Office for
National Statistics

Article

Country and regional public sector finances, UK: financial year ending 2023

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

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Notice

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The frequency of this release will change from annual to biennial. This will enable us to dedicate extended periods of time to the development of improved subnational public sector finance statistics. Future biennial articles will contain information for the most recent two financial years as well as revisions to the previously published financial years.

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1 . Main points

- Both London and the South East had a net fiscal surplus in the financial year ending (FYE) 2023; all other UK countries and regions had a net fiscal deficit.

- All UK countries and regions had an increase in public sector expenditure in FYE 2023; expenditure was highest in London (£172.8 billion) and lowest in Northern Ireland (£36.0 billion).

- Increases in expenditure between FYE 2022 and FYE 2023 were mainly attributed to spending on public sector debt interest payable and the introduction of energy support schemes.

- All countries and regions had an increase in revenue raised in FYE 2023; London raised the highest amount of revenue (£216.4 billion) and Northern Ireland the lowest (£21.5 billion).

- Increased revenue was largely caused by increased Income Tax receipts, Value Added Tax (VAT) receipts, and social contributions.

All estimates are presented in nominal values. Nominal values represent the current value without adjusting for factors such as inflation.

2 . Overview of country and regional public sector finances

About this article

The estimates and datasets in this article are derived from a detailed set of methodologies agreed with our users.

Measurements in this bulletin are subject to a degree of uncertainty. For example, there is a degree of uncertainty 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. Users wishing to make comparisons between regional estimates should also be aware of the potential for statistical error. For more information, see Section 8: Data sources and quality.

Allocating North Sea oil and gas revenue

We allocate North Sea oil and gas revenue using two distinct methodologies:

- a geographic method based on the location and output of the oil and gas fields

- a population-based method which uses International Territorial Levels, Level 1 (ITL1) country and regional population estimates

As in previous years, we use the geographic method as standard throughout this article but draw attention to where the population-based method leads to notably different results. Datasets are available using both methodologies. See our Country and regional public sector finances: methodology guide for more detail.

Figure 1: Interactive map of country and regional public sector expenditure and revenue from financial year ending (FYE) 2000 to FYE 2023

Notes:

1.North Sea oil and gas revenue included on a geographic and population-based share.

Download the data

3 . Expenditure in the countries and regions of the UK

Total public sector expenditure increased in all countries and regions of the UK between the financial years ending (FYE) 2022 and 2023. At the UK level, total expenditure increased by 10.5%, from £1,047.2 billion in FYE 2022 to £1,157.3 billion in FYE 2023.

The East Midlands showed the largest percentage increase in expenditure between FYE 2022 and FYE 2023, with 12.5%. Scotland showed the lowest percentage increase in expenditure, with 7.7%.

London continued to account for the largest amount of public sector expenditure in FYE 2023, at £172.8 billion. Northern Ireland accounted for the least expenditure, at £36.0 billion.

Figure 2: Expenditure increased in every country and region between FYE 2022 and FYE 2023

Expenditure in FYE 2022 and FYE 2023, by country and region, UK, £ billion

Download the data

We use HM Treasury functions to categorise public sector expenditure ([see HM Treasury's Country and Regional Analysis's Explanatory notes for further information](#) for a full definition of functions). These functions are based on definitions from the Organisation for Economic Co-operation and Development (OECD) which split expenditure into 10 internationally standardised categories, such as defence or education.

The largest contributor to the increase in expenditure in each country and region was in the general public services function, specifically expenditure on public sector debt interest payable. Changes in interest payable are largely the effect of Retail Prices Index (RPI) movements on index-linked gilts.

The second largest contributor to increased expenditure in the UK was expenditure on the social protection function. This was caused largely by cost-of-living payments as well as increases in expenditure on state pensions. Cost of living payments mainly include additional cash payments to recipients of certain benefits and tax credits (see GOV.UK's [Cost of living 2022 guidance for more information](#)). The largest increase in expenditure on social protection was in the South East (£3.1 billion).

The third largest contributor to increased expenditure was the economic affairs function. This was primarily caused by the energy support schemes to help households and businesses manage the cost of energy. These include the Energy Bills Relief Scheme, the Energy Bills Support Scheme, and the Energy Price Guarantee.

Health was the only function to show decreased expenditure in each country and region in FYE 2023. In FYE 2021 and FYE 2022, there was an increase in health expenditure as a result of the coronavirus (COVID-19) pandemic. Scotland experienced the largest percentage decrease in health expenditure, from £19.1 billion in FYE 2022 to £17.0 billion in FYE 2023 (11.2%).

For more information on energy support schemes and health expenditure, see HM Treasury's [Country and regional analysis: 2023 for further information](#).

Expenditure on the education function increased in all regions aside from Scotland, where it decreased from £10.3 billion in FYE 2022 to £10.0 billion in FYE 2023.

Figure 3: London had the largest increase in expenditure in financial year ending (FYE) 2023

Contributions to change in expenditure by function between FYE 2022 and FYE 2023, by country and region, UK, £ billion

Figure 3: London had the largest increase in expenditure in financial year ending (FYE) 2023

Contributions to change in expenditure by function between FYE 2022 and FYE 2023, by country and region, UK, £ billion
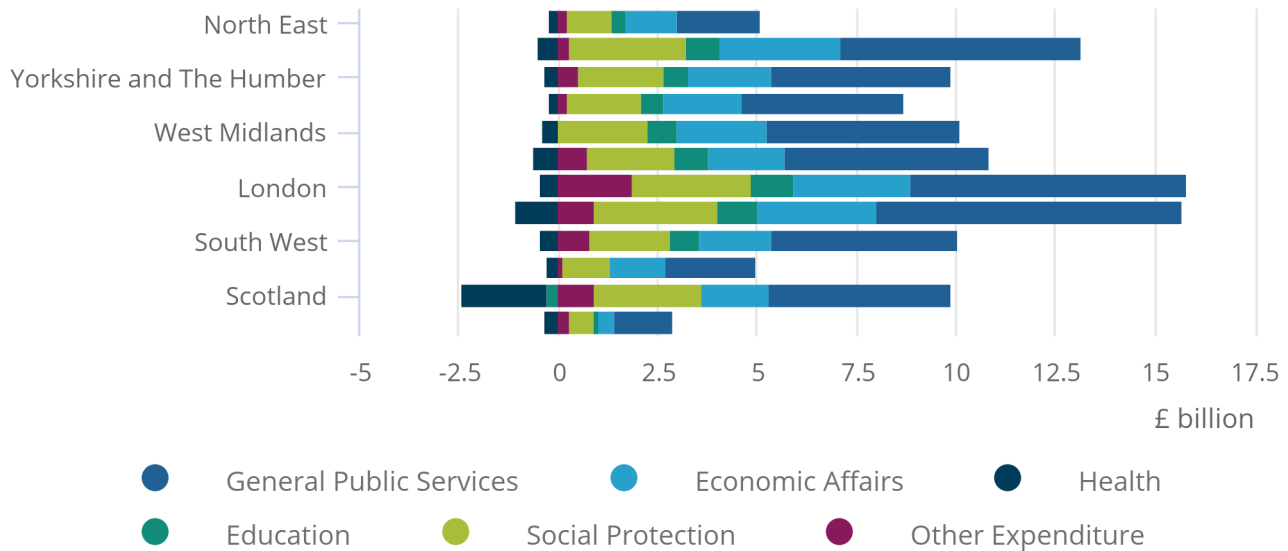
Source: Country and regional public sector finances from the Office for National Statistics, Country and regional analysis from HM Treasury

Expenditure per head increased between FYE 2022 and FYE 2023 in all countries and regions. London was the region with the largest expenditure per head (£19,487), while the East Midlands had the lowest expenditure per head (£15,495).

Figure 4: London had the highest expenditure per head in financial year ending (FYE) 2023

Expenditure per head in FYE 2022 and FYE 2023, by country and region, UK, £ thousand

Download the data

4 . Revenue from the countries and regions of the UK

Total public sector revenue increased in all countries and regions of the UK between financial year ending (FYE) 2022 and FYE 2023. At the UK level, revenue increased by 11.8%, from £920.6 billion in FYE 2022 to £1,029.3 billion in FYE 2023.

London raised the most revenue in FYE 2023, at £216.4 billion. The South East raised the second largest revenue, of £164.8 billion. Northern Ireland raised the lowest revenue amount, at £21.5 billion.

North Sea oil and gas revenues for the UK rose in FYE 2023, because of the introduction of the energy profits levy combined with elevated oil and gas prices. See analysis by the [Office for Budget Responsibility](#) on recent trends on oil and gas revenues. This means that when using the geographic-based share of North Sea oil and gas, Scotland experienced the largest percentage increase in revenue between FYE 2022 and FYE 2023, at 17.0%. Using the population-based method, the North East had the largest percentage increase in revenue (13.8%).

Figure 5: London raised the largest revenue in financial year ending (FYE) 2023

Revenue in FYE 2022 and FYE 2023, by country and region, UK, £ billion

Notes:

1. North Sea oil and gas revenue included on a geographic and population-based share.

Download the data

Nationally, the increase in revenue in FYE 2023 was mainly attributed to:

- Income Tax

- Value Added Tax (VAT)

- social contributions (largely National Insurance contributions)

Income Tax was the largest contributor to the increase in revenue for:

- London

- East of England

- South East

- South West

- West Midlands

VAT was the largest contributor to increases in revenue for:

- North West

- Northern Ireland

- Yorkshire and The Humber

- East Midlands

- Wales

- North East

When apportioning revenue based on the geographic method, the largest contributor to increased revenue in Scotland is North Sea oil and gas. When using the population-based method, Income Tax is the largest contributor in Scotland.

Figure 6: Across the UK, increases in Income Tax, Value Added Tax (VAT), and social contributions were the main drivers of increases in revenue

Changes in revenue, by revenue type between financial year ending (FYE) 2022 and FYE 2023, by country and region, UK, £ billion

Notes:

1. North Sea oil and gas revenue included on a geographic and population-based share.

Download the data

The largest revenue per head in FYE 2023 was in London; the lowest revenue per head in FYE 2023 was in the North East. Revenue per head increased for each country and region between FYE 2022 and FYE 2023. The rise in North Sea oil and gas revenue in FYE 2023 means that Scotland showed the largest percentage increase in revenue per head between FYE 2022 and FYE 2023 (17.5%, using the geographic method we described in [Section 2: Overview of country and regional public sector finances](#)). Using the population-based method, the North East had the largest percentage increase (12.6%).

London, the South East, Scotland, and England as a whole had a revenue per head larger than that of the UK (using the geographic method). If the population-based method is used, Scotland revenue per head falls below that of the UK as a whole.

Figure 7: London raised the most revenue per head in financial year ending (FYE) 2023

Revenue per head in FYE 2022 and FYE 2023, by country and region, UK, £ thousand

Notes:

1. North Sea oil and gas revenue included on a geographic and population-based share.

Download the data

5 . Net fiscal balance for the countries and regions of the UK

Net fiscal balance is the difference between expenditure and revenue. In financial year ending (FYE) 2023, the UK was in net fiscal deficit, meaning that its expenditure was higher than its revenue. For FYE 2023, the UK's net fiscal deficit was £128.0 billion, an increase from £126.6 billion in FYE 2022.

London and the South East each showed a net fiscal surplus in FYE 2023; expenditure was higher than revenue in all other countries and regions (net fiscal deficit).

Net fiscal deficit increased for each country and region in FYE 2023 except London and the South East, which both showed an increased net fiscal surplus, and Scotland which showed a decreased net fiscal deficit (using the geographic method of apportioning North Sea oil and gas we described in Section 2: Overview of country and regional public sector finances). Using the population-based method, London and the South East each increased their surplus, and the East of England and Scotland both reduced their deficit.

Figure 8: Most countries and regions had an increase in their net fiscal deficit in financial year ending (FYE) 2023

Net fiscal balance in FYE 2022 and FYE 2023, by country and region, UK, £ billion

Notes:

1. North Sea oil and gas revenue included on a geographic and population-based share.

2. Negative numbers indicate a net fiscal surplus.

3. Positive numbers indicate a net fiscal deficit.

   Download the data

The UK's net fiscal deficit per head in FYE 2023 was £1,894, an increase of £9 compared with FYE 2022. In FYE 2023, London had the highest net fiscal surplus per head, while Northern Ireland had the highest net fiscal deficit per head.

Figure 9: London had the highest net fiscal surplus per head in financial year ending (FYE) 2023

Net fiscal balance per head in FYE 2022 and FYE 2023, by country and region, UK, £ thousand

Notes:

1. North Sea oil and gas revenue included on a geographic and population-based share.

2. Negative numbers indicate a net fiscal surplus.

3. Positive numbers indicate a net fiscal deficit.

Download the data

6 . Country and regional public sector finances data

[Country and regional public sector finances expenditure tables](#)
Dataset | Released 7 June 2024
Public sector expenditure for each country and region of the UK.

[Country and regional public sector finances revenue tables](#)
Dataset | Released 7 June 2024
Public sector revenue for each country and region of the UK.

[Country and regional public sector finances net fiscal balance tables](#)
Dataset | Released 7 June 2024
Public sector net fiscal balance for each country and region of the UK.

[Country and regional public sector finances supplementary tables](#)
Dataset | Released 7 June 2024
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 gross domestic product (GDP) data used in this publication.

[Country and regional public sector finances net fiscal balance revisions tables](#)
Dataset | Released 7 June 2024
Revisions to net fiscal balance revisions for each country and region of the UK.

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 [Country and regional public sector finances: methodology guide](#).

8 . Data sources and quality

These accredited official statistics were independently reviewed by the Office for Statistics Regulation in May 2022. They comply with the standards of trustworthiness, quality and value in the Code of Practice for Statistics and should be labelled "accredited official statistics".

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 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 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 our Public sector finances: February 2024 bulletin.

In addition to regular source data updates, this publication includes revisions caused by improved methodologies for visa fees and the emissions trading scheme. Revisions may also arise from improved methodologies for the immigration skills charge, immigration health surcharge, digital services tax and Dartford tolls paid by households. The scale of revisions is reported in the country and regional public sector finances net fiscal balance revision tables.

This article reflects revenue from the energy profits levy which came into effect on 26 May 2022. Other new items introduced in this article are:

- plastic packaging tax

- EU payment - custom undervaluation case

- electricity generator levy

- residential property developer tax

- the economic crime levy

A recent classification assessment has led to the inclusion of the warm home discount scheme for England and Wales (from April 2011 onwards), described in our Recent and upcoming changes to public sector finance statistics: December 2023 article.

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

ITL1 region population estimates for England and Wales were obtained from our Estimates of the population for England and Wales dataset. Population estimates for Scotland were obtained from our Population estimates time series dataset for the UK, England, Scotland, Wales, and Northern Ireland. Population estimates for Northern Ireland were obtained from the Northern Ireland Statistics and Research Agency's (NISRA's) 2022 Mid-year population estimates.

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 sub-uk.psf@ons.gov.uk.

Work with external stakeholders

In compiling these estimates, we gather source data from a wide range of external stakeholders and engage their expertise during the peer review part of our quality assurance work. We organise a biannual working group meeting with them to discuss subnational 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).

We engage with external stakeholders so that 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 influence, we:

- maintain control over the final contents of the publication

- limit data access prior to publication to quality assurance by relevant stakeholders

- ensure 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

The country and regional fiscal positions presented have a degree of uncertainty because of the way they are produced. While some public sector revenue and expenditure amounts are collected directly at a regional level, many are administered and documented only 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 more information, see our Uncertainty and how we measure it for our surveys explainer.

For example, both the Labour Force Survey (LFS) (used to estimate the number of households in each country and region) and the Living Costs and Food Survey (LCF) (used to estimate regional revenue shares for taxes dependent on the consumption of households) are subject to sampling error. The LFS is benchmarked against decennial census results, and we have introduced steps to improve the accuracy of estimates in the intervening years by comparing with Pay As You Earn (PAYE) real-time tax information. For more information, see our Labour Force Survey weighting methodology.

It is based on a rolling quarterly sample of around 40,000 households. By contrast, the LCF offers a detailed snapshot of the expenditure patterns of households in different regions, sampling approximately 5,400 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 includes information from a variety of administrative sources such as Companies House, Value Added Tax (VAT) and Pay As You Earn (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. This is because 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.

Most expenditure data, around 90%, are sourced from HM Treasury's Country and regional analysis publication, and the accompanying guidance note published on GOV.UK, 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). For more on the methods used and the quality characteristics of PSF, please see our [Public sector finances QMI](#).

9 . Related links

[Country and regional analysis 2023](#)
Webpage | Released 20 December 2023
Statistical estimates for the allocation of identifiable expenditure between the regions and nations of the UK published by HM Treasury.

[Government Expenditure and Revenue Scotland](#)
Webpage | Released 16 August 2023
Documents and contextual information relating to the Scottish Government's Government Expenditure and Revenue Scotland (GERS) publication.

[HMT Public Expenditure Statistical Analyses (PESA)](#)
Webpage | Released 19 July 2023
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.

10 . Cite this article

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