

Article

# Country and regional public sector finances, UK: financial year ending 2021

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. [Overview](#)
3. [Expenditure](#)
4. [Revenue](#)
5. [Net fiscal balance](#)
6. [Country and regional public sector finances data](#)
7. [Glossary](#)
8. [Data sources and quality](#)
9. [Related links](#)

# 1 . Main points

- All UK countries and regions saw a large increase in expenditure in financial year ending (FYE) March 2021 as a result of the coronavirus (COVID-19) pandemic; London had the highest percentage increase compared with the previous year, of 31.0% (£41.0 billion) while Scotland had the lowest increase (21.6%).
- All countries and regions had a net fiscal deficit in FYE March 2021; London had the lowest net fiscal deficit per head at £800 while Northern Ireland had the highest net fiscal deficit per head at £9,500.
- London and the South East each moved into net fiscal deficit in FYE March 2021 for the first time since FYE March 2010.
- All countries and regions saw a decrease in the amount of revenue raised in FYE March 2021; drops in Value Added Tax, Fuel Duty and business rates receipts were the main contributors.
- London raised the most revenue per head (£18,430) in FYE March 2021, while the North East and Northern Ireland raised the least (£8,700 and £8,750 respectively).
- London had the highest expenditure per head in FYE March 2021 at £19,230 while the East Midlands had the lowest at £15,000.

## 2 . Overview

This article provides users with information on what public sector expenditure has occurred, what public sector revenue has been raised, and the balance between expenditure and revenue in each country and region of the UK, on an April to March financial year basis.

The estimates in this article and datasets are derived from a detailed set of methodologies agreed with our users, details of which can be found in [our methodology guide](#).

Measurements in this bulletin are subject to a degree of [uncertainty](#). Users wishing to make comparisons between regional estimates of revenue and expenditure data should be aware of the potential for statistical error. For more information see Strengths and limitations in the [Data sources and quality section](#).

This article allocates North Sea oil and gas revenue using two distinct methodologies – more details are in the methodology guide. Datasets are available using both methods, but we will use the geographic method throughout, noting where the population method leads to notably different results.

Collectively, the sources and methods used to estimate country and regional receipts, expenditure and net fiscal balance mean that different measurements are each subject to a degree of uncertainty. Users should consider this when comparing estimates that are similar to each other – for example, when drawing inferences about the relative performance of countries or regions within a ranked presentation, or when interpreting the performance of any one country or region between time periods.

### **Figure 1: Figure 1: Interactive map of country and regional public sector finances expenditure (spending) and revenue**

#### **Notes:**

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

**Download the data**

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## 3 . Expenditure

Total public sector expenditure increased in all countries and regions of the UK in financial year ending (FYE) March 2021. Expenditure grew from £884.2 billion to £1,111.9 billion, an increase of 25.8%.

London accounted for the most expenditure in FYE March 2021, £173.1 billion, an increase of £41.0 billion (31.0%). This was the largest increase in expenditure in the UK in FYE March 2021. Northern Ireland accounted for the least amount of expenditure at £34.6 billion, an increase of £6.5 billion compared with the year before. Scotland saw the lowest percentage increase in expenditure at 21.6%.

### **Figure 2: London accounted for the most expenditure and had the largest change in financial year ending (FYE) March 2021**

Expenditure in FYE March 2020 and FYE March 2021, by country and region, £ billion, UK

Download the data

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Expenditure in the UK on a per head basis was £16,580 in FYE March 2021. London had the highest expenditure per person with £19,230, an increase of £4,510 compared with the previous year, followed by Scotland. Comparatively, the East Midlands and the East of England both saw the lowest expenditure per head with £15,000 and £15,300 respectively.

### **Figure 3: London saw the highest expenditure per head in financial year ending (FYE) March 2021**

Expenditure per head in FYE March 2020 and FYE March 2021, by country and region, £, UK

Notes:

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

## Download the data

[.xlsx](#)

Public sector expenditure undertaken in response to the coronavirus (COVID-19) pandemic in 2020 and the first quarter of 2021 is included in this article. However, not all of it can be separately identified as expenditure in response to coronavirus. For example, additional expenditure on personal protective equipment (PPE) by the NHS will be reflected in higher expenditure on health, but it is not possible to say how much of the overall increase of expenditure on health is directly because of the coronavirus.

In FYE March 2021, there was a £227.7 billion increase in expenditure. Identifiable COVID-19 support scheme expenditure accounted for around £99.1 billion. More information about these support schemes can be found in the notes to Figure 4. Health expenditure increased by £56.0 billion, while social protection increased by £24.2 billion.

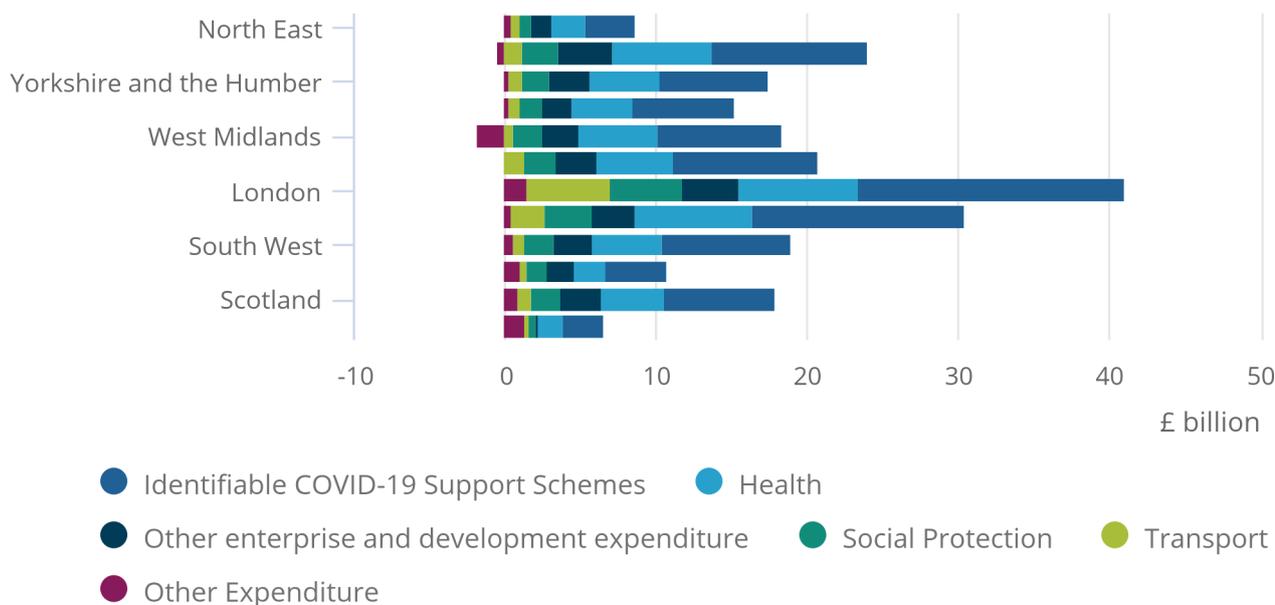
Consistent with this national picture, every country and region saw an increase in expenditure in FYE March 2021. Identifiable COVID-19 support scheme spending was the main contributor to the increase in expenditure. Health was the second biggest contribution to the increase.

**Figure 4: London saw the largest increase in its expenditure in financial year ending (FYE) March 2021**

Total changes in expenditure by function between FYE March 2020 and FYE March 2021, by country and region, UK

**Figure 4: London saw the largest increase in its expenditure in financial year ending (FYE) March 2021**

Total changes in expenditure by function between FYE March 2020 and FYE March 2021, by country and region, UK



Source: Office for National Statistics - Public sector finances, HM Treasury - Country and regional analysis

Notes:

1. Social Protection includes state pensions, social care, sickness and disability, unemployment, and child and parent-related benefits.
2. Other enterprise and development includes regulation and support of general economic and commercial activities, and includes grant support for businesses introduced as part of the response to the coronavirus pandemic.
3. COVID-19 support schemes is made up of the Coronavirus Job Retention Scheme, Self-Employment Income Support Scheme, Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme, Coronavirus Large Business Interruption Loan Scheme and Eat Out to Help Out.

London also had a much larger increase in expenditure on transport than other regions, with an increase of £5.5 billion, roughly one-third of the UK transport increase of £15.4 billion in FYE March 2021.

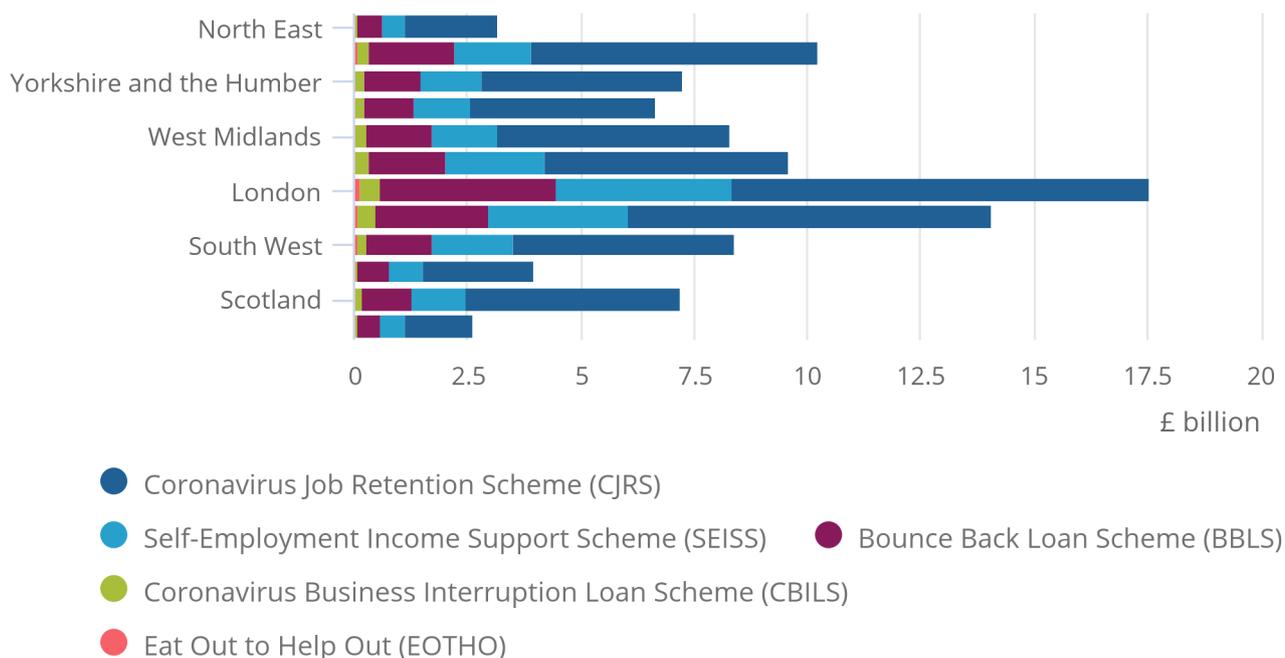
Figure 5 shows identifiable COVID-19 support scheme expenditure. Across the UK, expenditure on the Coronavirus Job Retention Scheme (CJRS) accounted for over 50% of the identifiable COVID-19 support scheme expenditure. The highest amount of CJRS expenditure in FYE March 2021 was in London at £9.2 billion. Since much of the support was provided to workers, regions that are more populous and have higher employment rates will likely have received more support.

**Figure 5: London saw the most identifiable coronavirus (COVID-19) expenditure in financial year ending (FYE) March 2021**

Identifiable COVID-19 expenditure in FYE March 2021, by country and region, UK

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Identifiable COVID-19 expenditure in FYE March 2021, by country and region, UK



Source: Office for National Statistics - Public sector finances, HM Treasury - Country and regional analysis

Notes:

1. Coronavirus Business Interruption Loan Scheme includes expenditure on Coronavirus Business Interruption Loan Scheme and Coronavirus Large Business Interruption Loan Scheme.

## 4 . Revenue

Total revenue raised in the UK fell from £829.3 billion to £794.1 billion in financial year ending (FYE) March 2021. This was the first year-on-year decrease in revenue since FYE March 2010.

London raised the most revenue with £165.9 billion and the South East raised the second largest with £129.2 billion. Northern Ireland raised the lowest amount at £16.6 billion. These figures include a geographic share of North Sea oil and gas revenue; the ranking is unchanged if using a population-based share.

On a per head basis, London had the highest revenue per head with £18,430 in FYE March 2021, followed by the South East at £14,010 per head. These two regions, alongside the East of England (£11,950), are above the UK average revenue per head of £11,840. The North East and Northern Ireland both had the lowest revenue per head at £8,700 and £8,750 respectively. Northern Ireland had the lowest revenue per head measure when using the population-based share.

## Figure 6: London raised the most revenue per head in financial year ending (FYE) March 2021

Revenue per head in FYE March 2020 and FYE March 2021, by country and region, £, UK

### Notes:

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

**Download the data**

[.xlsx](#)

The fall in revenues in FYE March 2021 was predominately driven by a reduction in the revenue raised from Value Added Tax (VAT), Fuel Duty and business rates. Business rates receipts were affected by coronavirus (COVID-19) pandemic-related relief schemes, while other tax receipts saw decreases indirectly caused by the pandemic. UK VAT receipts decreased by £16.1 billion, the biggest fall of any revenue type.

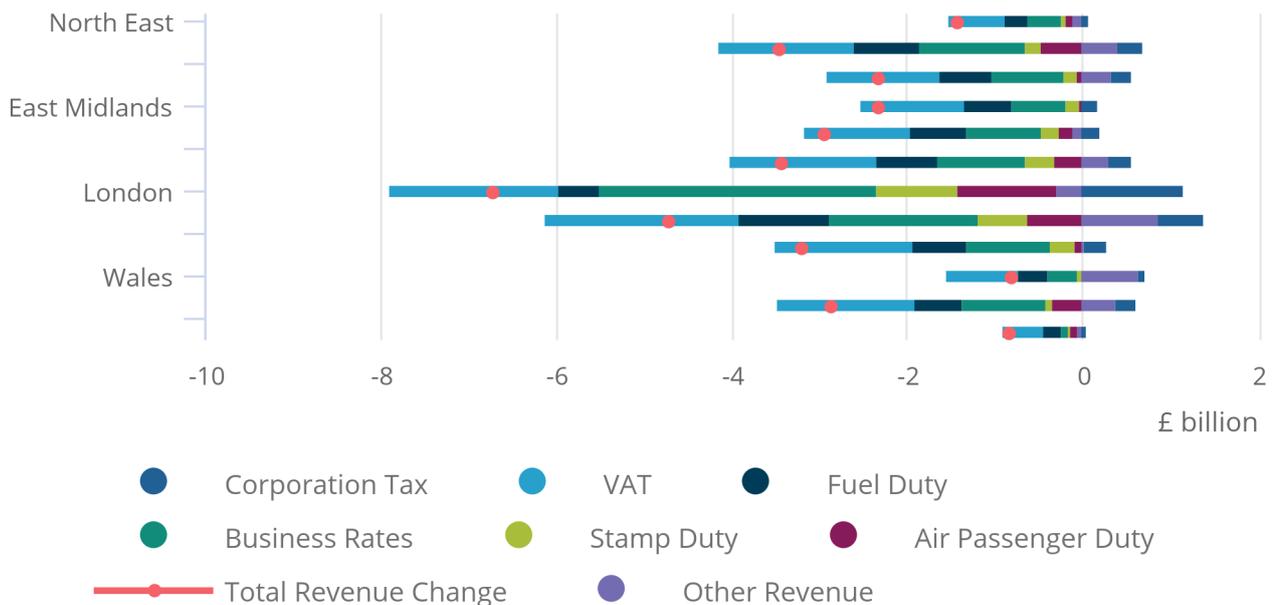
On a regional basis, these same revenue types contributed to the fall across all countries and regions. London had the largest reduction in revenue raised, decreasing £6.7 billion, with business rates (£3.2 billion) making the largest contribution to the fall in FYE 2021.

**Figure 7: Across the UK, falls in VAT, Fuel Duty and business rates were the main contributions to a fall in revenue**

Changes in revenue, by revenue type between financial year ending (FYE) March 2020 and FYE March 2021, by country and region, UK

Figure 7: Across the UK, falls in VAT, Fuel Duty and business rates were the main contributions to a fall in revenue

Changes in revenue, by revenue type between financial year ending (FYE) March 2020 and FYE March 2021, by country and region, UK



Source: Office for National Statistics – Public sector finances

Notes:

1. North Sea oil and gas revenue included on a geographic share.
2. Business rates comprise those paid by market-sector and private non-profit institutions.
3. Stamp Duty includes Stamp Duty Land Tax and its devolved equivalents: Land Transaction Tax and Land and Buildings Transaction Tax.

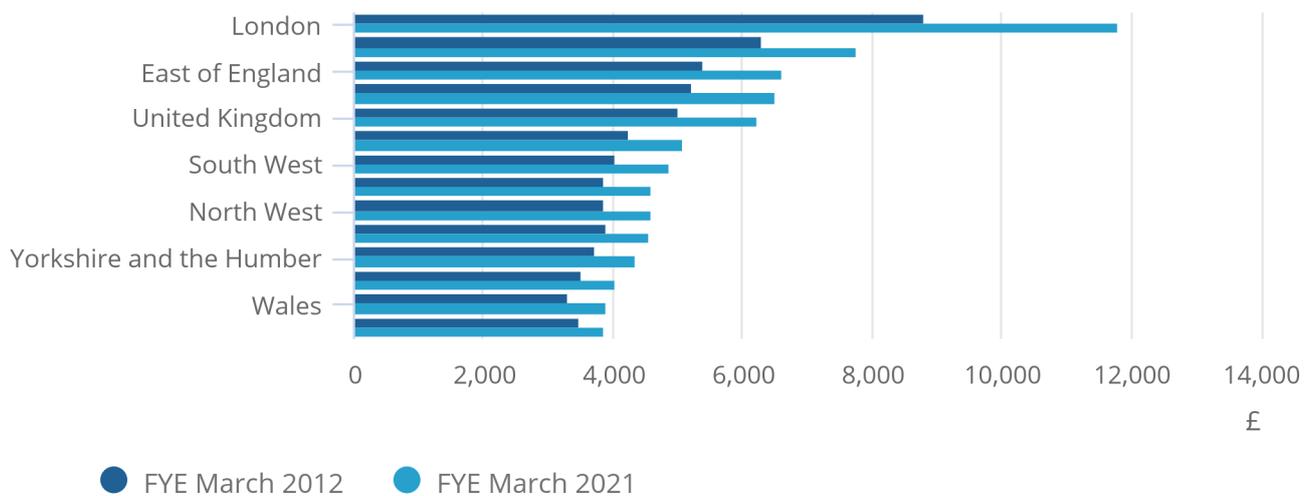
Since FYE March 2012, Income Tax receipts per Income Tax payer have risen across the UK from £5,010 to £6,220 between FYE March 2012 and FYE March 2021 – an increase of 24.2% and faster than median earnings, which grew by 20.7%. These figures are quoted in current prices, meaning they have not been adjusted for the effects of inflation.

**Figure 8: London raised the highest Income Tax per Income Tax payer in financial year ending (FYE) March 2021**

Income Tax raised per Income Tax payer in FYE March 2012 and FYE March 2021, by country and region, UK

Figure 8: London raised the highest Income Tax per Income Tax payer in financial year ending (FYE) March 2021

Income Tax raised per Income Tax payer in FYE March 2012 and FYE March 2021, by country and region, UK



Source: Office for National Statistics – Public sector finances

Notes:

1. Number of Income Tax payers is calculated from HMRC's Income Tax Payers publication.

Between FYE March 2012 and FYE March 2021, London saw the largest increase in Income Tax paid per Income Tax payer, increasing from £8,820 to £11,800, an increase of £2,980. In both FYE March 2012 and FYE March 2021, London, the South East and East of England all raised a higher amount of Income Tax per Income Tax payer than the UK average. These three regions also saw a larger percentage increase in Income Tax paid per Income Tax payer than in median earnings during the period. All the other regions and countries saw a larger rise in average earnings than in average Income Tax paid.

## 5 . Net fiscal balance

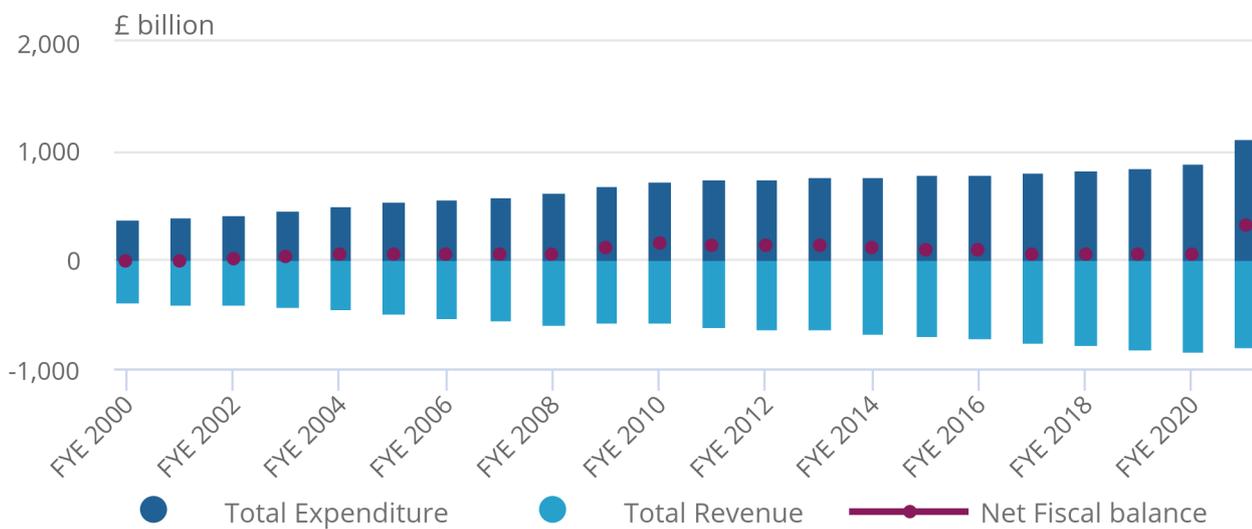
The net fiscal balance is calculated as the difference between expenditure and revenue. In financial year ending (FYE) March 2021, the UK saw an increased net fiscal deficit. This was because of an increase in expenditure and a reduction in revenue. Net fiscal deficit grew from 2.4% of gross domestic product (GDP) in FYE March 2020 to 14.8% of GDP in FYE March 2021.

**Figure 9: Net fiscal deficit increased in financial year ending (FYE) March 2021**

Net fiscal balance, expenditure and revenue from FYE March 2000 to FYE March 2021, UK

Figure 9: Net fiscal deficit increased in financial year ending (FYE) March 2021

Net fiscal balance, expenditure and revenue from FYE March 2000 to FYE March 2021, UK



Source: Office for National Statistics – Public sector finances

Notes:

1. Negative net fiscal balance numbers indicate a net fiscal surplus.
2. Positive net fiscal balance numbers indicate a net fiscal deficit.
3. North Sea oil and gas revenue included on a geographic share.

Every country and region in FYE March 2021 saw a net fiscal deficit. That means estimated public expenditure within that region was higher than the estimated revenues. London, the South East and the East of England moved into net fiscal deficit in FYE March 2021, after being in net fiscal surplus in FYE March 2020. All the other countries and regions saw their net fiscal deficit grow in FYE March 2021.

**Figure 10: Each country or region saw their net fiscal deficit increase in financial year ending (FYE) March 2021**

Net fiscal balance in FYE March 2020 and FYE March 2021, by country and region, UK

**Notes:**

1. Negative numbers indicate a net fiscal surplus.
2. Positive numbers indicate a net fiscal deficit.
3. North Sea oil and gas revenue included on a geographic share.

**Download the data**

[.xlsx](#)

London saw the largest change in its net fiscal balance, moving from a £40.5 billion net fiscal surplus to a £7.2 billion net fiscal deficit, which is the smallest net fiscal deficit in the UK.

The North West and the West Midlands both had the largest net fiscal deficit with £49.9 billion and £37.1 billion respectively.

On a per person basis, London had the lowest net fiscal deficit per person at £800 per head, while Northern Ireland had the highest net fiscal deficit at £9,500 per head. The UK average for net fiscal deficit per head was £4,740.

**Figure 11: On a per head basis, each country and region saw an increase in their net fiscal deficit in financial year ending (FYE) March 2021**

Net fiscal balance per head in FYE March 2020 and FYE March 2021, by country and region, UK

**Notes:**

1. Negative numbers indicate a net fiscal surplus.
2. Positive numbers indicate a net fiscal deficit.
3. North Sea oil and gas revenue included on a geographic share.
4. Per head estimates are calculated using the ONS's annual mid-year population estimates.

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## 6 . Country and regional public sector finances data

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

Dataset | Released 27 May 2022

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

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

Dataset | Released 27 May 2022

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

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

Dataset | Released 27 May 2022

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

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

Dataset | Released 27 May 2022

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

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

Dataset | Released 27 May 2022

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 27 May 2022

Country and regional proportions for revenue items.

## 7 . 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 undertaking 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 [our methodology guide](#).

## 8 . Data sources and quality

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

Our [country and regional public sector finances methodology guide](#) provides comprehensive contextual and methodological information for this article. 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 9: Related links](#)) and highlights any potential weaknesses in the data and/or methodology.

The data in this article are consistent with the [Public sector finances: February 2022](#).

The geographic boundaries used for countries and regions in the UK follow [International Territorial Levels, Level 1 \(ITL1\)](#).

### Feedback

If you would like to send us your feedback, or have suggestions for ways that we can engage with our users in future or make the information in this publication more helpful, please let us know by contacting [Public.Sector.Accounts@ons.gov.uk](mailto:Public.Sector.Accounts@ons.gov.uk).

### Work with external stakeholders

In compiling these estimates, we gather source data from a wide range of external stakeholders and we engage their expertise during the peer review part of our quality assurance work. We organise a bi-annual working group meeting with our external stakeholders to discuss sub-national public sector finances statistics. These external stakeholders include governmental departments, such as HM Treasury and HM Revenue and Customs (HMRC), non-departmental bodies such as Office for Budget Responsibility, as well as the devolved administrations (Scottish Government, Welsh Government and Northern Ireland Executive).

Engagement with external stakeholders is carried out to ensure the data are of the highest possible quality and meet the needs of users. The publication is produced according to the [Code of Practice for Statistics](#). To ensure that these data are produced free from undue influence, the Office for National Statistics maintains control over the final contents of the publication, limits access to pre-release data so that they are only for quality assurance by relevant stakeholders, and ensures all of the underlying definitions used for measuring transactions and classifications are consistent with those set out in the relevant internationally agreed statistical frameworks.

## Strengths and limitations

### Limitations of country and regional estimates of public sector finances

As a consequence of the way they are produced, the country and regional fiscal positions presented in this article are estimates around which there are bounds of [uncertainty](#). While some public sector revenues and expenditure are collected directly at a regional level, many are administered and documented at a UK level. In these cases, regional estimates are produced by apportioning revenues and expenditure across regions using an appropriate geographical indicator, but these are subject to their own limitations. Users should note that some of these indicator variables offer a stronger allocation mechanism than others.

For example, both the [Labour Force Survey](#) (used to estimate the number of households in each country and region) and the [Living Costs and Food Survey](#) (used to estimate regional revenue shares for taxes dependent on the consumption of households) are subject to sampling error. The Labour Force Survey is benchmarked against decennial census results, and [we have recently introduced steps to improve the accuracy of estimates in the intervening years by comparing with Pay As You Earn \(PAYE\) real-time tax information](#). It is based on a rolling quarterly sample of 40,000 households. By contrast, the Living Costs and Food Survey offers a very detailed snapshot of the expenditure patterns of households in different regions, sampling around 13,000 addresses each year.

For income-related taxes, regional estimates are based on [HMRC's Survey of Personal Incomes \(SPI\)](#), a large survey based on a sample of administrative data, which is subject to its own statistical error. At the regional level, the most recent available data for the number of taxpayers is subject to a 95% [confidence interval](#) of plus or minus 1% of the estimate.

In other cases, information held about the size and geographical location of businesses are used to apportion tax revenues, based on records held on the [Inter-Departmental Business Register \(IDBR\)](#). This register includes information from a variety of administrative sources such as Companies House, Value Added Tax (VAT) and PAYE registrations, but may not include (for example) sole proprietors or partnerships who do not meet the requirements to register for these schemes. These are supplemented by data collected by the [Business Register and Employment Survey](#), which includes workplace-level information. In some cases, geographic apportionment may need to be made to a head or local office location as the level of data available on the IDBR does not necessarily reflect a very detailed spatial record of where all business activity is carried out.

The majority of expenditure data, around 90%, are sourced from HM Treasury's Country and Regional Analysis publication, and the accompanying [guidance note](#) includes information on how regional apportionment is carried out.

Our [Country and regional public sector finances QMI](#) contains further information on strengths, limitations, appropriate uses and how the data were created.

### Limitations of UK-wide public sector finances

Country and regional estimates are produced to be consistent, at the aggregated UK level, with the UK public sector finances (PSF). To read more about the methods used and the quality characteristics of PSF, please refer to [our Public sector finances QMI](#).

## 9 . Related links

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

Webpage | Released 24 November 2021

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

### [Public Expenditure Statistical Analysis](#)

Webpage | Released 20 July 2021

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.

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

Webpage | Released 18 August 2021

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