



Ministry of Housing,
Communities &
Local Government



Local Government Financial Statistics England No.36 2026

June 2026

Ministry of Housing, Communities and Local Government

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Government**

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Financial Statistics
England No.36 2026**

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PREFACE

This is the 36th 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 in the United Kingdom, 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 2024-25 (01 April 2024 to 31 March 2025), the latest year for which complete information is available, and some forecast or budget data for 2025-26. 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 Financial Statistics publications and other data can be found at the following link: www.gov.uk/government/organisations/ministry-of-housing-communities-local-government/about/statistics. Further information on data quality, methodology and data uses can be found in these publications. 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, libraries, schools 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

A list of local authorities in England in 2024-25 is provided as an additional table to the LGFS compendium. It will be published at the following link:

www.gov.uk/government/collections/local-government-finance-statistics-england.

In the period covered by the tables, the following structural changes have occurred:

- 2020-21: Districts and the county council in Buckinghamshire combined into a single unitary authority.
- 2021-22: Districts and the county council in Northamptonshire combined into two unitary authorities.
- 2023-24: Districts and the county councils combined into single unitary authorities in North Yorkshire and Somerset. Districts and the county council in Cumbria combined into two unitary authorities.
- 2024-25: Three new combined authorities came into existence. They are North East Mayoral Combined Authority (which replaced two combined authorities: North East Combined Authority and North of Tyne Combined Authority), East Midlands Combined Authority, and York and North Yorkshire Combined Authority. They can raise income by setting a council tax precept from 2025-26.
- 2025-26: Four new combined authorities came into existence. Devon and Torbay Combined County Authority and Lancashire Combined County Authority came into existence on 5 February 2025, and Greater Lincolnshire Mayoral Combined Authority and Hull and East Yorkshire Combined County Authority came into existence on 6 May 2025. Greater Lincolnshire Mayoral Combined Authority and Hull and East Yorkshire Combined Authority have the power to raise income by setting a council tax precept from 2026-27.
- While not covered by the tables, it should be noted that four more combined authorities were established in 2026-27.

As a result of these changes, some fire and rescue authorities and police and crime commissioners have merged or become the responsibility of combined authorities.

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: Felicia Rankl

Symbols and conventions

Symbol	Symbol represents
[z]	Not available or applicable
-	Negative value
0	zero or negligible
[r]	Revised data
[b]	Discontinuity or break in series
[k]	Values are less than £0.5 million

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 are 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 2024-25. 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 by two main tiers of local authorities: shire counties and shire districts. A single unitary authority carries out the responsibilities of shire county and shire district. In 2024-25, 63 single unitary authorities were in existence.

1.2.5 In 2024-25, eleven combined authorities were in existence. There were changes to combined authorities in 2024-25: North East Mayoral Combined Authority replaced North East Combined Authority and North of Tyne Combined Authority, and two further combined authorities came into existence: East Midlands Combined Authority and York and North Yorkshire Combined Authority. The extent of responsibilities of combined authorities varies. Ten of them could raise income by setting a council tax precept, although only three (Cambridgeshire and Peterborough Combined Authority, Greater Manchester Combined Authority, and Liverpool City Region) use this power for general functions in 2024-25. West Yorkshire Combined Authority and Greater Manchester Combined Authority could also set a separate precept for police services. South Yorkshire Mayoral Combined Authority and York and North Yorkshire Combined Authority assumed responsibility for police services in 2024-25, and are able to set a separate precept for police services from 2025-26.

1.2.6 Four further combined authorities came into existence on 5 February 2025 and on 6 May 2025: Devon and Torbay Combined County Authority, Greater Lincolnshire Mayoral Combined Authority, Hull and East Yorkshire Combined Authority, and Lancashire Combined County Authority. Greater Lincolnshire Mayoral Combined Authority and Hull and East Yorkshire Combined Authority have the power to raise income by setting a council tax precept from 2026-27.

1.2.7 Fire and 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).

1.2.8 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 214 billing authorities. Of these, 8,899 charged a precept in 2024-25, which was collected by the local billing authority on their behalf.

1.2.9 Further information on geographies can be found at the following link: 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 during 2024-25.

Table 1.3a: Billing, major precepting and other authorities, England in existence in 2024-25

Class of authority	Billing authorities	Major precepting authorities [notes 1, 2, 3, 4]	Other authorities [note 5]	All authorities	Parishes [note 6]
Shire areas	227	79	11	317	8,658
Metropolitan areas	36	14	1	51	238
London	33	1	5	39	3
England	296	94	17	407	8,899

Footnotes for Table 1.3a

Source: This table appears in Chapter 1 of the Local Government Financial Statistics 2026 only.

1. These are county councils in two-tier areas, police authorities, fire and rescue authorities, the Greater London Authority and combined authorities that have the power to charge a precept. There are four Police, Fire and Crime Commissioners (Cumbria, Essex, Northamptonshire, Staffordshire) which have been counted only once even though they will set separate precepts for police and fire services. There are four combined authorities (Greater Manchester, South Yorkshire, West Yorkshire, and York and North Yorkshire) that have responsibility for police as well as other powers which have been counted once even though they will set separate precepts for police and general functions.

2. South Yorkshire Mayoral Combined Authority assumed responsibility for the police functions on 7 May 2024, and York and North Yorkshire Combined Authority was established and assumed responsibility for the police and fire functions on 7 May 2024. Only the combined authorities are counted in this table, not their predecessor police authorities and/or fire and rescue authorities that ceased to exist on 7 May 2024.

3. This includes two combined authorities that were established on 7 May 2024: East Midlands Combined Authority and North East Mayoral Combined Authority (which replaced North East Combined Authority and North of Tyne Combined Authority). They are counted as “major precepting authorities”, although their precepting powers only commenced in 2025-26.

4. Some 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.

5. Other authorities are parks, waste and combined authorities that do not have precepting powers.

6. Includes non-zero precepting authorities only.

CHAPTER 2

How is money found?

2.1 Summary of source 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** provides details of how much income has been raised through these funding streams between 2020-21 and 2024-25. 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.
- 2.2.4 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.

Table 2.1a: Summary of local authority income in real terms, 2020-21 to 2024-25, England

Real term series, all monetary figures in 2024-25 prices in millions of pounds [note 1].

Service category	2020-21	2021-22	2022-23	2023-24 [r]	2024-25
Total grant income:	110,057	104,050	98,058	98,292	100,845
Revenue Support Grant	1,941	1,901	1,833	2,021	2,180
Police Grant	9,361	9,645	9,527	9,106	9,159
Specific and special grants inside Aggregate External Finance (AEF)	60,049	58,978	57,207	57,594	60,931
Local Services Support Grant (LSSG)	25	32	38	27	26
COVID-19 general and income grants [note 2]	7,762	3,366	[z]	[z]	[z]
Grants outside AEF [note 3]	19,787	17,925	16,701	16,056	15,097
Housing Revenue Account Government Grants and Assistance [note 4]	276	239	225	150	177
Grants towards capital expenditure	10,855	11,965	12,528	13,338	13,274
Total locally-funded income:	87,217	91,889	90,063	93,599	96,663
Council tax	39,896	40,362	39,768	40,279	41,222
Retained income from Rate Retention Scheme [note 5]	20,323	20,704	17,932	19,713	20,329
External interest receipts	1,789	1,889	2,869	3,893	3,998
Capital receipts [note 6]	3,110	4,168	4,694	3,743	4,222
Sales, fees and charges [note 7]	13,397	16,226	16,487	17,517	18,027
Council rents	8,703	8,540	8,312	8,454	8,864
Other income and adjustments [note 8]	24,970	27,033	25,820	26,688	27,690
Total income	222,244	222,972	213,941	218,579	225,198
Grants as a percentage of total income	50%	47%	46%	45%	45%

Footnotes for Table 2.1a

Sources: Revenue Outturn (RO) returns and Capital Outturn Returns (COR), 2020-21 to 2024-25

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-2026-spring-statement> (as updated 3 March 2026). Inflation numbers were smoothed over the pandemic period, and the present data uses 83.0693 to deflate 2020-21 instead of the reported 85.1105

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 RO 2019-20 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 and 2022-23 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 table.

2.2.5 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 information of the extra grants can be found at the following link: www.gov.uk/government/publications/COVID-19-emergency-funding-for-local-government.

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 2020-21 to 2024-25. 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:

- 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.
- leisure, educational and cultural venues and activities.

2.3.3 A scheme was established to compensate for much of the losses in sales, fees and charges income over the period from April 2020 to June 2021.

Further information of this scheme can be found at the following link:

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, 2020-21 to 2024-25, England [note 1] [note 2]

Real term series, all monetary figures in 2024-25 prices in millions of pounds [note 1].

Service category	2020-21	2021-22	2022-23	2023-24 [r]	2024-25
Education [b] [note 3]	1,228	1,956	2,007	2,135	2,150
Highways and transport	1,997	2,904	2,997	3,068	3,281
Social Care	3,887	4,130	4,147	4,604	4,971
of which: Children Social Care	194	214	195	225	235
of which: Adult Social Care	3,693	3,915	3,952	4,379	4,736
Public Health	29	26	38	41	38
Housing (excluding HRA)	1,038	1,126	1,149	1,172	1,142
Cultural, environmental and planning	3,043	3,735	3,839	4,157	4,096
of which: Cultural and related services	354	787	953	1,046	1,134
of which: Environmental and regulatory services	1,559	1,725	1,777	1,925	1,851
of which: Planning and development services	1,129	1,223	1,109	1,186	1,111
Police	604	704	649	723	694
Fire	66	64	57	59	62
Central services	1,377	1,451	1,457	1,464	1,499
Other	128	130	147	92	95
Total all services	13,397	16,226	16,487	17,517	18,027

Footnotes for Table 2.3a

Sources: Revenue Outturn (RO) - RSX, 2020-21 to 2024-25

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-2026-spring-statement> (as updated 3 March 2026). Inflation numbers were smoothed over the pandemic period, and the present data uses 83.0693 to deflate 2020-21 instead of the reported 85.1105
3. Expenditure on education is not comparable due to those schools that changed their status to become academies which are centrally funded rather than funded via local authorities. This applies to all financial years.

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 whether the property and/or its occupants are subject to any discounts, exemptions or premiums.
- 2.4.2 **Table 2.4a** provides figures for the total number of domestic dwellings in England in September each year from 2021 to 2025, 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.
- 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, or any additions due to premiums. 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 and crime commissioner. Dwellings may also be liable for council tax to fund their local parish council activities.

Table 2.4a: Number of chargeable dwellings, 2021 to 2025

The data in this table are reported in thousands.

Financial year	2021	2022	2023	2024	2025
Total number of dwellings on valuation lists [note 1]	24,987	25,225	25,462	25,675	25,817
less: number of dwellings exempt from council tax	660	692	741	748	758
less: number of demolished dwellings	1	2	2	2	3
Number of dwellings on valuation list liable for council tax	24,326	24,531	24,718	24,926	25,056
of this: number of dwellings subject to a discount	8,492	8,646	8,731	8,760	8,842
of which are empty homes subject to a discount [note 2]	52	48	40	36	34
of which are second homes subject to a discount [note 3]	10	9	8	8	7
of which are single persons	8,151	8,307	8,388	8,409	8,496
of which are all residents disregarded for council tax purposes	38	38	43	50	48
of which are all but one resident disregarded for council tax purposes	242	244	253	256	257
of this: number of dwellings charged a premium [note 4] [note 5] [note 6]	72	72	76	120	323
of which are empty homes charged a premium [note 4] [note 5]	72	72	76	120	153
of which are second homes charged a premium [note 4] [note 6]	[z]	[z]	[z]	[z]	170
of this: number of dwellings not subject to a discount or charged a premium [note 4] [note 7]	15,762	15,812	15,911	16,047	15,891
of which are empty homes not subject to a discount or charged a premium [note 2] [note 4]	345	358	365	347	355
of which are second homes not subject to a discount or charged a premium [note 3] [note 4]	243	247	255	272	91
of which are classed as other	15,174	15,206	15,291	15,428	15,445

Footnotes for Table 2.4a

Sources: Council Taxbase (CTB) forms, 2021 to 2025

1. Data taken as at second Monday in September by the VOA.

2. 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 discount rates are classified as 'subject to discount'.

3. Second homes are those dwellings which are furnished and are not used by anyone as their main home. At local authority discretion, second homes can be subject to a discount of between 0% and 50%. If an authority sets a discount of 0% then this is classified in the table as 'not subject to discount'. All other discount rates are classified as 'subject to discount'.

4. Caution should be taken when comparing the number of dwellings charged a premium (and not charged a premium) from year to year due to changes to premiums and those authorities applying it. The change between 2023 and 2024 will be affected by the change to charge the Empty Homes Premium on properties that have been empty for 1 to 2 years from 1 April 2024. Previously the premium could be charged to properties empty for 2 or more years. The change between 2024 and 2025 will be affected by introduction of the Second Homes Premium from the 1 April 2025.

5. Empty homes are those dwellings which are unoccupied and substantially unfurnished and, if they have been empty for more than 1 year, may be charged a premium. Not all authorities charge a premium. In 2025, 291 out of 296 authorities applied a premium.

6. Second homes are those dwellings which are furnished and are not used by anyone as their main home. From 1 April 2025, authorities could charge these properties a Second Homes Premium. However, not all authorities have charged a second homes premium. In 2025, 211 out of 296 authorities applied a premium.

7. Number of dwellings not subject to a discount or a premium will include empty properties and second homes with an exception from the relevant premium.

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 2020-21 to 2025-26. 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.

2.4.6 Since 2016-17 social care authorities have been able to increase council tax under the adult social care precept flexibility, as well as under the core council tax referendum principle. For 2021-22 and 2022-23, the increase was originally announced as 3% over the two years, with no limitation as to how this was split. In 2022-23, this was updated to a 1% increase plus any amount of the 3% that had not been used in 2021-22. From 2023-24, the increase has been set to 2% in each year.

Table 2.4b: Average Band D council tax in England and the annual percentage change, 2020-21 to 2025-26 [note 1] [note 2] [note 3] [note 4]

The second column shows the average Band D council tax in pounds (£) and the third column shows the annual percentage change.

Financial year	Average Band D council tax (£)	Annual percentage change
2020-21	1,818	3.9%
2021-22	1,898	4.4%
2022-23	1,966	3.5%
2023-24	2,065	5.1%
2024-25	2,171	5.1%
2025-26	2,280	5.0%

Footnotes for Table 2.4b

Sources: Council Tax Requirement (CTR) forms, 2020-21 to 2025-26

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 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.

Parishes and other local precepting authorities in England

2.4.7 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.

2.4.8 **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. There are no referendum principles applied to these authorities. 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.

2.4.9 Further information about council tax, parishes and other local precepting authorities and collection rates can be found at the following link: www.gov.uk/government/collections/council-tax-statistics.

Table 2.4c: Average Band D parish precept, England, 2020-21 to 2025-26

The table contains different data in different units, which are described in row headings.

Financial year	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Total number of precepting parishes [note 1]	8,880	8,871	8,869	8,875	8,899	8,905
Tax base (thousands) [note 2]	8,532.3	8,600.3	8,757.4	8,943.5	9,115.8	9,312.7
Aggregate of local precepts (000)	596,196	617,889	654,966	707,620	782,818	858,597
Average parish precept per Band D (£)	69.88	71.85	74.79	79.12	85.87	92.20
Change (£)	2.71	1.97	2.95	4.33	6.75	6.33
Percentage change (%)	4.0%	2.8%	4.1%	5.8%	8.5%	7.4%

Footnotes for Table 2.4c

Sources: Council Tax Requirement (CTR) forms, 2020-21 to 2025-26

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

2. Council tax payers in the Charter Trustees for the City of Durham have only been included once here, although they are actually spread across multiple parishes in Durham.

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 2020-21 to 2025-26 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, which since 2018-19 reflect changes in the Consumer Price Index (CPI) in September of the preceding year. However, the government can also limit the increase, with the cost to local authorities compensated through Section 31 grant. The multipliers for 2020-21 to 2025-26 are shown in **Table 2.5a**.

Table 2.5a: Number of hereditaments, rateable value and multipliers used, England, 2020-21 to 2025-26

The units for numbers in this table are in the row headings.

Financial year	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Number of hereditaments on rating list close to 30 September (in thousands) [note 1]	1,976	1,996	2,006	2,015	2,011	2,003
Total aggregate rateable value of all hereditaments on rating list close to 30 September (in £ million) [note 1] [b]	64,045	63,910	63,634	67,877	67,968	68,315
Small business rate multiplier (pence)	49.9	49.9	49.9	49.9	49.9	49.9
Standard business rate multiplier (pence)	51.2	51.2	51.2	51.2	54.6	55.5

Footnotes for Table 2.5a

Sources: National Non-Domestic Rates - forecast (NNDR1), 2020-21 to 2025-26

1. Data taken from VOA local list where the data for 2020-21 are at 3 October 2019; for 2021-22 the data are at 7 October 2020; for 2022-23 the data are at 15 October 2021; for 2023-24 the data are from the draft list published on 17 November 2022; for 2024-25 the data are at 4 October 2023 and for 25-26 the data are at 3 October 2024. Data for 2020-21 to 2021-22 are all based on the 2017 List which came into effect from 1 April 2017. Data for 2023-24 to 2025-26 are based on the 2023 List which came into effect from 1 April 2023.

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. Data for 2020-21 and 2021-22 are all based on the 2017 List which came into effect from 1 April 2017. Data for 2023-24 to 2025-26 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 services. Since 2017-18 some local authorities have been able to retain up to 100% of their business rates revenue.

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 2020-21 to 2024-25 and their forecasts for 2025-26. 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 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.

Table 2.5b: Non-domestic rates to be collected by local authorities under the business rates retentions scheme, England, 2020-21 to 2025-2026

The data in this table are reported in millions of pounds (£ millions). Zero values shown in this table are values that are less than £0.5 million.

Financial year	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 forecast
Gross rates payable in year [note 1]	30,939	30,801	30,733	32,333	35,439	37,068
Total cost of reliefs [note 2] [b]	16,036	10,275	7,692	7,021	8,588	7,393
Of which mandatory relief [note 2] [b]	4,734	5,005	4,891	4,539	5,860	5,677
Of which discretionary relief [note 3] [note 4] [b]	11,302	5,270	2,801	2,481	2,728	1,716
Gross Rates Payable in year less total cost of reliefs	14,903	20,526	23,041	25,312	26,852	29,676
Net cost of transitional arrangement [note 4] [note 5] [b]	-192	-182	-121	[z]	[z]	[z]
Of which cost of transitional arrangement [note 5]	[z]	[z]	[z]	1,654	433	182
Net Rates Yield (Gross Rates Payable less reliefs less net cost of Transition)	15,095	20,708	23,162	23,659	26,419	29,493
Total cost of accounting adjustments	1,543	-217	-199	-169	-30	1,378
Of which losses in collection [note 6]	804	136	165	203	147	420
Of which net addition to appeals provision [note 7]	739	-354	-364	-389	-222	958
Of which interest payable [note 8] [k]	0	0	0	16	45	[z]
Other deductions from collectable rates [note 9]	288	278	217	-1,557	-335	-85
Total Disregarded Amounts	148	199	220	305	387	401
Of which amounts retained in respect of Designated Areas	64	106	110	176	243	257
Of which amounts retained in respect of Renewable Energy schemes	85	93	109	129	143	145
Non-domestic rating income from rates retention scheme	13,116	20,448	22,924	25,079	26,397	27,798

Footnotes for Table 2.5b

Sources: National Non-Domestic Rates - outturn (NNDR3), 2020-21 to 2024-25 and National Non-Domestic Rates - forecast (NNDR1), 2025-26. Note that the outturn data 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.

1. Data taken from VOA local list where the data for 2020-21 are at 3 October 2019; for 2021-22 the data are at 7 October 2020; for 2022-23 the data are at 15 October 2021; for 2023-24 the data are from the draft list published on 17 November 2022; for 2024-25 the data are at 4 October 2023 and for 25-26 the data are at 3 October 2024. Data for 2020-21 to 2021-22 are all based on the 2017 List which came into effect from 1 April 2017. Data for 2023-24 to 2025-26 are based on the 2023 List which came into effect from 1 April 2023.

2. Prior to 2024-25, the small business rates relief was partially funded through the small business rates supplement. This was set at 1.3p. In 2024-25, the small and standard multipliers were decoupled, and the concept of the supplement removed. Therefore, the total mandatory relief will appear to be greater, because there is no additional yield from the small business rates supplement.

3. The discretionary Section 31 funded reliefs include the retail, hospitality and leisure relief which changed in scope and amount of relief granted between years. In 2020-21 this scheme was expanded in response to the COVID-19 pandemic, from a 33% discount for retail, hospitality and leisure (RHL) businesses with a rateable value of £51,000 or less, to a 100% relief to all RHL 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 of £105,000 per business, or £2 million per business where the business is in occupation of a property that was required, or would have been required, to close, based on the law and guidance applicable on 5 January 2021. In 2022-23 it was a 50% discount with a cap on the relief of £110,000 per business, which increased to a 75% discount in 2023-24 and 2024-25 with the same cash cap. This reduced to a 40% relief with the same cash cap of £110,000 in 2025-26. This change in coverage and amount of relief means that the discretionary relief is not comparable across years.

4. 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 (a discretionary relief), and so what would normally be the cost of the transitional scheme is included in the Discretionary Reliefs figure.

5. Transitional arrangements can vary in each revaluation period. For 2020-21 to 2021-22, authorities reported a net cost with the cost of revenue foregone by delaying increases to bills offset by additional income by delaying reductions to bills. The net cost figure for 2022-23 are in respect of previous years only. From 2023-24 onwards, the transitional relief scheme changed so that it was fully funded by central government, therefore the cost of the transitional relief scheme for 2023-24 to 2025-26 reflects the revenue foregone by delaying increases in bills.

6. Losses in collection comprise both losses in collection in-year relating to write-offs and additions reflecting authorities' view of their need in future to write off bad debt.

7. Net addition to the appeals provision comprises both deductions relating to the use of the provision and additions reflecting authorities' view of their need in future to make refunds to ratepayers as a result of changes to rating lists.

8. Authorities have to account for interest on overpayments they have paid or credited to ratepayers following changes to rating lists. The rate of interest is set for any year at one percentage point below the standard rate at 15 March (or the next business day) in the preceding year. On 15 March 2023, the standard rate was 4.0%; therefore, the rate of interest to be applied for the rating year 1 April 2023 to 31 March 2024 is 3.0%. In previous years, this has been 0%.

9. Other deductions from collectable rates includes an allowance for cost of collection and 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.

10. The total disregarded amount also includes amounts retained in respect of shale gas. However, since 2022-23 there has been no shale gas relief reported.

11. Designated Areas are comprised of Enterprise Zones, New Development Deal areas, Investment Zones and Freeports.

12. Net Ratings Income represents Net Rates Yield less accounting adjustments, other deductions and disregarded amounts.

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. The retail, hospitality and leisure relief was continued at 50% in 2022-23 and 75% in 2023-24 and 2024-25 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 2021-22, than normal and are not comparable to previous or subsequent years.

2.5.15 Further information on the amounts of non-domestic rates collected by local authorities can be found at the following link:
www.gov.uk/government/collections/national-non-domestic-rates-collected-by-councils.

Table 2.5c: Cost of reliefs from non-domestic rates, England 2020-21 to 2025-2026 [note 1]

The data in this table are reported in millions of pounds (£ millions). Zero values shown in this table are values that are less than £0.5 million.

Financial year	2020-21	2021-22	2022-23	2023-24 [note 2] [b]	2024-25	2025-26 forecast
Total cost of mandatory relief [note 3] [b]	4,734	5,005	4,891	4,539	5,860	5,677
Of which: Total mandatory relief in respect of current year	4,627	4,811	4,806	4,695	5,785	5,617
Of which: Small business relief in respect of current year	2,100	2,161	2,211	1,947	2,056	2,128
And of which: relief on existing properties where a second property is occupied	5	5	5	4	4	3
Of which: Deduction due to additional yield generated from the small business supplement [note 3]	-629	-626	-626	-674	[z]	[z]
Of which: Charitable occupation	2,026	2,040	2,036	2,191	2,387	2,346
Of which: Community Amateur Sports Clubs (CASCs)	22	22	22	21	21	23
Of which: Rural rate relief [note 4]	4	4	4	3	6	6
Of which: Public Lavatories relief	[z]	5	5	4	4	4
Of which: Telecoms relief [k]	0	2	[z]	[z]	[z]	[z]
Of which: Low carbon heat networks relief	[z]	[z]	[z]	[z]	3	3
Of which: Improvement relief	[z]	[z]	[z]	[z]	13	5
Of which: Partially occupied hereditaments	22	16	13	15	19	17
Of which: Empty premises	1,082	1,187	1,141	1,188	1,276	1,085

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Financial year	2020-21	2021-22	2022-23	2023-24 [note 2] [b]	2024-25	2025-26 forecast
Of which: Total mandatory relief in respect of previous years	107	194	85	-156	75	[z]
Of which: Small business relief in respect of previous years	131	82	90	95	59	[z]
Of which: Other mandatory relief in respect of previous years [note 5]	-24	113	-5	-252	16	[z]
Of which: Changes as a result of local estimates of growth or decline in mandatory relief	[z]	[z]	[z]	[z]	[z]	60
Total cost of discretionary relief [b]	11,302	5,270	2,801	2,481	2,728	1,716
Of which: Discretionary relief unfunded through S31 grants in respect of current year	98	101	103	100	110	115
Of which: Charitable occupation	42	45	48	48	49	49
Of which: Non-profit making bodies	31	33	36	37	39	39
Of which: Community Amateur Sports Clubs (CASCs)	1	1	1	2	1	2
Of which: Rural rate relief [note 4] [k]	0	0	0	0	[z]	[z]
Of which: Small rural businesses	1	1	1	1	1	1
Of which: Other ratepayers under s47	20	20	16	12	19	25
Of which: Hardship relief	3	1	0	1	1	[z]
Of which: Unfunded discretionary relief in respect of previous years	1	6	5	-1	6	[z]

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Financial year	2020-21	2021-22	2022-23	2023-24 [note 2] [b]	2024-25	2025-26 forecast
Of which: Total cost of discretionary relief funded through S31 grant in respect of current year [note 6] [b]	11,179	5,188	1,726	2,557	2,701	1,599
Of which: Flooding relief [k]	1	0	0	1	0	[z]
Of which: Rural Rate relief (S31) [note 4]	4	4	4	3	[z]	[z]
Of which: Local Newspaper relief [k]	0	0	0	0	0	[z]
Of which: Supporting Small Businesses relief [note 7] [note 8]	13	11	20	237	198	201
Of which: Discretionary Scheme relief	3	[z]	[z]	[z]	[z]	[z]
Of which: Retail, hospitality and leisure relief [note 9] [b]	11,060	4,940	1,701	2,314	2,498	1,385
Of which: Nursery relief	98	63	[z]	[z]	[z]	[z]
Of which: COVID-19 additional relief [note 10]	[z]	171	[z]	[z]	[z]	[z]
Of which: Low carbon heat networks relief (S31)	[z]	[z]	1	2	[z]	[z]
Of which: Film studio relief	[z]	[z]	[z]	[z]	4	13
Of which: Discretionary relief funded through S31 grants in respect of previous years [note 10]	25	-25	966	-175	-88	[z]
Of which: Changes as a result of local estimates of growth or decline in discretionary relief	[z]	[z]	[z]	[z]	[z]	2
Total cost of all reliefs [b]	16,036	10,275	7,692	7,020	8,588	7,393

Footnotes for Table 2.5c

Sources: National Non-Domestic Rates - outturn (NNDR3), 2020-21 to 2024-25 and National Non-Domestic Rates - forecast (NNDR1), 2025-26. Note that the outturn data 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.

1. In 2020-21 and to a lesser extent in 2021-22 and 2022-23, the COVID-19 pandemic caused parts of the figures to be different from the norm. Discretionary reliefs were far higher than usual. This was driven mostly by the introduction of the retail, hospitality and leisure relief in response to the COVID-19 pandemic, and in 2022-23 by the COVID-19 additional relief paid in respect of 2021-22, but the presence of those reliefs may also have affected the levels of other reliefs. Therefore, the amount of net income and discretionary reliefs is not directly comparable between years from 2020-21 onwards.

2. Revaluations take place periodically. Data for 2020-21 to 2022-23 are all based on the 2017 List which came into effect from 1 April 2017. Data for 2023-24 to 2025-26 are based on the 2023 List which came into effect from 1 April 2023.
3. Prior to 2024-25, the small business rates relief was partially funded through the small business rates supplement. This was set at 1.3p. In 2024-25, the small and standard multipliers were decoupled, and the concept of the supplement removed. Therefore the total mandatory relief will appear to be greater, because there is no additional yield from the small business rates supplement offsetting the cost of the relief.
4. From 2024-25, mandatory rural rate relief has increased from 50% to 100% removing the need to have discretionary rural rate relief (both funded and unfunded).
5. In 2020-21, 2021-22 and 2024-25, the majority of other mandatory relief granted in respect of previous years was empty property relief. In 2022-23 and 2023-24, the majority of other mandatory relief granted in respect of previous years was charity relief.
6. Some discretionary reliefs that are funded through Section 31 grants are time limited. Therefore, relief will only be given for a certain number of years.
7. 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 (a discretionary relief), and so what would normally be the cost of the transitional scheme is included in the Discretionary Reliefs figure.
8. From 2023-24, supporting small business relief capped bill increases at £600 per year for businesses losing eligibility for or seeing reductions in Small Business Rate Relief (SBRR) or Rural Rate Relief (RRR) as a result of the 2023 business rates revaluation.
9. The retail, hospitality and leisure (RHL) relief has changed in scope between years affecting the amount of relief granted and is therefore not directly comparable across years. In 2020-21 the previous relief scheme was expanded in response to the COVID-19 pandemic, to provide a 100% relief to all RHL 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 of £105,000 per business, or £2 million per business where the business was in occupation of a property that was required, or would have been required, to close, based on the law and guidance applicable on 5 January 2021. In 2022-23 it was a 50% discount with a cap on the relief of £110,000 per business, which increased to a 75% discount in 2023-24 and 2024-25 with the same cash cap. This reduced to a 40% relief with the same cash cap in 2025-26.
10. 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.
11. In all years except 2022-23, the majority of discretionary relief granted in respect of previous years was retail, hospitality and leisure relief. In 2022-23, the majority of discretionary relief granted in respect of previous years was COVID-19 additional relief.

2.6 Council tax and non-domestic rates collection

- 2.6.1 The collection of council tax and non-domestic rates does not 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 or cost effective to try to collect it. **Table 2.5d** shows the amount of (i) council tax and (ii) non-domestic rates collected in 2020-21 to 2024-25 irrespective of the year to which it relates.

2.6.2 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.

2.6.3 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 £11.1 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(i): Receipts of council tax collected irrespective of the year to which they relate, England, 2020-21 to 2024-25

The data in this table are reported in millions of pounds (£ millions).

Financial year	Receipts of council taxes: In respect of the billing year	Receipts of council taxes: In respect of previous years [note 1]	Receipts of council taxes: In respect of subsequent billing year [note 2]	Total council tax receipts collected in financial year
2020-21	31,252	372	552	32,176
2021-22 [note 3]	33,355	699	530	34,584
2022-23	35,179	706	652	36,537
2023-24	37,177	718	569	38,463
2024-25	39,754	851	635	41,240

Table 2.5d(ii): Receipts of non-domestic rates collected irrespective of the year to which they relate, England, 2020-21 to 2024-25

The data in this table are reported in millions of pounds (£ millions).

Financial year	Receipts of non-domestic rates: In respect of the billing year [note 5]	Receipts of non-domestic rates: In respect of previous years [note 1] [note 4]	Receipts of non-domestic rates: In respect of subsequent billing year [note 2]	Total non-domestic rates receipts collected in financial year
2020-21	14,561	-678	417	14,300
2021-22 [note 3] [note 6]	20,476	-24	759	21,210
2022-23 [note 6]	23,693	-1,026	691	23,357
2023-24	23,490	-449	628	23,669
2024-25	26,037	-359	760	26,437

Footnotes relating to Table 2.5d(i) and Table 2.5d(ii)

Sources: Quarterly Receipts (QRC) - Quarter 4 returns, 2020-21 to 2024-25

1. Does not include court or administration costs.
 2. In respect of subsequent billing year = Prepayments for year ahead
 3. Local authorities reported a reduction in arrears recovery action in 2020-21 due to the COVID-19 pandemic and a subsequent increase in arrears recovery activity in 2021-22 for both council taxes and non-domestic rates.
 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. Figures for 2020-21 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, which significantly lowered the amount to be collected. 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 and capped. The retail, hospitality and leisure relief was continued as a 50% relief in 2022-23 and a 75% relief in 2023-24 and 2024-25, with all years having a cash cap.
 6. The Covid Additional Relief Fund timing required authorities to adjust their payment figures for 2021-22 and to show any credits as payments as in respect of the subsequent billing year.
- 2.6.4 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.
- 2.6.5 **Table 2.5e** shows the in-year collection rates for England between 2020-21 and 2024-25. Collection rates in 2020-21 were lower than usual. Authorities reported 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.
- 2.6.6 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%.
- 2.6.7 Further information on collection rates of council tax and non-domestic rates can be found at the following link: www.gov.uk/government/collections/council-tax-statistics.

Table 2.5e: Collection rates of council tax and non-domestic rates, England, 2020-21 to 2024-25

The data in this table are reported in percentages.

In year collection rates in relation to:	2020-21 [note 1]	2021-22 [note 2]	2022-23	2023-24	2024-25
Council tax (% of total collected)	95.7	95.8	96.0	95.9	95.9
Non-domestic rates (% of total collected)	93.0	95.5	96.8	97.2	97.3

Footnotes relating to Table 2.5e

Sources: Quarterly Receipts (QRC) - Quarter 4 returns, 2020-21 to 2024-25

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.

CHAPTER 3

How is 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 can be found at the following link: 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. There was a large increase in net current expenditure between 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 were provided. Further information on many of these additional grants can be found at the following link: www.gov.uk/government/publications/COVID-19-emergency-funding-for-local-government.

Table 3.2a: General fund revenue account: Outturn 2020-21 to 2024-25 and budget 2025-26 [note 1]

Real terms series, all monetary figures in 2024-25 prices in millions of pounds [note 2].

Service category	2020-21	2021-22	2022-23	2023-24 [r]	2024-25 Outturn	2025-26 Budget
Education [b] [note 3]	40,219	40,836	40,701	41,453	44,366	44,342
Highways and transport	9,440	6,247	5,232	5,134	5,352	5,805
Social care	35,165	35,444	36,522	39,604	40,927	40,925
of which: Children's social care	12,635	13,210	14,050	15,159	15,650	15,061
of which: Adult social care	22,530	22,234	22,473	24,444	25,277	25,864
Public health	4,560	4,961	4,192	4,054	4,137	4,054
Housing (excluding Housing Revenue Account)	2,467	2,556	2,514	2,910	3,221	3,090
Cultural, environmental and planning	12,159	11,725	11,624	11,691	11,807	11,511
Police	15,749	15,949	16,010	16,451	16,909	17,122
Fire and rescue	2,641	2,658	2,653	2,707	2,801	2,927
Central services	4,967	4,813	4,596	4,452	4,557	3,432
Other services	624	288	234	279	158	1,109
Total Service Expenditure	127,991	125,478	124,279	128,735	134,233	134,318
Housing Benefits [note 4]	18,041	16,304	14,661	14,062	13,193	12,190
Parish Precepts and Levies [note 5]	754	709	746	795	796	836
Trading Account Adjustments and Other Adjustments [note 6]	-773	-510	-264	-331	-140	-244
Total Net Current Expenditure	146,013	141,981	139,422	143,261	148,082	147,099

Continued on the next page

Service category	2020-21	2021-22	2022-23	2023-24 [r]	2024-25 Outturn	2025-26 Budget
Capital financing [note 7]	6,168	6,436	6,436	6,584	6,845	6,710
Capital Expenditure charged to Revenue Account (CERA)	2,070	2,841	3,125	2,285	2,124	1,458
Other non-current expenditure [note 8]	432	200	287	269	315	99
Private Finance Initiative (PFI) difference from service charge	49	-2	33	65	37	-44
Appropriations to (+) / from(-) financial instruments adjustment account	56	-13	41	23	70	29
Appropriations to (+) / from(-) unequal back pay account	2	17	-3	0	0	-0
Appropriations to (+) / from(-) dedicated schools grant adjustment account [note 9]	-290	-351	-273	-710	-1,572	-801
less Interest receipts	1,789	1,889	2,869	3,893	3,998	2,470
less Specific grants outside AEF	19,787	17,925	16,701	16,056	15,097	13,240
less Business rates supplement	209	379	310	259	290	223
less Community Infrastructure Levy	403	492	482	468	345	148
less Carbon Reduction Commitment	3	0	5	2	1	11
less Capital receipts used to finance revenue expenditure	138	104	134	177	215	335
less other revenue expenditure capitalised by section 16(2)(b) direction	140	81	118	395	646	948
Total Revenue Expenditure	132,030	130,237	128,424	130,531	135,311	137,197

Continued on the next page

Service category	2020-21	2021-22	2022-23	2023-24 [r]	2024-25 Outturn	2025-26 Budget
Government Grants	78,876	73,672	68,604	68,749	72,297	72,796
Of which: Specific grants inside AEF	60,049	58,978	57,207	57,594	60,931	61,206
Of which: Revenue Support Grant	1,941	1,901	1,833	2,021	2,180	2,235
Of which: Police grant	9,361	9,645	9,527	9,106	9,159	9,355
Of which: Local Service Support Grant	25	32	38	27	26	[z]
Of which: COVID-19 general grants and compensation	7,500	3,117	[z]	[z]	[z]	[z]
Council tax requirement	39,896	40,362	39,768	40,279	41,222	42,730
Retained Income from Rate Retention Scheme	20,323	20,704	17,932	19,713	20,329	20,150
Appropriations to (-) / from(+) Reserves (excluding Pensions)	-7,450	-3,625	1,927	1,078	741	1,387
Council tax collection fund surplus (+) / deficit (-)	101	-628	80	328	381	233
Other items	67	-418	-91	322	393	-21

Footnotes relating to Table 3.2a

Sources: Revenue Outturn - Revenue Summary (RS) return, 2020-21 to 2024-25 and Revenue Account (RA), 2025-26

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-2026-spring-statement> (as updated 3 March 2026). Inflation numbers were smoothed over the pandemic period, and the present data uses 83.0693 to deflate 2020-21 instead of the reported 85.1105

3. Expenditure on education is not comparable due to those schools that changed their status to become academies which are centrally funded rather than funded via local authorities. This applies to all financial years.

4. 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

5. '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.

6. 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/COVID-19-grant-funding-local-authority-payments-to-small-and-medium-businesses>

7. 'Capital financing' includes 'Provision for repayment of principal', 'Leasing payments', 'Interest payable and similar charges' and 'HRA item 8 payments'.

8. '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.

9. 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'.

10. Components of revenue expenditure do not sum exactly due to unresolved inconsistencies in data provided by a number of local authorities.

11. 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.

12. 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

13. Police authorities are not part of the rates retention scheme and receive all of their funding through Police Grant.

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.

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 2020-21 to 2024-25. 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: Labour, goods and services 2020-21 to 2024-25

Real terms series, all monetary figures in 2024-25 prices in millions of pounds [note 1] in all bar the last column, which shows the employee expenditure in each type of employee as a percentage of the total employee expenditure.

Type of expenditure	2020-21	2021-22	2022-23	2023-24	2024-25	2024-25 % of total
Teachers [note 2]	15,483	15,193	14,316	13,141	13,765	20%
Police	9,663	9,756	9,598	10,573	10,899	16%
Firefighters	1,753	1,711	1,660	1,621	1,648	2%
Other local government	36,376	36,997	37,097	38,332	38,986	58%
Pay related costs	2,382	1,980	1,911	1,626	1,949	3%
Total employee expenditure	65,657	65,636	64,582	65,292	67,247	100%
Premises related expenditure	[z]	[z]	7,844	[z]	[z]	[z]
Transport expenditure	[z]	[z]	3,775	[z]	[z]	[z]
Supplies and services expenditure	[z]	[z]	26,275	[z]	[z]	[z]
External contractors [note 3]	[z]	[z]	51,769	[z]	[z]	[z]
Internal trading services	[z]	[z]	2,125	[z]	[z]	[z]
Other [note 4]	[z]	[z]	2,901	[z]	[z]	[z]
Total procurement expenditure [note 5]	[z]	[z]	94,688	[z]	[z]	[z]
Total employee and procurement expenditure [note 5]	[z]	[z]	159,270	[z]	[z]	[z]

Footnotes relating to Table 3.3a

Sources: Revenue Outturn - Subjective Analysis Return (SAR), 2020-21 to 2024-25

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-2026-spring-statement> (as updated 3 March 2026). Inflation numbers were smoothed over the pandemic period, and the present data uses 83.0693 to deflate 2020-21 instead of the reported 85.1105

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. Excludes expenditure on inter local authority recoupment (RO1).

4. Excludes expenditure on concessionary fares and administration and support services recharges (RO2, RO6).

5. 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 Regulation 2 of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 have been recorded separately in the Revenue Outturn data return since 2022-23. Neither of these are included in these tables.

- **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.

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-19 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 **Table 3.4a**, to remove these temporary effects as far as possible.

Table 3.4a(i): Level of revenue reserves, 31 March 2020 to 31 March 2025

Real terms series, all monetary figures in 2024-25 prices in millions of pounds [note 1].

At 31 March	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
2020	121,382	1,767	262	23,211	5,787	28,998	31,027	-5.3
2021 [r]	132,030	2,571	458	29,554	6,589	36,143	39,172	26.2
2022 [r]	130,237	2,676	625	33,385	6,386	39,771	43,071	9.9
2023 [r]	128,424	2,312	620	28,994	5,537	34,531	37,463	-13.0
2024 [r]	130,531	2,133	575	26,688	5,011	31,699	34,407	-8.2
2025	135,311	1,841	531	24,993	5,386	30,378	32,750	-4.8

Table 3.4a(ii): Level of revenue reserves, 31 March 2020 to 31 March 2025

Real terms series, all monetary figures in 2024-25 prices in millions of pounds [note 1].

At 31 March	Revenue expenditure [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
2020	121,382.4	1.5	0.2	19.1	4.8	23.9	25.6
2021 [r]	132,030.1	1.9	0.3	22.4	5.0	27.4	29.7
2022 [r]	130,237.2	2.0	0.5	25.6	4.9	30.5	33.1
2023 [r]	128,424.2	1.8	0.5	22.6	4.3	26.9	29.2
2024 [r]	130,531.2	1.6	0.4	20.4	3.8	24.3	26.4
2025	135,311.1	1.4	0.4	18.5	4.0	22.4	24.2

Footnotes relating to tables 3.4a(i) and 3.4a(ii)

Sources: Revenue Outturn (RO) - Revenue Summary (RS), 2020-21 to 2024-25

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-2026-spring-statement> (as updated 3 March 2026). Inflation numbers were smoothed over the pandemic period, and the present data uses 83.0693 to deflate 2020-21 instead of the reported 85.1105

2. This figure represents the Revenue Expenditure for the full financial year. For example, Revenue expenditure for 2024 is outturn for financial year 2023-24.

3. From 2020-21 to 2023-24, '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, 2020-21 to 2024-25 [note 1] [note 2]

Real terms series, all monetary figures in 2024-25 prices in millions of pounds [note 3].

Service category	2020-21	2021-22	2022-23	2023-24 [r]	2024-25
Net surplus/deficit of Internal Trading Account	222	121	270	181	162
Net surplus/deficit of External Trading Account	-552	-548	-446	-399	-241
Net surplus/deficit of Total Trading Account	-330	-427	-176	-218	-79

Footnotes relating to Table 3.5a

Sources: Revenue Outturn - Trading Account Services (TSR), 2020-21 to 2024-25 and Revenue Outturn - Revenue Summary (RS), 2020-21 to 2024-25

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-2026-spring-statement> (as updated 3 March 2026). Inflation numbers were smoothed over the pandemic period, and the present data uses 83.0693 to deflate 2020-21 instead of the reported 85.1105

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 2020-21 can be found in **Table 3.6a**. These figures are shown in real terms.

Table 3.6a: Housing revenue account income and expenditure, 2020-21 to 2024-25, and budget 2025-26

Real terms series, all monetary figures in 2024-25 prices in millions of pounds [note 1].

Service category	2020-21	2021-22	2022-23	2023-24 [r]	2024-25	2024-25 % of total	2025-26 Budget
Total expenditure	10,089	10,195	9,935	10,317	10,545	100%	10,403
Repairs and maintenance	2,231	2,331	2,414	2,604	2,675	25%	2,675
Supervision and management: General	2,638	2,657	2,656	2,756	2,797	27%	2,620
Supervision and management: Special services	613	620	685	728	669	6%	778
Expenditure for capital purposes	490	612	376	456	445	4%	647
Debt charges [note 2]	1,591	1,434	1,277	1,300	1,390	13%	1,226
Interest payable and similar charges	999	927	990	1,032	1,009	10%	1,101
Transfers to GFRA or MRR [note 3]	1,267	1,369	1,281	1,177	1,275	12%	950
Other expenditure [note 4]	261	244	257	264	284	3%	406
Total income	10,163	10,066	9,852	10,200	10,622	100%	10,247
Rents from dwellings	8,530	8,351	8,131	8,263	8,685	82%	8,623
Rents other than dwellings	173	188	181	190	179	2%	174
Heating and other services	880	890	921	1,050	1,073	10%	1,027
Government subsidy	276	239	225	150	177	2%	130
Interest income	53	31	98	185	157	1%	91
Transfers to GFRA or MRR [note 3]	108	144	121	140	158	1%	114
Other income [note 5]	143	223	176	221	192	2%	88

Footnotes relating to Table 3.6a

Sources: Revenue Outturn - (RO4) return, 2020-21 to 2024-25 and Revenue Account (RA), 2025-26

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-2026-spring-statement> (as updated 3 March 2026). Inflation numbers were smoothed over the pandemic period, and the present data uses 83.0693 to deflate 2020-21 instead of the reported 85.1105

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 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 several 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 in England can be found at the following link: 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.

Table 4.1a: Capital expenditure by economic category, outturn data from 2020-21 to 2024-25

Real terms series, all monetary figures in 2024-25 prices in millions of pounds [note 1].

Category	2020-21	2021-22	2022-23	2023-24	2024-25
Expenditure: Acquisition of land and existing buildings and works	3,301	2,402	2,165	2,618	3,073
Expenditure: New construction and conversion	17,098	19,120	18,898	19,842	20,179
Expenditure: Vehicles, plant equipment and machinery	1,800	1,792	1,693	1,863	2,001
Expenditure: Intangible assets	336	316	324	354	355
Expenditure: Total payments on fixed assets	22,534	23,630	23,081	24,677	25,608
Expenditure: Grants, loans and other financial assistance	5,928	6,067	6,613	6,126	5,849
Expenditure: Acquisition of share and loan capital	1,221	931	516	136	110
Expenditure: Total capital expenditure	29,682	30,628	30,209	30,939	31,567
Expenditure: of which GLA [note 2]	4,001	3,978	3,997	3,615	3,151
Expenditure: Expenditure by virtue of a section 16(2)(b) direction [note 3]	225	268	888	644	1,029
Expenditure: Total expenditure and other transactions	29,908	30,895	31,098	31,583	32,596
Receipts: Sales of fixed assets	2,636	3,090	3,588	2,556	3,289
Receipts: Intangible fixed assets	4	26	14	9	25
Receipts: Repayments of grants, loans and financial assistance	426	939	992	744	810
Receipts: Disposal of investments including share and loan capital	67	122	103	441	103
Receipts: Total capital receipts [note 4]	3,109	4,168	4,694	3,743	4,222

Footnote on Table 4.1a

Sources: Capital Outturn (COR) returns, 2020-21 to 2024-25

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-2026-spring-statement> (as updated 3 March 2026). Inflation numbers were smoothed over the pandemic period, and the present data uses 83.0693 to deflate 2020-21 instead of the reported 85.1105

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 and 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, 2020-21 to 2024-25

Real terms series, all monetary figures in 2024-25 prices in millions of pounds [note 1].

Service	2020-21	2021-22	2022-23	2023-24	2024-25
Education [note 2]	2,515	2,548	2,300	2,509	2,459
Highways and transport	9,357	8,741	8,168	8,244	8,235
of which: GLA	2,996	2,513	2,172	1,949	1,800
Social care	343	413	428	526	571
Public health	28	30	43	27	32
Housing	7,109	8,560	9,790	10,181	10,435
of which: GLA	368	776	1,292	863	804
Culture and related services	1,362	1,512	1,474	1,609	1,765
Environmental and regulatory services	873	1,070	1,408	1,407	1,348
Planning and development services	2,071	2,361	2,152	2,521	2,177
Digital infrastructure	209	270	202	162	123
Police	996	865	845	869	903
Fire and rescue services	200	191	219	284	311
Central services [note 3]	2,363	2,193	1,758	1,603	2,149
Trading [note 4]	2,261	1,874	1,420	999	1,057
Total capital expenditure [note 5]	29,682	30,628	30,209	30,939	31,567

Footnote on Table 4.1b

Sources: Capital Outturn (COR) returns, 2020-21 to 2024-25

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-2026-spring-statement> (as updated 3 March 2026). Inflation numbers were smoothed over the pandemic period, and the present data uses 83.0693 to deflate 2020-21 instead of the reported 85.1105

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 2020-21 to 2024-25. These figures are shown in real terms.

Table 4.2a: Financing of capital expenditure, 2020-21 to 2024-25

Real terms series, all monetary figures in 2024-25 prices in millions of pounds [note 1].

Source of financing	2020-21	2021-22	2022-23	2023-24	2024-25
Central government grants	8,097	9,473	10,023	10,619	10,323
Grants from Local Enterprise Partnerships	748	425	192	98	129
EU structural funds grants	58	60	95	51	3
Grants from private developers and from leaseholders etc.	1,287	1,347	1,394	1,587	1,462
Grants from NDPBs [note 2]	610	615	779	945	1,325
National lottery grants	57	43	45	37	32
Use of capital receipts	2,470	2,783	3,097	2,653	3,038
Revenue financing of capital expenditure	4,713	5,813	5,904	4,971	4,810
of which: Housing Revenue Account	494	779	573	487	562
of which: Major Repairs Reserve	2,031	2,130	2,064	2,152	2,037
of which: General Fund (CERA)	2,189	2,903	3,268	2,332	2,211
Capital expenditure financed by borrowing/credit [note 3]	12,391	10,628	10,270	10,342	10,749
of which: Loans and other financial assistance from LEPS	13	12	13	36	18
of which: Other borrowing and credit arrangements not supported by central government	12,378	10,615	10,258	10,306	10,731
Total resources used to finance capital expenditure [note 4]	30,430	31,187	31,800	31,304	31,871

Footnote on Table 4.2a

Sources: Capital Outturn (COR) returns, 2020-21 to 2024-25

1. All figures have been adjusted for inflation using the GDP deflator:

www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2026-spring-statement (as updated 3 March 2026). Inflation numbers were smoothed over the pandemic period, and the present data uses 83.0693 to deflate 2020-21 instead of the reported 85.1105

2. Non-Departmental Public Bodies, organisations that are not government departments but which have a role in the processes of national government, such as 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 2020-21 to 2024-25. 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 England borrowing trends.
- 5.1.4 **Table 5.1b** shows the local authority investment levels in England as at the 31 March from 2021 to 2025.
- 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 at the following link:
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 2021 to 2025, England

The data in this table are reported in millions of pounds (£ millions).

Borrowing	end of March 2021	end of March 2022	end of March 2023	end of March 2024	end of March 2025
Short-term borrowing: Banks	19	47	24	31	74
Short-term borrowing: Building societies	0	0	0	20	32
Short-term borrowing: Other financial intermediaries	64	63	42	59	203
Short-term borrowing: Public corporations	63	56	67	94	171
Short-term borrowing: Private non-financial corporations	18	79	93	24	36
Short-term borrowing: Central government	9	3	49	197	542
Short-term borrowing: Household sector	11	22	25	19	10
Short-term borrowing: Other sources [note 1]	12	11	11	18	7
Total short-term borrowing [note 2]	195	280	310	462	1,075
Longer-term borrowing: Negotiable bonds and commercial paper	4,259	4,152	2,741	2,829	3,880
Longer-term borrowing: Other listed securities	1,795	1,820	1,836	1,852	1,422
Longer-term borrowing: Public Works Loan Board [note 3]	70,435	74,533	79,192	84,309	88,826
Longer-term borrowing: Banks	6,503	6,285	6,104	5,184	4,762
Longer-term borrowing: Building societies	1	1	1	8	0
Longer-term borrowing: Other financial intermediaries	853	1,189	1,314	1,646	1,713
Longer-term borrowing: Public corporations	50	52	46	43	332
Longer-term borrowing: Private non-financial corporations	166	165	164	170	185
Longer-term borrowing: Central government	2,215	2,714	2,832	2,680	2,654
Longer-term borrowing: Household sector	6	1	5	2	1
Longer-term borrowing: Other sources [note 1]	8,492	8,503	8,368	7,914	7,521
Total longer-term borrowing [note 2]	94,773	99,414	102,603	106,637	111,296
Total borrowing [note 2]	94,969	99,695	102,913	107,099	112,371
of which: by TFL and GLA [note 4]	18,127	18,345	18,236	17,923	18,442
Total borrowing excluding TFL and GLA [note 2]	76,842	81,350	84,677	89,176	93,929

Footnote on Table 5.1a

Sources: Quarterly Borrowing and Investment 4 (QB4), 2024-25, 2020-21 to 2024-25

1. Other sources include items authorities report as rest of world banks and source not known.
2. Borrowing from local government is excluded from this table
3. All our figures are as reported by local authorities so may differ from levels published by other sources.
4. 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.

Table 5.1b: Local authority investments as at end March 2021 to 2025, England

The data in this table are reported in millions of pounds (£ millions).

Investments	end of March 2021	end of March 2022	end of March 2023	end of March 2024	end of March 2025
Deposits: banks	11,536	13,047	9,077	5,810	3,831
Deposits: building societies	790	1,302	729	305	129
Treasury bills	0	145	429	59	19
Certificates of deposit: Banks	255	772	1,043	709	366
Certificates of deposit: Building societies	0	49	10	0	0
British Government (Gilt-edge) securities	404	264	316	432	498
Other financial intermediaries	81	267	202	217	177
Public corporations	2,172	2,416	2,598	2,591	3,851
Debt Management Account deposit facility	1,639	4,270	3,349	2,762	2,327
Money market funds	10,045	12,266	10,723	9,575	9,610
Other externally managed funds	4,107	5,083	4,971	5,566	5,138
Other investments [note 1]	3,101	4,905	5,213	4,312	3,329
Total investments [note 2]	34,129	44,787	38,660	32,338	29,275

Footnote on Table 5.1b

Sources: Quarterly Borrowing and Investment 4 (QB4), 2024-25, 2020-21 to 2024-25

1. Other investments include items authorities report as rest of world banks, other securities and other investments.
2. Loans to local government are excluded from this table.

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.

5.2.3 **Table 5.2a** shows the change in borrowing, investments and net cash requirement across local government in England from 2020-21 to 2024-25.

Table 5.2a: Local government net cash requirement in cash terms, 2020-21 to 2024-25, England

The data in this table are reported in millions of pounds (£ millions).

Cash requirement	2020-21	2021-22	2022-23	2023-24	2024-25
Annual change in short-term borrowing	14	85	30	152	613
Annual change in longer-term borrowing	1,865	4,641	3,189	4,034	4,660
Total	1,879	4,726	3,219	4,186	5,273
less annual change in investments	2,204	10,658	-6,127	-6,323	-3,063
Net cash requirement	-325	-5,932	9,346	10,509	8,336

Footnote on Table 5.2a

Sources: Quarterly Borrowing and Investment 4 (QB4), 2024-25, 2020-21 to 2024-25

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 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 2024-25, local government employee expenditure accounted for 38% of all local government service expenditure (gross of income). 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 2020-21 to 2024-25 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 2024-25. These figures are in real terms. Tables showing cash figures are published in the relevant statistical releases.
- 6.2.3 Further statistics on local government pay expenditure can be found at the following link: www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing.

**Table 6.2a: Local government pay by pay negotiating group in real terms
2020-21 to 2024-25**

Type of expenditure	2020-21	2021-22	2022-23	2023-24	2024-25	2024-25 % of total
Teachers	11.8	11.8	10.9	10.2	10.3	15%
Police and police support staff	6.4	6.4	6.5	7.4	7.5	11%
Firefighters	1.3	1.3	1.2	1.2	1.2	2%
Other local government staff	28.1	28.6	28.6	29.8	30.2	45%
Total pay [note 2]	47.5	48.0	47.2	48.6	49.2	73%
Total non-pay for all groups [note 3]	15.7	15.6	15.4	15.1	16.1	24%
Other pay related costs [note 4]	2.4	2.0	1.9	1.6	1.9	3%
Total employee expenditure	65.7	65.6	64.6	65.3	67.2	100%

Footnotes to Table 6.2a

Sources: Revenue Outturn - Subjective Analysis Return (SAR), 2020-21 to 2024-25

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-2026-spring-statement> (as updated 3 March 2026). Inflation numbers were smoothed over the pandemic period, and the present data uses 83.0693 to deflate 2020-21 instead of the reported 85.1105

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 2024-25

Service category	Employee expenditure	Service expenditure [note 2]	Employees expenditure %
Education services	23.0	50.5	46%
Highways, roads and transport services	2.2	10.9	20%
Children Social Care	5.2	17.0	31%
Adult Social Care	4.9	35.3	14%
Public Health	0.6	4.4	14%
Housing Services [note 1]	1.1	5.4	20%
Cultural and related services	1.7	4.3	39%
Environmental services	2.5	9.5	26%
Planning and development services	1.7	4.5	37%
Police services	14.8	18.6	80%
Fire and rescue services	2.3	3.0	76%
Central services	7.2	14.6	50%
Other services	0.2	0.6	27%
Total service expenditure	67.3	178.4	38%

Footnotes to Table 6.2b

Sources: Revenue Outturn - RSX form, 2024-25

1. Expenditure on the General Fund Revenue Account only.

2. Total Expenditure is Employees expenditure plus Running Expenses.

6.3 Local authority pension funds

Local Government Pension Scheme

- 6.3.1 As of 1 April 2024, 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 2020-21 and 2024-25.
- 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 2020-21 and 2024-25.
- 6.3.7 **Table 6.3c** shows the types of retirements from the LGPS in England between 2020-21 and 2024-25.

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 at the following link: www.gov.uk/government/collections/local-government-pension-scheme.

Table 6.3a: Local Government Pension Scheme income 2020-21 to 2024-25, England [note 1]

The data in this table are reported in millions of pounds (£ millions).

Income	2020-21	2021-22	2022-23	2023-24	2024-25
Total income	16,317	14,875	15,960	19,135	20,095
Contributions (including those from admitted authorities)	12,031	9,588	10,276	12,536	12,258
of which: Employees	2,278	2,386	2,595	2,810	2,975
of which: Employers [note 2]	9,753	7,202	7,681	9,726	9,282
Investment income (gross)	3,461	4,265	4,748	5,481	6,506
of which: Dividends receivable	1,663	1,890	1,974	2,005	2,414
of which: Interest receivable	193	161	296	511	678
of which: Income from property	562	645	659	692	716
of which: Other investment income	1,044	1,569	1,819	2,274	2,698
Transfer values	783	975	897	1,065	1,246
Other income	42	47	38	52	85

Footnotes to Table 6.3a

Sources: Local Government Pension Fund scheme (SF3) returns, 2020-21 to 2024-25

1. Data based only on local authority pension fund administering authorities. Data from the Environment Agency has been collected since 2022-23 but as it covers both England and Wales is not included in this England only table.

2. Includes employers' secondary contributions.

Table 6.3b: Local Government Pension Scheme expenditure 2020-21 to 2024-25, England [note 1]

The data in this table are reported in millions of pounds (£ millions).

Expenditure	2020-21	2021-22	2022-23	2023-24	2024-25
Total expenditure	12,731	13,574	14,185	15,856	17,673
Total expenditure on benefits	10,402	10,828	11,341	12,686	14,208
of which: Pensions or annuities	8,656	8,903	9,372	10,470	11,446
of which: Lump sums paid on retirement	1,363	1,505	1,534	1,723	2,181
of which: Lump sums paid on death	249	257	265	283	315
of which: Optional lump sum	126	156	163	202	252
of which: Other benefits	7	7	6	8	15
Disposal of liabilities	736	812	893	1,160	1,294
of which: Transfer values	735	810	892	1,158	1,292
of which: Pensions Act premiums	1	2	2	2	2
Total management expenses charged to the funds	1,571	1,910	1,917	1,973	2,134
of which: Investment management expenses	1,368	1,690	1,664	1,707	1,836
of which: Administrative expenses	136	156	163	183	207
of which: Governance and oversight costs	67	65	89	82	91
Other expenditure	22	24	35	37	37

Footnotes to Table 6.3b

Sources: Local Government Pension Fund scheme (SF3) returns, 2020-21 to 2024-25

1. Data based only on local authority pension fund administering authorities. Data from the Environment Agency has been collected since 2022-23 but as it covers both England and Wales is not included in this England only table.

Table 6.3c: Number by type of retirements from the Local Government Pension Scheme (LGPS) 2020-21 to 2024-25, England [note 1]

Types of retirement	2020-21	2021-22	2022-23	2023-24	2024-25
Redundancy	5,670	5,141	2,852	3,339	5,115
Tier 1, 2 and 3 ill health retirement awards under LGPS	2,467	2,670	3,188	3,004	3,045
Early payment of deferred benefits	47,549	52,082	51,016	52,453	58,315
Normal retirements	23,405	30,522	31,989	35,774	38,537
Total retirements	79,091	90,415	89,045	94,570	105,012

Footnotes to Table 6.3c

Sources: Local Government Pension Fund scheme (SF3) returns, 2020-21 to 2024-25

1. Data based only on local authority pension fund administering authorities. Data from the Environment Agency has been collected since 2022-23 but as it covers both England and Wales is not included in this England only table.

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