

How much did local authorities spend on services in 2018-19?

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.

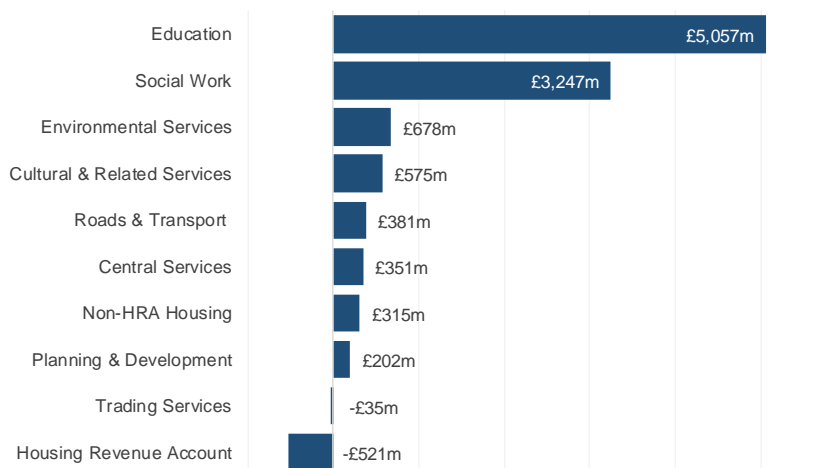
How did local authorities fund services in 2018-19?

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.

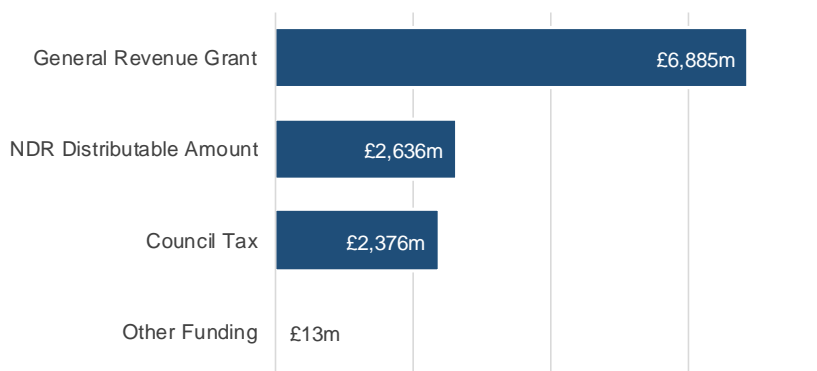
In 2018-19, local authorities' expenditure exceeded their general funding. This **deficit** had to be funded from local authorities' reserves.

Net Revenue Expenditure in 2018-19 by service, £ millions



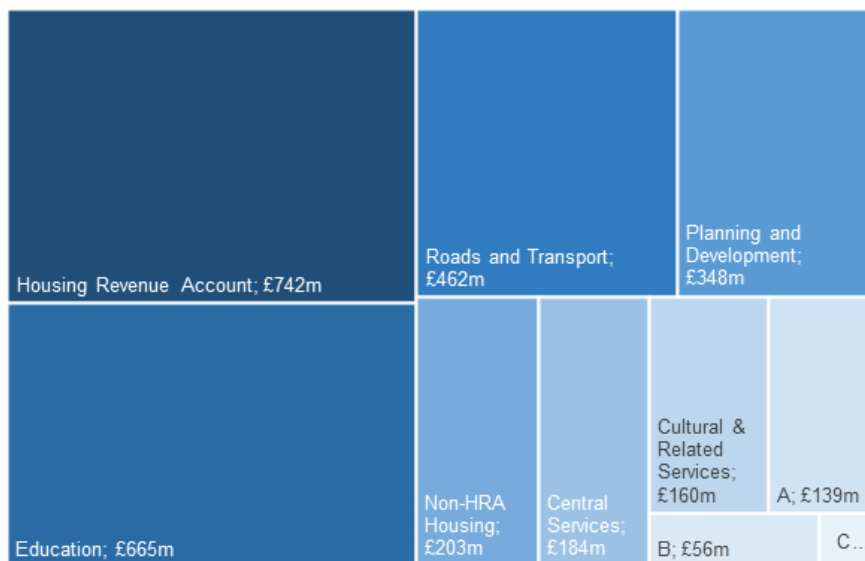
Gross Service Expenditure	£16,320 million
- Gross Service Income	- £6,070 million
Net Revenue Expenditure	£10,250 million

General Funding in 2018-19 by source, £ millions



Net Revenue Expenditure	£10,250 million
+ Non-Service Expenditure	+ £1,713 million
- General Funding	- £11,910 million
Deficit met from Reserves	£53 million

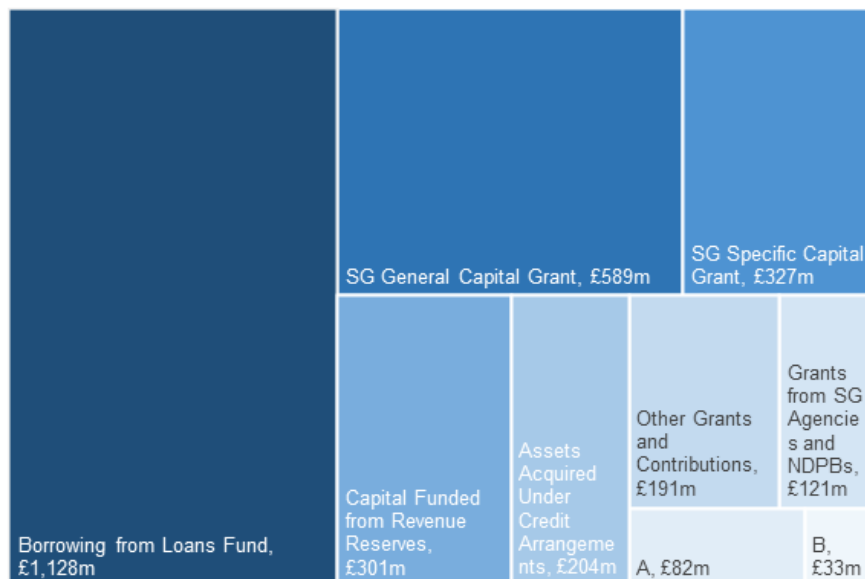
Capital Expenditure in 2018-19 by service, £ millions



Note: A = Environmental Services; B = Social Work; C = Trading Services, £18m

Total Capital Expenditure = £2,977 million

Capital Financing in 2018-19 by source, £ millions



Note: A = Capital Receipts Used from Asset Sales / Disposals; B = Capital Reserves

What was the value of capital investment in 2018-19?

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 capital expenditure in 2018-19?

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

- **Borrowing;**
- **Capital grants from the Scottish Government**, both a General Capital Grant and a number of specific grants.
- Using **revenue reserves;**
- Entering into **credit arrangements**, such as a finance lease or service concession arrangement.

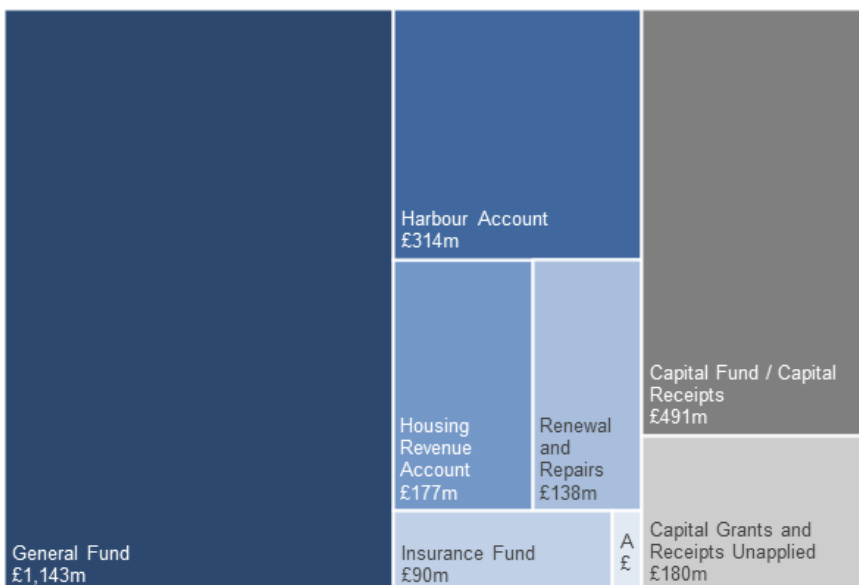
What reserves did local authorities have at 31 March 2019?

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 2019, £ millions



Note: A = Other Statutory Funds, £12m

Total Usable Reserves = £2,546 million

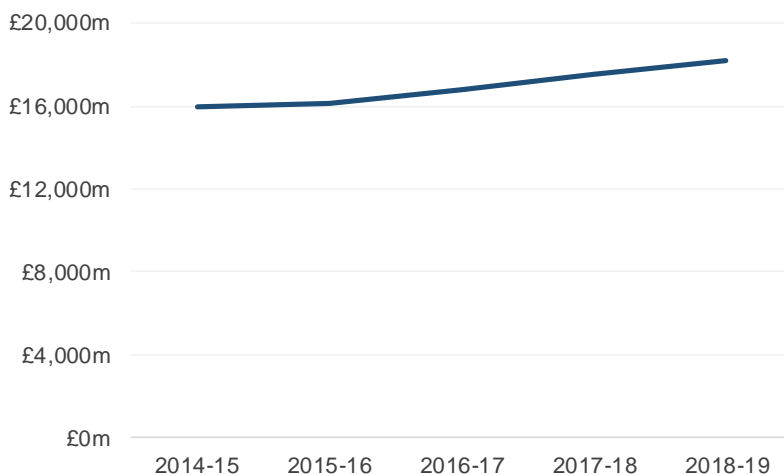
What debt did local authorities have at 31 March 2019?

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 2018-19, local authorities **repaid** £658 million of debt.

Total Debt at 31 March from 2014-15 to 2018-19, £ millions



Total Debt in 2018-19 = £18,214 million