

(R) The May 2022 update corrected where ten billing authorities recorded COVID business rate relief grant as expenditure in 'Other items', rather than going into their 'Other earmarked reserves'. The effect on the figures published on 27th January (when England reserves figures for 2020-21 were first published) is that the aggregate of local authorities' other earmarked reserves at 31/3/2021 (both unadjusted and adjusted) was understated by around £730million, with 'Other items' overstated by the same amount. Also, the GLA's treatment of the COVID business rate relief grant was not compatible with that of the reporting by London boroughs. In the January tables, this resulted in an overstatement in retained business rates and consequently by the same amount in 'Other earmarked' reserves; this was also corrected.

(r) This June 2022 update contains a correction to the Government Grants aggregate.

Reserves

Reserves are funds set aside to finance future revenue expenditure. 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 2016 and the position at the end of 2020-21. 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).

As noted on page 15, movements to and from reserves as a result of additional COVID grant funding and changes in business rates and council tax income and related grant compensation (e.g. for the additional COVID-19 business rates reliefs) ought to be interpreted over a period longer than to 31/3/2021. Interpretation of reserves levels needs also to include analysis of the collection fund, which is beyond the scope of this data set and publication.

Table 5: Level of revenue reserves, England, since 2016-17

At 1 April	Schools reserves	Dedicated Schools Grant Reserves	Public Health reserves	Non-ringfenced reserves			Adjusted Total (b)(c)	Adjusted Total Reserves (b)(c)(d)
				Adjusted Other Earmarked (c)	Unallocated	Adjusted Non-ringfenced Total (b)(c)		
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	1,582	6	231	19,427	4,220	23,624	25,442	
2020	1,524	-371	217	20,122 (R)	4,674	24,796 (R)	26,166 (R)	
At 31 March								
2021	2,145	-269	380	24,490 (R)	5,465	29,955 (R)	32,211 (R)	
Changes in 2020-21 (a)								
Movements to (+) and from (-) reserves	622	102	163	4,368 (R)	791	5,159 (b)(R)	6,045 (R)	
as a percentage of 1 April 2020	40.8%	-27.4%	75.0%	21.7% (R)	16.9%	20.8% (R)	23.1% (R)	
England reserves excluding Greater London authority								
Movements to (+) and from (-) reserves	622	102	163	4,446 (R)	800	5,246 (b)(R)	6,133 (R)	
as a percentage of 1 April 2020	40.8%	-27.4%	75.0%	24.9% (R)	19.6%	23.9% (R)	26.3% (R)	

Source: Revenue Outturn returns from local authorities in England

(a) A small number of discrepancies in change in levels of reserves figures which have yet to be resolved.

(b) Movements to and from reserves as a result of additional COVID grant funding in March 2020 and additional COVID-19 business rates reliefs ought to be interpreted over a period longer than to 31/3/2021. Interpretation of reserves levels needs also to include analysis of the collection fund, which is beyond the scope of this data set and

publication.

(c) These adjustments to the reserves items are necessary to balance the required changes to the three grants: i) where local authorities included in their RO 2019-20 returns their shares of the £1.6bn first tranche of COVID-19 funding, these were netted off 2019-20 and are added back on into 2020-21 instead. ii) The business rates reliefs grants also paid in March 2020 are also netted off; this is because grant compensation for regular business rates reliefs feed into the figure for 'Retained Business Rates income' for 2020-21. iii) The grant compensation for 2020-21 COVID-19 business rates reliefs are netted off because these will compensate for lower business rates retained income subsequently.

(d) Total reserves includes a new category of Dedicated Schools Grant reserves which was introduced in this return in 2018-19. It had previously been collected and continues to be collected in the Department for Education's Section 251 returns, available from: [Section 251 documents](#). Interpretation of this needs to be considered alongside the new line 797 'Appropriations to(+)/from(-) dedicated schools grant adjustment account'.

(R) The May 2022 update corrected where ten billing authorities recorded COVID business rate relief grant as expenditure in 'Other items', rather than going into their 'Other earmarked reserves'. The effect on the figures published on 27th January (when England reserves figures for 2020-21 were first published) is that the aggregate of local authorities' other earmarked reserves at 31/3/2021 (both unadjusted and adjusted) was understated by around £730million, with 'Other items' overstated by the same amount. Also, the GLA's treatment of the COVID business rate relief grant was not compatible with that of the reporting by London boroughs. In the January tables, this resulted in an overstatement in retained business rates and consequently by this same amount in 'Other earmarked' reserves; this was also corrected.

Accompanying tables

Tables

Accompanying dropdown tables presenting detailed revenue expenditure and financing figures for 2020-21 for all returns from local authorities received by mid-January 2022 are available to download alongside this release.

These tables present all revenue information, by local authority, in a similar format as returned to the Department for Levelling Up, Housing and Communities. This data forms the basis of the tables in this release.

These tables can be accessed at <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
Subjective Analysis Return (Part A only for 2020-21)	SAR

Symbols used

- ... = not available
- 0 = zero or negligible
- = not relevant
- II = discontinuity
- (R) = revised since the last statistical release
- S = RO return not received in time for publication, therefore imputed figures used

Rounding

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

Technical Notes

Please see the accompanying technical notes document for further details. This can be found at [Local authority revenue expenditure and financing England: 2020 to 2021 final outturn](#).

Information on Official Statistics is available via the UK Statistics Authority website: <https://www.statisticsauthority.gov.uk/>

Information about statistics at DLUHC is available via the Department's website: <https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities/about/statistics>



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