

How much did local authorities spend on services in 2021-22?

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.

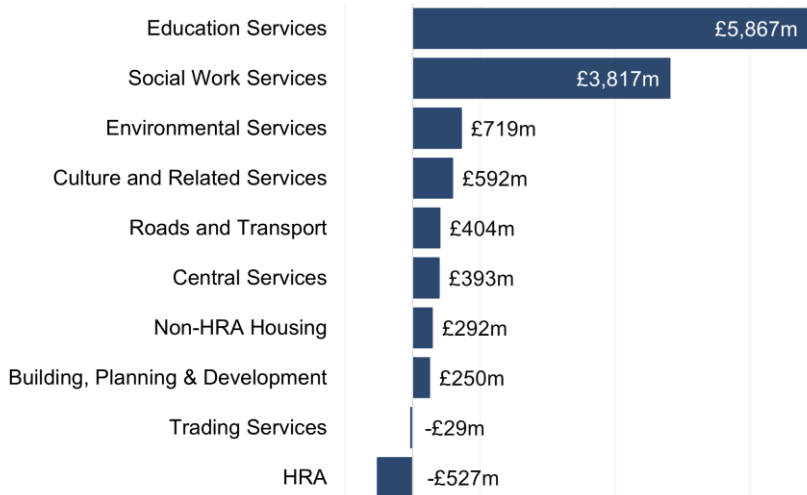
How did local authorities fund services in 2021-22?

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.

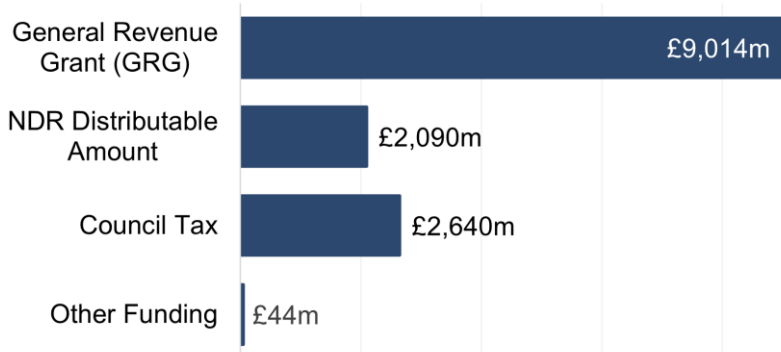
In 2021-22, local authorities' expenditure was **less** than their general funding. This **surplus** was added to local authorities' reserves.

Net Revenue Expenditure in 2021-22 by service, £ millions



Gross Service Expenditure	£21,626 million
- Gross Service Income	- £9,846 million
Net Revenue Expenditure	£11,780 million

General Funding in 2021-22 by source, £ millions



General Funding	£13,788 million
- Net Revenue Expenditure	- £11,780 million
- Non-Service Expenditure	- £1,714 million
Surplus added to Reserves	£294 million

Capital Expenditure in 2021-22 by service, £ millions

Please note that 'Other' includes Social Work, Central Services and Trading Services.



Total Capital Expenditure = £3,341 million

Financing of Capital Expenditure in 2021-22 by source, £ millions



What was the value of capital investment in 2021-22?

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 £3,341 million of capital expenditure incurred in 2021-22?

Local authorities can finance capital expenditure in a number of ways. The main sources of financing in 2021-22 were:

- **Grants & contributions**, including those from the Scottish Government;
- **Borrowing**; and
- **Use of revenue reserves.**

What reserves did local authorities have at 31 March 2022?

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 local authorities may be able to use.

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

What debt did local authorities have at 31 March 2022?

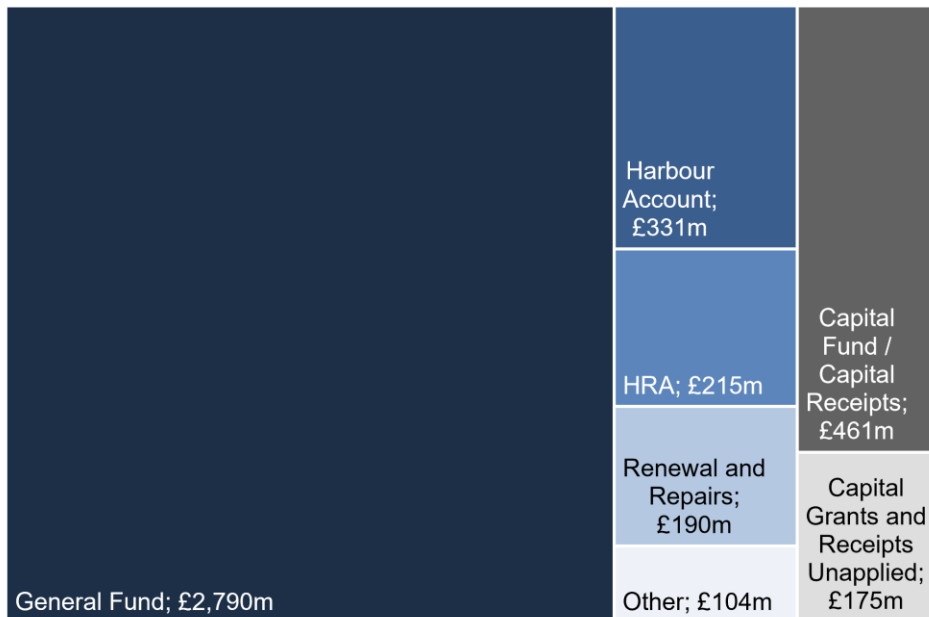
When a local authority borrows money or uses a credit arrangement to finance capital expenditure, a **debt** is created.

Local authorities have to repay this debt from future revenues.

In 2021-22, local authorities **repaid** £553 million of debt.

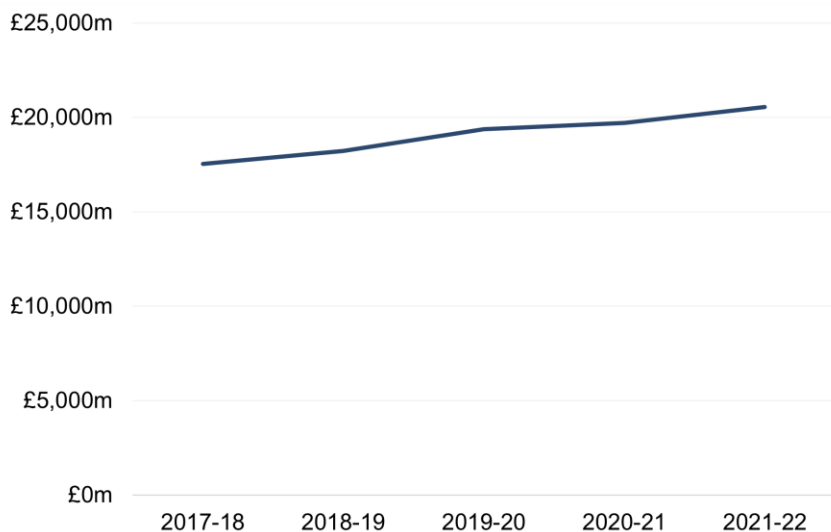
Usable Reserves at 31 March 2022, £ millions

'Other' revenue reserves includes the Insurance Fund.



Usable Reserves at 31 March 2022 = £4,266 million

Total Debt at 31 March from 2017-18 to 2021-22, £ millions



Total Debt at 31 March 2022 = £20,549 million