



Department for
Communities and
Local Government

Local Authority Revenue Expenditure and Financing: 2017-18 Budget, England



Local Government Finance
Statistical Release

29 June 2017

Revenue Expenditure

- Total revenue expenditure by all local authorities in England is budgeted to be £94.5 billion in 2017-18. This is an increase of 0.4% from £94.1 billion budgeted for 2016-17.
- Education service expenditure is the largest component of spend. It has been decreasing each year due to local authority controlled schools converting to academies.

Additionally, changes to the Greater London Authority's financing mean additional capital expenditure is to pass through the revenue account from 2017-18.

Excluding both education and GLA figures from the budgeted revenue expenditure gives a total of £55.3 billion for 2017-18. This is 1.0% higher than the £54.8 billion budgeted in 2016-17.

Service Expenditure

- The largest increase in expenditure driving this change is to Adult Social Care services. This is budgeted to increase by £1.2 billion (8.6%) compared to the budget for 2016-17.

This year authorities that deliver social care were able to increase their council tax by an extra 3% finance adult social care; this was in addition to the 2% increase allowed without triggering a local referendum. They also received an additional £1.1 billion from the Improved Better Care Fund.

- 37% of local authority total service expenditure is budgeted to be spent on Education, 17% on Adult Social Care, 12% on Police and 9% on Children's social care.

Revenue financing

- 29% of revenue expenditure is budgeted to be funded from council tax, 15.5% from retained business rates and 53% from central Government grants. The remaining 2.1% is to be funded by use of reserves and other items.

Introduction	2
Local Authority Expenditure	4
Revenue Expenditure Financing	8
Definitions	12
Accompanying tables	14
Technical notes	15
Enquiries	17

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Introduction

This release and all the associated tables show local authorities' intended expenditure for the financial year 2017-18. Tables in this report make comparisons between spend they have budgeted for this year against what was budgeted to be spent in the previous financial year (2016-17).

The release presents detail on how much authorities are budgeting to spend on providing services (such as social care or waste collection and disposal) and the main sources of income available to finance this expenditure. These income sources include central government grants and funding, business rates authorities retained and council tax raised.

The information is compiled from Department for Communities and Local Government Revenue Account (RA) budget returns submitted by local authorities in England. This information was then validated as part of a data quality exercise with the Chartered Institute of Public Finance and Accountancy (CIPFA). This publication is based on returns from 445 of all 446 local authorities in England. This is the first year we have recorded information for the Tees Valley Combined Authority, West of England Combined Authority and Cambridgeshire and Peterborough Combined Authority.

We were not provided with a complete return from Devon & Cornwall Police and Crime Commissioner and Chief Constable. Information for this authority has been estimated in the data using adjusted 2016-17 budget data and 2017-18 Council Tax and Police Grant data.

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 collected and reported as **net** expenditure figures. So, for example, a decrease may be driven by decreases in expenditure or increases in income within the service area.

Definitions of terms used in this report can be found from page 12. Full definitions of what is included in each service area are provided in the guidance notes on the [forms](#) section of our website.

Background information relating to budgeted revenue data for 2017-18

As with previous years, expenditure on education continues to be budgeted to decrease markedly in 2017-18 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.

Local authorities have had access to substantial additional funding for adult social care in 2017-18. This is described in the 'Service Expenditure' and 'Revenue Expenditure Financing' sections.

Uses of the data

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

It is also an important source for the department to create evidence based policy and to inform decisions and to 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 trends in expenditure of different local authority services to be identified. 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 drop-down tables presenting detailed budgeted revenue expenditure and financing figures for 2017-18 for all local authorities are available to download alongside this release. See **Accompanying tables** on page 14 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 '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' takes net current expenditure and adjusts for costs which don't fall in this financial year and takes out any grants that are passed on to a third party. This section details the budgeted figures for the components of these totals and the recent trends in these figures.

Table 1: Estimated net current expenditure by service, England, 2016-17 and 2017-18				
	Net current expenditure 2016-17	Net current expenditure 2017-18	£ million	
			£ Change	% Change
Education services	34,211	33,343	-868	-2.5
Highways and transport services	4,401	4,240	-162	-3.7
Children's Social Care services	7,835	8,028	193	2.5
Adult Social Care services	14,390	15,623	1,233	8.6
Public Health services	3,496	3,410	-85	-2.4
Housing services (excluding Housing Revenue Account)	1,610	1,543	-67	-4.2
Cultural services	2,351	2,190	-161	-6.8
Environmental services	5,028	5,064	37	0.7
Planning and development services	1,059	1,078	19	1.8
Police services	11,094	11,145	51	0.5
Fire and rescue services	2,052	2,055	2	0.1
Central services	3,055	2,987	-68	-2.2
Other Services	342	264	-78	-22.9
Total Service Expenditure	90,923	90,970	46	0.1
Housing Benefits ^(a)	20,792	20,304	-488	-2.3
Parish Precepts	445	486	41	9.1
Levies ^(b)	58	69	11	18.6
Trading Account Adjustments and Other Adjustments ^(c)	-332	-458	-126	37.8
Total Net Current Expenditure	111,886	111,370	-516	-0.5
Non Current Expenditure and External Receipts	-21,945	-21,161		
of which:				
Capital expenditure charged to Revenue Account (CERA) ^(d)	1,265	1,785		
Housing Benefits Subsidies	-20,764	-20,308		
Community Infrastructure Levy (CIL)	-122	-138		
Capital financing and debt servicing ^(e)	4,193	4,261		
Revenue Expenditure	94,134	94,470	335	0.4

(a) Includes all Mandatory and Non-Mandatory Housing Benefits
(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'
(d) The higher CERA figure in 2017-18 is the result of the £960 million in Transport for London Investment grant being foregone for a higher share of retained business rates as part of the Greater London Authority's business rates retention pilot. Prior to the 2017-18 pilot, this income would not have passed through the revenue account. As a result of this, GLA's CERA was £1.0 billion in 2017-18, up from £413 million in 2016-17.
(e) Includes provision for repayment of principal, leasing payments, external interest payments and HRA item 8 interest payments and receipts

Service Expenditure

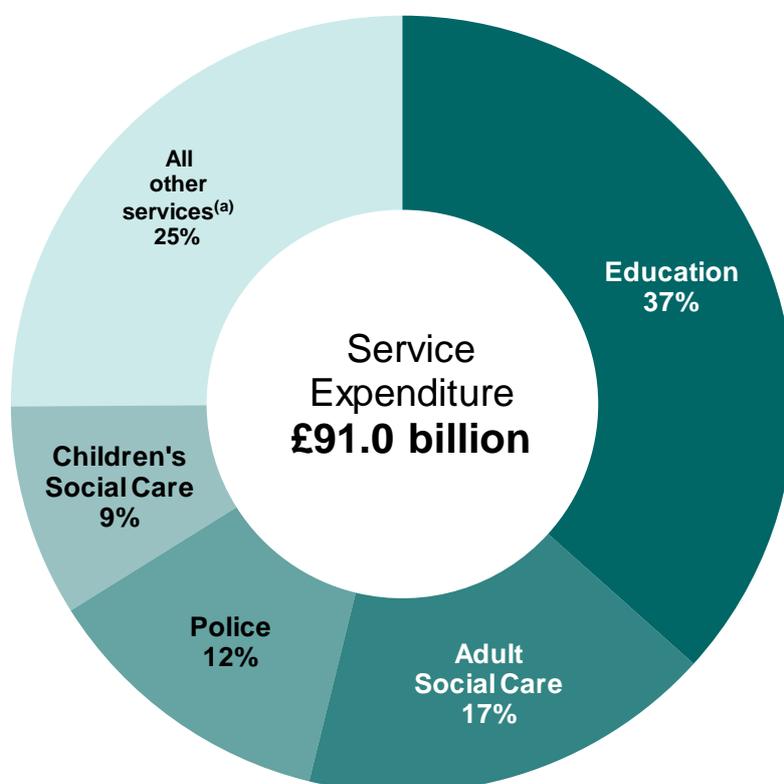
Table 1 shows budgeted Service Expenditure remains unchanged from 2016-17 at £91.0 billion. Despite the relatively static spend overall, there are several large changes within the individual service categories.

- The largest budgeted **reduction** in spend to services is to Education services which reduced from £34.2 billion in 2016-17 to £33.3 billion in 2017-18, a decrease of £868 million or 2.5%. This continues to be driven by local authority schools changing status to centrally funded academies.
- Highways and transport services and Cultural services see a decrease in their budgeted figures compared to 2016-17, decreasing by £162 million and £161 million respectively.
- The largest budgeted **increase** in service spend is for Adult Social Care services, increasing by 8.6% from £14.4 billion in 2016-17 to £15.6 billion in 2017-18.

This year local authorities will receive additional funding for adult social care as follows:

- 2017-18 is the second year of the Adult Social Care Precept. This allowed authorities to increase council tax bills by up to a further 3% in 2017-18 to finance additional expenditure on adult social care and will raise an additional £552 million in 2017-18.
- In 2017-18, local authorities are receiving an additional £1.1bn for adult social care from the Improved Better Care Fund.

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



(a) 'Other' includes 'Highways and Transport', 'Public Health', 'Fire and Rescue', 'Central services', 'Cultural, Environmental and Planning services' and 'Other Services'

Net Current Expenditure

Total net current expenditure also includes all the costs of running the local authority within the financial year. This is calculated by taking Service Expenditure and adding housing benefits that the authority pays its residents, any money passed down to parish councils through local precepts and any additional levies and adjustments charged during the year.

Housing Benefits form a significant part of overall net current expenditure and are budgeted to account for 18% of all net current expenditure for 2017-18, larger than almost all service areas except Education. These are funded by a grant from Department for Work and Pensions.

Revenue Expenditure and Non-Current Expenditure

Revenue Expenditure is derived from the Net Current Expenditure figure by accounting for any non-current expenditure. Non-current expenditure includes financial payments necessary to balance local authority's budgets; generally expenditure where the cash impact falls in one year but the cost spread over more than one year.

The figures included in the 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 'flexible use of capital receipts to finance revenue expenditure', which was introduced to authorities as part of the 2015 Spending Review.

- In 2017-18, £1.8 billion of capital expenditure has been forecasted to be charged to the revenue account. This is an increase of £520 million compared to last year. This increase follows from an increase in Greater London Authority (GLA) of £617 million in its CERA (Capital Expenditure financed from the Revenue Account). The GLA group includes Transport for London (TfL) which is undertaking several major capital projects.
- £136 million of Revenue expenditure is budgeted to be financed through the capital receipts flexibility in 2017-18. This is an increase compared to the £83 million budgeted in 2016-17, the first year this stream was 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. The majority of these grants are the Department for Work and Pensions grants for housing benefits. Housing Benefits subsidies have been budgeted to decrease by £457 million and is planned to total £20.3 billion in 2017-18.
- 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 £138 million in 2017-18. This is higher than the £122 million in 2016-17 due to both more authorities becoming charging authorities and through an increase in new developments in these areas.

Total Revenue Expenditure by local authorities in England is budgeted to be £94.5 billion in 2017-18, compared with a budgeted £94.1 billion in 2016-17, an increase of 0.4%. This is the first time since 2013-14 that budgeted Revenue Expenditure was higher than the budget for the previous year.

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 2: Budgeted revenue expenditure by class of authority, England, 2016-17 and 2017-18

	£ million			
	Revenue expenditure 2016-17	Revenue expenditure 2017-18	£ Change	% Change
England	94,134	94,470	335	0.4
Class of authority				
Shire Counties	25,870	25,979	109	0.4
Metropolitan Districts	18,709	18,342	-367	-2.0
Unitary Authorities	17,268	17,143	-125	-0.7
London Boroughs	14,019	13,851	-167	-1.2
Shire Districts	3,086	3,066	-20	-0.6
Greater London Authority	5,130	5,792	661	12.9
Police Authorities	8,298	8,368	69	0.8
Fire Authorities	1,481	1,481	0	0.0
Other Authorities ^(a)	273	447	174	63.9
			£	
Revenue Expenditure per head (£) ^(b)	1,703.23	1,709.30	6.07	0.4

(a) Includes Waste Authorities, Transport Authorities and National Park Authorities
(b) From ONS mid-year population estimates for 2016:
<http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates>

- There has been a large budgeted increase to expenditure in Other Authorities. This is due to the expanded remit and changing responsibilities of the 6 Mayoral combined authorities.
- The Greater London Authority's revenue expenditure budget has the largest change with an increase of £661million (12.9%). This is the result of increased capital financing passing through the revenue account.
- Shire Counties saw an overall increase in budgeted expenditure between 2016-17 and 2017-18 of £110million (0.4%). This follows from increases in budgeted expenditure on Adult Social Care.
- Revenue Expenditure per head (using 2016 population estimates) is estimated to increase from £1,703 in 2016-17 to £1,709 in 2017-18.

Revenue Expenditure Financing

This section outlines the different funding streams that finance local authorities' budgeted expenditure and how these differ for 2017-18 from what was budgeted in 2016-17.

Authorities additionally receive income from sales, fees and charges. Service line expenditure is collected and presented net of sales, fees and charges in the Revenue account. Sales, fees and charges are not identified at budget stage but they are reported and published in the Revenue Outturn returns.

Central Government funding comprises funding announced in the annual [Local Government Finance Settlement](#) (which includes Revenue Support Grant and the local share of business rates) plus grants from a number of government departments.

Table 3: Budgeted revenue expenditure and financing, England, 2016-17 and 2017-18

	£ million			
	Net current expenditure 2016-17	Net current expenditure 2017-18	£ Change	% Change
Revenue expenditure	94,134	94,470	335	0.4
Financed by:				
Government Grants	54,008	50,188	-3,820	-7.1
<i>of which:</i>				
Specific grants inside AEF	39,411	39,004	-408	-1.0
<i>of which:</i>				
<i>Dedicated Schools Grant (DSG)</i>	<i>28,281</i>	<i>27,860</i>		
<i>Public Health Grant ^(a)</i>	<i>3,387</i>	<i>3,112</i>		
<i>Pupil Premium Grant</i>	<i>1,643</i>	<i>1,476</i>		
<i>NewHomes Bonus</i>	<i>1,357</i>	<i>1,175</i>		
<i>The Private Finance Initiative (PFI)</i>	<i>1,128</i>	<i>1,160</i>		
<i>Education Services Grant</i>	<i>496</i>	<i>168</i>		
<i>GLA Transport Grant</i>	<i>475</i>	<i>230</i>		
<i>Other grants inside AEF</i>	<i>2,644</i>	<i>3,823</i>		
Local Services Support Grant (LSSG)	26	23	-3	-11.9
Revenue Support Grant ^(b)	7,184	3,868	-3,316	-46.2
Police grant	7,387	7,293	-94	-1.3
Retained income from Business Rate Retention Scheme ^(c)	11,555	14,665	3,111	26.9
Appropriations to(-) / from (+) revenue reserves	1,885	1,444	-441	-23.4
Other items ^(d)	605	541	-64	-10.5
Council tax requirement ^(e)	26,082	27,631	1,550	5.9

(a) The majority of the difference between 2016-17 to 2017-18 reflects the £213 million due to the metropolitan districts in Greater Manchester was foregone in return for an equivalent increase in retained business rates.

(b) £1.1 billion of the the difference between 2016-17 and 2017-18 is the result of local authorities which intend to forego the revenue support grant due to them in return for an equivalent higher amount of retained business rates under the six business rates retention pilots in 2017-18.

(c) £2.5 billion of the £3.1 billion increase in retained business rates follow from an equivalent amount of grants to be foregone as part of the six business rates retention pilots in 2017-18.

(d) 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

(e) The increase in council tax requirement reflects the combination of increases of bills (average increase of 4.0% for 2017-18) and the increase in tax base (i.e. the effective number of properties)

Table 3 above and Chart B overleaf, show how local authorities intend to finance Revenue expenditure. The majority of financing is from central government grants, with 29% 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 total £50.2 billion (53% of budgeted revenue expenditure for 2017-18 compared with £54.0 billion (57% of budgeted revenue expenditure for 2016-17). This includes Police Grant, Revenue Support Grant, Specific grants inside Aggregate External Finance and Local Services Support Grant (LSSG).

Specific grants inside Aggregate External Finance (AEF) are budgeted to decrease slightly from £39.4 billion in 2016-17 to £39.0 billion in 2017-18. This slight decrease is driven by the Dedicated Schools Grant (DSG) which is budgeted to continue to decrease following the movement of schools from local authority control to academy status. DSG was budgeted to decrease from £28.3 billion in 2016-17 to £27.9 billion and accounts for 71% of grants inside AEF and 56% of all central government grants.

There is a large increase in the 'other grants inside AEF' category in Table 3 above due to changes to financing for adult social care. For 2017-18, £105 million was announced in December 2015 and a further £1.0 billion was announced for the Improved Better Care Fund in the Spring 2017 budget.

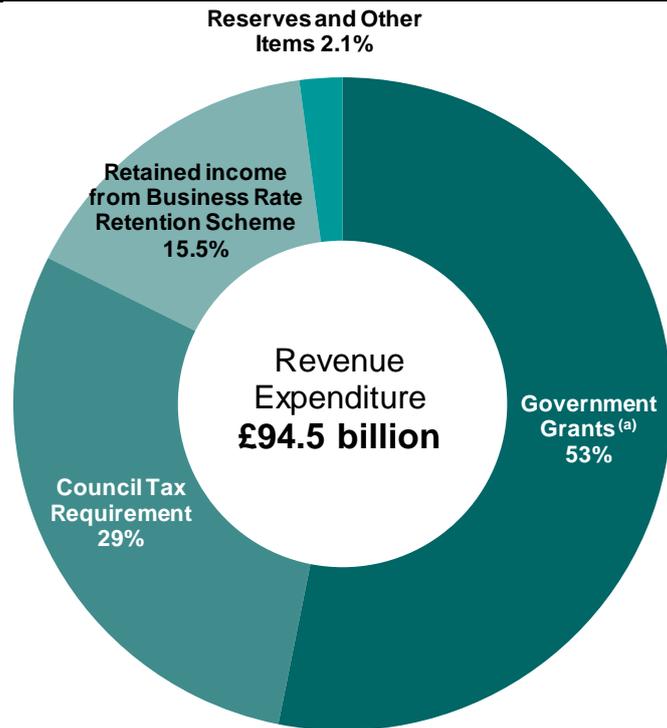
Council tax requirement is set to amount to £27.9 billion in 2017-18, an increase of 6.0% from £26.1 billion set in 2016-17. This is in part due to changes to council tax policy including the optional council tax precept of up to 3%, and in part to increased tax base. As shown in Chart B, this accounts for 29% of all budgeted local authority funding.

Retained income from the business rates retention scheme is set to amount to £14.7 billion of funding. This is £3.1 billion higher than in 2016-17. £2.5 billion of this increase reflects a transfer from grants which were foregone by six areas as part of pilots of the 100% business rates retention scheme¹.

https://www.london.gov.uk/sites/default/files/mayors_consultation_budget_2017-2018.pdf#page=87

¹ <https://www.gov.uk/government/publications/explanatory-note-on-business-rates-pilots>

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 4 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. Data for 2010-11 to 2015-16 are actuals whilst 2016-17 and 2017-18 are budgeted figures.

The proportion of centrally distributed income is forecast to reduce further from 57% in 2016-17 to 53% in 2017-18, with a corresponding increase in income retained by local authorities from 40% in 2016-17 to a forecast 45%. Local authorities have been more reliant on locally retained income due to changes to council tax and business rates policies, for example with the introduction of business rates retention in 2013-14 under which local authorities retain a percentage of what they collect.

Table 4: Financing of revenue expenditure, England, since 2010-11

	£ million				£ million				£ million		
	Centrally distributed income		Locally retained income		Centrally distributed income		Locally retained income		Reserves and Other Items ^(d)	% of total	
Revenue Expenditure	Government Grants ^(a)	Redistributed non-domestic rates	Centrally distributed income	% of total	Retained income from Business Rate Retention Scheme ^(b)	Council Tax ^(c)	Locally retained income	% of total			
Outturn											
2010-11	104,256	57,657	21,517	79,173	75.9	...	26,254	26,254	25.2	-1,172	-1.1
2011-12	99,278	56,237	19,017	75,254	75.8	...	26,451	26,451	26.6	-2,427	-2.4
2012-13	94,148	46,765	23,129	69,895	74.2	...	26,715	26,715	28.4	-2,461	-2.6
2013-14	96,419	64,578	...	64,578	67.0	10,719	23,371	34,090	35.4	-2,249	-2.3
2014-15	95,942	61,312	...	61,312	63.9	11,331	23,964	35,295	36.8	-665	-0.7
2015-16	94,533	57,090	...	57,090	60.4	11,855	24,734	36,589	38.7	853	0.9
Budget											
2016-17	94,134	54,008	...	54,008	57.4	11,555	26,082	37,637	40.0	2,489.3	2.6
2017-18	94,470	50,188	...	50,188	53.1	14,665	27,631	42,297	44.8	1,985.2	2.1

(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) £2.5 billion of the £3.1 billion increase in retained business rates follow from an equivalent amount of grants foregone as part of the six business rates retention pilots in 2017-18.

(c) Since 2013-14 Council Tax has not included the 'local council tax support grant', this is now included in Government Grants. The increase in council tax receipts reflects the combination of increases of bills (average increase of 4.0% for 2017-18) and the increase in tax base (i.e. the effective number of properties)

(d) Reserves and Other items includes all appropriations to (-) and from (+) the reserves, any income from Inter-authority transfers and net collection fund surpluses (+)/deficits (-) from the previous year. This figure is an adds to financing when reserves and surpluses are being used (+) and draws from financing when reserves are being added to and deficits are being financed (-).

Financing of Revenue Expenditure by Class of Local Authority

Table 5 shows 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 the different funding streams to each of the different types of local authorities.

- The GLA's financing of its revenue expenditure is to use the smallest proportion of council tax (14%), other than 'Other authorities' which were unable to raise income through this stream in 2017-18. The majority of the GLA's funding is sourced from government grants (45%).
- Shire Districts continue to be the most reliant on council tax as a source of financing Revenue Expenditure, with 54% financed from this stream. Fire Authorities follow closely and rely on 53% of their funding from their council tax precept. Fire authorities and Shire Districts finance 19% and 20% of expenditure from government grants respectively.
- Police Authorities have the highest percentage of revenue expenditure which is being financed by central government grants at 68% and the majority of this is the Police Grant. The next highest are the London Boroughs at 61%.

Table 5: Financing of revenue expenditure by local authority classification, England, 2017-18

		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	94,470	50,188	53.1	14,665	15.5	27,631	29.2	1,977	2.1	
Class of authority										
Shire Counties	25,979	13,641	52.5	2,532	9.7	9,340	36.0	467	1.8	
Metropolitan Districts	18,342	9,790	53.4	4,021	21.9	4,138	22.6	392	2.1	
Unitary Authorities ^(e)	17,143	8,899	51.9	2,684	15.7	5,357	31.3	202	1.2	
London Boroughs	13,851	8,443	61.0	2,161	15.6	3,062	22.1	185	1.3	
Police Authorities	8,368	5,666	67.7	0	0.0	2,493	29.8	208	2.5	
Greater London Authority	5,792	2,614	45.1	2,240	38.7	805	13.9	134	2.3	
Shire Districts	3,066	623	20.3	667	21.8	1,657	54.0	120	3.9	
Fire Authorities	1,481	277	18.7	339	22.9	780	52.7	85	5.7	
Other Authorities ^(f)	447	235	52.6	21	4.6	0	0.0	184	41.2	

(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. 26 2016. This is accessible at:

<https://www.gov.uk/government/statistics/local-government-financial-statistics-england-2016>.

The most relevant terms for this release are explained below.

Aggregate External Finance

This 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

This is 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

This 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

This is 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

The HRA 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

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

Mandatory Housing Benefit

This is 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

These are 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.

Non-ringfenced revenue reserves comprise of unallocated reserves and other earmarked reserves. Local authorities often earmark reserves to meet known financial commitments and to mitigate known risks. As reserves of this type cannot be used without putting wider service delivery at risk, most local authorities will have significantly lower usable revenue reserves than their non-ringfenced revenue reserves balance would imply. It is not possible to identify usable revenue reserves in the current release.

Retained income from the Rate Retention Scheme

This is 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

This 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 2017-18 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-2017-to-2018-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 2017-18

From February until April 2017, all 446 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 2017 to 31 March 2018. 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 2017-18 in this release is derived from Department for Communities and Local Government (DCLG) Revenue Account (RA) forms and is based on returns from 445 of the 446 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 and the Chartered Institute of Public Finance and Accounting 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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