



Ministry of Housing,
Communities &
Local Government



Local Government Financial Statistics England No.34 2024

July 2024

Ministry of Housing, Communities and Local Government: London

**Ministry of Housing, Communities and Local
Government**

**Local Government
Financial Statistics,
England, No. 34 2024**

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PREFACE

This is the 34th edition of **Local Government Financial Statistics (LGFS) England**, providing a summary of financial data from local authorities with links to the statistical releases that contain the full set of data. The first 24 editions provided more context and commentary on the data, and earlier versions of *LGFS* have been published and presented to Parliament since the 1930s. Links have been provided to the relevant statistical releases within chapters, and these may contain more up to date statistics and the current definitions of terms. Most of the information comes from forms sent to the Ministry of Housing, Communities and Local Government (MHCLG) by all local authorities in England.

Local government expenditure represents just under a fifth of all public expenditure, and the data are used in the monitoring of public expenditure and the compilation of the National Accounts. Local government finance data are also used by the government to inform the allocation of resources to local government and the development and monitoring of local government finance policy, and more widely, by local authorities, businesses and members of the public.

This volume contains outturn summaries of local government expenditure and income for years up to the financial year 2022-23 (1 April 2022 to 31 March 2023), the latest year for which complete information is available, and some forecast or budget data for 2023-24. Data are published throughout the year in statistical releases and live tables. These are all available on the Department's website. Therefore, more up to date data will be available before the next edition of *LGFS*.

Some of the data within this publication have been published as Accredited Official Statistics (previously known as National Statistics) and some have been published as Official Statistics. All have been produced to the high professional standards set out in the Code of Practice for Statistics, with Accredited Official Statistics having been independently reviewed previously by the Office for Statistics Regulation and fully compliant with the Code of Practice. Most of the information in this publication is based on data supplied by local authorities to the Department in statutory statistical returns. Due to the statutory nature of the returns, response rates are normally 100%. Figures are subject to rigorous pre-defined validation tests both within the form itself and within MHCLG as the forms are received and processed. The publication itself, once prepared, is also subject to intensive peer review before being cleared as fit for the purposes of publication.

Local government finance statistics publications and other detailed data can be found online at:

<https://www.gov.uk/government/organisations/ministry-of-housing-communities-local-government/about/statistics#latest-statistical-releases>

Further information on data quality, methodology and the uses of the data can be found on these releases, as well as a more detailed look at the statistical outputs. If you cannot locate the data you require, please use the contact details below.

The key purpose of the *LGFS* compendium is to present a copy of the data collected for statistics to parliament every year as required by law. However, it is also used by a variety of different users and has been developed through time to be accessible to a wider audience. Users consist of local authorities (including fire, police, transport and waste authorities), central government colleagues, libraries, schools, contacts in government or local government organisations and the private sector.

Since 2016, the *LGFS* has presented only an overview of all the data collected on local government finance by the Department. Users who want detailed commentary of the data are advised to refer to the statistical releases which are referred to in the publication.

Since 2021, the *LGFS* has presented the revenue expenditure and capital expenditure tables in real terms, rather than in cash terms. This means that the cash figures have been adjusted for inflation. The inflation rate used is included in the footnotes to the table. Expenditure in cash terms can be found in the individual statistical releases.

Local authority structures

Local government's structure, maps and lists of all local authorities prior to 2019-20 can be found in the 2014 *LGFS* publication, which can be found online at <https://www.gov.uk/government/statistics/local-government-financial-statistics-england-2014>

A table of local authorities in England in 2022-23 is provided as an additional table to this *LGFS* publication, which will be published online at <https://www.gov.uk/government/statistics/local-government-financial-statistics-england-2024>

In 2019-20, there were local authority reorganisations affecting authorities in Dorset and the merging of some districts in Suffolk and Somerset. In 2020-21, there was a reorganisation merging districts and the county council in Buckinghamshire into a single unitary authority. In 2021-22, there was reorganisation of Northamptonshire (county and district councils) into two unitary authorities. No mergers took place in 2022-23.

While this compendium does not cover outturn data for 2023-24 and 2024-25, there has been reorganisation in three county areas in 2023-24 where district and county councils in Cumbria, North Yorkshire and Somerset were replaced by four unitary authorities; and changes to combined authorities in 2024-25.

We welcome comments and suggestions for further improvement or about your experiences with this product. This may include comments on data quality, timing and the format of the statistics. In addition, local authority level data are available upon request.

Please contact us at: lgfstats@communities.gov.uk

Responsible Statistician: Jo Coleman

Symbols and conventions

Symbol	Symbol represents
[x]	Not available
[z]	Not applicable
-	Negative value
0	zero or negligible
[P]	Provisional data
[R]	Revised data
	Discontinuity or break in series

Rounding

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

CHAPTER 1

Local government

1.1 What is local government?

1.1.1 Local government is one way in which the country's governance, administration and public service delivery is carried out. Two key features of local authorities are that they tend to have elected representatives and the ability to raise taxes locally.

1.1.2 Local authorities are statutory bodies created by Acts of Parliament. They are not accountable to Parliament as they are directly elected by their local communities. Local government is a devolved responsibility in Scotland, Wales and Northern Ireland.

1.1.3 Local authorities, their members and the administrative units supporting them have a number of objectives, the key one being the delivery of services. They deliver services in line with national objectives, and in a manner that meets the diverse requirements of different neighbourhoods and communities. Services are delivered directly through their employees and indirectly through other bodies. Outside agencies also play a role in service delivery.

1.2 Local government structure and services

1.2.1 This document covers data relating to local government in England in 2022-23. The structure of local government varies across the country. The structure of local authorities takes one of seven forms:

- Metropolitan Districts
- London Boroughs
- Unitary Authorities
- Shire Counties
- Shire Districts
- Combined Authorities
- Single Purpose Authorities

1.2.2 In the six metropolitan areas (Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear, West Midlands and West Yorkshire), most services are run by metropolitan districts.

1.2.3 In London, the London boroughs and the City of London deliver most of the functions. The Greater London Authority (GLA) comprises a directly

elected Mayor and a separately elected Assembly. The GLA group includes the following:

- Mayor's Office for Policing and Crime (MOPAC)
- London Fire Commissioner
- Transport for London (TfL)
- Old Oak and Park Royal Development Corporation
- London Legacy Development Corporation.

- 1.2.4 Non-metropolitan areas, called the shire areas, are either covered by single unitary authorities or two main tiers of local authorities: shire counties and shire districts. A single unitary authority carries out shire county and shire district responsibilities. In 2022-23, 59 single unitary authorities were in existence. (In 2023-24, there were 63 unitary authorities).
- 1.2.5 Across the country in 2022-23, there were also ten combined authorities, of which eight have directly elected mayors. These authorities exercise their remit across areas of a number of local authorities, collaborating with them. The extent of responsibilities of combined authorities varies, though includes transport and economic development. In 2022-23 there were eight combined authorities that could raise income by setting a council tax precept, with only two (Greater Manchester Combined Authority, and Liverpool City Region) choosing to use this power for general functions. West Yorkshire Combined Authority and Greater Manchester also set a separate precept for police services.
- 1.2.6 Fire & rescue services are typically the responsibility of single purpose authorities, which usually share the same boundaries. Single purpose authorities also extend to National Parks and some waste disposal services. There is also a Police and Crime Commissioner for each constabulary which cover each metropolitan area and shire county (sometimes combinations of these).
- 1.2.7 Additionally, parishes and charter trustees represent the third tier of local government, the most local level of government in England. They typically fund their activities by charging an additional cost known as a "precept" to each householder's council tax bill. There are more than 10,000 local parishes in England situated in 227 billing authorities. Of these, 8,874 charged a precept in 2022-23, which was collected by the local billing authority on their behalf. Further details on geographies can be found online at <https://www.ons.gov.uk/methodology/geography> .

1.3 Local Government Finance

- 1.3.1 Local authority spending can be divided into revenue expenditure and capital expenditure. On the whole, revenue expenditure (see **Chapter 3**) is financed through a balance of central government grant, retained non-domestic rates and the locally raised council tax (see **Chapter 2**). Capital expenditure is principally financed through central government grants, borrowing and capital receipts (see **Chapter 4**).
- 1.3.2 Local authorities are required by law to secure the necessary funds to finance their operations, to provide an accurate account of where the money goes and to provide accounts which balance.
- 1.3.3 Only some of the local authorities may collect money directly through council tax and business rates. These are called billing authorities. Others receive funds indirectly, either by precepting on a billing authority or by other channels, such as levies. In shire areas, county councils are precepting authorities, and district councils are the billing authorities. Police and fire and rescue authorities and parish councils are also precepting authorities. Some combined authorities also have the power to charge a precept.
- 1.3.4 **Table 1.3a** shows details on the number of billing, major precepting and local precepting authorities in England.

Table 1.3a: Number of billing, major precepting and other authorities, England as at 1 April 2022

Class of authority	Billing authorities	Major precepting authorities [note 1 and 3]	Other authorities [note 2 and 3]	All authorities	Parishes [note 4]
Shire areas	240	79	11	330	8,634
Metropolitan areas	36	15	2	53	237
London	33	1	5	39	3
England	309	95	18	422	8,874

Footnotes for Table 1.3a

Source: This table appears in Chapter 1 of the Local Government Financial Statistics 2024 report only.

1. These are county councils in two-tier areas, police authorities, fire and rescue authorities, the Greater London Authority and the 8 combined authorities that had the power to set a precept. Where there is a Police, Fire and Crime Commissioner, they have been counted only once even though they will set separate precepts for the Police and Fire & Rescue service that they are responsible for. Where the Combined Authority has responsibility for Police as well as other functions, this has only been counted once, even though separate precepts have been set.
2. Other authorities are parks, waste and the 2 combined authorities that did not have the power to set a precept.

3. Four combined authorities cover both metropolitan and shire authorities. In these cases, they have been included in the shire or metropolitan category based on the type for the majority of authorities that it covers.
4. Includes non-zero precepting authorities only. Parishes will include parish councils, groups of parishes, charter trustees and the Temples of London.

CHAPTER 2

How is the money found?

2.1. Summary of sources of local government income

- 2.1.1. The main sources of income for local government in England are council tax, retained non-domestic rates, government grants (including specific government grants), borrowing and investments, interest receipts, capital receipts, sales, fees and charges and council rents.
- 2.1.2. **Table 2.1a** on the next page provides details of how much income has been raised through these funding streams between 2018-19 and 2022-23. These figures are shown in real terms. Tables showing cash figures are published in the relevant statistical releases.

2.2. Government grants and business rates

- 2.2.1. Central Government funding comprises funding announced in the annual Local Government Finance Settlement plus grants from a number of government departments. Funding distributed through the settlement plus certain non-housing revenue specific grants and income from non-domestic rates is known collectively as Aggregate External Finance (AEF).
- 2.2.2. The business rate retention scheme, introduced in April 2013 reformed the way in which local government is funded. It provides a direct link between business rates growth and the amount of money available to local authorities to spend on local people and services. Under the business rates retention scheme, authorities overall keep at least half of the local business rates revenue as well as the growth on their share. A system of tariffs and top-ups provides a one-off rebalancing of resources at the outset in order to ensure that no authority loses out in its ability to meet local service needs as a result of their business rates tax base.
- 2.2.3. The business rates revenue that comes to central government is then used to fund the majority of Revenue Support Grant provided to local authorities. Revenue Support Grant is a central government grant given to local authorities which can be used to finance revenue expenditure on any service. Since 2017-18, some authorities have been able to retain more than a 50% share of local business rates revenue. This led to a marked increase in retained business rates income and a similar decrease in Revenue Support Grant income in these years.
- 2.2.4. As a result of the impacts of the COVID-19 pandemic, extra grants were paid to local authorities in 2020-21 and 2021-22. The following are included within the COVID-19 general and income grants line in the table.

- general un-ringfenced grant to councils comprising four tranches of grant totalling £4.6 billion for 2020-21, followed by a further £1.55 billion in 2021-22. These were given so that councils could meet increased costs and demand for services.
- numerous specific grants, the largest being to fund adult social care and public transport, including to Transport for London following a huge fall in fare income.
- grant compensating councils for other lost sales, fees and charges, and for lower than normal council tax and business rates income.

Further details of the extra grants can be found at the following link <https://www.gov.uk/government/publications/covid-19-emergency-funding-for-local-government>

Table 2.1a: Summary of local authority income in real terms: 2018-19 to 2022-23

Data shown is a real term series, all monetary figures in 2022-23 prices and £ million [note 1]

Service Category	2018-19	2019-20	2020-21	2021-22 (R)	2022-23
Total grant income:	87,421	82,482	99,769	94,653	89,537
Revenue Support Grant	1,576	741	1,761	1,731	1,673
Police Grant	8,141	8,114	8,488	8,782	8,699
Specific and special grants inside Aggregate External Finance (AEF)	45,190	45,133	54,427	53,692	52,175
Local Services Support Grant (LSSG)	25	32	23	29	35
Covid-19 general and income grants [note 2]	[z]	[z]	7,038	3,062	[z]
Grants outside AEF [note 3]	21,854	19,053	17,937	16,256	15,275
Housing Revenue Account Government Grants and Assistance [note 4]	219	202	251	218	205
Grants towards capital expenditure	10,415	9,208	9,844	10,882	11,475
Total locally-funded income:	83,819	82,216	79,046	83,636	82,514
Council tax	33,780	35,109	36,175	36,754	36,313
Retained income from Rate Retention Scheme [note 5]	20,536	19,218	18,399	18,853	16,472
External interest receipts	1,722	1,884	1,618	1,718	2,646
Capital receipts [note 6]	4,545	3,151	2,819	3,764	4,554
Sales, fees and charges [note 7]	15,061	14,872	12,142	14,770	15,054
Council rents	8,175	7,981	7,892	7,777	7,475
Other income and adjustments [note 8]	21,796	22,140	22,658	22,698	23,550
Total income	193,035	186,838	201,472	200,987	195,601
Grants as a percentage of total income	45%	44%	50%	47%	46%

Footnotes to Table 2.1

Sources: Revenue Outturn (RO) returns & Capital Outturn Returns (COR), 2018-19 to 2022-2023

(R) Revised – 2021-22 data have been revised since the release of 'Local Government Financial Statistics England 2023'

1. All figures have been adjusted for inflation using the GDP deflator:
<https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts> (as updated 2 April 2024)
2. Adjusted to show the share of the £1.6bn first tranche of COVID-19 funding which paid in late March 2020 and that local authorities recorded in their RO2019-20 returns, to show instead as part of 2021-22 grants.
3. Excludes council tax benefit subsidy and rent rebates granted to HRA tenants.

4. As reported in the Revenue Outturn HRA section (in table RO4).
5. In 2021-22 this includes amounts drawn from reserves relating to COVID business rates relief grants.
6. Capital receipts used to finance capital expenditure.
7. This figure excludes any sales, fees and charges from the trading accounts which are not recorded.
8. Other income and adjustments includes 'Other Income' from the Services areas, 'Other Items', 'Collection fund surplus/deficits for council tax', 'Inter-authority transfers in respect of reorganisation', 'Tenants' leaseholders' and other charges for services and facilities' and 'Contributions towards expenditure' (other than government grants and assistance in the Housing Revenue Account). To avoid double counting, 'Recharges to other accounts' recorded in the RO6 are removed from this.

2.3. Sales, fees and charges

- 2.3.1. Sales, fees and charges are the amounts received by local government as a result of providing a service. They vary widely between services in both the amount of money involved, and their nature, for example library fines and planning application fees. Local authorities receive income from sales fees and charges from over 100 service areas. **Table 2.3a** shows sales, fees and charges by service area from 2018-19 to 2022-23. These figures are shown in real terms.
- 2.3.2. Sales, fees and charges income was notably lower than normal during the COVID-19 pandemic, especially during the periods of lockdown. This was noticeable for many local authorities in:
 - i) transport, as a result of lower income from parking fees and other motoring charges. Public transport fares were lower and thus required more grant funding. Public transport fees are generally paid to operators, and so did not impact the data in this table.
 - ii) leisure, educational and cultural venues and activities
- 2.3.3. A scheme was established to compensate for much of losses in sales, fees and charges income over the period from April 2020 to June 2021. Further details of this scheme can be found at the following link <https://www.gov.uk/guidance/local-government-income-compensation-scheme-for-lost-sales-fees-and-charges>

Table 2.3a: Sales, fees and charges by service area in real terms: 2018-19 to 2022-23 [note 1 & 2]

Data shown is a real term series, all monetary figures in 2022-23 prices and in £ million [note 2]¹

Service Category	2018-19	2019-20	2020-21	2021-22 (R)	2022-23
Education	1,781	1,661	1,114	1,781	1,833
Highways and transport	2,733	2,669	1,813	2,649	2,733
Social Care	3,651	3,725	3,523	3,762	3,791
<i>of which:</i> Children Social Care	200	184	176	195	178
<i>of which:</i> Adult Social Care	3,452	3,541	3,347	3,568	3,613
Public Health	40	23	26	24	35
Housing (excluding HRA)	1,022	1,038	944	1,030	1,046
Cultural, environmental and planning	3,635	3,564	2,749	3,404	3,481
<i>of which:</i> Cultural and related services	991	964	322	718	880
<i>of which:</i> Environmental and regulatory services	1,531	1,476	1,415	1,572	1,585
<i>of which:</i> Planning and development services	1,113	1,124	1,012	1,115	1,016
Police	561	592	548	641	593
Fire	53	56	60	58	52
Central services	1,496	1,427	1,249	1,321	1,347
Other	89	118	116	100	143
Total All Services	15,061	14,872	12,142	14,770	15,054

Footnotes for Table 2.3a

Source: Revenue Outturn (RO) returns - RSX 2017-18 to 2022-23.

(R) Revised - 2021-22 data have been revised since the release of 'Local Government Financial Statistics England 2023'.

1. Sales, fees and charges for General Fund only. Sales, fees and charges are not collected as a separate item within Trading Accounts.
2. All figures have been adjusted for inflation using the GDP deflator:
<https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts> (as updated 2 April 2024).

2.4. Council tax

2.4.1. Council tax is the main source of locally-raised income for many local authorities. It is therefore an important source of funding used for meeting the difference between the amount a local authority wishes to spend and the amount it receives from other sources such as government grants. The amount of council tax payable on a property depends in part on the valuation band to which it is allocated and in part on the number of occupants that live in the property.

2.4.2. **Table 2.4a** provides figures for the total number of domestic dwellings in England in September each year from 2019 to 2023, those that are liable for council tax i.e. chargeable dwellings, those that are exempt from council tax, those that receive discount on their council tax and those that are required to pay a premium on their council tax.

Table 2.4a: Number of chargeable dwellings in England, 2019-2023 [note 1]

Data shown in thousands

Year	2019	2020	2021	2022	2023
Total number of dwellings on valuation lists	24,549	24,762	24,987	25,225	25,462
less: Number of dwellings exempt from council tax	626	651	660	692	741
less: Number of demolished dwellings	1	1	1	2	2
Number of dwellings on valuation list liable for council tax	23,922	24,109	24,326	24,531	24,718
of this: number of dwellings subject to a discount	8,191	8,322	8,492	8,646	8,731
of which are second home [note 2]	13	10	10	9	8
of which are empty homes subject to a discount [note 3]	64	53	52	48	40
of which are single persons	7,837	7,982	8,151	8,307	8,388
of which all residents are disregarded for council tax purposes	36	36	38	38	43
of which all but one resident is disregarded for council tax purposes	242	241	242	244	253
of this: number of dwellings charged a premium [note 4]	63	69	72	72	76
of this: number of dwellings not subject to a discount or a premium	15,668	15,718	15,762	15,812	15,911
of which are empty home [note 3] [note 4]	356	357	345	358	365
of which are second homes [note 2]	240	253	243	247	255
of which are classed as other	15,072	15,108	15,174	15,206	15,291

Footnotes to Table 2.4

Source: CTB returns

1. Data taken as at the second Monday in September.
2. At local authority discretion, second homes can be subject to a discount of between 0% and 100%. If an authority sets a discount of 0% then this is classified in the table as 'not subject to discount'. All other rates are classified as 'subject to discount'.
3. Empty homes are those dwellings which are unoccupied and substantially unfurnished and, at local authority discretion, can be subject to a discount of between 0% and 100%. If an

authority sets a discount of 0% then it is classified in the table as 'not subject to discount'. All other rates are classified as 'subject to a discount'.

4. Empty homes are those dwellings which are unoccupied and substantially unfurnished and, if they have been empty for more than two years, may be charged a premium. Not all authorities set a premium, for example in 2023, 290 out of 296 authorities applied a premium.

2.4.3. Band D council tax is the usual standard measure of council tax and is the council tax payable on a Band D dwelling occupied as a main residence by at least two adults, before any reductions due to discounts, exemptions or local council tax support schemes. This definition is widely regarded as a benchmark when comparing council tax levels in different areas or over time.

2.4.4. The council tax paid by a dwelling may be made up of several elements. Depending on its location, in addition to the council tax for the local authority responsible for the area, it may consist of council tax that will be redistributed to some or all of the following: county council (the Greater London Authority in London), mayoral combined authority, fire and rescue authority, police & crime commissioner. Dwellings may also be liable for council tax to fund their local parish council activities.

Council tax levels

2.4.5. Authorities are required to hold a referendum if their relevant basic amount of council tax for the year is in excess of the council tax referendum principles which apply to them. These referendum principles differ between each type of authority and each year. **Table 2.4b** gives figures for levels of, and changes in, the average Band D council tax for England for 2018-19 to 2023-24. The average Band D council tax is calculated by dividing the council tax requirement by the taxbase estimated for the purposes of setting council tax. These figures include parish precepts and the adult social care precept.

Table 2.4b: Average Band D council tax in England and the annual percentage change: 2018-19 to 2023-24 [note 1 to 4]

Year	£	% change
2018-19	1,671	5.1
2019-20	1,750	4.7
2020-21	1,818	3.9
2021-22	1,898	4.4
2022-23	1,966	3.5
2023-24	2,065	5.1

Footnotes to Table 2.4b

Source: CTR returns

1. Figures include parish and adult social care precepts.
2. Local authorities have been given flexibility to increase council tax by an additional amount to

- fund adult social care since 2016-17. The amount of flexibility has varied from year to year.
3. Referendum principles may vary year-on-year which will affect the annual change. Please see the introduction section of the relevant statistical release for further information which can be found here: <https://www.gov.uk/government/collections/council-tax-statistics>
 4. In 2022-23, the Government provided a £150 one-off Energy Bills Rebate for most households in council tax bands A-D. This did not affect these figures.

2.4.6. In 2016-17, an additional precept was introduced which allowed local authorities with adult social care responsibilities to increase council tax up to an additional 2% to fund adult social care only. This was in addition to the usual funding of adult social care through council tax. The maximum amount that could be raised through the additional precept has changed in the years since 2016-17.

2.4.7. Between 2017-18 and 2019-20, it was possible to set the increase up to an additional 3% in the first two years, but no more than 2% in 2019-20, and no more than a total of 6 percentage points rise over the three-year period. In 2020-21, it was possible to set an increase of up to 2%. In 2021-22 it was announced that adult social care authorities were able to increase council tax by an additional 3% over two years (2021-22 and 2022-23) to fund adult social care, with no limitation as to how this is split between the two years. But for 2022-23, the additional amount was set as a 1% increase plus any amount of the 3% that had not been used in 2021-22 because the authority had planned to defer it to 2022-23. In 2023-24, it was set as an increase of up to 2%.

Parishes and other local precepting authorities in England

2.4.8. Local precepting authorities represent the most local level of government in England. They vary widely both in terms of the populations they represent and the functions they perform. Some have a very limited, local role while others are more active, carrying out activities similar to that of a smaller district council. Typical responsibilities include village halls, war memorials, cemeteries, allotments, open spaces, playgrounds, maintenance of public footpaths and cultural projects.

2.4.9. **Table 2.4c** shows information relating to parishes and other local precepting authorities and the precepts they raise. For many authorities this is their main source of income; it is set at their discretion and is used to finance their expenditure. Not all local precepting authorities set a precept as they do not require funds for local activities; however, they still maintain the power to set a precept in future years.

Table 2.4c: Average Band D parish precept, England, 2018-19 to 2023-24

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Total number of parishes that are precepting [note 1]	8,838	8,859	8,886	8,877	8,874	8,881
Tax base (thousands)	8,082.9	8,253.8	8,532.7	8,600.7	8,757.7	8,943.9
Aggregate of local precepts (£000)	517,629	554,492	596,362	618,060	655,138	707,805
Average parish precept per Band D (£)	64.04	67.18	69.89	71.86	74.81	79.14
Change (£)	3.01	3.14	2.71	1.97	2.95	4.33
Percentage change	4.9%	4.9%	4.0%	2.8%	4.1%	5.8%

Footnote to Table 2.4c

Source: CTR returns

1. These are parishes and other local precepting authorities that are charging a non-zero precept.

2.4.10. Further details about council tax, parishes and other local precepting authorities and collection rates can be found via <https://www.gov.uk/government/collections/council-tax-statistics>

2.5. Non-domestic rates

2.5.1. Non-domestic rates, also known as business rates, are collected by billing authorities and are the way in which those that occupy a non-domestic property (or hereditament) contribute towards the funding of local services. The introduction of the business rates retention scheme in 2013-14 allows local authorities to retain a proportion of the revenue that is generated in their area.

2.5.2. Each hereditament has a rateable value that is based, broadly, on the annual rent that the property could have been let for on the open market at a particular date. This is periodically reviewed and is known as revaluation. Details of the hereditaments are recorded on rating lists that are compiled and maintained by the Valuation Office Agency (VOA), an agency of HM Revenue and Customs. The total number of hereditaments in England and their rateable value for 2018-19 to 2023-24 are shown in **Table 2.5a**.

2.5.3. Generally, billing authorities work out the rates liability for every hereditament by multiplying the rateable value of the property by the appropriate multiplier. There are two multipliers, the non-domestic multiplier and the small business non-domestic rate multiplier. Until 2024-25, the former was higher because it includes a supplement which is used to fund the Small Business Rate Relief scheme, which is designed to help small businesses meet the cost of their business rates. From

2024-25 the multipliers were decoupled, so that they could be set independently, and the concept of the supplement removed.

- 2.5.4. The government sets the multipliers for each financial year for England according to formulae set by legislation. Until 2018-19, the multipliers increased in line with the Retail Price Index (RPI) in September of the preceding year. In 2018-19, the RPI was replaced by the Consumer Price Index. The multipliers for 2018-19 to 2023-24 are shown in **Table 2.5a**.
- 2.5.5. Every few years, the government adjusts the rateable value of business properties to reflect changes in the property market. This is known as a revaluation. At revaluation, the government also revises the business rates multiplier to reflect the aggregate change in rateable values. The data from 2017-18 to 2022-23 are based on a value at 1 April 2015, using a list compiled for 1 April 2017. The data for 2023-24 is based on a value at 1 April 2023, using a list compiled for 1 April 2021.

Table 2.5a: Number of hereditaments, rateable value and multipliers used, England, 2018-19 to 2023-24

Years	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Number of hereditaments on rating list as at 30 September (in thousands) [note 1]	1,882	1,942	1,976	1,996	2,006	2,015
Aggregate rateable value on rating list as at 30 September (in £ million) [note 1]	63,213	63,637	64,045	63,910	63,634	67,877
Small business rate multiplier (in pence)	48.0	49.1	49.9	49.9	49.9	49.9
National non-domestic rates multiplier (in pence)	49.3	50.4	51.2	51.2	51.2	51.2

Footnotes to Table 2.5a

Source: NNDR1 returns

1. Data taken from VOA local list where the data for 2018-19 where the data are taken as at 1 April 2017; for 2019-20 where the data are at 3 October 2018; for 2020-21 where the data are at 3 October 2019; for 2021-22 where the data are at 7 October 2020; for 2022-23 where the data are at 15 October 2021 and for 2023-24 where the data are from the draft list published on 17 November 2022. Data for 2018-19 to 2021-22 are all are based on the 2017 List which came into effect from 1 April 2017. Data for 2023-24 are based on the 2023 List which came into effect from 1 April 2023.

- 2.5.6. Since the introduction of the business rates retention scheme, the local government sector (local authorities and fire and rescue authorities) are able to benefit directly from supporting local business growth as they are

allowed to keep at least half of any increases in business rates revenue to invest in local services¹.

- 2.5.7. In addition, safety net payments are available if a council's business rates income falls by a certain amount. This safety net is funded by a levy paid by those councils whose business rates revenue increases by a disproportionate amount compared to their needs. The levy is designed to ensure that the more councils grow their business rates, the more they benefit.
- 2.5.8. **Table 2.5b** shows details of the amount of non-domestic rates that local authorities collected in 2018-19 to 2022-23 and their forecasts for 2023-24. These figures are in cash terms.
- 2.5.9. There are a number of rate reliefs that can be granted in certain circumstances by local authorities. **Table 2.5c** provides details of these reliefs in cash terms. In addition to the Small Business Rate Relief scheme which, as its name suggests, is targeted at small businesses, there are mandatory reliefs which are automatic entitlements in any local authority area, and discretionary reliefs which are granted at a local authority's discretion. Some of the discretionary reliefs are time limited. An example of these two types of relief is properties held by charities, which are automatically entitled to mandatory relief of 80%, and local authorities then have the discretion to top that up to 100%. The cost of both mandatory and discretionary relief is borne by both central and local government.
- 2.5.10. Discretionary reliefs that are funded through a Section 31 grant are reliefs that have been introduced since 2013-14 which have made changes to the original national non-domestic rates scheme. Central government compensates local authorities for these changes and this compensation is made outside of the rate retention scheme by means of a Section 31 (S31) grant. The grants are given to local authorities to fund activities which are not covered by existing payment schedules or methods.
- 2.5.11. In addition, at a revaluation, transitional arrangements are put in place to protect small and medium business ratepayers from significant step-changes in bills. The transitional scheme that ran after the 2010 and 2017 revaluations aimed to be revenue neutral by phasing in both increases and decreases over a number of years, instead of all ratepayers receiving the full impact of the changes immediately following revaluation. From 2023-24, the scheme was only for bills that needed to be phased down.

¹ 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% retention and in 2019-20, this was 75% retention.

- 2.5.12. In 2020-21 the government implemented many measures in response to the Covid-19 pandemic. In relation to business rates, the existing retail discount relief was expanded for one year into a 100% relief for retail, hospitality and leisure businesses. A relief for eligible nurseries was also introduced for the year. These two reliefs were granted by local authorities as discretionary relief and funded through Section 31 grants. In 2020-21, the cost of the retail, hospitality and leisure relief was £11.1 billion.
- 2.5.13. The reliefs continued in the first three months of 2021-22 and was then reduced to a 66% relief and up to a cap of £110,000 per business for the rest of the year. For 2022-23 and 2023-24, the retail, hospitality and leisure relief was continued at 50% and 75% relief respectively for all eligible businesses.
- 2.5.14. This means that the income is significantly lower, and reliefs are higher, particularly for 2020-21 and 2022-23, than normal and are not comparable to previous or subsequent years.
- 2.5.15. Information for the amounts of non-domestic rates collected by local authorities is available via <https://www.gov.uk/government/collections/national-non-domestic-rates-collected-by-councils>

Table 2.5b Non-domestic rates collected by local authorities under the business rates retention scheme, England: 2018-19 to 2023-24

Data shown in cash terms and in £ million. Zero values indicate figures below £0.5 million. Figures for 2018-19 to 2022-23 are outturn data, based on the 2017 valuation list. Figures for 2023-24 are forecast data, and based on the 2023 valuation list.

Years	2018-19	2019-20 [R]	2020-21 [R]	2021-22 [R]	2022-23	2023-24 Fore-cast
Gross rates payable in year	29,957	30,933	30,939	30,801	30,731	33,979
Net cost of Small Business Rate relief	1,258	1,416	1,601	1,617	1,675	1,294
Other mandatory relief	2,995	3,071	3,132	3,388	3,216	3,337
Discretionary relief [note 1]	229	603	11,302	5,270	2,794	2,645
Total cost of reliefs	4,483	5,090	16,035 	10,275 	7,685 	7,276
Gross Rates Payable in year less total cost of reliefs	25,474	25,842	14,904 	20,526 	23,046 	26,704
Net cost of transitional arrangement [note 2]	-5	83	192	182	121	[z]
Cost of transitional arrangement [Note32]	[z]	[z]	[z]	[z]	[z]	1,795
Net Rates Yield (Gross Rates Payable less cost of Transition)	25,470	25,925	15,096 	20,708 	23,166 	24,909
Losses in collection [note 4]	181	301	822	136	176	499
Net addition to Appeals Provision	103	-54	870	-348	-366	956
Interest payable	0	0	0	0	0	[z]
Total cost of accounting adjustments	284	247	1,692	-211	-190	1,406
Other deductions from collectable rates [note 5]	91	179	288	278	217	-1,699
Amounts retained in respect of Designated Areas	52	83	64	106	110	153
Amounts retained in respect of Renewable Energy schemes	65	72	85	93	109	115
Amounts retained in respect of Shale Gas schemes	0	0	0	0	0	0
Total Disregarded Amounts	117	155	148	199	220	268
Non-domestic rating income from rates retention scheme for year [note 6]	24,977	25,344	12,968 	20,442 	22,919 	24,933

Footnotes to Table 2.5b

Source: Outturn data are taken from auditor confirmed NNDR3 forms, forecast data are taken from NNDR1 forms. Note that the outturn data since 2018-19 contains a mix of pre-audit and post-audit data and revisions will be made each year. There is usually minimal change to the pre-audit figures, but any changes will be published in the relevant release.

|| data not comparable because of Covid-19 reliefs (see note 1)

1. Since 2020-21 the discretionary reliefs include the expanded retail discount and nursery reliefs introduced in response to the coronavirus pandemic. For 2020-21, this was a 100% relief for all qualifying businesses. For 2021-22, the relief was 100% for all eligible businesses from April to June, and 66% up to a cap of £110,000 per business for the rest of the year. For 2022-23, the retail, hospitality and leisure relief was 50% for all eligible businesses and 75% in 2023-24.
2. The transitional arrangements scheme for the 2017 revaluation ended in 2022-23, therefore any figures reported for 2023-24 onwards will be in respect of previous years. However authorities could give the same support to businesses using the supporting small business relief in 2022-23. The transitional relief scheme between 2017-18 and 2022-23 facilitated delaying increases to bills which was offset by delaying reductions to bills, hence the net cost. The net cost was added to net rates payable (gross rates payable less reliefs) to get to net rates yield.
3. The transitional relief scheme changed with the 2023 Revaluation, so from 2023-24 onwards, the scheme is fully funded by central government, and the cost only reflects revenue foregone by delaying increases to bills. As this is a cost only this is deducted from net rates payable to get to net rates yield.
4. Losses in collection – write offs are not included in the Total cost of Accounting Adjustments
5. Other deductions from collectable rates includes an allowance for cost of collection & legal costs, a special authority deduction for the City of London, and the net cost of transitional protection payments made to authorities to reverse the effects of transitional arrangements.
6. Non domestic rating income from rates retention scheme for the year is equal to Net Rates Yield less accounting adjustments, other deductions and disregarded amounts.

Table 2.5c: Cost of reliefs from non-domestic rates – Mandatory relief: 2018-19 to 2023-24

Data shown in cash terms and in £ millions. Figures shown as 0 are below £0.5 million
 Figures for 2018-19 to 2022-23 are outturn data, based on the 2017 valuation list. Figures for 2023-24 are forecast data and based on the 2023 valuation list.

YEAR	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
COST OF RELIEFS PROVIDED						Forecast
Small Business Rate Relief provided in year	1,820	1,970	2,100	2,161	2,211	1,963
of which: relief on existing properties where a 2 nd property is occupied	4	4	5	5	5	3
Additional yield generated from the small business supplement	631	632	630	626	626	669
Net cost of small business rate relief in respect of current year	1,190	1,338	1,470	1,535	1,585	1,294
Net cost of small business rate relief in respect of previous years	68	77	131	82	90	[z]
Net cost of small business rate relief	1,258	1,416	1,601	1,617	1,530	1,294
Charitable occupation	1,933	2,011	2,026	2,040	2,036	2,181
Community Amateur Sports Clubs (CASCs)	20	21	22	22	22	21
Rural rate relief	4	4	4	4	4	3
Public lavatories relief	[z]	[z]	[z]	5	5	4
Telecomms relief [note 1]	0	0	0	2	[z]	[z]
Partially occupied hereditaments	24	26	22	16	13	17
Empty premises	996	1,006	1,082	1,187	1,141	1,008
Total other mandatory relief in respect of current year	2,977	3,069	3,156	3,276	3,221	3,235
Other mandatory relief in respect of previous years	18	2	-24	113	-5	[z]
Changes as a result of local estimates of growth or decline in mandatory relief	[z]	[z]	[z]	[z]	[z]	102
Total cost of other mandatory relief	2,977	3,071	3,132	3,388	3,216	3,337
Total cost of mandatory relief	4,253	4,487	4,733	5,005	4,891	4,630

Table 2.5c covering discretionary relief continues on the next page

Table 2.5c continued

YEAR	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
COST OF RELIEFS PROVIDED						Fore-cast
Charitable occupation	47	48	42	45	48	48
Non-profit making bodies	38	37	31	33	36	36
Community Amateur Sports Clubs (CASCs)	1	1	1	1	1	2
Rural rate relief	0	0	0	0	0	0
Small rural businesses	1	1	1	1	1	1
Other relief awarded under s47	21	22	20	20	16	15
Hardship relief	2	2	3	1	0	[z]
Total discretionary relief in respect of current year	110	112	98	101	103	101
Discretionary relief in respect of previous years	5	3	1	6	5	[z]
Discretionary reliefs funded through Section 31 grants						
Flooding relief	0	2	1	0	0	[z]
Rural rate relief	4	4	4	4	4	3
Local newspaper temporary relief	0	0	0	0	0	0
Supporting Small Businesses relief [note 2] [note 3]	14	13	13	11	20	173
Discretionary Scheme relief	77	30	3	[z]	[z]	[z]
Pub relief	17	[z]	[z]	[z]	[z]	[z]
Retail, hospitality and leisure relief [note 4]	[z]	432	11,060	4,940	1,701	2,366
Nursery relief	[z]	[z]	98	63	[z]	[z]
COVID-19 additional relief	[z]	[z]	[z]	171	[z]	[z]
Low carbon heat network relief	[z]	[z]	[z]	[z]	1	1
Total cost of discretionary reliefs funded through S31 grant in respect of current year	113	481	11,179	5,188	1,726	2,542
Discretionary relief funded through S31 grant in respect of previous years [note 5]	1	7	25	-25	960	[z]
Changes as a result of local estimates of growth or decline in discretionary relief	[z]	[z]	[z]	[z]	[z]	1
Total cost of discretionary relief	229	603	11,302 	5,270 	2,794	2,645
Total cost of all reliefs	4,483	5,090	16,035 	10,275 	7,685 	7,276

Footnotes on following page

Footnotes to Table 2.5c

Source: Outturn data are taken from auditor confirmed NNDR3 forms, forecast data are taken from NNDR1 forms. Note that the outturn data for 2019-20, 2020-21 and 2022-23 contains a mix of pre-audit and post-audit data and may be revised each year. There is usually minimal change to the pre-audit figures, but any changes will be published in the relevant release.

|| data not comparable between years

1. Telecomms relief was reported as a discretionary relief funded through section 31 grant in 2019-20. However, this relief is mandatory, but currently funded through a section 31 grant.
2. The transitional relief scheme from the 2017 revaluation expired in 2021-22. In 2022-23 authorities could give the same support to businesses using the supporting small business relief, and so what would normally be the cost of the transitional scheme is included in this figure.
3. From 2023-23, supporting small business relief capped bill increases at £600 per year for businesses that lost eligibility or saw reductions in small business rate relief (SBRR) or rural rate relief as a result of the 2023-23 revaluation.
4. In 2019-20, this was a discount of one third of the non-domestic rates bill for retail shops, restaurants, pubs and cinemas with a rateable value of £51,000 or less (also referred to as retail discount relief). In 2020-21 this was expanded in response to the coronavirus pandemic to provide a 100% relief to all retail, hospitality and leisure businesses. In 2021-22 the relief gave a 100% discount for the first three months and then a 66% discount for the remaining months with a cap on the relief for each business. The relief gave a 50% discount to those eligible businesses with a £110,000 cap per business in 2022-23 and a 75% discount in 2023-24.
5. The COVID-19 additional relief fund (CARF) was a discretionary relief scheme for 2021-22 only. The amount granted in 2021-22 is the amount granted up to the end of March 2022. But the majority of the relief was granted in 2022-23 in respect of 2021-22 which is reported under the adjustments to reliefs in respect of previous years, hence the significantly higher value in 2022-23.

Council tax and non-domestic rates collection

- 2.5.16. The collection of council tax and non-domestic rates doesn't stop at the end of March; authorities will continue to attempt to collect the outstanding amounts until such times that they decide that it is no longer practical nor cost effective to try to collect it. **Table 2.5d** shows the amount of council tax and non-domestic rates collected in 2018-19 to 2022-23 irrespective of the year to which it relates.
- 2.5.17. Council tax receipts in 2020-21 were lower than usual due to a combination of more support given to taxpayers due to the Covid-19 pandemic through the use of discretionary discounts and use of local council tax support schemes, and there was also a lower rate of collection.
- 2.5.18. Business rates receipts in 2020-21 were substantially lower than usual, largely due to the additional business rates relief provided in response to the Covid-19 pandemic. This has been estimated by local authorities to cost around £11 billion. These reliefs were continued into the first three months of 2021-22, before being reduced to a lower rate of relief for the rest of the year.

Table 2.5d: Receipts of council tax and non-domestic rates collected irrespective of the year to which they relate, England, 2018-19 to 2022-23

Data shown in £ million in cash terms

Financial year	Council Tax receipts: In respect of the billing year	Council Tax receipts: In respect of previous years [note 1]	Council Tax receipts: In respect of subsequent billing year [note 2]	Council Tax receipts: Total receipts collected in financial year
2018-19	28,876	493	457	29,826
2019-20	30,635	489	454	31,578
2020-21	31,252	372	552	32,176
2021-22 [note 3]	33,355	699	530	34,584
2022-23	35,180	705	651	36,536
	Non-domestic rates receipts: In respect of the billing year	Non-domestic rates receipts: In respect of previous years [note 1 & 4]	Non-domestic rates receipts: In respect of subsequent billing year [note 2]	Non-domestic rates receipts: Total receipts collected in financial year
2018-19	25,289	-473	507	25,323
2019-20	25,473	-318	411	25,566
2020-21 [note 5]	14,561	-678	417	14,300
2021-22 [note 3, 4, 5 & 6] [R]	20,476	-24	759	21,210
2022-23 [note 5]	23,695	-1,032	690	23,353

Footnotes relating to Table 2.5d

Source: QRC4 returns

[R] = revised since last edition of this publication

1. Does not include court or administration costs.
2. In respect of subsequent billing year = Prepayments for year ahead
3. Local authorities have reported that there has been an increase in arrears recovery activity for both council taxes and non-domestic rates following the Covid-19 pandemic.
4. A negative figure indicates that local authorities repaid more than they collected in respect of previous years. This is usually down to revaluations and appeals which often stretch back over a number of years.
5. These figures are affected by the 100% relief provided to eligible retail, hospitality and leisure businesses and eligible nurseries in 2020-21 in response to the Covid-19 pandemic. In 2021-22, the Government announced a continuation of this relief for the first three months of the financial year, with the relief reducing to 66% for the remaining nine months. In 2022-23, the retail, hospitality and leisure relief was continued as a 50% relief.
6. The introduction of the Covid Additional Relief Fund (CARF) required authorities to adjust their payment figures for this financial year and to show these payments as in respect of the subsequent billing year

2.5.19. The in-year collection rate is the amount received by 31 March of the year in question of that financial year's council tax and non-domestic rates, shown as a percentage of the net collectable debit in respect of

that year's council tax or non-domestic rates. In other words, it is how much the local authority collected by 31 March of the local tax they would have collected if everyone liable had paid what they were supposed to.

2.5.20. **Table 2.5e** shows the in-year collection rates for England between 2018-19 and 2022-23. Collection rates in 2020-21 were lower than usual with authorities reporting that this was because of a temporary reduction or pause of recovery action during 2020-21 due to the Covid-19 pandemic. Many authorities reported that their collection rates in 2021-22 continued to be affected as the resumption of the recovery and enforcement services begun later in 2021.

Table 2.5e: Collection rates of council tax and non-domestic rates, England, 2018-19 to 2022-23.

In year collection rates in relation to:	2018-19	2019-20	2020-21 [note 1]	2021-22 [note 2]	2022-23
Council tax (% of total collected)	97.0	96.8	95.7	95.8	96.0
Non-domestic rates (% of total collected)	98.3	98.0	93.0	95.5	96.8

Footnote for Table 2.5e

Source: QRC4 returns

1. Many local authorities temporarily paused or reduced recovery or enforcement action in 2020-21 due to Covid-19
2. Recovery action was slow to resume in 2021-22 due to Covid-19

2.5.21. It includes prepayments made in the previous year in respect of the current year, but it does not include prepayments made in the current year in respect of future years nor does it include the payment of any arrears. The collection of council tax and non-domestic rates continue once the financial year to which they relate has ended; this means that the final collection rate achieved is somewhere between the figures shown and 100 per cent.

2.5.22. Further details associated with the data in this table are available via <https://www.gov.uk/government/collections/council-tax-statistics>

CHAPTER 3

How is the money spent? – Revenue expenditure

3.1. Summary of revenue expenditure

- 3.1.1. Revenue spending by local authorities is mainly for meeting employee costs, such as the salaries of staff; procurement costs, transport, fuel and building maintenance; levies paid to other local authorities which provide a service (for example, a metropolitan district pays a waste disposal authority); payment of awards/benefits on behalf of central government (for example, mandatory rent allowances) and recharges to other accounts.
- 3.1.2. Such spending is often referred to as current or revenue expenditure, to distinguish it from capital spending. However, the terms current expenditure and revenue expenditure also have particular meanings in the context of local government finance.
- 3.1.3. Further statistics about revenue expenditure in England that are summarised in this chapter can be found via <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

3.2. General Fund Revenue Account expenditure definitions

- 3.2.1. **Total current expenditure** is the cost of running local authority services within the financial year. This expenditure is offset by income from sales, fees and charges and other (non-grant) income, which gives **total net current expenditure**. Net current expenditure includes expenditure financed by specific government grants within and outside Aggregate External Finance (AEF).
- 3.2.2. **Revenue expenditure** is equal to net current expenditure plus capital financing costs and a few minor adjustments, but excluding expenditure funded by grants outside AEF and income from interest receipts. The sum of government grants, redistributed non-domestic rates, and council tax does not normally exactly equal revenue expenditure because of the use of reserves.
- 3.2.3. **Net revenue expenditure** is revenue expenditure, excluding that funded by all specific grants inside AEF, and excluding the Local Services Support Grant. Police Grant is not included in this. This represents an authority's budget requirement and use of reserves.
- 3.2.4. Changes and comparisons over time can be misleading owing to changes in functions that are the responsibilities of local government and the definition of service lines, but these discontinuities have been highlighted in the tables. For example, education expenditure by local

authorities has decreased because of the increase in the number of academy schools, which are centrally funded rather than funded by local authorities. These discontinuities have a knock-on effect for comparing the total net current expenditure over time.

- 3.2.5. Recent trends in revenue spending by broad service group and how it has been financed are shown in summary form in **Table 3.2a**. These figures are shown in real terms. Tables showing cash figures are published in the relevant statistical releases. Net expenditure was much higher than normal in 2020-21 and 2021-22. This was due to a combination of both higher expenditure and lower fees and charges income resulting from the COVID-19 pandemic. Substantial additional grants have been provided, and a summary detailing many of these can be found at <https://www.gov.uk/government/publications/covid-19-emergency-funding-for-local-government>

Table 3.2a: General fund revenue account: Outturn 2018-19 to 2022-23 and budget 2023-24 in real terms [note 1]

Data shown is a real term series, all monetary figures in 2022-23 prices and £ millions

Service Category	2018-19	2019-20	2020-21	2021-22 (R)	2022-23	2023-24 Budget
Education	36,830	36,394	36,468	37,186	37,140	36,382
Highways and transport	4,407	4,194	8,562	5,690	4,769	4,891
Social care	29,082	29,945	31,883	32,280	33,358	32,788
of which: Children's social care	10,712	11,074	11,457	12,029	12,834	11,893
of which: Adult social care	18,369	18,871	20,426	20,250	20,525	20,896
Public health	3,746	3,603	4,140	4,517	3,832	3,535
Housing (excluding Housing Revenue Account)	1,912	1,981	2,239	2,326	2,283	2,014
Cultural, environmental and planning	9,638	9,775	11,032	10,682	10,668	9,812
Police	13,056	13,622	14,280	14,524	14,619	14,189
Fire & rescue	2,291	2,409	2,394	2,420	2,423	2,470
Central services	3,440	3,629	4,450	4,366	4,228	3,146
Other services	55	47	566	272	201	1,103
Total Service Expenditure	104,456	105,599	116,014	114,263	113,520	110,330
Housing Benefits [note 3]	20,376	17,602	16,356	14,844	13,359	13,107
Parish Precepts and Levies [note 4]	687	634	651	646	645	693
Trading Account Adjustments and Other Adjustments [note 5]	-578	-676	-701	-462	-231	-331
Total Net Current Expenditure	124,939	123,159	132,353	129,290	127,293	123,798

Table 3.2a is continued on the next page

Table 3.2a continued

Service Category	2018-19	2019-20	2020-21	2021-22 (R)	2022-23	2023-24 Budget
Capital financing [note 6]	5,357	5,775	5,585	5,852	5,888	5,698
Capital Expenditure charged to Revenue Account (CERA)	1,858	2,356	1,877	2,589	2,851	1,787
Other non-current expenditure [note 7]	227	276	392	184	262	275
Private Finance Initiative (PFI) difference from service charge	-29	-4	44	-2	94	-37
Appropriations to (+)/ from(-) financial instruments adjustment account	-206	16	50	-12	38	21
Appropriations to (+)/ from(-) unequal back pay account	-120	2	1	15	-3	0
Appropriations to (+)/ from(-) dedicated schools grant adjustment account [note 8]	[z]	[z]	-263	-320	[z]	-162
less Interest receipts	1,722	1,884	1,618	1,718	2,646	2,069
less Specific grants outside AEF	21,855	19,053	17,937	16,256	15,275	14,157
less Business rates supplement	310	300	189	345	283	241
less Community Infrastructure Levy	362	523	366	441	439	142
less Carbon Reduction Commitment	-9	2	3	92	5	4
less Capital receipts used to finance revenue expenditure	181	224	125	94	145	346
less other revenue expenditure capitalised by section 16(2)(b) direction [note 16]	[z]	[z]	127	74	[z]	231
Total Revenue Expenditure [note 9]	107,665	109,594	119,676	118,666	117,252	114,192

Table 3.2a continued on next page

Table 3.2a continued

Service Category	2018-19	2019-20	2020-21	2021-22 (R)	2022-23	2023-24 Budget
Government Grants [note 10] [note 11]	54,933	54,020	71,735	67,297	62,583	57,870
Of which: Specific grants inside AEF [note 11]	45,216	45,165	54,427	53,692	52,175	47,741
Of which: Revenue Support Grant	1,576	741	1,760	1,731	1,673	1,842
Of which: Police grant [note 12]	8,141	8,114	8,488	8,782	8,699	8,287
Of which: COVID-19 general grants and compensation	[z]	[z]	7,037	3,062	[z]	[z]
Council tax requirement	33,779	35,109	36,175	36,754	36,313	36,347
Retained Income from Rate Retention Scheme [note 13]	20,536	19,218	18,409	18,853	16,472	17,489
Appropriations to (-)/ from(+) Reserves (excluding Pensions) [note 14]	-2,146	855	-6,756	-3,302	1,760	2,046
Council tax collection fund surplus (+) / deficit (-) [note 15]	460	403	96	-605	-84	191
Other items	126	-13	61	-381	83	116

Footnotes to Table 3.2a

Source: Revenue Summary (RS) returns 2018-19 to 2022-23, Revenue Account (RA) budget return 2023-24.

(R) 2021-22 data have been revised since the release of 'Local Government Financial Statistics England 2023'.

|| breaks in series. 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.

1. Figures are rounded to the nearest integer. Due to rounding, figures may not sum to totals. Totals are based on unrounded figures.
2. All figures have been adjusted for inflation using the GDP deflator: <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts> (as updated 2 April 2024).
3. 'Housing Benefits' includes all mandatory payments on rent allowances and rent rebates to Housing Revenue Account tenants and non-HRA tenants. This also includes HRA items shared by the whole community and subsidy transfers. For more information please see the Revenue Summary (RS) tables for actuals and the Revenue Account (RA) table for budgets.
4. 'Parish Precepts and levies' comprises all Parish Precepts, Integrated Transport Authority levy, Waste Disposal Authority levy, London Pensions Fund Authority levy and any Other levies.
5. 'Trading Account and other adjustments' comprises the net surplus(-)/ deficit(+) of the Internal and External Trading Accounts less any Capital items, movements to and from the Accumulated Absences Account and Adjustments to net current expenditure. This also includes disbursement to businesses figures as reported in RO 2019-20. Published Local authority grant payments can be found at the following link: <https://www.gov.uk/government/publications/coronavirus-grant-funding-local-authority-payments-to-small-and-medium-businesses>

6. 'Capital financing' includes 'Provision for repayment of principal', 'Leasing payments', 'Interest payable and similar charges' and 'HRA item 8 payments'.
7. 'Other non-current expenditure' includes flood defence payments to the Environment Agency and bad debt provision. This previously included gross expenditure on council tax benefit and discretionary non-domestic rate relief.
8. A new category for 'appropriations to/from Dedicated Schools Grant Adjustment Account' was introduced for outturn 2020-21. Authorities are required to report deficits in the new account, and any subsequent surpluses in 'Dedicated Schools Grant Reserves'.. Previously many authorities reported both in the latter category. Consequently, no England estimate has been made for 2022-23 for either category.
9. Components of revenue expenditure do not sum exactly due to unresolved inconsistencies in data provided by a number of local authorities.
10. Except for adult social care grants, this excludes grants where a local authority is 'acting as an agent': e.g. where both eligibility and amounts to be passed on are prescribed by central government.
11. Adjusted for exceptional timing of grants due to COVID-19, i.e. (1.) where local authorities recorded in their RO2019-20 returns their shares of the £1.6bn first tranche of COVID-19 funding and business rates reliefs compensation Section 31 grants for 2020-21. Both of which were paid in late March 2020 but much or all of which would be spent for 2020-21. The former is shown as part of 2021-22 grants. The latter is shown in retained business rates aggregate, which is the normal treatment for business rate relief grants. (2.) The unusual timing of COVID business rate reliefs in 2020-21 and 2021-22 dictated that their receipt had to be accounted for in local authorities' Revenue Accounts, rather than separately feeding into the retained business rates aggregate, which inflated income and reserves. Adjustments are also made to 'appropriation to/from other earmarked reserves' for the same reasons.
12. Police authorities are not part of the rates retention scheme and receive all of their funding through Police Grant.
13. In 2017-18 and 2018-19, a number of authorities piloted 100% business rates retention, details can be found here: <https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2018-to-2019>
14. Adjusted for the reasons described in Note 10.
15. Council Tax collection fund surplus/deficit includes 'Inter-authority transfers in respect of reorganisation', and the net collection fund surpluses/deficits from the previous year.
16. This became a separate item starting from Outturn 2020-21. We have not presented an estimate for 'Capitalisation by a direction under Section 16(2)b' for 2022-23 because Birmingham City Council has a capitalisation direction of £172.2m but has not yet provided a valid Revenue Outturn data return for 2022-23.

3.3. Labour, goods and services purchased

- 3.3.1. Revenue expenditure can also be analysed in terms of the labour, goods and services purchased by local authorities.
- 3.3.2. A sample of local authorities complete the Subjective Analysis Return (SAR). This is a more detailed return showing how net current expenditure is broken down between pay and the procurement of goods and services. Pay is analysed to show the major pay negotiating groups (see Chapter 6). Procurement of goods and services is analysed to show goods and services purchased directly and services provided by external contractors or internal trading services.
- 3.3.3 **Table 3.3a** shows this analysis from 2018-19 to 2022-23. Total expenditure on pay and the procurement of goods and services is consistent with *Revenue Outturn* data but has been adjusted to exclude double counting of expenditure that has been recharged between service blocks within the General Fund Revenue Account, or between one local

authority and another. Discretionary transfer payments have also been excluded. These figures are shown in real terms.

Table 3.3a: Expenditure on labour, goods and services, in real terms, 2018-19 to 2022-23

Data shown is a real terms series, all monetary figures in 2022-23 prices and in £ million [note 1].

Type of expenditure	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23 % of total
Teachers [note 2] [note 3]	13,945	13,102	14,039	13,835	13,072	22%
Police	7,913	8,242	8,762	8,884	8,764	15%
Firefighters	1,413	1,546	1,589	1,558	1,516	3%
Other local government [note 3]	32,206	33,906	32,984	33,690	33,873	57%
Pay related costs	2,708	2,047	2,160	1,803	1,745	3%
Total employee expenditure	58,186	58,843	59,534	59,769	58,970	100%
Premises related expenditure	[z]	6,906	[z]	[z]	7,162	8%
Transport expenditure	[z]	3,271	[z]	[z]	3,447	4%
Supplies and services expenditure	[z]	21,773	[z]	[z]	23,991	28%
External contractors [note 4]	[z]	40,980	[z]	[z]	47,271	55%
Internal trading services	[z]	886	[z]	[z]	1,940	2%
Other [note 5]	[z]	2,299	[z]	[z]	2,648	3%
Total procurement expenditure [note 6]	[z]	76,114	[z]	[z]	86,461	100%
Total employee and procurement expenditure [note 6]	[z]	134,958	[z]	[z]	145,431	

Footnotes to Table 3.3a

Source: Subjective Analysis Returns (SAR) 2017-18 to 2022-23

1. All figures have been adjusted for inflation using the GDP deflator: <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts> (as updated 2 April 2024).
2. The data in these returns relate to local authority expenditure. For pay on teachers, this means that this includes only local authority maintained schools. The trend in expenditure has been decreasing (in real terms) due to schools converting to academies over this period.
3. The value for 'Teachers' in 2019-20 was below trend while the value for 'Other local government (employees)' was above trend by a similar amount. It is likely that at least some of this difference was due to some misreporting between these categories.
4. Excludes expenditure on inter local authority recoupment (RO1).
5. Excludes expenditure on concessionary fares and administration and support services recharges (RO2, RO6).
6. Since the SAR collection methodology was reviewed in 2013-14, total procurement expenditure and the component expenditure is now only collected as part of the SAR return every three years.

3.4 Revenue reserves

3.4.1. Revenue reserves are an accumulation of income, which can be used to finance future spending and to provide working balances. Authorities hold reserves for a variety of reasons including:

- to meet unexpected calls on their resources, like the consequences of flooding or of snow and ice on roads,
- to act as a cushion against uneven cash flows,
- to avoid the need for temporary borrowing,
- to build up resources to cover certain or probable future liabilities.

3.4.2. Planning for unexpected expenditure is an important element of authorities' risk management strategies, and decisions on the amount held for this reason should follow a careful assessment of risks faced by an authority and other means by which the risks can be mitigated.

3.4.3. There are five main types of revenue reserves:

- **schools' reserves**, which represent amounts retained by schools out of their delegated budgets; schools hold these reserves for the same reasons as local authorities.
- **dedicated schools grant reserves**, which represents any deficit or surplus an authority may have on its DSG account which is to be carried forward to the next year's schools budget. This was collected in the revenue return for the first time in 2018-19. Levels of the related 'Dedicated schools grant adjustment account', as prescribed in the Statutory Override², which have also been recorded separately in the Revenue Outturn data return since 2022-23. Neither of these are included in these table.
- **public health reserves**, which represent the amount retained by local authorities out of their public health budgets and can only be used for public health expenditure.
- **other earmarked reserves**, which have been set aside for other particular purposes.
- **unallocated reserves**, which are intended for general contingencies.

3.4.4. **Tables 3.4a(i) and 3.4a(ii)** show the level and use of revenue reserves in real terms. In presenting how much finance a local authority has in reserve at any point in time it is normal to exclude schools' reserves as they are not immediately available to a local authority, and public health reserves since these are ring-fenced to spend on public health only.

² <https://www.legislation.gov.uk/ukxi/2020/1212/regulation/2/made>

3.4.5. As a result of the impacts of COVID-19, local authorities received various additional 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 to fund specific and general covid pressures and costs, as well as grants compensating for the additional business rates reliefs announced for 2020-21 and 2021-22. The unusual timing and recording of these grants through the local authorities' revenue accounts caused temporary inflation of reserves levels. We have adjusted the relevant totals in our outputs, including in In **Table 3.4a**, to remove these temporary effects as far as possible.

Table 3.4a(i): Level and use of Revenue Reserves in real terms: 31 March 2018 - 31 March 2023

Data shown is a real terms series, all monetary figures in 2022-23 prices and in £ million [note 1].

	Revenue expenditure [note 2]	Schools reserves	Public Health reserves	Other earmarked reserves [note 3]	Unallocated reserves	Non-ringfenced reserves total [note 3]	Total Revenue Reserves [note 3] [note 4]	Total Revenue Reserves % change over previous years
At 31 March								
2018	108,627	1,936	279	20,582	5,001	25,583	27,797	1.6
2019	107,665	1,842	270	22,520	4,873	27,392	29,504	6.1
2020	109,594	1,595	237	20,957	5,225	26,182	28,014	-5.0
2021	119,676	2,331	415	26,803	5,981	32,784	35,531	26.8
2022 (R)	118,667	2,437	569	30,393	5,822	36,215	39,221	10.4
2023	117,252	2,104	567	26,480	5,068	31,547	34,218	-12.8

Table 3.4a(ii): Use of Revenue Reserves in percentage terms: 31 March 2018 - 31 March 2023

Data shown are percentages, except for the revenue expenditure figures which are in £ millions

	Revenue expenditure (£ million) [note 2]	Schools reserves as a % of revenue expenditure	Public Health reserves as a % of revenue expenditure	Other earmarked reserves as a % of revenue expenditure	Unallocated reserves as a % of revenue expenditure	Non-ringfenced reserves total as a % of revenue expenditure	Total Revenue Reserves as a % of revenue expenditure
At 31 March							
2018	108,627	1.8	0.3	18.9	4.6	23.6	25.6
2019	107,665	1.7	0.3	20.9	4.5	25.4	27.4
2020	109,594	1.5	0.2	19.1	4.8	23.9	25.6
2021	119,676	1.9	0.3	22.4	5.0	27.4	29.7
2022 (R)	118,667	2.1	0.5	25.6	4.9	30.5	33.1
2023	117,252	1.8	0.5	22.6	4.3	26.9	29.2

Footnotes to tables 3.4a(i) and 3.4a(ii) and continued on next page

Source: Revenue Summary (RS) returns 2018-19 to 2022-23.

This table shows end year reserves levels only and compares these with the end years of previous financial year.

1. All figures have been adjusted for inflation using the GDP deflator:
<https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts> (as updated 2 April 2024).
2. This figure represents the Revenue Expenditure for the full financial year. For example, Revenue expenditure for 2023 is outturn for financial year 2022-23.
3. Since March 2020, 'other earmarked', 'non-ringfenced total' and 'total reserves' are presented as adjusted figures to make them as comparable as possible over time. These adjustments are necessary to make the figures comparable due to the unusual timing of these grants relating to COVID-19: i) where local authorities included in their RO 2019-20 returns their shares of the £1.6bn first tranche of COVID-19 funding, these 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 feeds into the figure of its 'Retained Business Rates income' for 2020-21. iii) The grant compensation for 2020-21 and 2021-22 COVID-19 business rates reliefs are netted off because these show as income to compensate for lower business rates retained income subsequently; this treatment occurred because these grants were announced after these years' business rates forecasting process, and given the legislation governing retained business rates and accountancy requirements.
4. This total excludes Dedicated Schools Grant reserves and Dedicated Schools Grant Adjustment accounts.

3.5 External trading services

- 3.5.1 Local authorities operate a variety of trading services, which are either defined under general or local Acts of Parliament or by custom. They are services of a commercial nature which are substantially financed by charges made to recipients of the services.
- 3.5.2 External trading services are typically organisations funded mainly by sales outside the authority. These include civic halls and theatres, markets, industrial estates, tolled bridges, roads, ferries and tunnels. Their receipts are conditional on actual work done. They differ from public corporations in that they do not have a full commercial style set of accounts, or autonomy from the local authority in day-to-day business operations in their legal identity and financial transactions.
- 3.5.3 **Table 3.5a** shows details of the internal and external trading accounts. These figures are shown in real terms. An operating profit on the Trading Accounts Services (TSR) return is shown as a negative on the expenditure form.

Table 3.5a: Trading Account Services expenditure, in real terms: 2018-19 to 2022-23 [note 1 & 2]

Data shown is a real terms series, all monetary figures in 2022-23 prices and in £ million [note 3].

Service Category	2018-19	2019-20	2020-21	2021-22 (R)	2022-23
Net surplus/deficit of Internal Trading Account	80	93	201	110	246
Net surplus/deficit of External Trading Account	-559	-525	-501	-499	-397
Net surplus/deficit of Total Trading Account	-479	-432	-299	-389	-151

Footnotes to Table 3.5a

Source: Trading Account Services (TSR) Returns and Revenue Summary (RS) Returns 2018-19 to 2022-23.

(R) 2021-22 data for the External Trading Account and Total Trading Account have been revised since the release of 'Local Government Financial Statistics England 2023'.

1. Figures include capital items.
2. A negative figure indicates a surplus (operating profit) and a positive figure indicates a deficit.
3. All figures have been adjusted for inflation using the GDP deflator:
<https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts> (as updated 2 April 2024).

3.6 Housing Revenue Account (HRA)

- 3.6.1 The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an authority's own housing stock and dates back to the Housing Act 1935.
- 3.6.2 Most other local authority services are funded through council tax and central government support for the benefit of all local taxpayers. However, housing is provided directly to a relatively small sub-group of local residents and council tenants and funded by the rents they pay and by central government subsidy.
- 3.6.3 The HRA is a ring-fenced account. The ring-fence, introduced in the Local Government and Housing Act 1989, ensures that rents paid by local authority tenants make a fair contribution to the cost of providing the housing service. Rent levels can therefore not be subsidised by increases in council tax and equally, local authorities are prevented from increasing rents in order to keep council tax levels down.
- 3.6.4 Details of the income and expenditure on the HRA since 2018-19 can be found in **Table 3.6a**. These figures are shown in real terms.

Table 3.6a: Housing Revenue Account income and expenditure in real terms: 2018-19 to 2022-23 (outturn) and 2023-24 (budget)

Data shown is a real terms series, all monetary figures in 22-23 prices and in £ million [note 1].

Service Category	2018-19	2019-20	2020-21	2021-22 (R)	2022-23	2022-23 % of total	2023-24 Budget
Total Expenditure	9,472	9,426	9,153	9,280	8,986	100%	8,928
Repairs and maintenance	2,065	2,085	2,025	2,123	2,158	24%	2,113
Supervision and management: General	2,337	2,397	2,395	2,418	2,403	27%	2,241
Supervision and management: Special services	566	583	553	565	623	7%	796
Expenditure for capital purposes	807	633	444	557	340	4%	569
Debt charges [note 2]	1,476	1,554	1,449	1,305	1,159	13%	1,125
Interest payable and similar charges	978	949	904	842	886	10%	857
Transfers to GFRA or MRR [note 3]	1,056	1,028	1,148	1,247	1,185	13%	937
Other expenditure [note 4]	189	198	237	222	232	3%	290
Total Income	9,523	9,387	9,221	9,166	8,893	100%	8,827
Rents from dwellings	8,009	7,815	7,734	7,605	7,310	82%	7,415
Rents other than dwellings	166	167	157	172	165	2%	220
Heating and other services	839	871	798	811	837	9%	867
Government subsidy	218	202	251	218	205	2%	125
Interest income	63	70	47	27	86	1%	44
Transfers to GFRA or MRR [note 3]	103	127	98	131	110	1%	49
Other income [note 5]	126	136	136	203	179	2%	108

Footnotes to Table 3.6a

Source: Revenue Outturn (RO4) return from 2018-19 to 2022-23, Revenue Account (RA) budget return 2023-24.

(R) 2021-22 data have been revised since the release of 'Local Government Financial Statistics England 2023'.

1. All figures have been adjusted for inflation using the GDP deflator: <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts> (as updated 2 April 2024).
2. Comprises 'Charges to the HRA for debt repayment or non-interest charges in respect of credit arrangements (including on balance sheet PFI schemes)' and 'Debt management costs'.
3. Transfers to and from the 'General Fund Revenue Account' (GFRA) and 'Major Repairs Reserve' (MRR).
4. Other HRA expenditure comprises 'Provision for bad debts' and 'Rents, rates, taxes and other charges'.
5. Other HRA income comprises 'Contributions towards expenditure other than government grants' and 'Appropriations to/from the Accumulated Absences Account'.

CHAPTER 4

How is the money spent? – Capital expenditure

4.1. Capital spending and receipts

- 4.1.1. Capital spending by local authorities is mainly for buying, constructing or improving physical assets such as buildings – schools, houses, libraries, museums, police and fire stations etc.; land – for development, roads, playing fields etc.; and vehicles, plant and machinery – including street lighting, road signs etc.
- 4.1.2. It also includes grants and advances made to the private sector or the rest of the public sector for capital purposes, such as advances to Registered Social Landlords.
- 4.1.3. Authorities finance this spending in a number of ways, including use of their own revenue funds, capital receipts, borrowing or grants and contributions from elsewhere.
- 4.1.4. Authorities do not need prior government approval to finance capital spending by borrowing or credit. They operate under the prudential capital finance system and, although they receive central government support for a major part of their capital programmes, are free to borrow to fund additional investment as long as they can prudently afford to service the debt.
- 4.1.5. A **capital receipt** is the money received by a local authority from the sale of a capital asset, such as a council house, or from the repayment of a grant or loan made by the authority to someone else to use for capital spending.
- 4.1.6. Further statistics on capital expenditure can be found on-line at <https://www.gov.uk/government/collections/local-authority-capital-expenditure-receipts-and-financing>
- 4.1.7. Recent trends in capital expenditure by type of spending are shown in **Table 4.1a**. **Table 4.1b** provides details of capital expenditure by service. These figures are shown in real terms. Tables showing cash figures are published in the relevant statistical releases. Some local authorities have experienced more slippage than usual as a result of the COVID-19 pandemic, where projects either haven't been completed, have been postponed or delayed, and this is a contributing factor on why expenditure on some items in 2020-21 is lower than in previous years.

Table 4.1a: Capital expenditure by economic category in real terms: 2018-19 to 2022-23

Data shown is a real terms series, all monetary figures in 2022-23 prices and in £ million [note 1]

Category	2018-19	2019-20 (R)	2020-21 (R)	2021-22 (R)	2022-23
Expenditure: Acquisition of land and existing buildings and works	5,062	4,730	2,993	2,187	1,911
Expenditure: New construction and conversion	14,974	15,363	15,503	17,411	17,172
Expenditure: Vehicles, plant equipment and machinery	1,490	1,843	1,632	1,632	1,596
Expenditure: Intangible assets	336	305	305	288	296
Expenditure: Total payments on fixed assets	21,862	22,241	20,433	21,518	20,977
Expenditure: Grants, loans and other financial assistance	5,698	5,192	5,375	5,525	6,064
Expenditure: Acquisition of share and loan capital	2,035	1,907	1,107	847	488
Expenditure: Total capital expenditure	29,595	29,338	26,914	27,890	27,528
of which GLA [note 2]	4,665	4,214	3,628	3,623	3,650
Expenditure: Expenditure by virtue of a section 16(2)(b) direction [note 3]	282	200	204	244	795
Expenditure: Total expenditure and other transactions	29,876	29,539	27,118	28,134	28,323
Receipts: Sales of fixed assets	3,548	2,730	2,390	2,814	3,493
Receipts: Intangible fixed assets	8	25	3	23	13
Receipts: Repayments of grants, loans and financial assistance	963	369	386	855	982
Receipts: Disposal of investments including share and loan capital	34	30	61	111	69
Receipts: Total capital receipts [note 4]	4,545	3,151	2,819	3,796	4,554

Footnote on Table 4.1a

Source: COR returns

1. All figures have been adjusted for inflation using the GDP deflator: GDP deflators at market prices, and money GDP March 2024 (Quarterly National Accounts) - GOV.UK (www.gov.uk). Inflation numbers were smoothed over the pandemic period, and the present data uses 91.656 to deflate 2020-21 instead of the reported 94.4961.
2. These figures exclude double counting.
3. Expenditure which does not fall within the definition of expenditure for capital purposes but is treated as capital expenditure by a direction under section 16(2)(b) of the Local Government Act 2003.
4. Inter-authority grants, loans & other financial assistance and receipts are net off from England-level totals to avoid double counting. As a result, figures for Total capital receipts may not equal the sum of their sub-component categories.

Table 4.1b: Local authority capital expenditure by service in real terms: 2018-19 to 2022-23 [note 1]

Data shown is a real term series, all monetary figures in 2022-23 prices and in £ million [note 1]

Service Category	2018-19	2019-20	2020-21 (R)	2021-22 (R)	2022-23
Education [note 2]	2,769	2,579	2,280	2,320	2,098
Highways and transport	8,858	8,342	8,485	7,959	7,496
of which GLA	3,526	3,020	2,717	2,288	1,983
Social Care	385	414	311	376	384
Public Health	23	23	25	28	39
Housing	6,155	6,756	6,446	7,795	8,969
of which GLA	651	646	334	707	1,180
Culture & Related Services	1,263	1,386	1,235	1,377	1,339
Environmental & regulatory services	696	795	791	973	1,290
Planning and development services	1,921	2,111	1,877	2,150	1,954
Digital Infrastructure	[z]	155	190	245	179
Police	777	847	903	788	772
Fire & Rescue Services	170	182	181	174	200
Central services [note 3]	1,982	2,100	2,143	1,997	1,502
Trading [note 4]	4,597	3,649	2,050	1,707	1,305
Total capital expenditure [note 5]	29,595	29,338	26,914	27,889	27,528

Footnotes to Table 4.1b

Source: COR returns

1. All figures have been adjusted for inflation using the GDP deflator: GDP deflators at market prices, and money GDP March 2024 (Quarterly National Accounts) - GOV.UK (www.gov.uk). Inflation numbers were smoothed over the pandemic period, and the present data uses 91.656 to deflate 2020-21 instead of the reported 94.4961.
2. Expenditure on education services from 2010-11 onwards is not comparable between years due to a number of schools changing their status to become academies from 2010-11, which are centrally funded rather than funded by local authorities.
3. Central services include court costs, local tax collection, and other core council services costs (such as IT). Some local authorities report commercial activity within this category. New categories and guidance were issued in Spring 2018 encouraging such expenditure to be recorded under Trading Services.
4. Trading services include the maintenance of direct labour and service organisations, such as civic halls, retail markets and industrial estates, and commercial activity.
5. This total should avoid double counting due to any flow of grants, loans or other financial assistance or receipts between local authorities and functional bodies of the Greater London Authority.

4.2. Capital financing

4.2.1. Capital spending is financed by:

- grants received from government departments for any purpose, but mainly given for schools, transport, housing or regeneration work; contributions or grants from elsewhere, including the National Lottery and Non-Departmental Public Bodies such as Sports England, English Heritage and Natural England. These can also come from private sector partners, for example for access roads or traffic management schemes,
- capital receipts (that is proceeds from the sale of land, buildings or other fixed assets),
- revenue resources – either the General Fund Revenue Account, the Housing Revenue Account (HRA) or the Major Repairs Reserve although an authority cannot charge council tenants for spending on general services, or spending on council houses to local taxpayers,
- self-financed borrowing within limits of affordability, having regard to the 2003 Act and the CIPFA *Prudential Code*.

4.2.2. **Table 4.2a** provides details of capital expenditure financing from 2018-19 to 2022-23. These figures are shown in real terms.

Table 4.2a: Financing of capital expenditure in real terms: 2018-19 to 2022-23

Data shown is a real terms series, all monetary figures in 2022-23 and in £ million [note 1]

Source of financing	2018-19	2019-20	2020-21	2021-22	2022-23
		(R)	(R)	(R)	
Central government grants	7,921	6,733	7,342	8,625	9,166
Grants from Local Enterprise Partnerships (LEPs)	401	541	678	387	175
EU structural funds grants	75	52	52	54	91
Grants from private developers and from leaseholders etc Enterprise Partnerships (LEPs)	1,399	1,321	1,167	1,226	1,290
Grants from NDPBs [note 2]	328	498	553	560	710
National lottery grants	51	61	51	39	43
Use of capital receipts	3,527	2,495	2,240	2,534	2,864
Revenue financing of capital expenditure	4,407	4,952	4,273	5,293	5,360
of which Housing Revenue Account (CERA)	684	591	448	710	476
of which Major Repairs Reserve	1,910	2,015	1,841	1,939	1,876
of which General Fund (CERA)	1,813	2,346	1,984	2,644	3,008
Capital expenditure financed by borrowing/credit [note 3]	11,070	12,827	11,235	9,678	9,248
of which Loans & other financial assistance from LEPs	37	30	12	11	12
of which Other borrowing & credit arrangements not supported by central government	11,033	12,796	11,223	9,666	9,236
Total resources used to finance capital expenditure [note 4]	29,180	29,482	27,592	28,400	28,948

Footnotes to Table 4.2a

Source: COR returns

1. All figures have been adjusted for inflation using the GDP deflator: GDP deflators at market prices, and money GDP March 2024 (Quarterly National Accounts) - GOV.UK (www.gov.uk). Inflation numbers were smoothed over the pandemic period, and the present data uses 91.656 to deflate 2020-21 instead of the reported 94.4961.
2. Non-Departmental Public Bodies, organisations that are not government departments but which have a role in the processes of national government, such as the Sport England, English Heritage and Natural England.
3. The Prudential System, which came into effect on 1 April 2004, allows local authorities to raise finance for capital expenditure - without government consent - where they can afford to service the debt without extra government support.
4. Intra-local government transfers are net off both expenditure and financing. However, as grants and loans made to other local authorities as part of expenditure may not equal the use of grants and loans from other authorities to finance expenditure within a financial year, financing and expenditure may not match.

CHAPTER 5

Borrowing and Investments

5.1. Outstanding debt and holdings of investments

- 5.1.1. Local authorities have the power to determine how much debt they can take on to deliver services. Each local authority sets its own debt limit. In doing so, the authority will need to be confident that it can service the debt, without the costs of doing so adversely impacting on service delivery.
- 5.1.2. Outstanding debt includes temporary borrowing, issued with a term of less than one year, for the purpose of managing cash flow, and longer-term borrowing, issued with a term greater than one year, taken out to finance capital projects.
- 5.1.3. **Table 5.1a** outlines the total borrowing figures in England across the past five years from the end of 2018-19 to 2022-23. These are broken down by borrowing source. Separate totals for Transport for London (TFL) and the Greater London Authority (GLA) have been provided as these two authorities manage funds for some of the largest capital investment programmes in the country. Borrowing to finance these projects contributes significantly to UK borrowing trends.
- 5.1.4. **Table 5.1b** shows the local authority investment levels in England as at the 31 March from 2019 to 2023.
- 5.1.5. Local authorities are permitted to invest their surplus funds to generate a return. However, certain types of investments that are considered too risky are prohibited.
- 5.1.6. The stock of local authority investments is the financial representation of local authorities' reserves, unused capital receipts and cash flow surpluses. Authorities that are net borrowers may use such resources to reduce their borrowing rather than hold them as investments.
- 5.1.7. Further statistics on borrowing and investments, which are published at the UK level, can be found on-line at

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-local-government-finance#borrowing-and-investment>

Table 5.1a: Local authority borrowing levels: As at end March 2019-2023, England

Data shown are in cash terms and in £ million

Borrowing	end of March 2019 (R)	end of March 2020	end of March 2021	end of March 2022 (R)	end of March 2023
Short-term borrowing: Banks	17	22	19	47	24
Short-term borrowing: Building societies [note 4]	6	0	0	0	0
Short-term borrowing: Other financial intermediaries	111	66	64	63	42
Short-term borrowing: Public corporations	24	63	63	56	67
Short-term borrowing: Private non- financial corporations	13	12	18	79	93
Short-term borrowing: Central government	8	2	9	3	49
Short-term borrowing: Household sector	32	10	11	22	25
Short-term borrowing: Other sources [note 1]	5	6	12	11	11
Total short-term borrowing	216	181	195	280	310
Longer-term borrowing: Negotiable bonds & commercial paper	3,970	3,995	4,259	4,152	2,741
Longer-term borrowing: Other listed securities	1,193	1,584	1,795	1,820	1,836
Longer-term borrowing: Public Works Loan Board [note 2]	62,971	69,907	70,435	74,533	79,192
Longer-term borrowing: Banks	6,938	6,658	6,503	6,285	6,104
Longer-term borrowing: Building societies	1	1	1	1	1
Longer-term borrowing: Other financial intermediaries	591	721	853	1,189	1,314
Longer-term borrowing: Public corporations	25	30	50	52	46
Longer-term borrowing: Private non- financial corporations	161	156	166	165	164
Longer-term borrowing: Central government	616	1,460	2,215	2,714	2,832
Longer-term borrowing: Household sector [note 5]	1	0	6	1	5
Longer-term borrowing: Other sources [note 1]	8,090	8,396	8,492	8,503	8,368
Total longer-term borrowing	84,556	92,908	94,773	99,414	102,603
Total borrowing	84,771	93,089	94,969	99,695	102,913
of which: by TFL and GLA [note 3]	15,407	16,899	18,127	18,345	18,236
Total borrowing excluding TFL and GLA	69,364	76,190	76,842	81,350	84,677

Footnotes to Table 5.1a (and continued on next page)

Source: Monthly (MB) and Quarterly (QB) Borrowing and Investments returns from local authorities to MHCLG returns

1. Other sources include items authorities report as rest of world banks and source not known.
2. All our figures are as reported by local authorities so may differ from levels published by other sources.
3. Transport for London (TFL) and the Greater London Authority (GLA) figures are shown as they contribute significantly to the overall change in borrowing each year.
4. These figures are 0.
5. These figures are less than £0.5 million where a 0 is shown.

Table 5.1b: Local authority investments: As at end March 2019-2023, England

Data shown are in cash terms and in £ million. Figures shown as 0 are zero values.

Investments	end of March 2019	end of March 2020	end of March 2021	end of March 2022	end of March 2023
Deposits: banks	9,980	11,311	11,536	13,047	9,077
Deposits: building societies	994	791	790	1,302	729
Treasury bills	734	837	0	145	429
Certificates of deposit: banks	464	405	255	772	1,043
Certificates of deposit: building societies	51	126	0	49	10
British Government (Gilt-edge) securities	115	166	404	264	316
Other financial intermediaries	49	68	81	267	202
Public corporations	1,455	1,852	2,172	2,416	2,598
Debt Management Account deposit facility	509	1,647	1,639	4,270	3,349
Money market funds	7,153	8,045	10,045	12,266	10,723
Other externally managed funds	3,036	3,351	4,107	5,083	4,971
Other investments [note 1]	3,498	3,326	3,101	4,905	5,213
Total investments	28,038	31,925	34,129	44,787	38,660

Footnotes to table 5.2b

Source: Monthly (MB) and Quarterly (QB) Borrowing and Investments returns from local authorities to MHCLG

1. Other investments include items authorities report as rest of world banks, other securities and other investments.

5.2. Borrowing and investment transactions

- 5.2.1. New borrowing and drawing down of investments are ways of accessing funds. New borrowing is a major way of financing capital spending. Funds

that are received as income or capital receipts, but are not needed for immediate expenditure, may be invested or used to redeem debt.

- 5.2.2. Local government Net Cash Requirement summarises changes in local authority borrowing less change in investments. When Net Cash Requirement is positive, local authorities are increasing their borrowing and/or reducing their investments. When Net Cash Requirement is negative, local authorities are reducing their borrowing and/or increasing their investments.

Table 5.2a shows the change in borrowing, investments and net cash requirement across local government in England from 2018-19 to 2022-23. In 2022-23 the net cash requirement was the highest seen over the last five years. This is mainly driven by a decrease in investments.

Table 5.2a: Local Government Net Cash Requirement in cash terms: 2018-19 to 2022-23, England

Data shown in cash terms and in £ million

Cash Requirement	2018-19	2019-20	2020-21	2021-22	2022-23
Annual change in short-term borrowing	-157	-35	14	85	30
Annual change in longer-term borrowing	6,561	8,351	1,865	4,641	3,189
Total	6,404	8,316	1,880	4,726	3,219
less annual change in investments	2,414	3,887	2,204	10,658	-6,127
Net Cash Requirement	3,990	4,430	-325	-5,932	9,346

Footnote to Table 5.2a

Source: Monthly (MB) and Quarterly (QB) Borrowing and Investments returns from local authorities to MHCLG returns.

CHAPTER 6

Local government pay and pensions

6.1. Local government employment

- 6.1.1. Local government is collectively one of the largest employers in England, employing just over 1.2 million full time equivalent staff (FTEs). Pay negotiating groups are responsible for negotiating, amongst other aspects, the pay rewards for employees in their group and cover the majority of local government employees. These groups are Teachers, Police, Police Support Staff, Firefighters, and Other Local Government Staff. For the purposes of this publication, Police and Police Support Staff are treated as one group.
- 6.1.2. The group classified as 'Other Local Government Staff' is covered by a number of separate negotiating bodies and includes fire support staff, all non-teachers working in education including teaching assistants, and all other local government employees such as social workers, planners, chief executives, chief officers and other administrative staff.

6.2. Local government pay expenditure

- 6.2.1. In 2022-23, local government employee expenditure accounted for 44 per cent of all local government service expenditure (gross of income) and was the single largest area of spending for local government. Employee expenditure includes pay, employers' National Insurance and pension contributions, location allowances and other employee related costs such as training and recruitment.
- 6.2.2. **Table 6.2a** illustrates levels of local government pay from 2018-19 to 2022-23 for each of the main pay negotiating groups in real terms. **Table 6.2b** shows employee expenditure as a proportion of service expenditure for each of the service areas for 2022-23. These figures are in real terms. Tables showing cash figures are published in the relevant statistical releases.

Table 6.2a: Local government pay by pay negotiating group in real terms: 2018-19 to 2022-23

Data shown is a real terms series, all monetary figures in 2022-23 prices, and in £ billions [note 1].

Type of expenditure	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23 % of total
Teachers	11.1	10.1	10.7	10.7	10.0	17%
Police and Police Support Staff	5.6	5.7	5.8	5.8	5.9	10%
Firefighters	1.1	1.1	1.1	1.1	1.1	2%
Other Local Government Staff	25.0	26.0	25.5	26.0	26.0	44%
Total pay [note 2]	42.9	42.9	43.1	43.7	43.0	73%
Total non-pay for all groups [note 3]	12.6	13.9	14.3	14.2	14.1	24%
Other pay related costs [note 4]	2.7	2.0	2.2	1.8	1.7	3%
Total employee expenditure	58.2	58.9	59.5	59.8	59.0	100%

Footnotes to Table 6.2a

Source: Revenue Outturn - Subjective Analysis Return (SAR).

1. All figures have been adjusted for inflation using the GDP deflator:
<https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts> (as updated 2 April 2024).
2. Includes overtime, bonuses, severance payments, etc.
3. Includes employers' National Insurance, pensions contributions and location allowances.
4. Includes recruitment, retention and training.

Table 6.2b: Employee expenditure as a proportion of total service expenditure for 2022-23

Data shown in £ billion, except for the marked percentage column

Service Category	Employee expenditure	Service expenditure [note 2]	Employees expenditure %
Education services	21.4	42.0	51%
Highways, roads and transport services	1.5	9.7	15%
Children Social Care	4.4	13.9	32%
Adult Social Care	4.2	29.0	15%
Public Health	0.6	4.1	14%
Housing Services [note 1]	0.9	4.0	22%
Cultural and related services	1.5	4.0	37%
Environmental services	2.1	8.4	25%
Planning and development services	1.4	3.9	37%
Police services	12.5	16.1	78%
Fire and rescue services	2.0	2.6	76%
Central services	6.3	13.4	47%
Other services	0.1	0.5	22%
Total service expenditure	59.0	151.7	39%

Footnotes for table 6.2b

Source: RSX form (2022-23)

1. Expenditure on the General Fund Revenue Account only.
2. Total Expenditure is Employees expenditure plus Running Expenses.

6.2.2 Further statistics on local government pay expenditure can be found via <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

6.3. Local authority pension funds

The Local Government Pension Scheme

- 6.3.1. As of 1 April 2022, there were 87 pension funds in the Local Government Pension Scheme (LGPS) operated via 77 administering authorities in England, and 8 administering authorities in Wales, typically at county council, metropolitan district or London borough local authority level. There were also two schemes run across England and Wales by the Environment Agency (active and closed schemes). The Scheme provides pensions for most local authority employees, as well as some staff working in the wider public sector such as academies, and certain individuals employed by private and voluntary sector organisations that deliver services for local government.
- 6.3.2. These authorities have the responsibility to meet pension liabilities as and when they arise. The administering authorities hold assets which they invest to help ensure that liabilities can be paid and to stabilise employer contribution rates to the Scheme over the medium and long term. The assets of the administering authorities are part of the financial corporation sector in the National Accounts, not part of the local government sector.
- 6.3.3. Although pensions are paid out under the scheme by local authorities in their capacity as administering authorities, this does not count as expenditure of the local authorities themselves. Employers' contributions, part of the income of the funds, are recorded as expenditure by local authorities in their revenue accounts, either directly or indirectly under employees' expenses.
- 6.3.4. Separate arrangements apply for the pensions of the police, fire fighters and teachers. The police and fire fighters' pensions are provided through unfunded schemes administered locally, and the cost of police and fire fighters' pensions are therefore included in local authority expenditure. Teachers' pensions are provided through a nationally funded scheme administered by the Department for Education (DfE). There is no fund of assets, and teachers' pensions are paid by the DfE. Employers' contributions are paid by local authorities to the DfE and are recorded as expenditure in their revenue accounts.

6.3.5. Income into the LGPS is sourced from employee and employer contributions, investment income, the value of transfers between pension schemes plus other income. **Table 6.3a** shows how much income (in cash terms) in England comes from each of these sources between 2018-19 and 2022-23.

Table 6.3a: Local Government Pension Scheme income: 2018-19 to 2022-23, England

Data shown in cash terms and in £ million.

Income	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income [note 2] [note 3]	14,163	15,051	16,317	14,875	15,960
Contributions (including those from admitted authorities)	8,666	9,288	12,031	9,588	10,276
of which: Employees	2,058	2,172	2,278	2,386	2,595
of which: Employers [note 4]	6,608	7,116	9,753	7,202	7,681
Investment income (gross)	4,231	4,257	3,461	4,265	4,748
of which: Dividends receivable	2,412	2,287	1,663	1,890	1,974
of which: Interest receivable	235	301	193	161	296
of which: Income from property	600	635	562	645	659
of which: Other investment income	983	1,033	1,044	1,569	1,819
Transfer values [note 2] [note 3]	1,083	1,459	783	975	897
Other income	184	46	42	47	38

Footnotes to table 6.3a

Source: SF3 returns

|| data not directly comparable to other years because of pension fund mergers

1. Data based only on local authority pension fund administering authorities. Figures do not include the Environment Agency pension funds. Data from the Environment Agency was collected for 2022-23 but as it covers both England and Wales is not included in this England only table.
2. Greater Manchester accounted for the remaining portion of a large 2017-18 transfer from West Yorkshire in their 2018-19 income. This was as a reported £313.6m transfer.
3. Transfer values for 2019-20 include a £491.7 million transfer from West Midlands Integrated Transport Authority Pension Fund for the merger of West Midlands Integrated Transport Authority Pension Fund and West Midlands Pension Fund. Please note that this £491.7million transfer appears in the income data but not the expenditure data due to the timing of the merger.
4. Includes employers' secondary contributions.

6.3.6. The majority of LGPS' expenditure is on benefits, either as pensions or lump sums on the retirement or the death of members. **Table 6.3b** shows how the LGPS expenditure (in cash terms) in England is divided between each of the categories between 2018-19 and 2022-23.

Table 6.3b: Local Government Pension Scheme expenditure: 2018-19 to 2022-23, England

Data shown in cash terms and in £ millions.

Expenditure	2018-19	2019-20	2020- 21	2021-22	2022- 23
Total expenditure	11,890 	12,565	12,731	13,574	14,185
Total expenditure on benefits	9,751	10,232	10,402	10,828	11,341
of which: Pensions or annuities	7,910	8,331	8,656	8,903	9,372
of which: Lump sums paid on retirement	1,478	1,520	1,363	1,505	1,534
of which: Lump sums paid on death	222	221	249	257	265
of which: Optional lump sum	132	151	126	156	163
of which: Other benefits	9	9	7	7	6
Disposal of Liabilities	876	905	736	812	893
of which: Transfer values	875	903	735	810	892
of which: Pensions Act premiums	2	1	1	2	2
Total Management expenses charged to the fund [note 2]	1,231	1,392	1,571	1,910	1,917
of which: Investment management expenses	1,052	1,193	1,368	1,690	1,664
of which: Administrative expenses	121	130	136	156	163
of which: Governance and oversight costs	58	69	67	65	89
Other expenditure	31	36	22	24	35

Footnotes for Table 6.3b

Source: SF3 returns

|| data not directly comparable to other years because of pension fund mergers

1. Data based only on local authority pension fund administering authorities. Figures do not include the Environment Agency pension funds. Data from the Environment Agency was collected for 2022-23 but as it covers both England and Wales is not included in this England only table.
2. The total Management expenses charged to the funds figure for 2018-19 and 2020-21 does not equal the sum of the component parts due to inconsistencies in reporting by one local authority.

6.3.7. **Table 6.3c** shows the types of retirements from the LGPS in England between 2018-19 and 2022-23.

Table 6.3c: Number by type of retirements from the Local Government Pension Scheme 2018-19 to 2022-23, England [note 1]

Types of retirement	2018-19	2019-20	2020-21	2021-22	2022-23
Redundancy	8,029	7,124	5,670	5,141	2,852
Tier 1, 2 & 3 ill health retirement awards under LGPS	2,606	2,723	2,467	2,670	3,188
Early payment of deferred benefits	43,779	50,354	47,549	52,082	51,016
Normal retirements	24,969	24,547	23,405	30,522	31,989
Total retirements	79,383	84,748	79,091	90,415	89,045

Footnote for Table 6.3c

Source: SF3 returns

1. Data based only on local authority pension fund administering authorities. Figures do not include the Environment Agency pension funds. Data from the Environment Agency was collected for 2022-23 but as it covers both England and Wales is not included in this England only table.

6.3.8. Further statistics about the Local Government Pension schemes in England (as well as England and Wales and Wales only) can be found via <https://www.gov.uk/government/collections/local-government-pension-scheme>

