

Research Briefing

5 January 2024

Number 9926

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How is public spending allocated to local areas?

The public sector spends a huge amount of money ([public spending is currently expected to be about £1,189 billion in 2023/24](#)). However, it can be surprisingly difficult to work out how much of this is spent in each local area.

This briefing examines how public spending is allocated and lists some of the resources for working out the amounts that have gone to local areas.

1

How is public spending allocated?

In general, the government does not allocate money by deciding how much to give to particular parts of the country. Instead, it divides up money between government departments every few years in Spending Reviews. It is then up to the individual departments to decide how to spend that money.

Public spending covers all spending by the public sector, including local government. This means that local authorities are also able to decide how some of the money gets divided up.

The government must ask Parliament to provide the money it wants to spend each year. However, Parliament does not decide local allocations either, as its spending approval process ([the Estimates](#)) sets spending totals by department and by theme rather than by area.

This means that the government can only work out the total amounts of money that have gone to particular areas by asking the departments what went where. The amount of effort involved in this [annual cross-governmental](#)

[exercise](#) means that it only goes down to the level of countries and regions of the UK.

The results are published as HM Treasury's [Country and regional analysis](#), summarised in the Library's research briefing [Public spending by country and region](#).

It is even more unusual to get funding figures for Parliamentary constituencies, because funding is not typically given specifically to constituency areas. Since government departments decide where most public money is spent, MPs do not have any direct control over the amount of money spent in their constituencies.

2 A few funds are allocated to local areas

There are a few specific types of public spending where money is directly allocated to specific local areas or where local-level data is available, particularly in recent years. Some of the main ones are listed below.

2.1 Covid-19 funding

Many of the funds put in place to deal with the effects of the Covid-19 pandemic were allocated to local authorities by what is now the Department for Levelling Up, Housing and Communities (DLUHC). For other Covid-19 funding, government departments such as HM Revenue and Customs (HMRC) have published data on where the money was spent, including local breakdowns.

This means that we can work out how much funding went to local areas from various business support schemes, social care grants, and similar schemes.

These are set out in the Library's research briefing [Coronavirus business support schemes: Statistics](#) and [our interactive dashboard on Covid-19 support to local authorities](#).

2.2 Levelling-up funding

Certain funds under the government's "levelling up" banner also have reasonably local information available. Some of the main ones include the Towns Fund, the Levelling Up Fund, and the Future High Streets Fund, all of which are overseen by DLUHC.

Projects under these funds (and some others) can be seen on the government's [Projects near me](#) page, which shows the location of each one on a map. Similar data was published by the government alongside a [letter to Parliament's Levelling Up, Housing and Communities Committee](#) in June 2022.

The UK Shared Prosperity Fund, which is the government's replacement for some of the funding that previously came from the EU, is also divided up by local area (mostly local authority areas). [DLUHC's published allocations for the Shared Prosperity Fund](#) cover the years from 2022/23 to 2024/25.

The [Long-Term Plan for Towns](#), announced in September 2023, includes funding to 55 specific towns. The funding will go from DLUHC to Town Boards, made up of local organisations of different types. In England, the local authority is formally accountable for how the funding is spent.

2.3 Local authority funding

The amount of money that DLUHC provides to local authorities in England to help to fund their day-to-day operations is reported in each year's Local Government Finance Settlement. The Library has produced [a briefing on the most recent settlement](#), and also has [an interactive dashboard](#) showing how this funding has changed over time.

The government also publishes [data on the total amounts of capital funding](#) (money for investing in assets, such as buildings) that it provides to local authorities.

In many areas, local authorities are responsible for providing fire and rescue services; in others, this is handled either by a separate fire authority, or by the police and crime commissioner (see below). This means that it is not straightforward to compare funding for fire and rescue between different areas.

Local authority funding works differently in Scotland, Wales and Northern Ireland, and funding allocations are made by the devolved administrations in these places.

2.4 Police funding

Funding for police services in England and Wales goes to 43 geographical police forces, overseen by elected Police and Crime Commissioners (PCCs) in most areas and by elected mayors in London and Greater Manchester. The amount of funding from the Home Office that goes to each police force is determined by an allocation formula and [approved by the House of Commons](#)

[each year](#) in the [police grant report](#). PCCs can also supplement this funding by raising a precept on council tax.

Scotland and Northern Ireland each have a single police force, although in Scotland local authorities can also fund extra police officers. The Scottish Parliament Information Centre has published [a briefing on police funding](#) (PDF) which explains the system in more detail.

2.5 Schools funding

There are many different measures of school funding. Data from the Department for Education (DfE) on funding to mainstream schools in England for their day-to-day activities (also known as core school funding) is available in the Library's [schools funding data dashboard](#). This includes data at both the Parliamentary constituency level and at the individual school level.

Core school funding allocations do not include pupil premium funding, early years funding, funding for sixth forms, or funding for complex special educational needs. More information about the different school funding measures is available in the House of Commons Library briefing [School funding in England](#).

The government also makes funding allocations to local authorities or directly to schools for school capital funding (for building and maintaining schools, rather than their day-to-day costs). There are a number of different funding streams in this area, summarised in the Library's research briefing [School buildings and capital funding](#).

[The DfE's School Rebuilding Programme](#) carries out major rebuilding and refurbishment projects. Currently 400 projects have been approved. The government publishes a [list of the approved projects and the local authority they are located in](#), which was most recently updated in December 2022. However, funding allocations for each project have not been published.

2.6 Roads funding

The Department for Transport allocates funding for road maintenance and fixing potholes to local highway authorities in England using a formula. The [funding can be used for all parts of the highway network](#), such as bridges, cycleways, and lighting columns – and not just the fixing of potholes.

[The allocations are available on gov.uk](#), although some areas now have long-term funding settlements, so their amounts are not comparable with others.

There have been occasions when the government has announced specific ‘pothole’ funds. However, these can be used for different types of road maintenance, not just potholes.

The Library’s research briefing [Roads and vehicle regulation FAQs](#) explains what funding has been made available and where.

Although central government funding is significant, local authorities have the power to spend more money on highways maintenance than the sum provided to them through the Department for Transport. The additional money comes out of their overall budgets, which are funded by a mixture of local taxes and un-ringfenced grants.

2.7

Health

The Library’s research briefing [The structure of the NHS in England](#) explains that NHS England is responsible for allocating its funding to the Integrated Care Boards throughout England. The allocations to each Integrated Care Board are available [on the NHS England website](#).

In Scotland, the Scottish Government allocates health spending through several different streams, some of them national and some territorial. Allocations to the various territorial NHS boards for 2023/24 can be found [in the Scottish Budget for that year](#).

Allocations to the various health boards in Wales are made by the Welsh Government, and can be found on the [Welsh Government’s website](#).

In Northern Ireland, the Northern Ireland Executive is responsible for allocating funding, and partly uses a [formula to distribute resources between local health commissioning groups for health and social care](#).

3

Other resources

The Institute for Fiscal Studies, an economic policy think-tank, published research in August 2023 that estimated the amount of [public spending in each local authority area in England on four public services](#):

- Health
- Police
- Schools
- Local government services

The report included an [interactive spending calculator](#) that shows both the level of spending that went to each area and an estimate of the amount that each area would have received if the total was divided up according to government estimates of relative local need.

The House of Commons Library has published a number of briefings that look at public spending more generally. These include [Public spending: a brief introduction](#), [Public spending by country and region](#), and [Main Estimates: Government spending plans for 2023/24](#).

Our briefing on [Local growth funds](#) also looks at funds allocated to local areas for economic development, and our Insight on [How our local police forces are funded](#), written in 2019, breaks down how police funding works as well as the arguments for its reform.

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