

How much did local authorities spend on services in 2019-20?

Revenue expenditure is the cost of delivering services each year.

Gross **service expenditure** is total expenditure on services in year minus internal transfers.

Gross **service income** is total income authorities receive from services, such as service specific grants or income generated through fees, etc.

Net revenue expenditure is gross service expenditure minus gross service income. It reflects the amount of service expenditure to be funded by general funding or reserves.

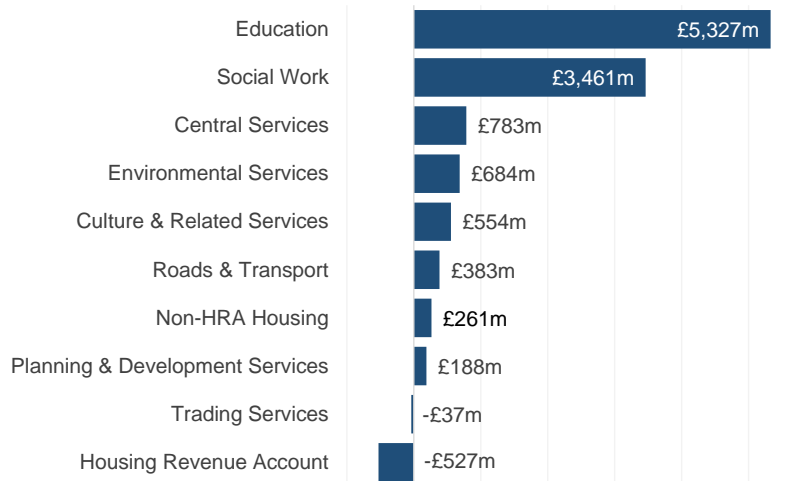
How did local authorities fund services in 2019-20?

General funding is largely made up of the **General Revenue Grant (GRG)**, **Non-Domestic Rates (NDR)** and **Council Tax**.

Local authorities use general funding to meet their net revenue expenditure on services and any other revenue expenditure that is not directly related to services, such as repayment of debt.

In 2019-20, local authorities' expenditure exceeded their general funding. This **deficit** was funded from local authorities' reserves.

Net Revenue Expenditure in 2019-20 by service, £ millions

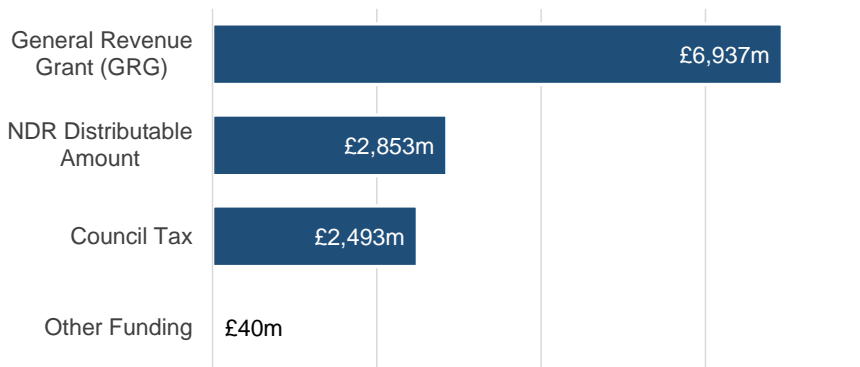


Gross Service Expenditure £20,108 million

- Gross Service Income - £9,031 million

Net Revenue Expenditure £11,077 million

General Funding in 2019-20 by source, £ millions



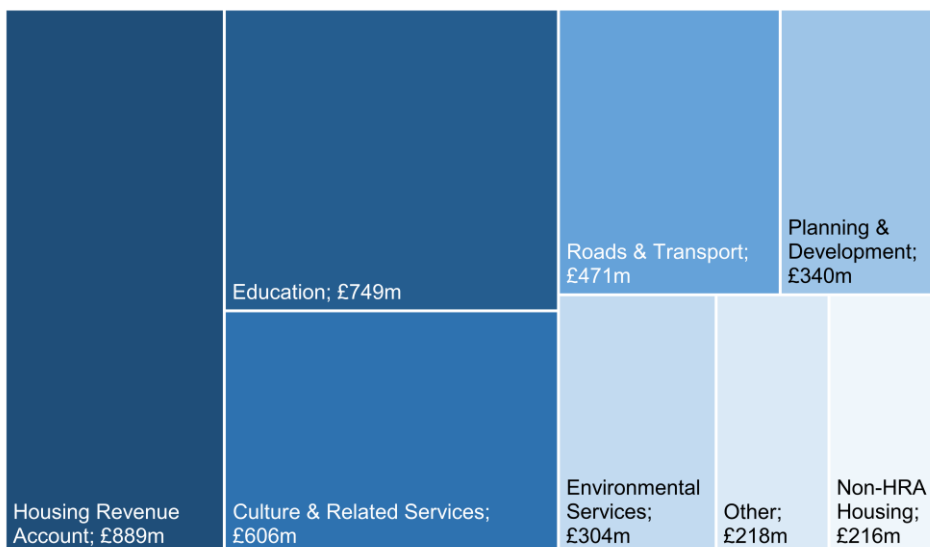
Net Revenue Expenditure £11,077 million

+ Non-Service Expenditure + £1,666 million

- **General Funding - £12,323 million**

Deficit met from Reserves £420 million

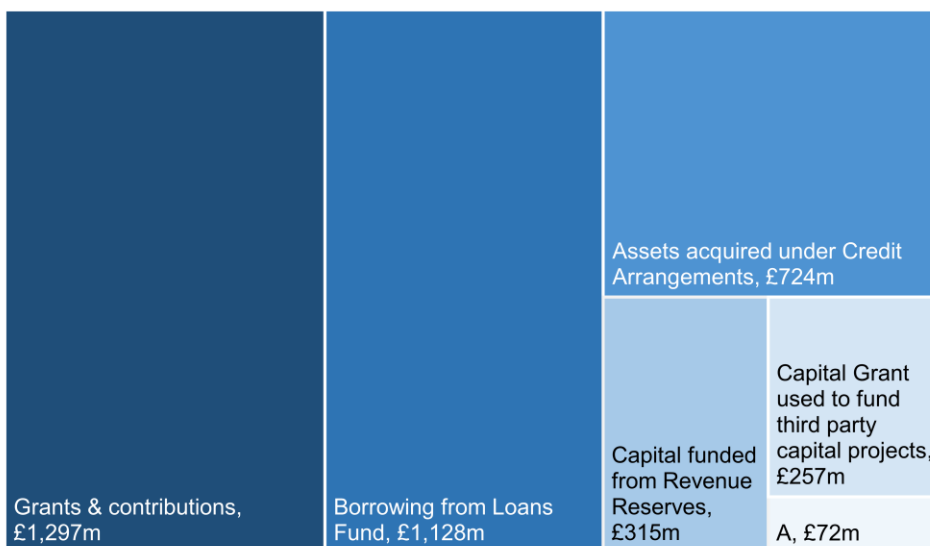
Capital Expenditure in 2019-20 by service, £ millions



Note: 'Other' includes Social Work, Central Services and Trading Services

Total Capital Expenditure = £3,794 million

Financing of Capital Expenditure in 2019-20 by source, £ millions



Note: A = Capital Fund & Capital Receipts

What was the value of capital investment in 2019-20?

Capital expenditure is expenditure that **creates** the **buildings and infrastructure** necessary to provide services, such as schools, flood defence, roads and vehicles.

Capital expenditure also includes **capital grants or loans to third parties** funded from borrowing.

How did local authorities finance the £3,794 million of capital expenditure incurred in 2019-20?

Local authorities can finance their total capital expenditure in a number of ways. The main sources of financing are:

- **Grants & contributions**, including those from the Scottish Government;
- **Borrowing** or entering into **credit arrangements**, such as a finance lease or service concession arrangement;
- Using **revenue reserves**.

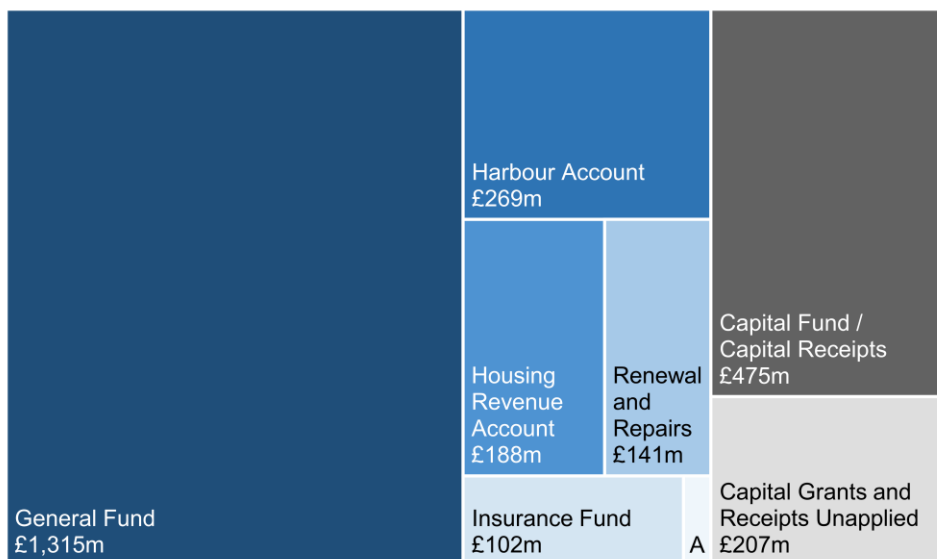
What reserves did local authorities have at 31 March 2020?

Usable reserves are local authorities' surplus income from previous years. This can be used to finance future revenue or capital expenditure.

The **General Fund** is the main usable **revenue** reserve, although there are other reserves that authorities may be able to use.

There are also two usable **capital** reserves.

Usable Reserves at 31 March 2020, £ millions



Note: A = Other Statutory Funds, £13m

Total Usable Reserves = £2,708 million

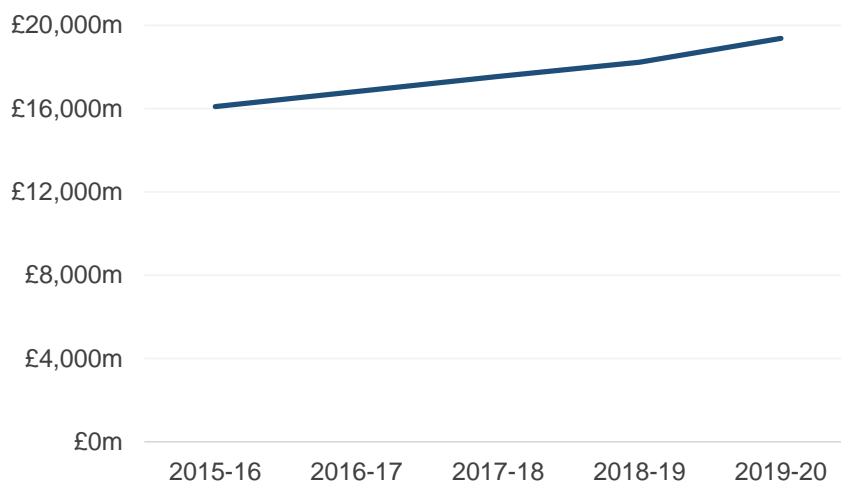
What debt did local authorities have at 31 March 2020?

When a local authority borrows money or uses a credit arrangement to finance capital expenditure, a **debt** is created.

Local authorities have to repay this debt from future revenues.

In 2019-20, local authorities **repaid** £624 million of debt.

Total Debt at 31 March from 2015-16 to 2019-20, £ millions



Total Debt in 2019-20 = £19,377 million