

How much did local authorities spend on services in 2023-24?

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.

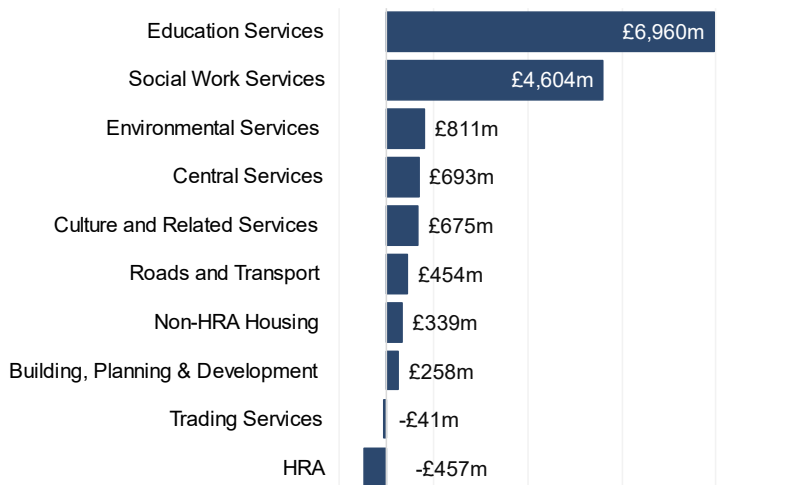
How did local authorities fund services in 2023-24?

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 2023-24, local authorities' expenditure was **more** than their general funding. This **deficit** was taken from local authorities' reserves.

Net Revenue Expenditure in 2023-24 by service, £ millions

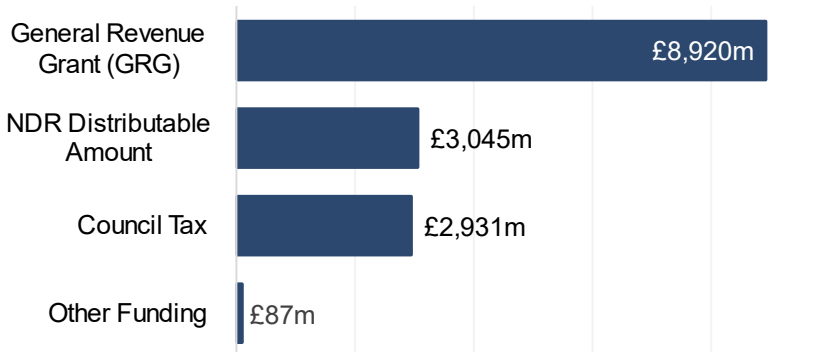


Gross Service Expenditure £25,225 million

- Gross Service Income - £10,929 million

Net Revenue Expenditure £14,296 million

General Funding in 2023-24 by source, £ millions



General Funding £14,983 million

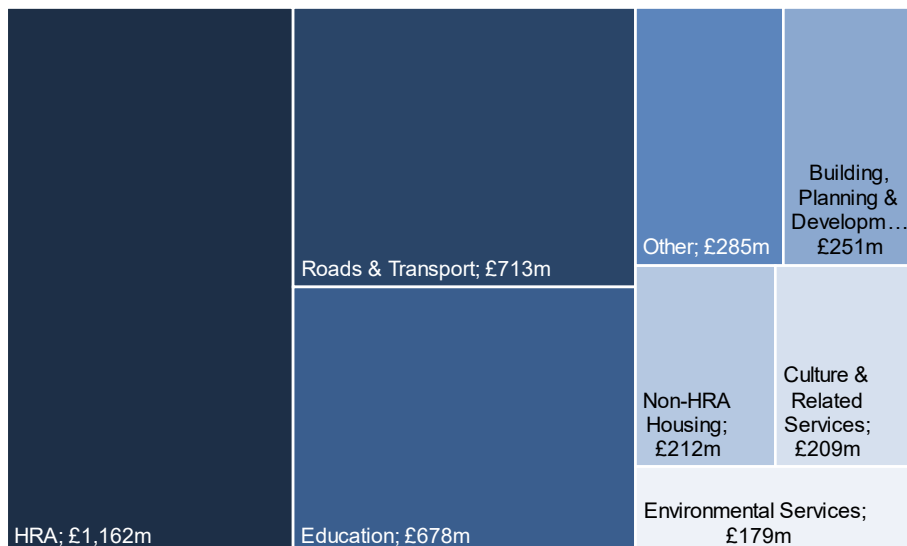
- Net Revenue Expenditure - £14,296 million

- Non-Service Expenditure - £945 million

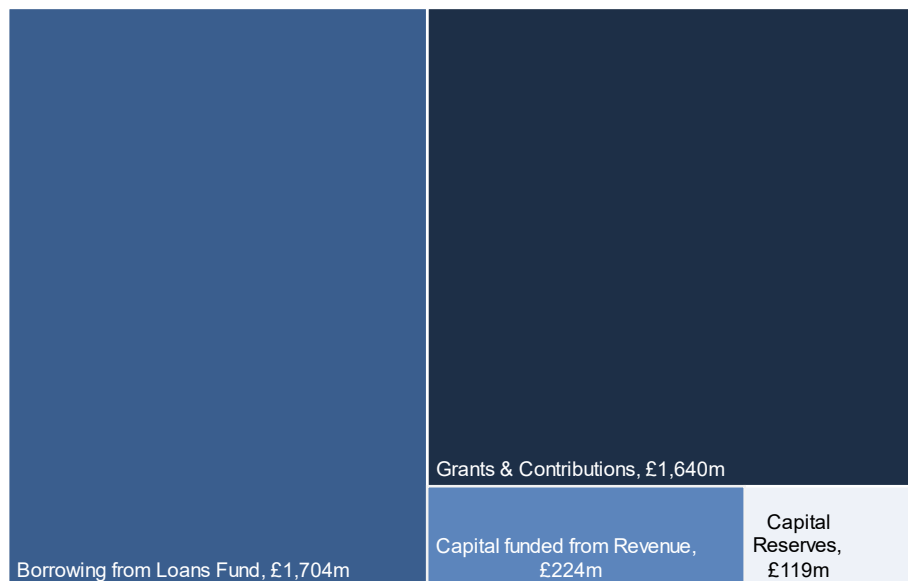
Deficit taken from Reserves -£257 million

Capital Expenditure in 2023-24 by service, £ millions

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



Total Capital Expenditure = £3,689 million



What was the value of capital investment in 2023-24?

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 £3,689 million of capital expenditure incurred in 2023-24?

Local authorities can finance capital expenditure in a number of ways. The main sources of financing in 2023-24 were:

- **Grants & contributions**, including those from the Scottish Government;
- **Borrowing**;
- **Revenue funding**, and;
- **Capital reserves**.

What reserves did local authorities have at 31 March 2024?

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 2024?

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 2023-24, local authorities **repaid minus** £67 million of debt (i.e. received a credit), because of service concession arrangements.

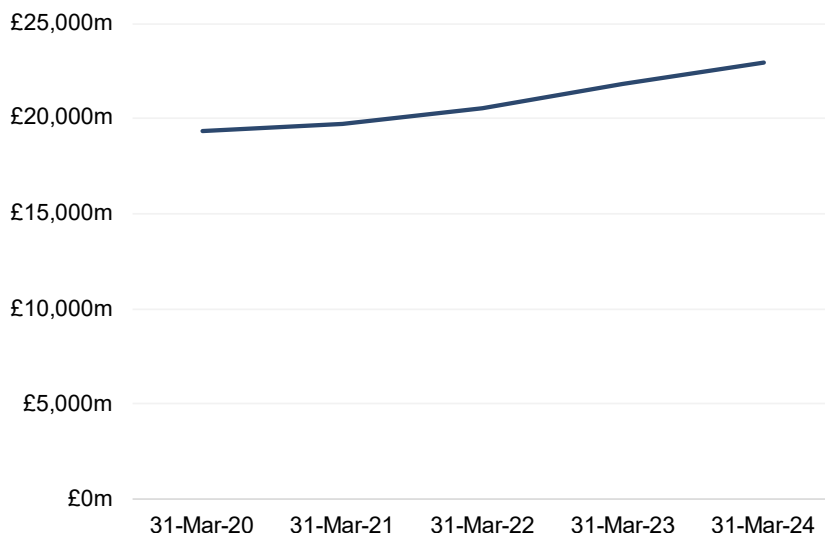
Usable Reserves at 31 March 2024, £ millions

'Other' revenue reserves includes the Insurance Fund.



Usable Reserves 31 March 2024 = £4,258 million

Total Debt at 31 March 2020 to 31 March 2024, £ millions



Total Debt 31 March 2024 = £22,951 million