

How much did local authorities spend on services in 2024-25?

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.

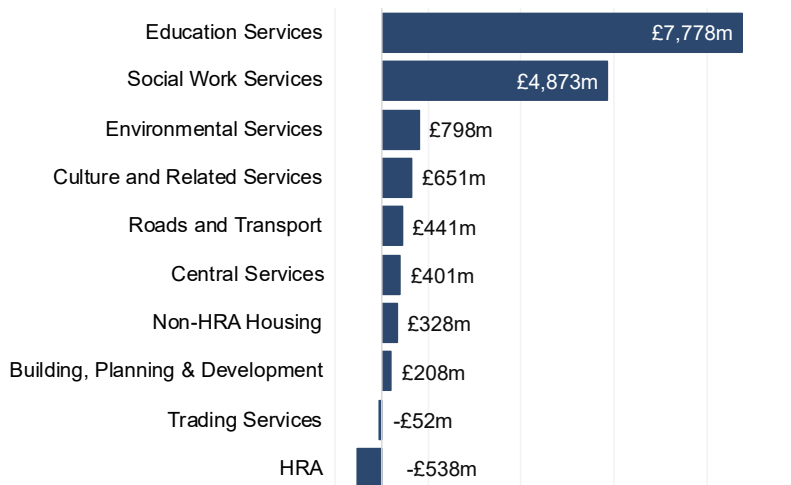
How did local authorities fund services in 2024-25?

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 2024-25, local authorities' expenditure was **more** than their general funding. This **deficit** was taken from local authorities' reserves.

Net Revenue Expenditure in 2024-25 by service, £ millions

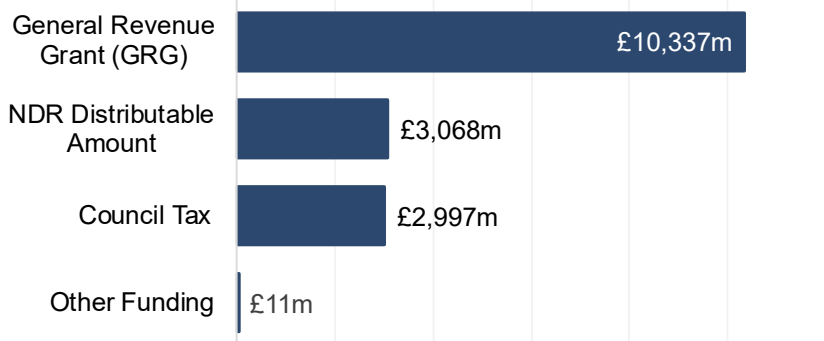


Gross Service Expenditure £25,852 million

- Gross Service Income - £10,965 million

Net Revenue Expenditure £14,887 million

General Funding in 2024-25 by source, £ millions



General Funding £16,412 million

- Net Revenue Expenditure - £14,887 million

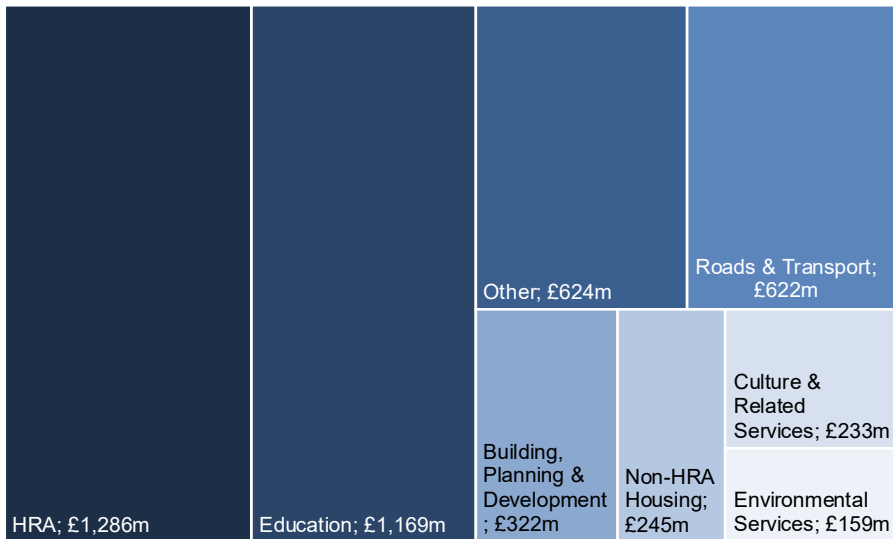
- Non-Service Expenditure - £1,844 million

Deficit taken from Reserves -£318 million



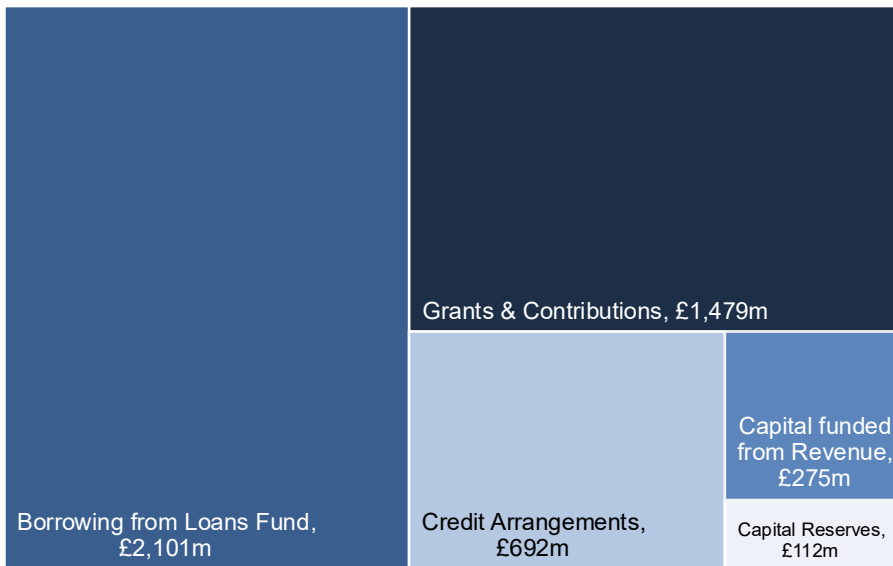
Capital Expenditure in 2024-25 by service, £ millions

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



Total Capital Expenditure = £4,659 million

Financing of Capital Expenditure in 2024-25 by source, £ millions



What was the value of capital investment in 2024-25?

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 £4,659 million of capital expenditure incurred in 2024-25?

Local authorities can finance capital expenditure in a number of ways. The main sources of financing in 2024-25 were:

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

Credit Arrangements feature due to the implementation of IFRS 16. More detail can be found in Chapter 3.

What reserves did local authorities have at 31 March 2025?

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 2025?

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 2024-25, local authorities **repaid** £591 million of debt.

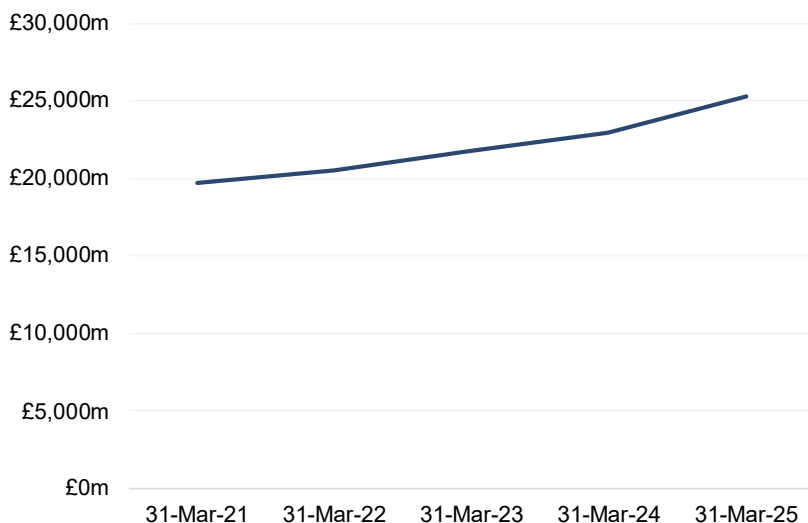
Usable Reserves at 31 March 2025, £ millions

'Other' revenue reserves includes the Insurance Fund.



Usable Reserves 31 March 2025 = £3,931 million

Total Debt at 31 March 2021 to 31 March 2025, £ millions



Total Debt 31 March 2025 = £25,296 million