

Article

# Country and regional public sector finances: financial year ending 2020

Public sector revenue, expenditure and net fiscal balance on a country and regional basis.

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## Table of contents

1. [Main points](#)
2. [Country and regional public sector finances in financial year ending 2020](#)
3. [Country and regional public sector finances over the longer term](#)
4. [Data](#)
5. [Glossary](#)
6. [Measuring the data](#)
7. [Related links](#)

# 1 . Main points

- London, the South East and the East of England all had net fiscal surpluses in the financial year ending (FYE) 2020, with all other countries and regions of the UK having net fiscal deficits.
- London had the highest net fiscal surplus per head at £4,030 while Northern Ireland had the highest net fiscal deficit per head at £5,440.
- London raised the most revenue per head (£18,660) in FYE 2020, while the regions with the least revenue raised per head were Wales and the North East (£9,850 and £9,940 respectively).
- Northern Ireland and Scotland incurred the highest expenditure per head in FYE 2020 at £15,910 and £15,070 respectively; the East of England and the East Midlands incurred the lowest expenditure per head at £11,870 and £12,010 respectively.

## 2 . Country and regional public sector finances in financial year ending 2020

The aim of this publication is to provide users with information on what public sector expenditure has occurred in each country and region of the UK and what public sector revenues have been raised in each country or region, as well as the balance between them.

The estimates in this bulletin are derived from a detailed set of methodologies agreed with our users, details of which can be found in [our methodology guide](#). Users should note this bulletin allocates North Sea oil and gas revenues (mainly received from Offshore Corporation Tax and Petroleum Revenue Tax) using two distinct methodologies. The first approach is to allocate the revenue on a geographic basis according to where the oilfields that give rise to the revenue are situated. The second approach is to allocate it to all countries and regions based on their populations.

### Net Fiscal Balance

In financial year ending (FYE) 2020, the net fiscal balance - the difference between spending and income received in each region - varied across the UK. The North West had the highest net fiscal deficit of £22.7 billion, while London has had the highest surplus of £36.1 billion. This ranking is unchanged if using the geographic or population basis.

**Figure 1: The North West had the largest net fiscal deficit and London had the largest net fiscal surplus in FYE 2020**

Net fiscal balance in FYE 2020, by country and region

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Net fiscal balance in FYE 2020, by country and region



Source: Office for National Statistics

Notes:

1. North Sea Oil and Gas revenues included on a geographic and a population share.
2. Numbers that are negative indicate a net fiscal surplus.
3. Numbers that are positive indicate a net fiscal deficit.

In every country or region of the UK, the net fiscal balance worsened between FYE 2019 and FYE 2020, shown by either larger deficit or a smaller surplus. This change can be because of a combination of increased expenditure or reduced revenue. In all countries and regions, it was the increase in expenditure that was most influential. Users should note that this trend pre-dates the effects of the COVID-19 pandemic on the public sector finances, as the impact of this only started to emerge at the very end of FYE 2020.

**Figure 2: London has the highest net fiscal surplus on a per head basis, while Northern Ireland has the highest net fiscal deficit on a per head basis**

Net fiscal balance per head by country and region, FYE 2020

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Net fiscal balance per head by country and region, FYE 2020



Source: Office for National Statistics

Notes:

1. North Sea Oil and Gas revenues included on a geographic and a population share.
2. Numbers that are negative indicate a net fiscal surplus.
3. Numbers that are positive indicate a net fiscal deficit.
4. Per head estimates are calculated using the ONS's annual mid-year population estimates.

London had the largest net fiscal surplus at £4,030 per head, while Northern Ireland had the highest deficit of £5,440 per head in FYE 2020.

London saw the largest change in FYE 2020, as its net fiscal surplus reduced by around £400 per head, while the North East saw the smallest change, as its deficit grew by over £50 per head.

## Public sector expenditure

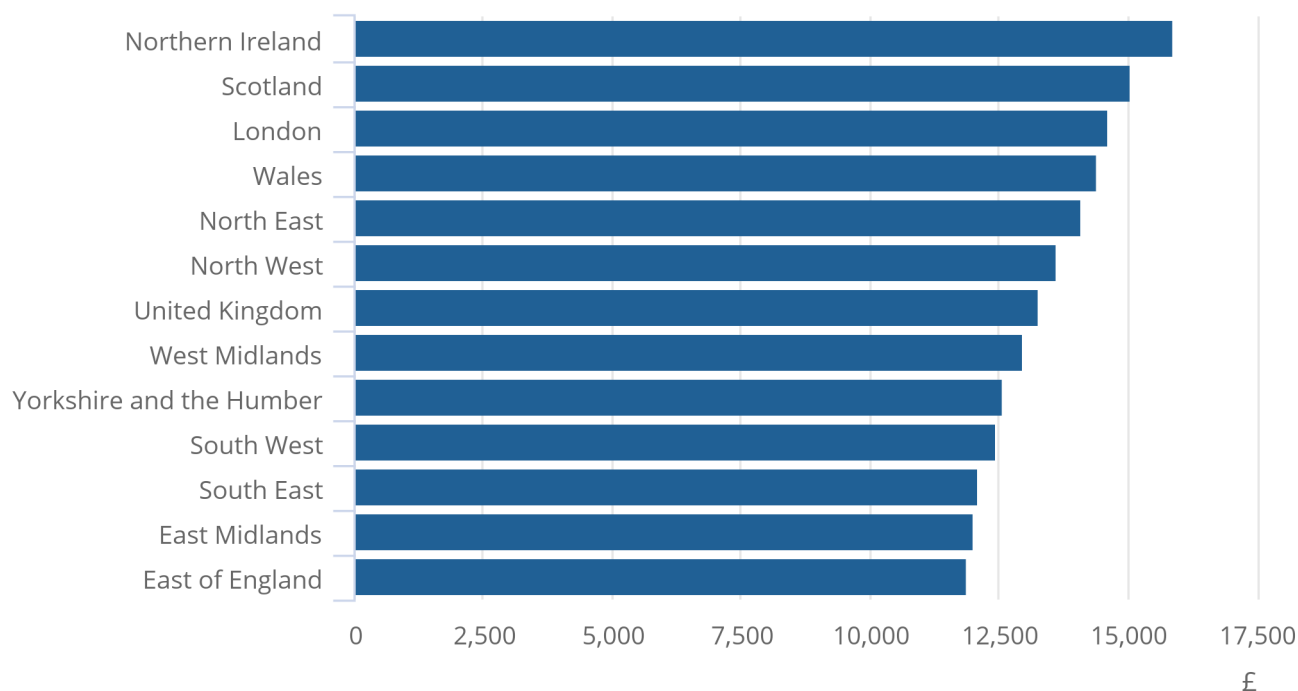
The largest amount of expenditure in FYE 2020 is estimated to have occurred in London, at £131.2 billion, while the least amount is estimated to have occurred in Northern Ireland at £30.1 billion. On a per head basis, Northern Ireland had the most expenditure with £15,910 per head in FYE 2020, while the East of England had the lowest amount of expenditure per head with £11,870. While the most expenditure took place in London and the South East, when removing the impact of population size, they have the third highest (£14,640) and third lowest amount (£12,090) of expenditure per head respectively.

**Figure 3: Northern Ireland and Scotland received the highest amount of public sector expenditure per head in FYE 2020**

Expenditure per head by country and region, FYE 2020

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Expenditure per head by country and region, FYE 2020



Source: Office for National Statistics

**Notes:**

1. Per head estimates are calculated using the ONS's annual mid-year population estimates

Public sector expenditure increased by £31.4 billion in FYE 2020, rising from £854.6 billion (39.5% of GDP) in FYE 2019 to £885.9 billion (39.8% of GDP) over this period. This amounts to an increase of £417 per head in FYE 2020.

## **Public sector revenue**

Public sector revenue increased by £12.4 billion in FYE 2020, rising from £815.9 billion in FYE 2019 to £828.3 billion.

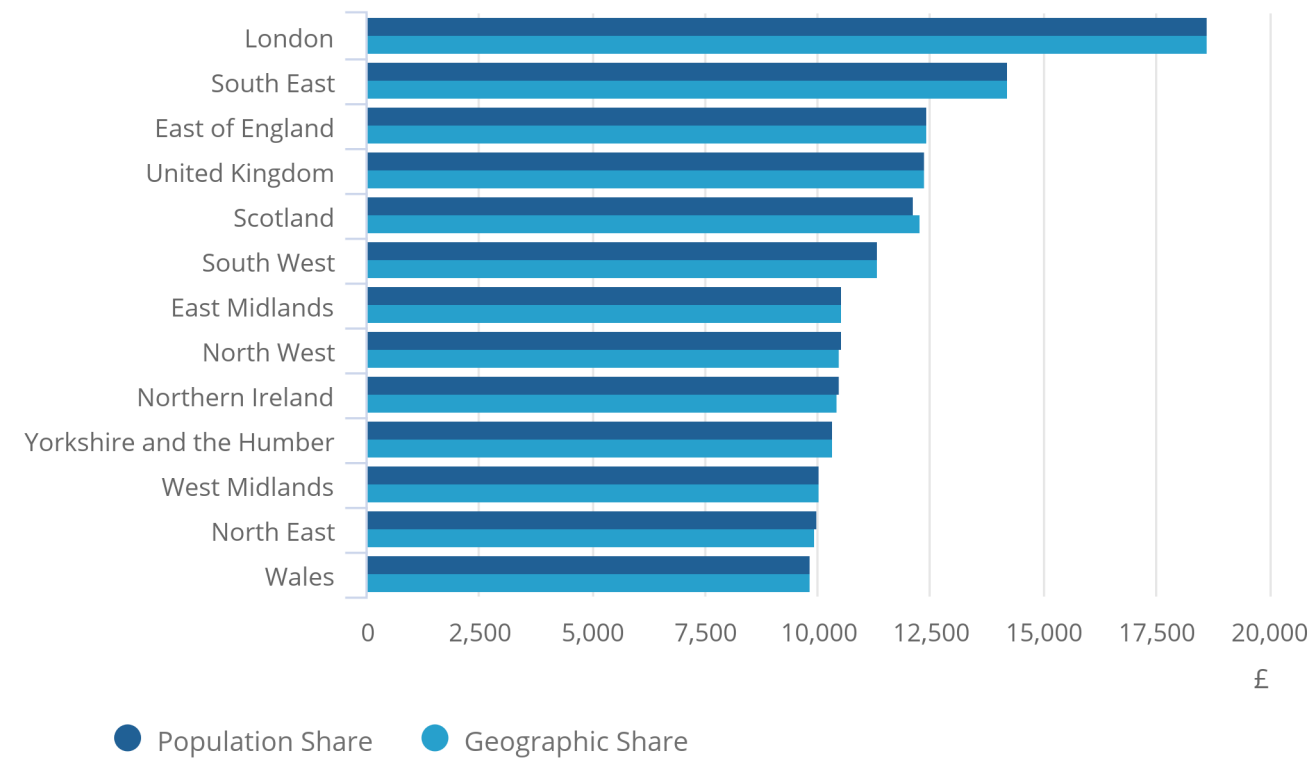
London and the South East raised the most revenue in the UK at £167.3 billion and £130.6 billion. These two regions provided 36% of the UK's total revenue. Northern Ireland raised the least amount at £19.8 billion in FYE 2020. This ranking remained unaffected when measuring on either a geographic or population basis.

Figure 4: London and the South East raised the most revenue per head

Public Sector Revenue per head by country and region, FYE 2020

Figure 4: London and the South East raised the most revenue per head

Public Sector Revenue per head by country and region, FYE 2020



Source: Office for National Statistics

Notes:

1. North Sea oil and gas revenues included on a geographic share and a population share.
2. Per head estimates are calculated using the ONS's annual mid-year population estimates

Revenue per head in the UK increased by around £140 in FYE 2020, rising from £12,260 per head to £12,400. On a regional level, London and the South East are estimated to have raised the most revenue, at around £18,660 and £14,220 per head respectively. Wales and the North East raised the smallest amount of revenue per head, at £9,850 and £9,940 respectively. Only Scotland's revenue is affected when measuring on a geographic or population basis.

### 3 . Country and regional public sector finances over the longer term

## Net fiscal balance

While in financial year ending (FYE) 2020, every region saw a worsening of their net fiscal balance, since FYE 2011 almost every country and region is estimated to have reduced their net fiscal deficit - or increased its net fiscal surplus - when measured on a population basis. The exceptions are Northern Ireland, which saw its net fiscal deficit increase over this period, and Scotland, where the net fiscal deficit falls if measured on a population basis or increases if measured on a geographic basis. This difference is because of the fall in revenues from North Sea oil and gas that occurred in this ten-year period.

London had the largest change to its net fiscal balance since FYE 2011: increasing its surplus from £2.8 billion to £36.1 billion. This was caused by a larger increase in total revenue in London than in total expenditure. Northern Ireland saw a slight increase in its net fiscal deficit, increasing from £10.1 billion to £10.3 billion.

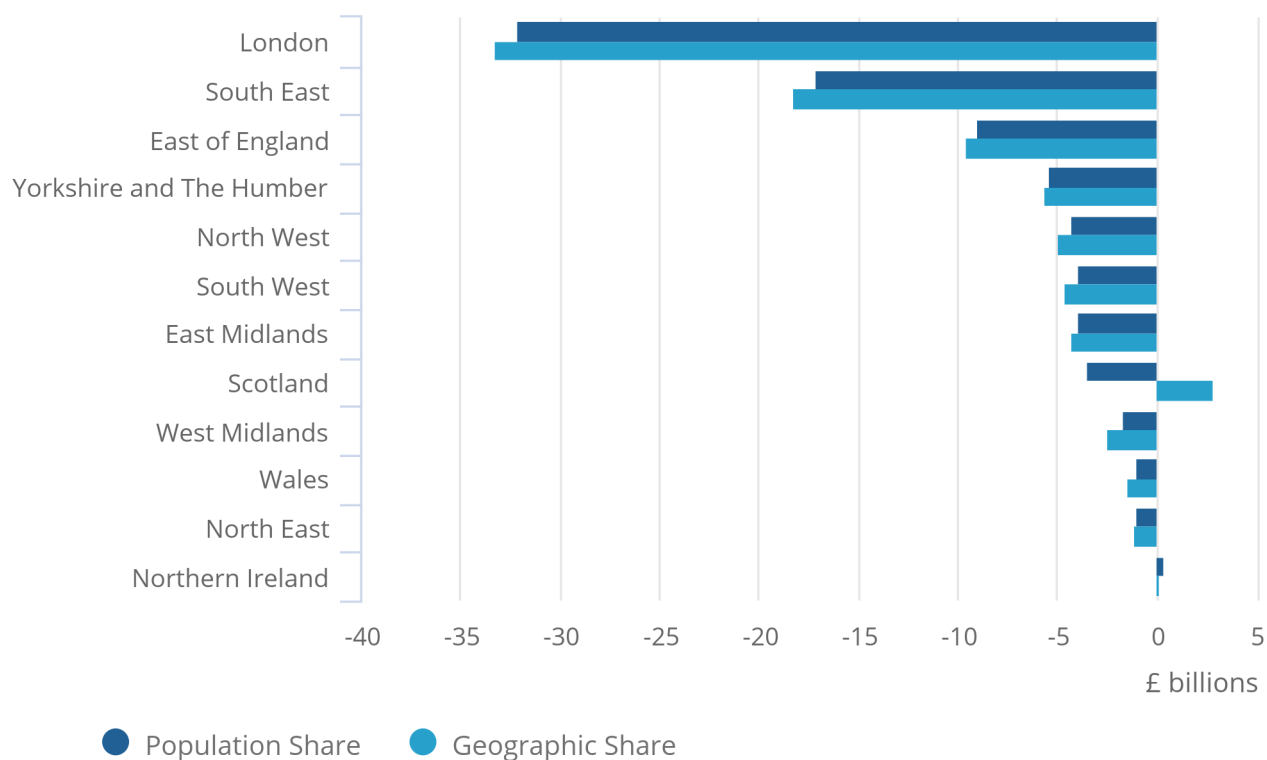


## Figure 5: London has seen the greatest change in its net fiscal balance since FYE 2011

Change in net fiscal balance between FYE 2011 and FYE 2020 by country and region

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Change in net fiscal balance between FYE 2011 and FYE 2020 by country and region



Source: Office for National Statistics

#### Notes:

1. North Sea oil and gas revenues included on a geographic share and a population share.
2. Numbers that are negative indicate either a reduction in net fiscal deficit or an increase in net fiscal surplus
3. Numbers that are positive indicate an increase in net fiscal deficit.

## Public sector revenue

When looking over the longer term, London, the South East and the East of England have tended to raise more revenue per head than the UK average.

Public sector revenues per head are estimated to have increased across all regions between FYE 2011 and FYE 2020, with London having the biggest increase. Comparatively, since FYE 2011 the North East and Northern Ireland had the smallest increase in the amount of revenue raised per head.

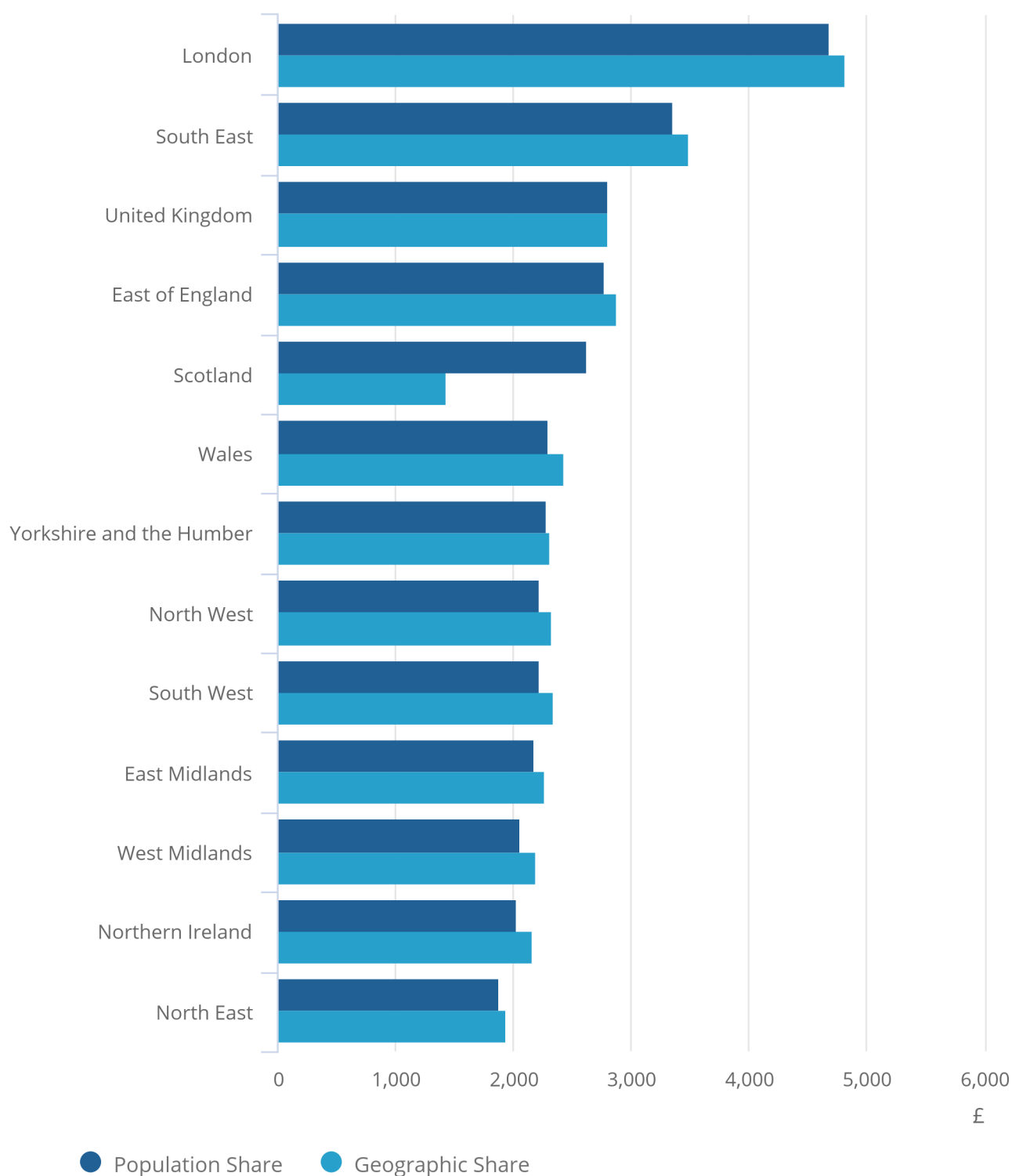


**Figure 6: Between the financial years ending 2011 and 2020, London and the South East revenue per head grow more than any other regions**

Changes in revenue per head by country and region since FYE 2011 to FYE 2020

Figure 6: Between the financial years ending 2011 and 2020, London and the South East revenue per head grow more than any other regions

Changes in revenue per head by country and region since FYE 2011 to FYE 2020



**Source: Office for National Statistics**

**Notes:**

1. North Sea Oil and Gas revenues included on a geographic share and a population share.
2. Per head estimates are calculated using the ONS's annual mid-year population estimates.

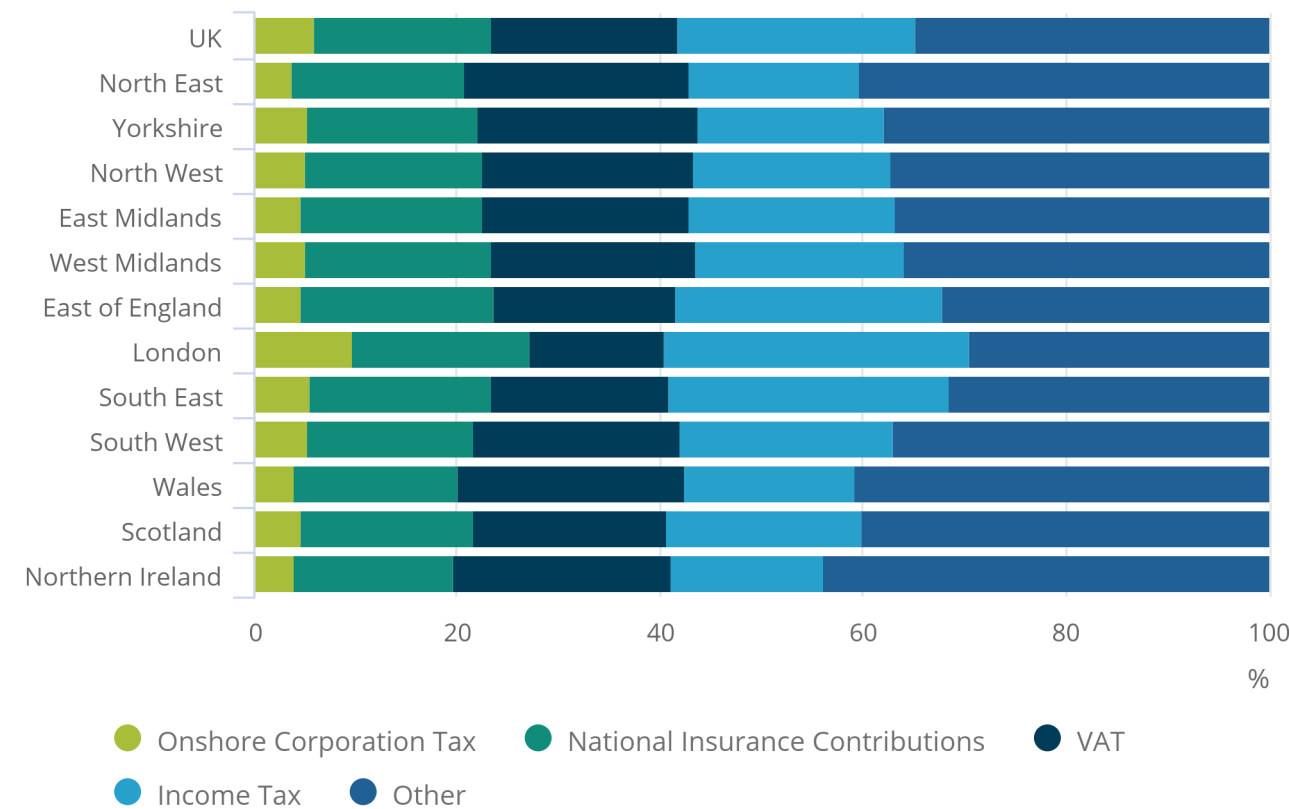
Overall, onshore corporation tax, NICs, VAT and income tax raised 65.2% of all UK public sector revenue. On a country and regional basis, these three taxes and NICs raised most of the revenue in each region, usually making up between 56% to 70% of total revenue raised. The contribution these revenues made has remained relatively stable since FYE 2011.

**Figure 7: Most revenue was raised from Income Tax, VAT (Value Added Tax), National Insurance Contributions and Onshore Corporation Tax for all countries and regions in FYE 2020**

Composition of revenue raised in FYE 2020 by country and region

Figure 7: Most revenue was raised from Income Tax, VAT (Value Added Tax), National Insurance Contributions and Onshore Corporation Tax for all countries and regions in FYE 2020

Composition of revenue raised in FYE 2020 by country and region



Source: Office for National Statistics

Notes:

1. North Sea oil and gas revenues included on a geographic basis.
2. Other includes all other revenue excluding Onshore Corporation Tax, National Insurance Contributions, VAT, and Income Tax.

London raised the highest proportion of its income from these three taxes and NICs as these accounted for 70% of revenues in FYE 2020. London also raised the highest proportion of its revenue from income tax (30%) and raised the most income tax (£50.1 billion) of any region.

## Public sector expenditure

In FYE 2020, London accounted for the most expenditure at £131.2 billion or around 15% of the UK total. However, when considering population, Northern Ireland and Scotland received the most expenditure per head, £15,910 and £15,070 respectively.

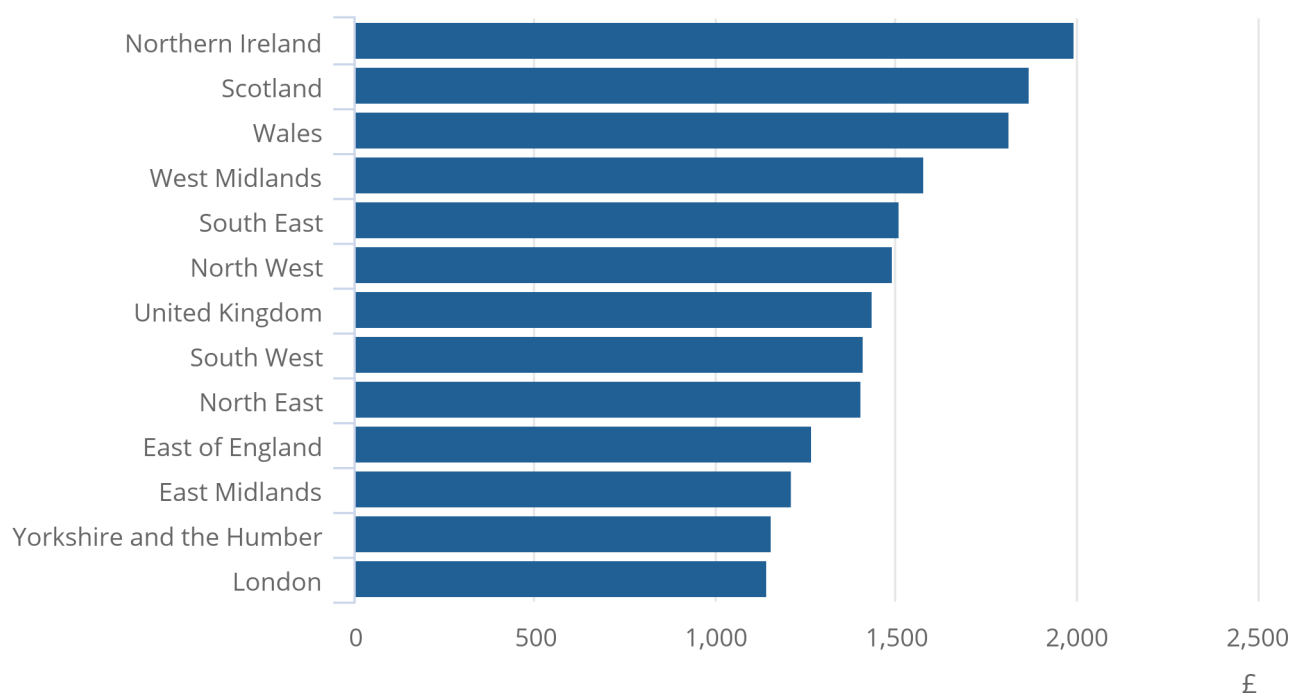
Since FYE 2011, expenditure per head has increased in every country and region in the UK, with the largest increases estimated to have been for Northern Ireland, Scotland, and Wales. London and Yorkshire, however, have seen the smallest increases in expenditure per head, increasing by £1,150 and £1,160 respectively.

### Figure 8: Northern Ireland, Scotland, and Wales saw the largest increase in expenditure per head since FYE 2011

Change in expenditure per head by country and region between FYE 2011 and FYE 2020

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Change in expenditure per head by country and region between FYE 2011 and FYE 2020



Source: Office for National Statistics

#### Notes:

1. Per head estimates are calculated using the ONS's annual mid-year population estimates.



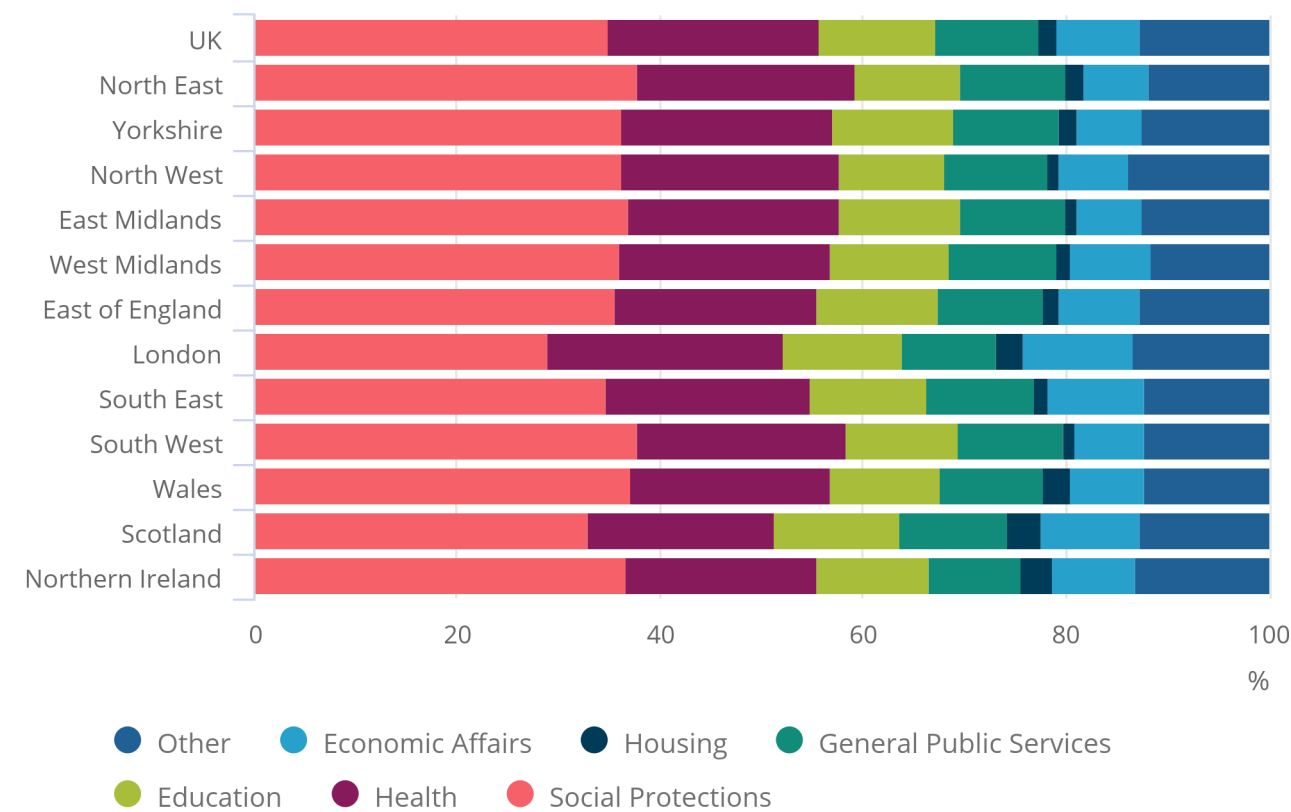
In the UK, 67.2% of all expenditure occurred for social protection, health and education. On a regional level, this varied between 63.8% in Scotland to 69.8% in the North East.

Figure 9: Most expenditure relates to social protection, health, and education functions

Composition of expenditure by function by country and region in FYE 2020

Figure 9: Most expenditure relates to social protection, health, and education functions

Composition of expenditure by function by country and region in FYE 2020



Source: Office for National Statistics

Notes:

1. Social Protection includes state pensions, social care, sickness and disability, unemployment, and child and parent-related benefits.
2. General Public Services includes expenditure not related to a specific function, and public sector debt interest.
3. Economic Affairs includes expenditure on transport, enterprise and economic development, science and technology, employment policies, and agriculture, fisheries and forestry.

## 4 . Data

Datasets supporting this publication are available in the appendices to the bulletin:

[Country and regional public sector finances net fiscal balance tables](#)

Dataset | Released on 21 May 2021

Public sector net fiscal balance for each country and region of the UK.

[Country and regional public sector finances revenue tables](#)

Dataset | Released on 21 May 2021

Public sector revenue for each country and region of the UK.

[Country and regional public sector finances expenditure tables](#)

Dataset | Released on 21 May 2021

Public sector expenditure for each country and region of the UK.

[Country and regional public sector finances net fiscal balance revisions tables](#)

Dataset | Released on 21 May 2021

Revisions to net fiscal balance revisions for each country and region of the UK.

[Country and regional public sector finances supplementary tables](#)

Dataset | Released on 21 May 2021

Supplementary data accompanying the country and regional public sector finances, including public sector net fiscal balance, revenue, and expenditure per-head; accounting adjustments; and population and GDP data used in this publication.

[Country and regional public sector finances revenue proportions](#)

Dataset | Released on 21 May 2021

Country and regional proportions for revenue items.

## 5 . Glossary

### Public sector

Central government departments and bodies (such as the Department for Work and Pensions), local authorities and other local government bodies (such as police authorities), and public sector-controlled corporations (such as Scottish Water).

### Public sector revenue

Total current receipts (mainly taxes, but also social contributions, interest, dividends, gross operating surplus and transfers) received by central government and local government bodies as well as public corporations. It is recorded on an accrued basis, following the national accounts rules.

### Public sector expenditure

Total capital and current expenditure (mainly wages and salaries, goods and services, and expenditure on fixed capital, but also subsidies, social benefits, and other transfers) of central government and local government bodies as well as public corporations. It is recorded on an accrued basis, following the national accounts rules.

## Net fiscal balance

The gap between total spending (current expenditure plus net capital expenditure) and revenue raised (current receipts), is at the UK level equivalent to public sector net borrowing. A negative net fiscal balance figure represents a surplus, meaning that a country or region is receiving in revenue more than is being spent for the benefit of residents or enterprises in that country or region. A positive net fiscal balance represents a deficit, meaning a country or region is attracting more expenditure for the benefit of its residents or enterprises than it is receiving in revenue.

Further definitions and main terms can be found in the [methodology guide](#).

## 6 . Measuring the data

Quality and methodology information (QMI) on strengths, limitations, appropriate uses, and how the data were created is available in the [Country and regional public sector finances QMI](#).

The [country and regional public sector finances methodology guide](#) provides comprehensive contextual and methodological information concerning this statistical bulletin. The methodology guide describes the data and methods used to attribute revenue and expenditure to countries and regions. It also compares the method used with that followed in other publications (see [Section 7: Related links](#)) and highlights any potential weaknesses in the data and/or methodology.

The data in this publication is consistent with the [public sector finances: February 2021](#).

The geographic boundaries used for countries and regions in the UK follows the [International Territorial Levels, Level 1 \(ITL1\)](#). This has changed for this release, previously Nomenclature of Units for Territorial Statistics: NUTS1 definitions were used. ITL1 levels mirror the NUTS1 levels.

## What are experimental statistics

[Experimental Statistics](#) are statistics that are within their development phase and are published to involve potential users at an early stage in building a high-quality set of statistics that meet user needs.

This is the fifth time that we have published country and regional statistics on public sector revenue and expenditure. Since the first publication in [May 2017](#), we have developed the statistics further. It should be emphasised that an experimental statistics label does not mean that the statistics are of low quality, it only signifies that the statistics are novel and still being developed.

Users should refer to this methodological information when judging whether their particular use of the statistics is appropriate.

## 7 . Related links

### [Country and regional analysis](#)

Webpage | Updated 27 November 2020

Statistical estimates for the allocation of identifiable expenditure between the UK countries and 9 English regions.

### [Public expenditure statistical analysis](#)

Webpage | Updated 17 July 2020

Public Expenditure Statistical Analyses (PESA) is the yearly publication of information on government spending. It brings together recent outturn data, estimates for the latest year, and spending plans for the rest of the current spending review period.

### [Disaggregation of HMRC tax receipts](#)

Webpage | Updated 20 December 2019

The disaggregation of HMRC tax receipts between England, Wales, Scotland and Northern Ireland.

### [Government expenditure and revenue Scotland](#)

Webpage | Updated 29 October 2019

Documents and contextual information relating to the Scottish Government's Government Expenditure and Revenue Scotland (GERS) publication.