



# Department for Levelling Up, Housing & Communities

*Statistical release*

Local Government Finance

## Local Authority Revenue Expenditure and Financing: 2021-22 Provisional Outturn – England

This release provides provisional data on local authority revenue expenditure in 2021-22. Data for England were estimated based on returns submitted from 81% of eligible local authorities.

There were significant impacts on local authority finances following the outbreak of the COVID-19 pandemic in March 2020, particularly in 2020-21, and consequently expenditure in 2020-21 was substantially higher compared with 2019-20.

### Net current expenditure on services

- Local authorities' total net current service expenditure was £107.1 billion in 2021-22. In real terms, this was 2.1% lower compared to 2020-21, and 6.9% higher than in 2019-20.
- The categories of services with the largest changes in net current expenditure compared to 2020-21 were (in real terms):
  - Highways and transport: down by £2.8bn (-35%) to £5.3 billion. This peaked in 2020-21 driven by lower public transport fares and parking fees income. In 2021-22 it was still 33% (£1.3 billion) higher than in 2019-20.
  - Children's Social Care: +£482 million (+4.5%) to £11.3 billion.

### Revenue Expenditure

- The broader measure of local authority Revenue Expenditure (see Definitions section) totalled £111.3 billion across all local authorities in England in 2021-22. In real terms, this is 1.3% lower than 2020-21 and 7.1% higher than 2019-20.

### Revenue Account Reserves

- Local authorities' revenue account reserves increased over the period of the COVID-19 pandemic from £25.1 billion at 31 March 2020 to a provisional estimated £34.0 billion at 31 March 2022.

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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 2021-22. These are based on data from 344 (81%) of the 426 local authorities in England in 2021-22 and include imputed estimates to provide whole of England totals.

All the data in the release is compiled from the Revenue Outturn (RO) returns submitted by 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, fire, waste, park and 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 reorganisations:

- On 1 April 2021, Northamptonshire County Council and the seven district councils within Northamptonshire ceased to exist. These were replaced by the following two unitary authorities:
  - o North Northamptonshire council, covering the area of these former district councils: Corby, East Northamptonshire, Kettering and Wellingborough.
  - o West Northamptonshire council, covering the area of these former district councils: Daventry, Northampton and South Northamptonshire.
- On 1 April 2021, the Hampshire and Isle of Wight Fire and Rescue Authority was created. Isle of Wight's fire service has merged with Hampshire Combined Fire and Rescue Authority.

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

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

As a result of the impacts of COVID-19, local authorities received various additional grants. In the summary tables within this statistical release, we have adjusted totals for grants and reserves to remove those effects that are just due to timing to make the figures as comparable over time as they can be.

The adjustments relate to grants paid in March 2020 and to COVID business rate reliefs grants paid in 2020-21 and 2021-22. These are explained on page 16.

## Imputation for missing returns

As at the early-October cut-off for inclusion in this publication, 82 of 426 eligible local authorities had still not submitted their Revenue Outturn (RO) 2021-22 return. England totals have been estimated by also drawing on: i) grant allocation data, where this was known, and otherwise on: ii) the proportions within the previous year's data (2020-21) for which the missing 82 authorities accounted.

The full data submitted by local authorities, including financing and reserves items, can be found by following the link to the '2021 to 2022 individual local authority - outturn' data tables at [www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing](http://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing).

## Engagement with users and future enhancements

A [Review of Local Government Finance Statistics](#) was carried out in 2021. Consequently, there are plans for some additions to the data collected and how the data are disseminated. Exploration of feasibility is underway and changes will be implemented from 2023.

We are keen to know about the various uses to which these data are put. Therefore, please be in touch to tell us briefly, and with comments and suggestions by emailing [lgf1.revenue@levellingup.gov.uk](mailto:lgf1.revenue@levellingup.gov.uk).

# Local Authority Expenditure

Most 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. Most 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<sup>(a)</sup>, 2017-18 to 2021-22 (cash terms)**

<b>£ million – not adjusted for inflation <sup>(b)</sup></b>					
	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Education <sup>(c)</sup>	32,265	32,233	32,603	33,410	34,866
Highways and transport <sup>(d)</sup>	3,997	3,857	3,757	7,844	5,286
Highways and transport (GLA only)	1,269	1,227	1,003	4,280	2,337
Social care <sup>(e)</sup>	24,164	25,452	26,826	29,209	30,387
of which: Children's Social Care	8,834	9,375	9,920	10,496	11,283
Public Health	3,365	3,278	3,228	3,792	4,213
Housing (excluding Housing Revenue Account)	1,536	1,673	1,775	2,051	2,129
Cultural, environmental and planning	8,293	8,435	8,757	10,107	10,018
Police	11,165	11,426	12,203	13,083	13,607
Fire & rescue	1,972	2,005	2,158	2,194	2,349
Central Services	3,065	3,011	3,251	4,077	4,071
Other Services	-19	48	42	519	203
<b>Total Service Expenditure</b>	<b>89,803</b>	<b>91,417</b>	<b>94,600</b>	<b>106,284</b>	<b>107,127</b>
<i>% Difference Year-on-year</i>	-0.7%	1.8%	3.5%	12.4%	0.8%
<b>Total Service Expenditure excluding education <sup>(f)</sup></b>	<b>57,538</b>	<b>59,183</b>	<b>61,997</b>	<b>72,874</b>	<b>72,262</b>
<i>% Difference Year-on-year</i>	0.8%	2.9%	4.8%	17.5%	-0.8%
<b>Total Service Expenditure excluding Education &amp; Public Health</b>	<b>54,173</b>	<b>55,905</b>	<b>58,769</b>	<b>69,082</b>	<b>68,049</b>
<i>% Difference Year-on-year</i>	1.1%	3.2%	5.1%	17.5%	-1.5%
<b>Revenue Expenditure</b>	<b>93,104</b>	<b>94,226</b>	<b>98,178</b>	<b>109,639</b>	<b>111,334</b>
<i>% Difference Year-on-year</i>	-0.5%	1.2%	4.2%	11.7%	1.5%

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) Much of the higher highways and transport expenditure during 2020-21 and 2021-22 can be attributed to the increase in grants to Transport for London, which arose as a result of lower fare income during the COVID-19 pandemic. Parking income was also significantly down in many authorities in 2020-21.

(e) Adult Social Care is not shown separately since figures were published on 20/10/2022 in [NHS Digital's Adult Social Care - Activity and Finance Report](#), without the exclusions noted.

(f) 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<sup>(a)</sup>, 2017-18 to 2021-22 (real terms)**

<b>£ million – adjusted for inflation, in 2021-22 prices <sup>(b)</sup></b>									
	<b>2017-18</b>		<b>2018-19</b>		<b>2019-20</b>		<b>2020-21</b>		<b>2021-22</b>
Education <sup>(c)</sup>	35,685		35,024		34,528		34,382		34,866
Highways and transport <sup>(d)</sup>	4,421		4,191		3,979		8,072		5,286
Highways and transport (GLA only)	1,404		1,334		1,062		4,404		2,337
Social care <sup>(e)</sup>	26,725		27,655		28,410		30,059		30,387
of which: Children's Social Care	9,770		10,187		10,506		10,801		11,283
Public Health	3,722		3,562		3,418		3,903		4,213
Housing (excluding Housing Revenue Account)	1,698		1,817		1,880		2,110		2,129
Cultural, environmental and planning	9,172		9,165		9,274		10,401		10,018
Police	12,348		12,415		12,924		13,463		13,607
Fire & rescue	2,181		2,178		2,286		2,257		2,349
Central Services	3,390		3,271		3,443		4,195		4,071
Other Services	-22		52		45		534		203
<b>Total Service Expenditure</b>	<b>99,322</b>		<b>99,332</b>		<b>100,186</b>		<b>109,376</b>		<b>107,127</b>
<i>% Difference Year-on-year</i>	-2.3%		0.0%		0.9%		9.2%		-2.1%
<b>Total Service Expenditure excluding education <sup>(f)</sup></b>	<b>63,637</b>		<b>64,308</b>		<b>65,657</b>		<b>74,995</b>		<b>72,262</b>
<i>% Difference Year-on-year</i>	-0.8%		1.1%		2.1%		14.2%		-3.6%
<b>Total Service Expenditure excluding Education &amp; Public Health</b>	<b>59,915</b>		<b>60,746</b>		<b>62,239</b>		<b>71,092</b>		<b>68,049</b>
<i>% Difference Year-on-year</i>	-0.6%		1.4%		2.5%		14.2%		-4.3%
<b>Revenue Expenditure</b>	<b>102,973</b>		<b>102,385</b>		<b>103,975</b>		<b>112,829</b>		<b>111,334</b>
<i>% Difference Year-on-year</i>	-2.1%		-0.6%		1.6%		8.5%		-1.3%

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) Much of the higher highways and transport expenditure during 2020-21 and 2021-22 can be attributed to the increase in grants to Transport for London, which arose as a result of lower fare income during the COVID-19 pandemic. Parking income was also significantly down in many authorities in 2020-21.

(e) Adult Social Care is not shown separately since figures were published on 20/10/2022 in [NHS Digital's Adult Social Care - Activity and Finance Report](#), without the exclusions noted.

(f) 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 2020-21 and 2021-22.

Expenditure by local authorities on the Education service category has tended to decrease in real terms 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. Consequently, excluding Education from Total Service Expenditure, provides a fairer year-on-year comparison.

Total Service Expenditure for all local authorities in England was £107.1 billion in 2021-22, a decrease of £2.3 billion (-2.1%) in real terms compared to 2020-21. Total Service Expenditure excluding Education Services was 3.6% lower than 2020-21 in real terms.

The largest components of change in (net current) service expenditure (in real terms) from 2020-21 to 2021-22 were as follows:

- i) Highways and transport: down £2.8bn (-35%) to £5.3 billion in 2021-22. This was still 33% (£1.3billion) higher than the total of £4.0 billion in 2019-20. This peaked at £8.1 billion in 2020-21 much of which was due to the increase in grants to Transport for London, which were necessary as a result of much lower fare income; GLA's net expenditure on highways and transport increased from £1.1bn in 2019-20 to £4.4bn in 2020-21, and then decreased to £2.4 billion in 2021-22. Also in 2020-21, many local authorities reported lower income from parking and fares.
- ii) Children's Social Care: +£482 million (+4%) to £11.3 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 (but not net of grants from Central 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 2021-22](#) was published on 20/10/2022 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 2021-22. This 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 2021-22, that was £2.58 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, 2020-21 and 2021-22**

(not adjusted for inflation)	Net current (a) Expenditure 2020-21 final £m	Net current (a) Expenditure 2021-22 provisional £m	Change between 2020-21 and 2021-22 provisional £m	Change between 2020-21 and 2021-22 provisional %
<b>Education services</b>	<b>33,410</b>	<b>34,866</b>	<b>1,456</b>	<b>4</b>
<b>Highways and transport services (excl. GLA)</b>	<b>3,564</b>	<b>2,948</b>	<b>-616</b>	<b>-17</b>
<b>Highways and transport services (GLA only)</b>	<b>4,280</b>	<b>2,337</b>	<b>-1,943</b>	<b>-45</b>
<b>Children's Social Care services</b>	<b>10,496</b>	<b>11,283</b>	<b>787</b>	<b>7</b>
<b>Adult Social Care services</b>	<b>18,713</b>	<b>19,105</b>	<b>392</b>	<b>2</b>
<b>Public Health services</b>	<b>3,792</b>	<b>4,213</b>	<b>420</b>	<b>11</b>
<b>Housing services (excluding Housing Revenue Account)</b>	<b>2,051</b>	<b>2,129</b>	<b>78</b>	<b>4</b>
<i>including:</i>				
<i>Homelessness: Prevention</i>	<i>302</i>	<i>350</i>	<i>48</i>	<i>16</i>
<i>Homelessness: all other</i>	<i>707</i>	<i>752</i>	<i>45</i>	<i>6</i>
<b>Cultural services</b>	<b>2,656</b>	<b>2,397</b>	<b>-260</b>	<b>-10</b>
<b>Environmental services</b>	<b>5,517</b>	<b>5,516</b>	<b>-1</b>	<b>0.0</b>
<b>Planning and development services</b>	<b>1,933</b>	<b>2,105</b>	<b>172</b>	<b>9</b>
<b>Police services</b>	<b>13,083</b>	<b>13,607</b>	<b>524</b>	<b>4</b>
<b>Fire and rescue services</b>	<b>2,194</b>	<b>2,349</b>	<b>155</b>	<b>7</b>
<b>Central services</b>	<b>4,077</b>	<b>4,071</b>	<b>-5</b>	<b>0</b>
<b>Other Services</b>	<b>519</b>	<b>203</b>	<b>-316</b>	<b>-61</b>
<b>Total Service Expenditure</b>	<b>106,284</b>	<b>107,127</b>	<b>844</b>	<b>0.8</b>
<i>plus precepts, levies, trading accounts and adjustments</i>				
Housing Benefits	14,984	14,002	-983	-7
Parish Precepts	596	618	22	4
Levies	30	-102	-132	-440
Trading Accounts and Other Adjustments	-642	-393	249	-39
<b>Total Net Current Expenditure</b>	<b>121,253</b>	<b>121,252</b>	<b>0</b>	<b>0.0</b>
<i>plus non-current expenditure</i>				
Capital financing <sup>(b)</sup>	5,117	5,483	366	7
Capital expenditure charged to Revenue Account (CERA)	1,720	2,493	773	45
Flexible use of Capital Receipts	-114	-100	15	-13
Capitalisation by a direction under Section 16(2)b	-116	-69	47	-41
Bad debt provision	320	140	-180	-56

Flood defence payments to Environment Agency	39	39	0	0
Private Finance Initiative (PFI) schemes - difference from service charge	40	-85	-125	-310
Appropriations to(+)/ from(-) financial instruments adjustment account	46	-5	-51	-111
Appropriations to(+)/ from(-) unequal pay back pay account	1	14	13	976
<i>less</i> interest receipts	1,482	1,507	24	2
<i>less</i> specific grants outside AEF <sup>(c)</sup>	16,433	15,334	-1,099	-7
<i>less</i> Business Rates Supplement	173	323	150	87
<i>less</i> Community Infrastructure Levy (CIL)	335	374	39	12
<i>less</i> Carbon Reduction Commitment	3	0	-3	-101
Appropriations to(+)/ from(-) dedicated schools grant adjustment account	-241	-290	-49	20
<b>Revenue Expenditure</b>	<b>109,639</b>	<b>111,334</b>	<b>1,696</b>	<b>1.5</b>

Source: Revenue Outturn returns from local authorities in England

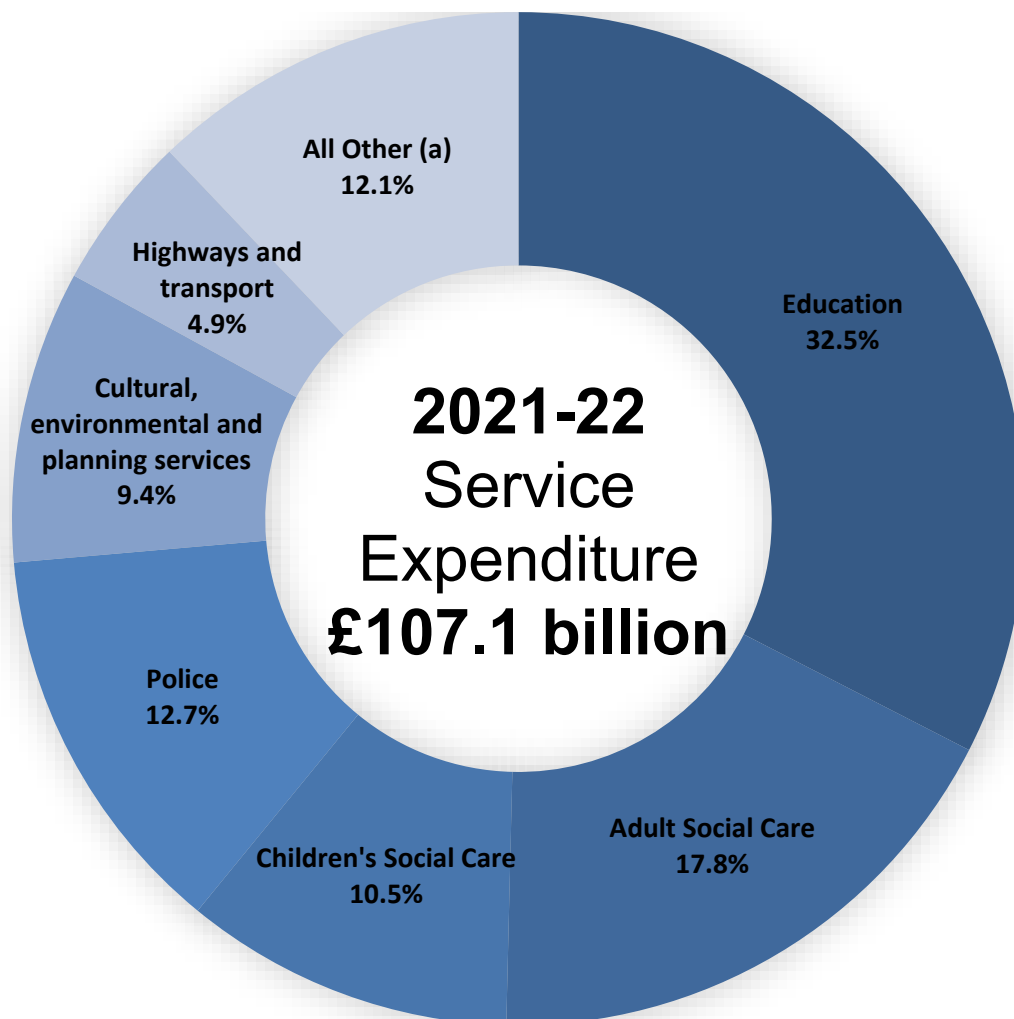
(a) Net of sales, fees and charges and net of recharges and funding from other local authorities or delivery bodies such as from the NHS (e.g., the Better Care Fund). The RO3 table shows this within the 'Other income' as well as local authority gross expenditure.

(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 in the Technical Note. Specific grants outside Aggregate External Finance have been falling over recent years due to the move from Housing Benefit, which passes through local authorities' Revenue Accounts (outside of Service Expenditure), to Universal Credit.

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, 2021-22**



(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 £983 million (-7%) to £14.0 billion in 2021-22. 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: the Total (gross) Expenditure and total service specific income. This does not include any grants from government and is composed of: sales, fees and charges, and 'other income'. The latter comprises from transfers from other local authorities and other delivery bodies, and costs reimbursed e.g. from DWP for temporary accommodation. The Service Expenditure Summary (RSX) table associated with the release contains further columns.

For each service category, the table shows the extent to which a net change in spend in a specific service area is due to change in total expenditure or change in totals of these forms of income.

Sales, Fees and Charges income was lower during the COVID-19 pandemic, and particularly noticeable during 2020-21. This was evident in levels of income from transport fares and fees, parking charges, and charges for leisure and cultural services. A [compensation scheme](#) covered the period April 2020 to June 2021.

**Table 2b: Expenditure, income and total service expenditure, England, 2020-21 and 2021-22**

	£ million (not adjusted for inflation)								
	2020-21			2021-22			Change		
	Gross Expenditure	Sales, Fees and Charges	Other Income <sup>(d)</sup>	Gross Expenditure	Sales, Fees and Charges	Other Income	Gross Expenditure	Sales, Fees and Charges	Other Income
Education	37,147	1,020	2,717	39,458	1,869	2,724	2,312	849	7
Highways and transport	10,875	1,661	1,371	9,542	2,470	1,787	-1,333	809	416
Highways and transport excluding GLA <sup>(a)</sup>	6,079	1,661	855	6,379	2,470	960	299	809	106
Children's Social Care	11,372	161	715	12,263	189	790	890	28	75
Adult Social Care <sup>(b)</sup>	26,638	3,067	4,858	27,322	3,299	4,918	684	233	60
Public Health	4,019	24	203	4,523	13	298	504	-11	95
Housing (excluding HRA <sup>(c)</sup> )	3,638	865	722	3,896	1,008	759	258	143	37
Cultural	3,373	295	421	3,609	724	489	236	428	67
Environmental	7,603	1,296	790	7,758	1,475	767	156	179	-23
Planning and development	3,472	927	611	3,873	1,091	677	402	164	66
Police	14,341	502	756	14,998	600	791	658	98	35
Fire and rescue	2,358	55	109	2,519	61	110	162	6	1
Central <sup>(d)</sup>	12,116	1,144	6,895	12,536	1,220	7,244	420	76	349
Other	799	106	174	486	95	189	-312	-11	15
<b>Total Service Expenditure</b>	<b>137,750</b>	<b>11,124</b>	<b>20,343</b>	<b>142,785</b>	<b>14,114</b>	<b>21,544</b>	<b>5,035</b>	<b>2,990</b>	<b>1,201</b>

Source: Revenue Outturn returns from local authorities in England

(a) Transport for London fares income does not show in Highways & Transport Sales, Fees and Charges, because TfL is a subsidiary company of the Greater London Authority. Consequently 'gross expenditure' reported by the GLA is lower than it otherwise would be, because fare income has effectively already been netted off. This is a general point and not specific to the period of the COVID pandemic.

(b) 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 2021-22](#), published 20 October 2022).

(c) Housing Revenue Account.

(d) Most of the £7 billion 'other income' recorded against 'Central Services' in 2020-21 and 2021-22 is in fact removing 14 Revenue Expenditure and Financing Statistical Release, 2021-22 Provisional Outturn

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 2021-22 compared to 2020-21. Any income that authorities received from sales, fees and charges, 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 reserves.

## 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 and 2021-22 taken together have a large impact on the reserves figures showing in local authorities' 2020-21 and 2021-22 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 reserves totals 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.

Accountancy regulations require that COVID-19 business rates relief grant income received in 2020-21 and 2021-22 (including CARF) are included in local authorities' revenue accounts. These are shown in their 'other earmarked reserves' until the following years when they compensate for what would otherwise be lower retained business rates income. In order to remove those effects which are just due to timing and ensure the figures remain as comparable over time as possible, the following adjustments have been made to the summary tables of this publication:

- i) In the year when the compensatory grants were received, the reported amounts are netted off from: a) total adjusted grants, b) adjusted reserves movements and c) the reserve levels at the end of the year.
- ii) The amounts reported in the following year's figures are netted off from the reserve levels at the start of the year and adjusted from the movement out of reserves. The amounts are instead shown in the Retained Income from the Business Rates Retention Scheme line. Further details can be found in the accompanying technical notes.



## Revenue expenditure financing in 2020-21 and 2021-22

Table 3 shows the funding of revenue expenditure in 2020-21 and 2021-22.

The broader measure of local authority Revenue Expenditure (see Definitions section) totalled £111.3 billion across all local authorities in England in 2021-22. In real terms, this is 1.3% lower than 2020-21 and 7.1% higher than 2019-20.

The large increase in revenue expenditure from 2019-20 to 2020-21 (+8.5% in real terms), was predominantly financed by increased central government grants. Central government grants (adjusted, notably removing COVID-19 business rate relief compensatory grants) financed £65.7 billion of local authority revenue expenditure in 2020-21, up from £48.4 billion in 2019-20, largely reflecting increased funding due to the impact of COVID-19. In 2021-22, the comparable (adjusted) grants total was £62.7 billion; this was lower because there was less COVID grant funding in 2021-22 than in 2020-21.

**Table 3: Revenue expenditure financing, England, 2020-21 and 2021-22**

(not adjusted for inflation)	Net current Expenditure 2020-21	Net current Expenditure 2021-22	Change	Change
	£m	£m	£m	%
<b>Revenue expenditure</b>	<b>109,639</b>	<b>111,334</b>	<b>1,696</b>	<b>1.5</b>
<b>Financed by:</b>				
<b>Government grants</b>	<b>71,713</b>	<b>67,297</b>	<b>-4,416</b>	<b>-6.2</b>
Add onto 2020-21 the COVID-19 emergency funding (first tranche) £1.6bn paid March 2020	1,375	...	...	...
Remove COVID-19 business rates reliefs paid in 2020-21	7,369	...	...	...
Remove 2021-22 COVID-19 business rates reliefs, including CARF <sup>(i)</sup>	...	4,550	...	...
<b>Government Grants adjusted <sup>(f)</sup></b>	<b>65,720</b>	<b>62,747</b>	<b>-2,973</b>	<b>-4.5</b>
<i>of which:</i>				
Specific grants inside AEF <sup>(a)</sup>	49,862	49,977	114	0.2
<i>Including:</i>				
<i>Dedicated Schools Grant (DSG)</i>	26,600	27,808	1,208	4.5
<i>Public Health Grant <sup>(b)</sup></i>	3,061	3,081	20	0.6
<i>Pupil Premium Grant</i>	1,213	1,210	-2	-0.2
<i>New Homes Bonus</i>	905	622	-283	-31.2
<i>COVID-19 LA Surge Funding</i>	861	...	...	...
<i>Adult Social Care Infection Control Fund (Round 1 and 2)</i>	1,014	...	...	...
Local Services Support Grant (LSSG)	21	32	12	56.5
Revenue Support Grant	1,613	1,600	-13	-0.8
Police grant	7,776	8,228	452	5.8
Sales, Fees and Charges Compensation Scheme	1,161	165	-996	-85.8
COVID-19 Emergency Funding (tranches 2,3 4)	3,436	...	...	...
COVID-19 Expenditure Pressures Grant	...	1,614	...	...
Council Tax Hardship Fund	475	...	...	...
Tax Income Guarantee	...	481	...	...
Local Council Tax Support Grant 2021-22	...	650	...	...
<b>Council tax requirement</b>	<b>33,141</b>	<b>34,493</b>	<b>1,352</b>	<b>4.1</b>
<b>Retained income from Business Rate Retention Scheme <sup>(d)</sup></b>	<b>16,865</b>	<b>18,473</b>	<b>1,609</b>	<b>9.5</b>
<i>Of which: COVID-19 business rates reliefs paid in 2020-21 <sup>(e)</sup></i>	...	6,866	...	...

<b>Adjusted appropriations to (-) / from (+) revenue reserves <sup>(f) (g) (h)</sup></b>	<b>-6,189</b>	<b>-3,010</b>	<b>3,179</b>	<b>-51.4</b>
<b>Council tax collection fund surplus (+) / deficit (-) <sup>(c)</sup></b>	<b>88</b>	<b>-592</b>	<b>-680</b>	<b>-775.8</b>
<b>Other Items</b>	<b>56</b>	<b>-306</b>	<b>-361</b>	<b>-650.7</b>

Source: Revenue Outturn returns from local authorities in England

(a) Specific grants inside AEF also includes the following grants: Private Finance Initiative (PFI), 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 data table ('RG') for more detail.

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

(c) Council Tax collection fund surplus/deficit includes net collection fund surplus/deficits from the previous year.

(d) The adjustments in this table include adding the compensatory COVID business rate relief grants that were paid in 2020-21 into this total of Retained income from the Business Rates Retention Scheme.

(e) As reported in these returns. A minority of authorities under-reported in this sub-category. The figure differs from the total reported in 2020-21. This does not affect the adjusted measures, since these are calculated by netting of the amount reported in 2020-21 and 2021-22 from the totals for each of the respective years.

(f) All figures in this release are the best estimates possible having received returns for 2021-22 from 81% of eligible local authorities in England. Reserves figures are particularly likely to be subject to appreciable revision from these provisional estimates.

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

(h) Movements to and from reserves have been adjusted for timing effects to make them as comparable as possible over time.

(i) Comprises expanded retail discount and COVID-19 additional relief (CARF) in 2021-22. Amounts are as reported in these returns.

## 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 2017-18. 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 (excluding use of reserves and council tax collection fund surplus) funded from grants had fallen from 54.1% in 2017-18 to 49.9% in 2019-20, with corresponding increases in the income retained by local authorities. In 2020-21, local authorities received additional grant funding in response to COVID-19 which increased the proportion of revenue expenditure funded from grants to 56.8%. In 2021-22, this was at 54.2%.

Since 2017-18, some authorities have been able to retain more than a 50% share of local

business rates revenue in deals foregoing particular grants. 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 2017-18 (a)**

Outturn	Revenue Expenditure	Government Grants (adjusted) (b)	% of Total (c)	Locally retained income			£ million	not adjusted for inflation		
				Retained income from Business Rate Retention Scheme	Of which: 2020-21 COVID-19 business rates reliefs (d)	Council Tax	Locally retained income	% of Total (e)	Adjusted use of Reserves (e)(f)	Council Tax Collection Fund Surplus and Other items (g)
2017-18	<b>93,104</b>	50,457	54.1	15,162		27,641	<b>42,803</b>	<b>45.9</b>	-630	473
2018-19	<b>94,226</b>	48,076	50.3	17,973		29,563	<b>47,536</b>	<b>49.7</b>	-1,878	513
2019-20	<b>98,178</b>	48,393	49.9	17,216		31,452	<b>48,669</b>	<b>50.1</b>	766	350
2020-21	<b>109,639</b>	65,720	56.8	16,865		33,141	<b>50,006</b>	<b>43.2</b>	-6,189	143
2021-22	<b>111,334</b>	62,747	54.2	18,473	6,866	34,493	<b>52,966</b>	<b>45.8</b>	-3,010	-898

Source: Revenue Outturn returns from local authorities in England

(a) All figures in this release are the best estimates possible having received returns for 2021-22 from 81% of eligible local authorities in England. Reserves levels for 1 April 2021 and 31 March 2022 are particularly likely to be subject to appreciable revision from these provisional estimates.

(b) Includes non-specific grants like COVID grants (excluding business rate relief grants), Revenue Support Grant and Police Grant as well as all the various 'Specific grants inside aggregate external finance'.

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

(d) As reported in these returns. A minority of authorities under-reported in this sub-category but this should not have affected the aggregates.

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

(f) Movements to and from reserves have been adjusted for timing effects to make them as comparable as possible over time.

(g) A number of authorities reported charges in 2021-22 in respect of collection fund deficits.

# Reserves

Reserves are funds set aside to finance future expenditure, often for liabilities, expected pressures or other contingencies.

Table 5 shows the level of authority revenue reserves from 2017-18 to 2021-22. 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 16, reserves figures in the summary tables in this publication are presented adjusted for timing effects of grants relating to COVID, particularly additional business rates relief grants. This is so that the figures are as comparable as possible to other periods. There have nevertheless been larger than usual discrepancies in 2020-21 and 2021-22, for example between reported reserves levels at the end of one financial year and the start of the next.

There is also some uncertainty in the latest figures (for 1 April 2021 and 31 March 2022) not least since these provisional 2021-22 figures are based on data from 344 (81%) of the 426 local authorities in England in 2021-22. As described on page 4, the England estimates for 2021-22 are calculated by also drawing on proportions derived from 2020-21 data. While this is a good estimation method, individual authorities' movements in reserves tend to vary greatly from year to year and among authorities, so the latest figures may change appreciably when the figures are updated with closer to 100% of returns.

Notwithstanding these caveats, it is clear that Revenue Account reserves overall have increased during the period of the COVID-19 pandemic, from £25.1 billion at 31 March 2020 to a provisional estimated £34 billion at 31 March 2022.

**Table 5: Level of revenue reserves, England, since 2017-18**

(not adjusted for inflation)	Non-ringfenced reserves						£ million	
	Schools reserves	Dedicated Schools Grant (DSG) Reserves <sup>(c)</sup>	Public Health reserves	Adjusted Other Earmarked <sup>(b)</sup>	Unallocated	Adjusted Non-ringfenced Total <sup>(a)(b)</sup>	Adjusted Total (excluding DSG) Reserves <sup>(a)(b)(c)</sup>	
<b>At 1 April</b>								
2017	1,835	...	243	16,934	4,182	<b>21,116</b>	<b>23,195</b>	
2018	1,596	132	235	17,711	4,261	<b>21,972</b>	<b>23,803</b>	
2019	1,582	6	231	19,427	4,220	<b>23,624</b>	<b>25,459</b>	
2020	1,521	-364	216	20,125	4,674	<b>24,800</b>	<b>26,537</b>	
2021	2,224	-38	405	23,094	5,280	<b>28,374</b>	<b>31,003</b>	
<b>At 31 March</b>								
2018	1,659	...	239	17,641	4,286	<b>21,927</b>	<b>23,825</b>	
2019	1,612	-8	236	19,709	4,264	<b>23,973</b>	<b>25,821</b>	
2020	1,429	-397	212	18,774	4,681	<b>23,455</b>	<b>25,096</b>	
2021	2,136	-267	381	24,555	5,479	<b>30,034</b>	<b>32,551</b>	
2022	2,385	-16	541	25,449	5,615	<b>31,064</b>	<b>33,991</b>	
<b>Changes in 2021-22</b>								
Movements to (+) and from (-) reserves	161	22	137	2,355	335	<b>2,690</b>	<b>2,988</b>	
<i>as a percentage of</i>								
<i>1 April 2021</i>	7.2%	-58.9%	33.8%	10.2%	6.4%	<b>9.5%</b>	<b>9.6%</b>	
<b>England reserves excluding Greater London authority</b>								
Movements to (+) and from (-) reserves	161	22	137	2,215	330	<b>2,545</b>	<b>2,842</b>	
<i>as a percentage of</i>								
<i>1 April 2021</i>	7.2%	-58.9%	33.8%	10.6%	7.0%	<b>9.9%</b>	<b>10.0%</b>	

Source: Revenue Outturn returns from local authorities in England

(a) All figures in this release are the best estimates possible having received returns for 2021-22 from 81% of eligible local authorities in England. Reserves levels for 1 April 2021 and 31 March 2022 are particularly likely to be subject to appreciable revision from these provisional estimates.

(b) Movements to and from reserves have been adjusted for timing effects to make them as comparable as possible over time.

(c) This 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: <https://www.gov.uk/government/collections/section-251-materials>. Interpretation of this since 2020 needs to be considered alongside the line 797 'Appropriations to(+)/from(-) dedicated schools grant adjustment account'. Consequently, to enable comparability over time, Adjusted Total Reserves excludes the category of Dedicated Schools Grant reserves.

# Accompanying tables

## Tables

Accompanying dropdown tables presenting detailed revenue expenditure and financing figures for 2021-22 for all returns from local authorities received by early October 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>

<b>Description</b>	<b>Form</b>
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

## 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: 2021 to 2022 provisional 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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