



Department for
Communities and
Local Government

Local Authority Revenue Expenditure and Financing: 2016-17 Budget, England



Local Government Finance
Statistical Release

30 June 2016

Revenue Expenditure

- The total revenue expenditure by local authorities in England is budgeted at £94.1 billion in 2016-17; this is a decrease of 1.4% from £95.4 billion budgeted in 2015-16.
- Education service expenditure is the largest component of spend but has been decreasing each year. Excluding this Revenue expenditure would total £59.9 billion and would be a lower decrease of 0.9% compared with £60.4 billion budgeted in 2015-16.

Net Current Expenditure

- 30.6% of total net current expenditure is budgeted to be spent on Education, 18.6% on Housing Benefits and 12.9% on Adult Social Care.
- The largest budgeted net current expenditure decrease is to Education services, which is budgeted to be £765 million (2.2%) less compared to 2015-16. This is driven by the continued change in status from schools to centrally funded academies.
- The largest net current expenditure increase is in Adult Social Care services, which is budgeted to increase by £308 million (2.2%) more compared to 2015-16. This is the first year authorities can utilise the Adult Social Care precept

Revenue financing

- In terms of financing, 27.7% of revenue expenditure will be funded through council tax, 12.3% used by authorities under the business rate retention scheme and 57.4% of revenue expenditure funded from central Government grants. The remaining 2.6% is funded by a budgeted use of their reserves and other items. These percentages were 25.9%, 12.4%, 59.3% and 2.3% respectively in 2015-16.
- Local authorities plan to use £1.9 billion of their reserves which is 9.0% of the amount of reserves held on 1 April 2016. In 2015-16, local authorities budgeted to use £1.8 billion of their reserves.

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Introduction

Local Government expenditure accounts for around a quarter of all Government spending, the majority of which is through revenue expenditure. The information in this release and the associated table show how local authorities intend to spend their money for the financial year 2016-17, for example their budgeting plans for providing social care or waste collection and disposal.

It also presents the main sources of income available to local authorities to finance this expenditure, which includes the central Government funding they receive, business rates retained and council tax.

The information compiled is from Department for Communities and Local Government / Chartered Institute of Public Finance and Accountancy (CIPFA) Revenue Account (RA) budget returns submitted by local authorities in England. This publication is based on returns from all 443 local authorities in England. Copies of the forms sent to authorities and guidance can be found here: www.gov.uk/government/collections/local-government-finance-miscellaneous-forms#revenue-forms

Notes and definitions

Functions and responsibilities of local government can change year on year so comparisons between financial years may potentially not be wholly valid, but where major changes occur these will be highlighted in the report.

Figures in this report and the associated tables are **net** expenditure figures so, for example, a decrease may be driven by decreases in expenditure or increases in income for the service area.

Definitions of terms used in this report can be found on page 15. Full definitions of what is included in each service area are provided in the guidance notes on the [forms](#) section of our website.

Relevant information to budgeted revenue data for 2016-17

As with previous years, expenditure on education services continues to be budgeted to decrease in 2016-17 due to local authority schools changing status to centrally funded academies. The trend is also seen in the Dedicated Schools Grant (DSG) and Pupil Premium Grant allocated.

Following the 2015 Spending Review, from 1 April 2016 local authorities are able to use capital receipts to finance revenue costs for reform projects and improving service delivery. The budgeted amount for 2016-17 can be found in Table 2 and in the associated RA tables. Guidance issued to authorities on what projects qualify for this can be found here:

<https://www.gov.uk/government/publications/guidance-on-flexible-use-of-capital-receipts>

The 2015 Spending Review allowed authorities to raise up to an additional 2% precept on the current council tax referendum threshold to spend on Adult Social Care. More detail can be found in the Net Current Expenditure by Service section and the policy background can be found here:

<https://www.gov.uk/government/publications/council-tax-in-2016-to-2017>

Uses of the data

Data in this Statistical Release is essential for providing the Secretary of State, Ministers, HM Treasury and the Office for National Statistics with the most up to date information available on budgeted local authority revenue spending for decision making. They are used by the Office for National Statistics in compiling Public Sector Finances and National Accounts, which are used to set fiscal and monetary policy.

Data collected are an important source for the department to create evidence based policy, make financial decisions and answer parliamentary questions. It is used by local authorities and their associations, regional bodies, other government departments, members of the business community and the general public. The release allows for funding trends for different local authority services and types to be identified over a period of years when compared with previous release. Local authorities can also compare their own spending with the aggregated figures presented here or with the equivalent data for individual local authorities.

When read in conjunction with actual Revenue Outturn (RO) statistics published following the end of the financial year; they show how budgeting plans at the start of the year compare with what was actually spent at the end of the year and how this was financed.

Accompanying dropdown tables presenting detailed budgeted revenue expenditure and financing figures for 2016-17 for all local authorities are available to download alongside this release. See **Accompanying tables** on page 15 for more details.

Symbols

- ... = not available
- 0 = zero or negligible
- = not relevant
- || = discontinuity
- (R) = revised since the last statistical release

Rounding

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

Local Authority Expenditure

Most local authority expenditure can be divided into different service areas which sum to a 'Total Service Expenditure'. This is a net figure calculated as total expenditure minus total income for the specific service. 'Total Net Current Expenditure' is the cost of running local authority services within the financial year. Housing benefits allowances and rebates, parish precepts and levies are added to the Total Service Expenditure to obtain this. 'Revenue Expenditure' is the net current expenditure plus any costs which don't fall in this financial year. This section details the budgeted figures for the components of these totals and the recent trends in these figures.

Table 1: Net current expenditure by service, England, 2015-16 and 2016-17

	£ million			
	Net current expenditure 2015-16	Net current expenditure 2016-17	£ Change	% Change
Education services	34,976 II	34,211	-765	-2.2
Highways and transport services	4,922	4,401	-521	-10.6
Social care services	21,779	22,224	445	2.0
<i>of which:</i>				
<i>Children and Families Social Care services</i>	7,698	7,835	136	1.8
<i>Adult Social Care services</i>	14,081	14,390	308	2.2
Public Health services	3,321	3,496	175	5.3
Housing services (excluding Housing Revenue Account)	1,742	1,610	-132	-7.6
Cultural, environmental and planning services	8,695	8,438	-257	-3.0
<i>of which:</i>				
<i>Cultural services</i>	2,496	2,351	-145	-5.8
<i>Environmental services</i>	5,048	5,028	-20	-0.4
<i>Planning and development services</i>	1,151	1,059	-92	-8.0
Police services	10,951	11,094	143	1.3
Fire and rescue services	2,080	2,052	-28	-1.3
Central services	3,112	3,055	-57	-1.8
Other Services	281	342	61	21.7
Total Service Expenditure	91,859	90,923	-936	-1.0
<i>plus precepts, levies, trading accounts and adjustments</i>				
Housing Benefits	21,103	20,792	-311	-1.5
<i>of which:</i>				
Mandatory Housing Benefits	21,094	20,787	-306	-1.5
<i>Rent Allowances</i>	16,156	15,946	-210	-1.3
<i>Rent Rebates to Non-HRA Tenants</i>	542	648	106	19.5
<i>Rent Rebates to HRA Tenants</i>	4,396	4,193	-202	-4.6
Non-Mandatory Housing Benefits ^(a)	10	5	-5	-51.6
Parish Precepts	409	445	36	8.8
Levies ^(b)	56	58	2	3.6
Trading Account Adjustments and Other Adjustments ^(c)	-339	-332	7	-2.0
Total Net Current Expenditure	113,089	111,886	-1,202	-1.1

(a) Includes 'Housing benefits: subsidy limitation transfers from HRA' and 'Contribution to the HRA re items shared by the whole community'.

(b) Includes 'Integrated Transport Authority levy', 'Waste Disposal Authority levy', 'London Pensions Fund Authority levy' and 'Other levies'

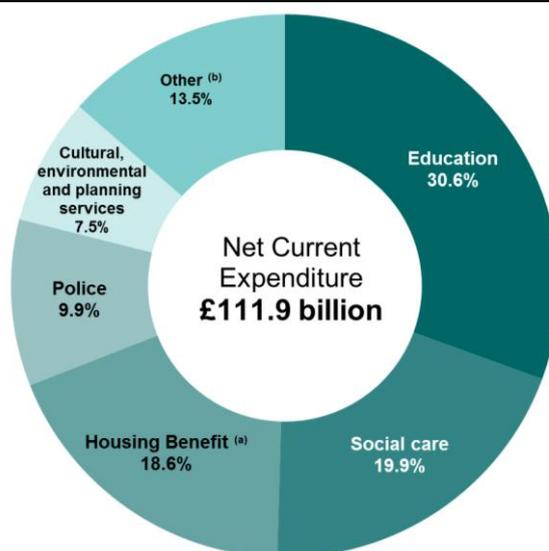
(c) Includes 'External Trading Accounts', 'Internal Trading Accounts', 'Capital items accounted for in External Trading Accounts', 'Capital items accounted for in Internal Trading Accounts', 'Adjustments to net current expenditure' and 'Appropriations to/from Accumulated Absences Account'

Table 1 shows Total Net Current Expenditure is budgeted to decrease between 2015-16 and 2016-17 by 1.1%, from £113.1 billion to £111.9 billion. Excluding Education services, the largest component but also the largest decrease since last year, this total is budgeted to decrease from £78.1 billion to £77.7 billion, a lower decrease of 0.6%.

Net Current Expenditure by service

- The largest budgeted **reduction** in spend to services is to Education services which reduced from £35.0 billion in 2015-16 to £34.2 billion in 2016-17, a decrease of 2.2%. This continues to be driven by local authority schools changing status to centrally funded academies.
- The next largest decrease is to Highways and transport services, budgeted to decrease by £521 million compared to 2015-16 to £4.4 billion. Largely driven by a decrease to the Support to Operators provided by local authorities. Expenditure under this specific category is budgeted to decrease £374 million compared to 2015-16.
- The largest budgeted **increase** in service spend is for Adult Social Care services, increasing from £14.1 billion in 2015-16 to £14.4 billion in 2016-17. This is the first year authorities have been able to use the Adult Social Care Precept. The amount of expenditure to be financed from the precept is £382 million (2.7% of Adult Social Care expenditure).
- Police Services is budgeted to increase by £143 million to £11.1 billion. The majority of this spend is likely financed by the £101 million increase in council tax for Police and Crime Commissioner authorities and their increase in the use of their reserves.
- Around half of all budgeted local authority net current expenditure is on Education and Social Care Services combined. Chart A illustrates proportions of expenditure by Service.

Chart A: Proportion of budgeted net current expenditure by service, England, 2016-17



(a) Housing benefit includes mandatory rent allowances and rent rebates and non-mandatory housing benefit payments.

(b) 'Other' includes 'Highways and Transport', 'Public Health', 'Fire and Rescue', 'Central services', 'Cultural, environmental and planning', 'Other Services' and 'precepts, levies trading accounts and adjustments' excluding Housing benefit.

Housing Benefits, although not attributed to a specific service, form a significant part of net current expenditure and are budgeted to account for 18.6% of all net current expenditure for 2016-17. There is, however, a budgeted decrease compared to 2015-16 to mandatory Housing Benefits of £306 million (1.5%) which will total £20.8 billion in 2016-17.

Non-Current Expenditure

Non-current expenditure includes financial payments necessary to balance local authority's budgets; this includes expenditure where the cash impact falls in one year but the cost spread over more than one year.

Table 2: Revenue expenditure, England, 2015-16 and 2016-17

	£ million			
	Net current expenditure 2015-16	Net current expenditure 2016-17	£ Change	% Change
Total Net Current Expenditure	113,089	111,886	-1,202	-1.1
<i>plus non-current expenditure</i>				
Capital financing ^(a)	4,463	4,193		
Capital expenditure charged to Revenue Account (CERA) ^(b)	1,320	1,265		
Bad debt provision	57	46		
Flood defence payments to Environment Agency	30	32		
Private Finance Initiative (PFI) schemes - difference from service charge	4	-7		
Appropriations to(+)/ from(-) financial instruments adjustment account ^(c)	-22	-21		
Appropriations to(+)/ from(-) unequal pay back pay account ^(d)	2	2		
<i>less interest receipts</i>	793	889		
<i>less Capital receipts used to finance revenue expenditure</i>	...	83		
<i>less specific grants outside AEF ^(e)</i>	22,427	21,966		
<i>of which:</i>				
<i>Mandatory Rent Allowances: subsidy</i>	16,152	15,933		
<i>Rent Rebates Granted to HRA Tenants: subsidy</i>	4,294	4,192		
<i>Mandatory Rent Rebates outside HRA: subsidy</i>	645	640		
<i>Sixth Form Funding from the Education Funding Agency (EFA)</i>	692	630		
<i>Other grants outside AEF</i>	424	345		
<i>Adult and Community Learning from Skills Funding Agency</i>	220	227		
<i>less Business Rates Supplement</i>	223	224		
<i>less Community Infrastructure Levy (CIL)</i>	87	122		
<i>less Carbon Reduction Commitment</i>	-25	-21		
Revenue Expenditure	95,437	94,134	-1,303	-1.4
(a) Includes provision for repayment of principal, leasing payments, external interest payments and HRA item 8 interest payments and receipts				
(b) Includes both Capital expenditure charged to the General Fund Revenue account and for Public Health				
(c) Adjustments permitted by regulation to the revenue account charges for financial instruments				
(d) The deferral of revenue account charges for unequal pay back pay as permitted by regulation and the reversal of the deferral in the year that payment of the back pay is due				
(e) Aggregate External Finance; see Definitions				

The figures included in non-current expenditure also include interactions with local authority accounts other than the revenue account. The largest of these are with the capital account.

The main interactions are capital financing (interest payments and leases), CERA (capital expenditure charged to the revenue account) and new function of 'flexible use of capital receipts to finance revenue expenditure', introduced to authorities as part of the 2015 Spending Review.

- In 2016-17, £1.3 billion has been estimated for CERA which is a slight decrease of £55 million compared to last year. Of this, £413 million (32.6%) is related to spend by the Greater London Authority (GLA). The GLA group includes Transport for London (TfL) which is undertaking major capital projects including Crossrail.
- £83 million of Revenue expenditure is budgeted to be financed through the capital receipts flexibility in the first year of this stream being available.
- Grants 'outside Aggregate External Finance (AEF)' are grants paid to local authorities by government departments which are passed on to a third party to administer the service. This method of financing has decreased by £461 million and is planned to total £22.0 billion in 2016-17.
- The Community Infrastructure Levy is a levy that registered local authorities can choose to charge on new developments in their area to pay for new infrastructure developments. This is expected to amount to £122 million in 2016-17 due to both more authorities becoming charging authorities and through an increase in new developments in these areas.

Revenue Expenditure

Total Revenue Expenditure by local authorities in England is budgeted to be £94.1 billion in 2016-17, compared with a budgeted £95.4 billion in 2015-16, a decrease of 1.4%. Again, excluding Education services Revenue expenditure would represent £59.9 billion and would be decrease of 0.9% compared with £60.5 billion budgeted in 2015-16.

Revenue Expenditure has continued to have been budgeted at less than the previous year's budget since 2013-14.

Revenue Expenditure by Class of Local Authority

Analysing the data at local authority level the changes in budgeted expenditure highlights the level of variance across different types of authorities.

Table 3: Revenue expenditure by class of authority, England, 2015-16 and 2016-17

	£ million			
	Revenue expenditure 2015-16	Revenue expenditure 2016-17	£ Change	% Change
England	95,437	94,134	-1,303	-1.4
Class of authority				
Shire Counties	25,957	25,870	-87	-0.3
Metropolitan Districts	18,869	18,709	-160	-0.8
Unitary Authorities	17,533	17,268	-265	-1.5
London Boroughs	14,309	14,019	-290	-2.0
Police Authorities	8,228	8,298	70	0.9
Greater London Authority	5,690	5,130	-559	-9.8
Shire Districts	3,057	3,086	29	1.0
Fire Authorities	1,486	1,481	-5	-0.3
Other Authorities ^(a)	309	273	-36	-11.8
			£	
Revenue Expenditure per head (£) ^(b)	1,757.05	1,733.07	-24	-1.4

(a) Includes Waste Authorities, Transport Authorities and National Park Authorities
(b) From ONS mid-year population estimates for 2014:
<http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/2015-06-25>

- The GLA has seen the largest overall change in their expenditure with a decrease of 9.8%, a budgeted decrease of £559 million in cash terms. The majority of this decrease can be attributed to the reduction, by £284 million, to CERA and reduced spending on Highways and Transport services of £327 million. Most of this reduction is specifically due to a less being budgeted for support to operators.
- Shire Districts were the only authority type to have a budgeted increase of expenditure between 2015-16 and 2016-17, with an increase of 0.9%, but represents only £29 million in cash terms. This financed by an increase in council tax requirement compared to last year.
- Revenue Expenditure per head is estimated to decrease from £1,757.05 in 2015-16 to £1,733.05 in 2016-17.

Revenue Expenditure Financing

This section outlines the different funding streams authorities have available to finance their budgeted expenditure for 2016-17 and how they have changed compared to budget in 2015-16.

Authorities also receive income from sales, fees and charges however service line expenditure only is presented as a net figure in the Revenue account. These are not identified at budget stage but are available at outturn stage.

Central Government funding comprises the Department for Communities and Local Government's annual [Local Government Finance Settlement](#) (which includes Revenue Support Grant and the local share of business rates) and grants from a range of government departments.

Table 4: Revenue expenditure and financing, England, 2015-16 and 2016-17

	£ million			
	Net current expenditure 2015-16	Net current expenditure 2016-17	£ Change	% Change
Revenue expenditure	95,437	94,134	-1,303	-1.4
Financed by:				
Government Grants	56,611	54,008	-2,603	-4.6
<i>of which:</i>				
Specific grants inside AEF	39,653	39,411	-242	-0.6
<i>of which:</i>				
<i>Dedicated Schools Grant (DSG)</i>	28,721	28,281		
<i>Public Health Grant</i>	3,228	3,387		
<i>Pupil Premium Grant</i>	1,711	1,643		
<i>NewHomes Bonus</i>	1,057	1,357		
<i>The Private Finance Initiative (PFI)</i>	1,086	1,128		
<i>Education Services Grant</i>	558	496		
<i>GLA Transport Grant</i>	659	475		
<i>Universal Infants Free School Meals</i>	248	334		
<i>Housing Benefit Subsidy and Council Tax Support Admin Grant</i>	293	241		
<i>Adult Social Care Implementation</i>	172	75		
<i>Other grants inside AEF</i>	1,920	1,993		
Local Services Support Grant (LSSG)	28	26	-1	-4.3
Revenue Support Grant	9,509	7,184	-2,325	-24.5
Police grant	7,421	7,387	-34	-0.5
Retained income from Business Rate Retention Scheme	11,867	11,555	-312	-2.6
Appropriations to(-) / from (+) revenue reserves	1,834	1,885	50	2.7
Other items^(a)	390	605	214	54.9
Council tax requirement	24,734	26,082	1,348	5.4

(a) Other items includes 'Inter-authority transfers in respect of reorganisation' and 'Other Items' which is the net collection fund surpluses/deficits from the previous year

Revenue Expenditure financing

Table 4 above and Chart B overleaf, show how local authorities intend to finance Revenue expenditure

The majority of financing is from central government grants, with around a quarter from council tax and the remainder set to be financed through locally retained business rates and use of (or appropriations) from the reserves.

Central government grants will finance 57.4% of Revenue Expenditure for 2016-17. This will total £54.0 billion, a decrease from £56.6 billion in 2015-16. This comprises Local Services Support Grant (LSSG), Specific grants inside AEF, Revenue Support Grant and Police Grant

- Specific grants inside Aggregate External Finance (AEF) are budgeted to decrease slightly from £39.7 billion in 2015-16 to £39.4 billion in 2016-17. The downward trend is driven by the Dedicated Schools Grant which is budgeted to decrease from £30.4 billion in 2015-16 to £28.3 billion in 2016-17. Dedicated Schools Grant accounts for 71.8% of grants inside AEF and 52.4% of all central government grants.

For 2016-2017, local authorities who have public health responsibilities will receive £3.4 billion in Public Health Grant. This includes financing for services for children aged 0 to 5, which transferred to LAs in October 2015 which explains the increase.

- There is a decrease of £34 million (or 0.5%) to Police Grant between 2015-16 and 2016-17 but it is set to remain at around £7.4 billion. Despite this decrease expenditure on Police services is increasing, this largely being financed through council tax.
- Revenue Support Grant is set to decrease £2.3 billion (24.5%) compared to what was budgeted for 2015-16. This large change is due to the changes outlined in the Local Government Finance Settlement 2016-17.

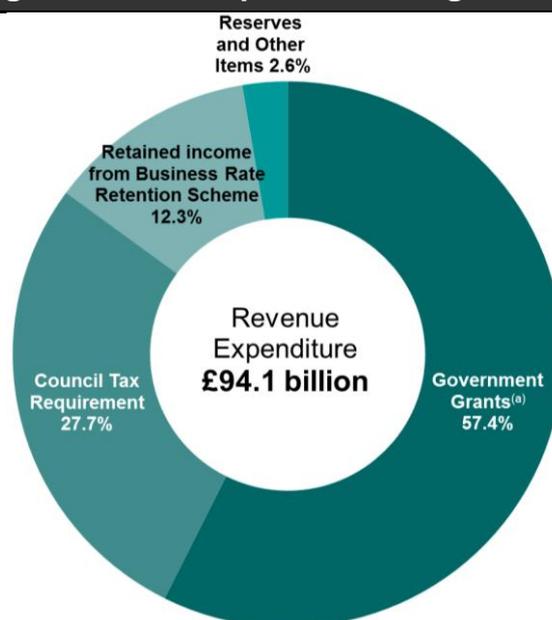
Council tax requirement is set to amount to £26.1 billion in 2016-17, an increase of 5.4% from £24.7 billion in 2015-16. As shown in Chart B, this accounts for just over a quarter of all budgeted local authority funding.

Retained income from Business Rate Retention Scheme is set to amount to £11.6 billion of funding. This is a decrease of 2.6%, or £312 million, from the equivalent figure for 2015-16. This is specifically the amount of business rates authorities used by authorities within the year and is not the same as rates collected.

Revenue Support Grant and retained income from the Business Rate Retention scheme combined comprise the annual Local Government Finance Settlement Grant from DCLG. This totals £18.7 billion in 2016-17.

Local authorities are to use £2.4 billion from the **Reserves** and **Other items** (which are collection fund surpluses from previous financial years). This is increase of £264 million compared with budgeted use of reserves and the surpluses in collection fund from last year.

Chart B: Budgeted financing of revenue expenditure, England, 2016-17



(a) 'Government Grants' includes 'Local Services Support Grant (LSSG)', 'Specific grants inside AEF', 'Revenue Support Grant' and 'Police Grant'. Since 2013-14 this specific grants inside AEF have included public health grant, local council tax support grant and the central share of non-domestic rates.

Table 5 show funding of revenue expenditure in terms of government grants, redistributed non-domestic rates, retained income from rate retention scheme and council tax since 2010-11. 2010-11 to 2014-15 are actuals whilst 2015-16 and 2016-17 are budgeted figures. This doesn't include movements to and from reserves so therefore the percentage total may not equal 100%.

The proportion of centrally distributed income is to fall from 75.9% in 2010-11 to a budgeted 57.4% in 2016-17. There's a corresponding increase in the income retained by local authorities from 25.2% in 2010-11 to a planned 40.0% in 2016-17.

Since 2013-14 local authorities have been more reliant on locally retained income largely due to changes to council tax and business rates policies. Business rates moved from being a centrally redistributed function to one where authorities retain a percentage of what they collect. As part of the 2015 Spending Review, this is set to increase to 100% rate retention by 2020.

Table 5: Financing of revenue expenditure, England, since 2010-11

Revenue Expenditure	£ million					£ million				
	Centrally distributed income			Centrally distributed income	% of total	Locally retained income			Locally retained income	% of total
	Government Grants ^(a)	Redistributed non-domestic rates	Retained income from Business Rate Retention Scheme			Council Tax ^(b)				
Outturn										
2010-11	104,256	57,657	21,517	79,173	75.9	...	26,254	26,254	25.2	
2011-12	99,278	56,237	19,017	75,254	75.8	...	26,451	26,451	26.6	
2012-13	94,148	46,765	23,129	69,895	74.2	...	26,715	26,715	28.4	
2013-14	96,419	64,578	...	64,578	67.0	10,719	23,371	34,090	35.4	
2014-15	95,942	61,312	...	61,312	63.9	11,331	23,964	35,295	36.8	
Budget										
2015-16	95,437	56,611	...	56,611	59.3	11,867	24,734	36,601	38.4	
2016-17	94,134	54,008	...	54,008	57.4	11,555	26,082	37,637	40.0	

(a) Includes 'Local Services Support Grant (LSSG)', 'Specific grants inside AEF', 'Revenue Support Grant' and 'Police Grant'. Since 2013-14 the specific grants inside AEF have included 'public health grant', 'local council tax support grant' and the 'central share of non-domestic rates'

(b) Since 2013-14 Council Tax has not included the 'local council tax support grant', this is now included in Government Grants

Financing of Revenue Expenditure by Class of Local Authority

Table 6 shows the funding of budgeted revenue expenditure in terms of government grants, redistributed non-domestic rates, retained income from rate retention scheme, council tax and reserves & other items across the different local authority class types. From this breakdown we are able to understand the importance of different funding streams to each of the different types of local authorities.

- The GLA requires the least amount of council tax proportionally (other than 'Other authorities' which are not able to raise income through this stream) to finance their revenue expenditure, at 15.1%. The majority of their funding is sourced from government grants (58.0%) and they also have the one of the largest proportions of their revenue expenditure being financed from reserves (8.2% or £423 million)
- Shire Districts are the most reliant on council tax as a source of financing Revenue Expenditure, with over half (51.2%) financed from this stream. Fire Authorities follow closely and rely on 50.7% of their funding from their council tax precept. Shire Districts provide services and pass on funding to other types of authorities, including Parish Councils, not included within central government funding calculations. Fire authorities and Shire Districts finance 23.0% and 26.7% of expenditure from government grants respectively.
- Police Authorities have the highest percentage of revenue expenditure which is being financed by central government grants at 69.2% and the majority of this is the Police Grant. They are followed by London Boroughs at 63.2%.

Table 6: Financing of revenue expenditure by local authority classification, England, 2016-17

		Financing components of Revenue Expenditure ^(a)								£ million
		Centrally distributed income			Locally retained income				Reserves and Other Items	
					Retained income ^(c)				Appropriations to (-)	
		Government Grants ^(b)	% of total	from Business Rate Retention Scheme	% of total	Council Tax ^(d)	% of total	& from (+) reserves and other items	% of total	
Revenue Expenditure										
England	94,134	54,008	57.4	11,555	12.3	26,082	27.7	2,490	2.6	
Class of authority										
Shire Counties	25,870	14,121	54.6	2,489	9.6	8,806	34.0	454	1.8	
Metropolitan Districts	18,709	11,423	61.1	2,856	15.3	3,872	20.7	557	3.0	
Unitary Authorities ^(e)	17,268	9,539	55.2	2,329	13.5	5,012	29.0	391	2.3	
London Boroughs	14,019	8,862	63.2	2,009	14.3	2,898	20.7	250	1.8	
Police Authorities	8,298	5,740	69.2	0	0.0	2,390	28.8	168	2.0	
Greater London Authority	5,130	2,975	58.0	959	18.7	774	15.1	423	8.2	
Shire Districts	3,086	823	26.7	574	18.6	1,579	51.2	110	3.6	
Fire Authorities	1,481	340	23.0	340	22.9	752	50.7	50	3.3	
Other Authorities ^(f)	273	186	68.1	0	0.0	0	0.0	87	31.9	

(a) In previous years, 'Other items' and use of reserves has not been included.

(b) Central Government Grants includes Local Services Support Grant, Specific Grants inside Aggregate External Finance, Revenue Support Grant and Police Grant.

(c) Retained income from Rate Retention Scheme; expected retained non-domestic rate income after payment of central share, major precepting shares and any tariff, top up, levy or safety net payments.

(d) Council Tax Requirement is the amount local authorities expect to collect from all domestic properties within their boundary, including parish and town councils.

(e) Unitary Authorities includes Isle of Scilly.

(f) Other authorities comprise of Waste Disposal Authorities (WDA), Integrated Transport Authorities (ITA) and National Park Authorities. For WDA and ITA, the core financing of their service expenditure comes from Waste Disposal and Integrated Transport levies respectively, funded by their constituent authorities, which is already included in revenue expenditure.

Definitions

A list of terms relating to local government finance is given in *Local Government Finance Statistics England* (LGFS). The most recent edition is LGFS No. 25 2015. This is accessible at:

<https://www.gov.uk/government/statistics/local-government-financial-statistics-england-2015> . The most relevant terms for this release are explained below.

Aggregate External Finance

is the total amount of grant provided to finance all local government expenditure, excluding that subject to separate arrangements under statutory schemes, rent allowances and rebates and council tax benefit, which are funded by specific grants outside Aggregate External Finance.

Central Government Grants

the biggest source of funding that local authorities receive is from central government. This is made up from 'specific' grants and a general grant (also called the Revenue Support Grant). Central government grant money pays for capital projects, such as roads or school buildings, as well as revenue spending, such as the cost of maintaining council housing and running services, including employee wages.

Central Services

these are services organised on a corporate basis that support the delivery of services to the public. Central services include building costs, administration and IT

Council Tax Requirement

The amount of revenue a local authority needs to raise through council tax, (its council tax requirement) is calculated by deducting from its planned spending any funding from reserves, income it expects to raise, and funding it will receive from the Government.

Current expenditure

is the cost of running local authority services within the financial year. This includes the costs of staffing, heating, lighting and cleaning, together with expenditure on goods and services consumed within the year. This expenditure is offset by income from sales, fees and charges and other (non-grant) income, which gives total **net current expenditure**. Total net current expenditure also includes payments made by local authorities on behalf of central government, under statutory schemes and the payment of rent allowances and rebates. Such payments are fully funded by central government through specific grants outside **Aggregate External Finance**.

Dedicated Schools Grant (DSG)

there was a change in the funding of specific and formula grants in 2006-07 largely due to changes in the way that expenditure on schools is funded. From 2006-07, local authorities receive school funding through specific grant rather than funding previously included in formula grant.

Funding through the Settlement Grant

the main channel of government funding. This includes **Retained Income from the Rate**

Retention Scheme, Revenue Support Grant, and Police grant. The distribution is determined by the Formula spending shares formulae, also taking account of authorities' relative ability to raise council tax and the floor damping mechanism. There are no restrictions on what local government can spend it on.

Greater London Authority (GLA) Group

this includes GLA and its constituent bodies, Metropolitan Police Authority, London Fire and Emergency Planning Authority, Transport for London (TfL) and London Development Agency (LDA). Transactions in their General Fund Revenue Account are reported by the GLA and the four functional bodies as a group.

Housing Revenue Account

is a local authority statutory account, it contains all the spending and income related to the housing stock owned by the council.

Local Services Support Grant

is an non-ringfenced grant paid under section 31 of the Local Government Act 2003 to support local government functions.

Mandatory Housing Benefit

financial help given to local authority or private tenants whose income falls below prescribed amounts as required by law. This usually consists of mandatory Rent Allowances and mandatory Rent Rebates, to HRA and non-HRA tenants.

Net Current Expenditure

see **Current Expenditure**

Reserves

sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as earmarked reserves.

Retained income from the Rate Retention Scheme

expected retained non-domestic rate income after payment of central share, major precepting shares and any tariff, top up, levy or safety net payments.

Revenue expenditure

is equal to total net current expenditure (line 849), plus capital financing costs and a few minor adjustments, but excludes expenditure financed by grants outside **Aggregate External Finance**. Revenue expenditure is financed by grants inside Aggregate External Finance, council tax and authorities' reserves.

Revenue Support Grant

a general grant now distributed as part of **Funding through the Settlement Grant**.

Specific Grants inside AEF

These are revenue grants which are paid to local authorities by individual government departments, for which the local authority has sole responsibility for decisions on how the grant is allocated. The main purpose for the provision of these grants is to deliver core local authority services.

Specific Grants outside AEF

These are revenue grants, which are paid to local authorities by individual government departments. However, the local authority usually only acts as the 'middle person', as the grants are passed over to a third party who administers the service. The local authority does not normally have any control over the service for which the grant was intended for. This responsibility rests solely with the third party that receives the grant.

Accompanying tables

Accompanying dropdown tables, presenting detailed budgeted revenue expenditure and financing figures for 2016-17 for all local authorities are available to download alongside this release.

These tables present all revenue outturn information, by local authority, in the same format as it is returned to Department for Communities and Local Government and forms the basis of the tables in this release. These are available here:

<https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2016-to-2017-individual-local-authority-data>

Description	Form
Revenue Service Expenditure Summary	RA
Revenue Outturn Summary	SG

Technical notes

Data collection

Survey design for collecting Revenue Account data in 2016-17

From February until April 2016, all 443 local authorities in England were requested to complete the Revenue Account (RA) suite of forms to show all their budgeted transactions related to the general fund revenue account. This included net current expenditure, capital charges and also elements that finance net current expenditure, which includes; levy payments, interest receipts, central government grants, use of reserves, council tax and other non-current expenditure items.

The estimates requested cover local authority revenue expenditure and financing for the financial year 1 April 2016 to 31 March 2017. These estimates are on a non-International Accounting Standard 19 (IAS19) and PFI “Off Balance Sheet” basis except where stated otherwise.

Data quality

This Statistical Release contains National Statistics and as such has been produced to the high professional standards set out in the Code of Practice for Official Statistics. National Statistics products undergo regular quality assurance reviews to ensure that they meet customer demands.

The information for 2016-17 in this release is derived from Department for Communities and Local Government (DCLG) Revenue Account (RO) forms and is based on returns from the 443 local authorities in England.

Figures are subjected to rigorous pre-defined validation tests both within the form itself, while the form is being completed by the authority and also by Department for Communities and Local Government as the data are received and stored.

Revisions policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Department for Communities and Local Government Revisions Policy (found at <https://www.gov.uk/government/publications/statistical-notice-dclg-revisions-policy>).

There are two types of revisions that the policy covers:

Non-Scheduled Revisions

Where a substantial error has occurred as a result of the compilation, imputation or dissemination process, the statistical release, live tables and other accompanying releases will be updated with a correction notice as soon as is practical.

Scheduled Revisions

At time of publication there are no scheduled revisions for this series

User engagement

Users are encouraged to provide feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and encouraged. Responses should be addressed to the "Public enquiries" contact given in the "Enquiries" section below.

The Department's engagement strategy to meet the needs of statistics users is published here: <https://www.gov.uk/government/publications/engagement-strategy-to-meet-the-needs-of-statistics-users>

Comments and feedback from end users for further improvement or about your experiences with this product will be welcomed. Please send all views to: lqf1.revenue@communities.gsi.gov.uk

Notes

Timings of future releases are regularly placed on the Department's website: <http://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics#forthcoming-publications>

and on the National Statistics website: <https://www.gov.uk/government/statistics/announcements>

The CIPFA Finance and General Statistics publication also contains detailed information on local government finance.

CLIP Finance (CLIP-F) is a consultative group which considers the collection, presentation and analysis of data on local government finance. To ensure users are made aware of significant changes and adjustments to Local Government Finance forms papers are tabled, discussed and published. Please visit the website for details of likely changes for future Revenue/Capital statistical releases.

<https://knowledgehub.local.gov.uk/web/clip>

Devolved administration statistics

The Scottish, Welsh Assembly and Northern Ireland Government also collect revenue budget data. Their information can be found at the following websites:

Scotland:

<http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance>

Wales:

<https://statswales.wales.gov.uk/Catalogue/Local-Government/Finance/Revenue>

Northern Ireland:

http://www.doeni.gov.uk/index/local_government/local_government_funding.htm

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Information on Official Statistics is available via the UK Statistics Authority website:
www.statisticsauthority.gov.uk/national-statistician/types-of-official-statistics/index.html

Timings of future releases are placed on the Department's website at:
<https://www.gov.uk/government/statistics/announcements>

Information about statistics at DCLG is available via the Department's website:
www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics

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This document/publication is also available on our website at www.gov.uk/dclg

If you have any enquiries regarding this document/publication, email contactus@communities.gov.uk or write to us at:

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