

SDR 178/2008

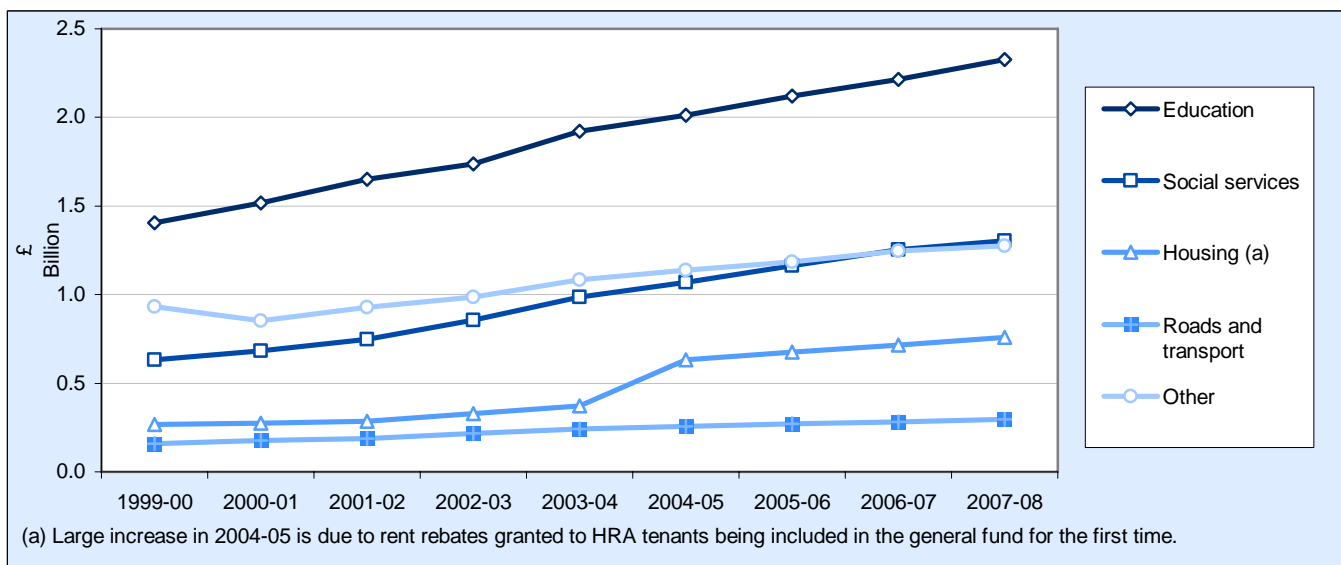
6 November 2008

## LOCAL AUTHORITY REVENUE OUTTURN EXPENDITURE 2007-08

### Key points

- Total gross revenue expenditure for 2007-08, as reported by Welsh local authorities, including police, fire and national park authorities, was £6.7 billion. This represents an increase of 4.1% over the previous year (table 1).
- Specific and special government grants increased by £100 million or 6.6% and accounted for 24% of total gross expenditure in 2007-08.
- Net revenue expenditure, i.e. excluding specific and special grants, increased by 3.4% in 2007-08.
- Education services accounted for 34% of the total gross expenditure, social services 19%, police 9% and fire services 2% (chart 2).
- Revenue support grant accounted for 59% of the budget requirement across Wales, with council tax accounting for 22% and redistributed non-domestic rates 15%. Police grant from the Home Office made up the remaining 4% (chart 3).
- Total gross revenue expenditure per head in Wales (including police and fire) was £2,261. The county recording the highest expenditure per head was Merthyr Tydfil at £2,342 per person. The lowest recorded expenditure per head was Monmouthshire with £1,722 per head (table 2). The highest police authority spend per head was for South Wales police authority at £217 per head.
- Local authorities put £97 million into their reserves in 2007-08 (table 1). This represents an increase of £72 million over the previous year.

**Chart 1: Breakdown of local authority service expenditure over time**



Additional information is available on the Internet at: [www.statswales.wales.gov.uk](http://www.statswales.wales.gov.uk)

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Table 1 shows the local authority revenue outturn expenditure. Housing and education are showing the highest percentage increases whilst planning, economic and community development is showing the largest percentage decrease.

**Table 1: Service level revenue expenditure and financing - Wales (a)**

	2006-07	2007-08	Change	Change	2007-08
	£ million	£ million	£ million	%	£ per head
County and county borough council expenditure					
Education	2,213.0	2,325.6	112.6	5.1	780
Social services	1,253.6	1,302.9	49.3	3.9	437
Housing (b)	716.7	759.4	42.7	6.0	255
Local environmental services (c)	353.9	356.4	2.6	0.7	120
Roads and transport	283.3	296.4	13.1	4.6	99
Libraries, culture, heritage, sport and recreation	259.9	267.4	7.5	2.9	90
Planning, economic and community development	115.2	113.6	-1.6	-1.4	38
Council tax benefit and administration (d)	32.1	31.7	-0.4	-1.2	11
Debt financing: counties	278.0	289.0	10.9	3.9	97
Central administration and other revenue: counties (e) (f)	207.4	217.3	9.9	4.8	73
<b>All county and county borough council expenditure</b>	<b>5,713.1</b>	<b>5,959.8</b>	<b>246.7</b>	<b>4.3</b>	<b>2,000</b>
Police (f)	601.4	623.3	21.8	3.6	209
Fire (f) (g)	142.1	138.2	-3.9	-2.8	46
National parks (f)	15.8	17.8	2.0	12.9	6
<b>Gross revenue expenditure (h)</b>	<b>6,472.4</b>	<b>6,739.1</b>	<b>266.7</b>	<b>4.1</b>	<b>2,261</b>
less specific and special government grants (i)	1,529.7	1,630.2	100.5	6.6	547
<b>Net revenue expenditure</b>	<b>4,942.7</b>	<b>5,108.9</b>	<b>166.2</b>	<b>3.4</b>	<b>1,714</b>
Putting to (+) / drawing from (-) reserves	24.6	97.0	72.5	295.1	33
<b>Budget requirement</b>	<b>4,967.3</b>	<b>5,205.9</b>	<b>238.6</b>	<b>4.8</b>	<b>1,747</b>
plus discretionary non-domestic rate relief	2.6	2.5	-0.2	-6.0	1
less revenue support grant	2,951.8	3,061.6	109.8	3.7	1,027
less police grant	217.0	225.0	8.0	3.7	75
less re-distributed non-domestic rates income	730.0	791.0	61.0	8.4	265
<b>Council tax requirement</b>	<b>1,071.2</b>	<b>1,130.8</b>	<b>59.6</b>	<b>5.6</b>	<b>379</b>
of which:					
paid by council tax benefit grant from the Department for Work and Pensions	177.2	184.6	7.4	4.2	62
paid directly by council tax payers	894.0	946.2	52.3	5.8	318

(a) Service expenditure is shown excluding that financed by sales, fees and charges, but including that financed by specific and special government grants. The figures have been adjusted to account for FRS17 pension costs. The £ per head calculations use the 2007 mid year estimates of population.

(b) Includes housing benefit, and private sector housing costs such as provision for the homeless. Includes rent rebates granted to HRA tenants which is 100% grant funded. Excludes council owned housing.

(c) Includes cemeteries and crematoria, community safety, environmental health, consumer protection, waste collection/disposal and central services to the public such as birth registration and elections.

(d) Excludes council tax benefit expenditure funded by the specific grant from the Department for Work and Pensions.

(e) Includes agricultural services, coastal and flood defence and community councils.

(f) Includes central administrative costs of corporate management, democratic representation and certain costs, such as those relating to back-year or additional pension contributions which should not be allocated to individual services, capital expenditure charged to the revenue account and is net of any interest expected to accrue on balances.

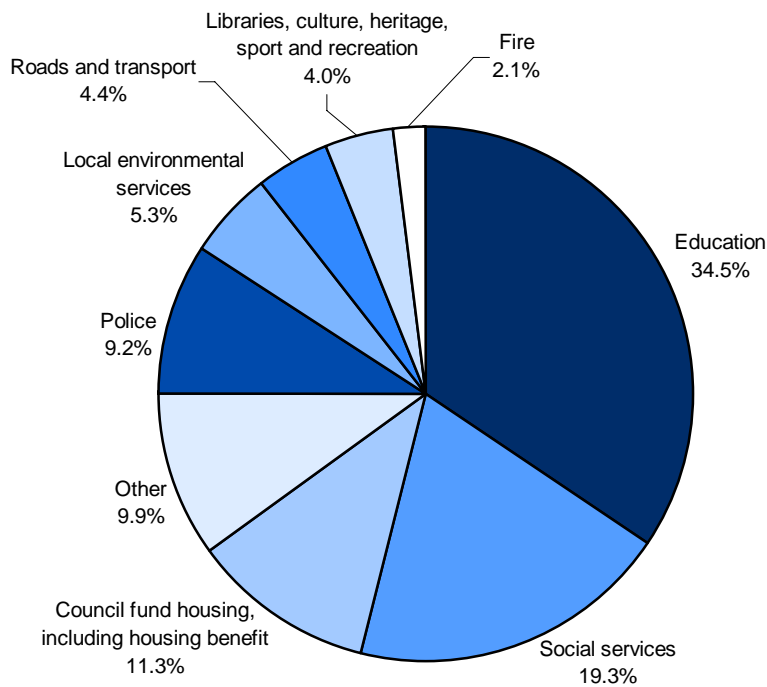
(g) From April 2007 the arrangements for financing fire-fighters pensions changed and part of the expenditure is now supported through specific grant.

(h) A comparison of gross revenue expenditure for individual authorities is given in table 2.

(i) Excludes police grant and council tax benefit grant.

Chart 2 shows gross revenue expenditure across services as a percentage of total spend. Education and social services make up more than half of the total expenditure.

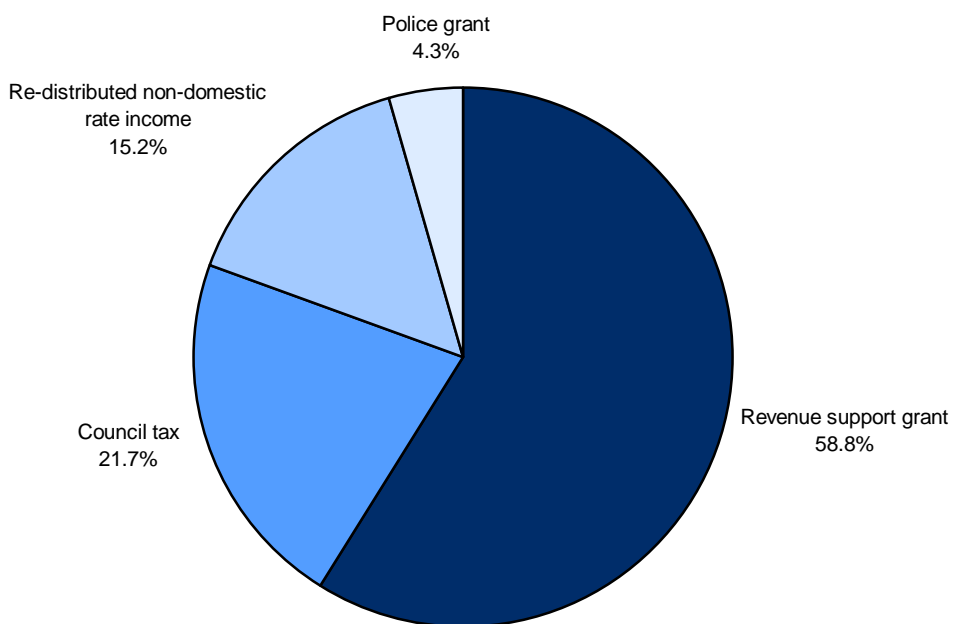
**Chart 2: Service level gross revenue expenditure in Wales, 2007-08 (a)**



(a) Includes county and county borough councils, police, fire and national park authorities.

Chart 3 shows financing of budget requirement. Budget requirement is gross revenue expenditure less that funded by all non-police specific government grants and that expenditure funded from local authority reserves. It is the amount of expenditure which is supported by the council tax and general support from central government.

**Chart 3: Financing of budget requirement in Wales, 2007-08 (a)**



(a) For the purposes of this chart, budget requirement also includes discretionary non-domestic rate relief.

Table 2 shows the local authority revenue outturn expenditure. Of the unitary authorities, Carmarthenshire has the highest percentage increase whilst the Vale of Glamorgan is showing the smallest percentage increase.

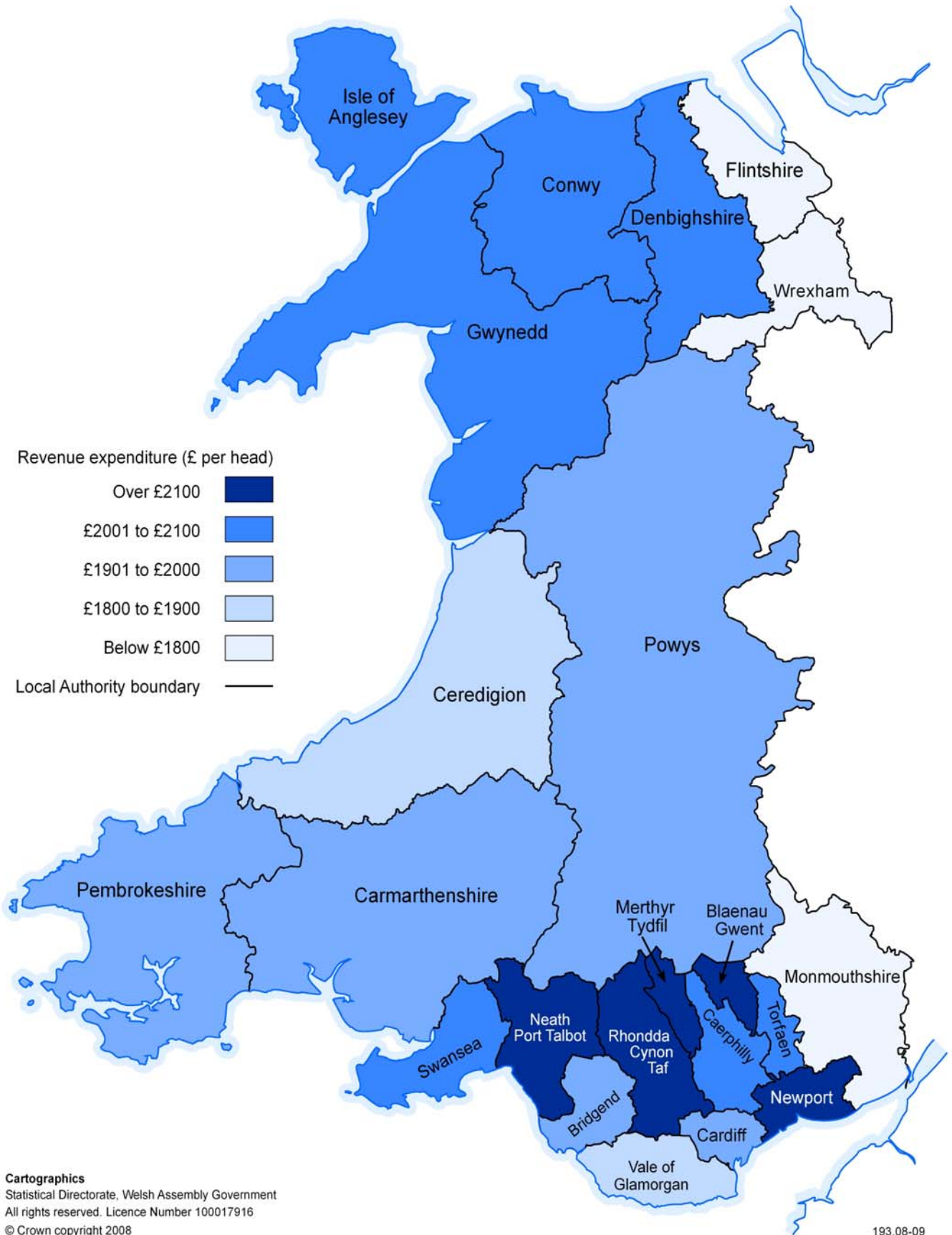
**Table 2 - Gross revenue expenditure by local authority**

	2006-07 £ million	2007-08 £ million	Change £ million	Change %	2007-08 £ per head
Isle of Anglesey	132.7	139.2	6.5	4.9	2,018
Gwynedd	234.0	245.6	11.5	4.9	2,075
Conwy	218.5	230.4	11.9	5.4	2,062
Denbighshire	191.0	201.2	10.1	5.3	2,074
Flintshire	257.0	264.1	7.1	2.8	1,754
Wrexham	220.9	235.6	14.8	6.7	1,786
Powys	258.1	263.5	5.5	2.1	1,997
Ceredigion	139.3	146.1	6.8	4.9	1,878
Pembrokeshire	216.6	231.7	15.1	6.9	1,965
Carmarthenshire	329.4	352.8	23.5	7.1	1,965
Swansea	445.7	464.7	19.0	4.3	2,037
Neath Port Talbot	282.8	292.7	9.8	3.5	2,130
Bridgend	245.9	259.0	13.1	5.3	1,934
Vale of Glamorgan	222.2	223.4	1.2	0.5	1,801
Cardiff	604.8	627.1	22.3	3.7	1,954
Rhondda Cynon Taf	473.2	496.5	23.2	4.9	2,124
Merthyr Tydfil	122.9	130.2	7.3	5.9	2,342
Caerphilly	354.0	359.2	5.2	1.5	2,090
Blaenau Gwent	152.3	155.8	3.5	2.3	2,253
Torfaen	182.7	190.4	7.6	4.2	2,090
Monmouthshire	146.2	151.9	5.7	3.9	1,722
Newport	282.8	298.8	16.0	5.6	2,131
<b>All county and county borough councils (a)</b>	<b>5,713.1</b>	<b>5,959.8</b>	<b>246.7</b>	<b>4.3</b>	<b>2,000</b>
Dyfed Powys police authority	87.7	95.6	7.9	9.0	188
Gwent police authority	118.4	119.8	1.3	1.1	214
North Wales police authority	139.1	140.4	1.3	0.9	207
South Wales police authority	256.2	267.5	11.3	4.4	217
<b>All police authorities</b>	<b>601.4</b>	<b>623.3</b>	<b>21.8</b>	<b>3.6</b>	<b>209</b>
Mid and West Wales fire authority (b)	42.7	41.4	-1.3	-3.1	47
North Wales fire authority (b)	30.4	29.6	-0.8	-2.5	44
South Wales fire authority (b)	69.0	67.2	-1.8	-2.7	47
<b>All fire authorities (a)</b>	<b>142.1</b>	<b>138.2</b>	<b>-3.9</b>	<b>-2.8</b>	<b>46</b>
Brecon Beacons national park authority	4.2	5.0	0.8	19.3	.
Pembrokeshire Coast national park authority	4.7	5.4	0.7	15.2	.
Snowdonia national park authority	6.9	7.4	0.5	7.5	.
<b>All national park authorities (a)</b>	<b>15.8</b>	<b>17.8</b>	<b>2.0</b>	<b>12.9</b>	<b>6</b>
<b>Wales</b>	<b>6,472.4</b>	<b>6,739.1</b>	<b>266.7</b>	<b>4.1</b>	<b>2,261</b>

(a) Expenditure on fire services is financed by the county and county borough councils by means of levies to the fire authorities. For the purposes of this table the levies have been deducted from counties expenditure and included against the fire authorities. Similarly 25% of national park authority expenditure is financed by the county and county borough councils by means of levies to the national park authorities, the remainder being financed by specific grants.

(b) From April 2007 the arrangements for financing fire-fighters pensions changed and part of the expenditure is now supported through specific grant.

# Local Authority Gross Revenue Expenditure 2007-08 (£ per head)



## **TECHNICAL NOTES ON LOCAL AUTHORITY REVENUE OUTTURN EXPENDITURE**

### **Data sources**

The main sources of information on local authority revenue expenditure are the revenue outturn (RO) returns from local authorities. The latest returns relate to the final accounts for the 2007-08 financial year. More recent information, relating to forecast budgeted expenditure, is available from the revenue account (RA) budget returns. Figures are presently available for the 2008-09 financial year.

### **Definitions**

Gross revenue expenditure is total local authority expenditure on services, plus debt financing costs, but net of any income from sales, fees, and charges and other non-grant sources. It includes expenditure funded by specific and special government grants and expenditure funded from local authority reserves.

Net revenue expenditure is gross revenue expenditure excluding that funded by specific and special grants (except police grant).

Budget requirement is gross revenue expenditure excluding that funded by specific and special grants (except police grant) and that expenditure funded from local authority reserves. It is the amount of expenditure that is funded by council tax and general support from central government, i.e. revenue support grant, police grant, re-distributed non-domestic rates, and any transitional grant relief for council tax.

### **Fire authorities and national park authorities**

These authorities fall within the general definition of local authorities. Fire authorities receive all of their funding as a levy from the county and county borough councils, whilst National Park authorities receive about 25% of their funding as a similar levy, and 75% in the form of specific grants from central government. The county and county borough council figures in this release have been reduced by the amount of the levies in order to give the full picture for the expenditure of the fire authorities and national park authorities.

### **Specific and special grants**

The largest specific and special grants cover the payment of housing benefit rent allowances, council tax benefits and post-16 education provision. In total, these grants account for over half of all specific grants. Several grants require that the authority add a proportion of its own money to the grant. This matched funding, unlike the grant itself, will count towards net revenue expenditure.

### **FRS17 pension benefits**

This requirement is enshrined in the Code of Practice on Local Authority Accounting in the UK, published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and in CIPFA's Best Value Accounting Code of Practice (BVACOP). Data shown in this release are mostly presented on an FRS17 basis.

Under FRS17 most of the pension schemes covering local government employees are classed as defined benefit schemes. The main implication of defined benefit status is that retirement benefits are accounted for on the basis of the retirement benefit entitlement to which employment in the year gives rise, rather than the cash amounts of employer's contribution or pension due for the year. The major exception to defined benefit status is the teachers' pension scheme, which is administered centrally; this is accounted for on a defined contribution basis, and the charges to service expenditure equal the employer's contribution. The defined benefit charges are not allowed to impact on council tax payers, the charge that must ultimately be carried by taxpayers is the employer's contributions due for the year.

### **Data quality**

Any statistical publication is only as good as the data that it contains. The strengths and weaknesses of the local government finance data therefore need to be considered. The main problem faced in collecting data for the whole of Wales is consistency. Local authorities in Wales are not a uniform group. They are demographically, physically, socially, economically and politically diverse and also have very different operational structure and practices. This makes obtaining consistent data from local authorities more difficult than might be expected, a problem which becomes more acute as the level of detail is increased.

Thus analysing expenditure at the Wales level will, for example, be more robust than comparing expenditure across each local authority.

### **Rounding**

In tables where figures have been rounded to the nearest final digit there may be an apparent discrepancy between the sum of the constituent items and the total as shown.

### **Accessing the data**

Much of the data behind the charts and tables shown in this bulletin can be found on Statswales (a free-to-use internet service that allows visitors to view, manipulate, create and download tables from the most up to date and detailed official data in Wales). Please select “Local Government Finance” at the navigation screen of the following site: [www.statswales.wales.gov.uk](http://www.statswales.wales.gov.uk).

This release also includes our new Statswales symbol 

If a Statswales symbol appears next to a table or figure, this indicates that more detailed data is available on Statswales.

If you have any comments or require further information or copies, please contact:

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