

SDR 74/2008

5 June 2008

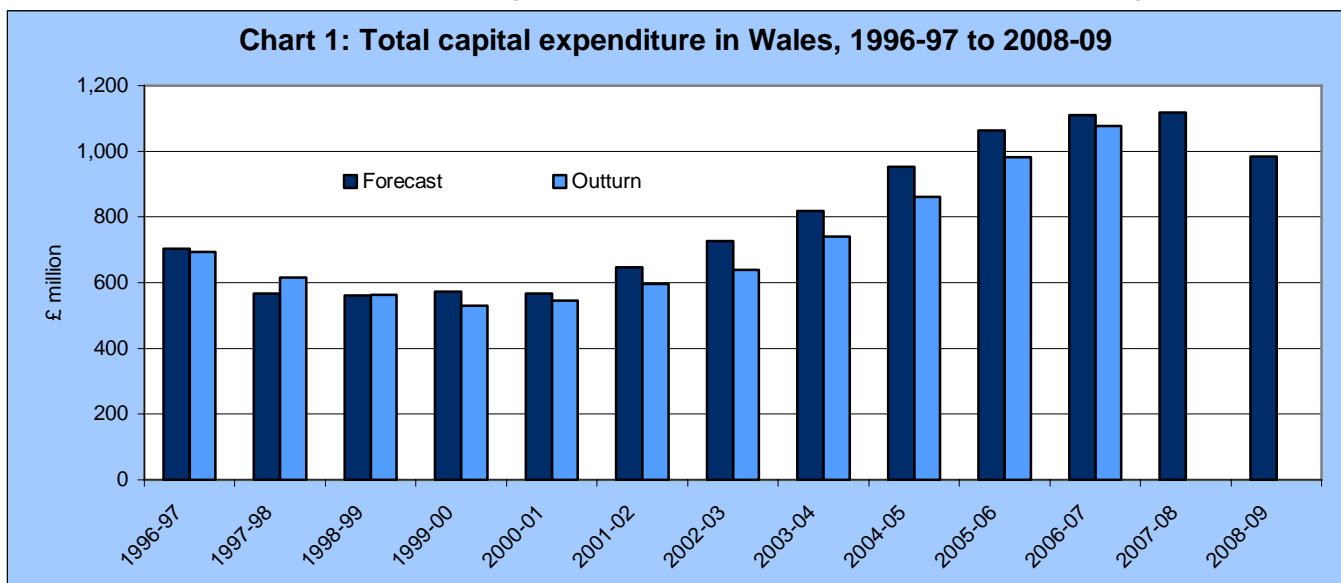
## LOCAL AUTHORITY CAPITAL FORECAST: 2008-09

### Introduction

Capital spending by local authorities is mainly for buying, constructing or improving physical assets such as buildings (schools, houses, libraries and museums, police and fire stations, courts, etc.) land (for development, roads, playing fields) vehicles, plant and machinery including street lighting, road signs, etc.

### Key points

- Total forecast capital expenditure as reported by Welsh local authorities, including police, fire and national park authorities, for 2008-09 is £983 million. This represents a decrease of £135 million or 12% on the previous forecast year. Police authorities report a decrease of 4% in their forecast capital spending to £44 million, while fire authorities show an increase of £20 million to £28 million, mainly due to the relocation of South Wales Fire and Rescue headquarters (table 1).
- Housing services account for 23% of the total capital forecast in 2008-09, education services 20% and roads and transport 14% (chart 2).
- 62% of the funding for this expenditure is in the form of external support, mainly from the Welsh Assembly Government. The remaining 38% is from internal financing (chart 3). The unsupported borrowing element of internal financing is forecast to decrease by £44m or 27% (table 1).
- Forecast expenditure is lower for 2008-09 due mainly to a decrease in unsupported borrowing and the replacement of the European Regional Development Fund with the new Convergence fund.



Additional information is available on the Welsh Assembly Government 'StatsWales' website:  
[www.statswales.wales.gov.uk](http://www.statswales.wales.gov.uk)

Contact: Tel: 029 2082 3963

E-mail: [stats.finance@wales.gsi.gov.uk](mailto:stats.finance@wales.gsi.gov.uk)

Next Update: June 2009 (provisional)



Table 1 shows the latest available outturn data followed by data for the latest forecast years for comparison purposes. The table also shows the way in which the local authorities intend to finance the expenditure.

**Table 1: Capital expenditure and financing (a)**

	2006-07 outturn	2007-08 forecast	2008-09 forecast	£ million	
				Difference between 2008-09 and 2007-08	
				£m	%
<b>Capital expenditure</b>					
County/county borough councils:					
Education	185.8	188.5	199.1	10.7	6
Social services	18.7	22.6	28.4	5.9	26
Roads and transport	214.0	186.1	134.6	-51.5	-28
Housing:					
Housing revenue account (HRA)	166.7	144.6	138.7	-5.9	-4
Non-HRA housing	100.3	86.8	85.3	-1.6	-2
Total housing	267.0	231.4	224.0	-7.4	-3
Local services:					
Environmental and other local services	158.3	185.0	155.6	-29.4	-16
Planning and economic development	104.2	97.4	75.2	-22.2	-23
Libraries, culture, heritage, sport and recreation	87.9	147.0	91.3	-55.6	-38
Total local services	350.4	429.4	322.2	-107.3	-25
Total county/county borough councils	1,036.0	1,058.0	908.3	-149.7	-14
Police authorities	30.1	45.3	43.6	-1.7	-4
Fire authorities	6.4	7.6	28.0	20.4	269
National park authorities	4.5	7.0	3.0	-4.0	-57
<b>Total capital expenditure</b>	<b>1,077.0</b>	<b>1,117.8</b>	<b>982.8</b>	<b>-135.0</b>	<b>-12</b>
<b>Capital financing</b>					
External support:					
General capital funding / general government grant	368.4	300.2	289.8	-10.3	-3
Grants from European Community Structural Funds	45.2	49.1	12.7	-36.3	-74
Capital grants and contributions from other sources	56.0	66.1	54.5	-11.6	-18
Supported borrowing	180.6	171.2	166.8	-4.3	-3
Major repairs allowance	105.2	103.3	85.2	-18.0	-17
Sub-total external support	755.4	689.8	609.2	-80.6	-12
Internal financing:					
Unsupported borrowing	97.2	158.9	115.3	-43.6	-27
Use of capital receipts	134.2	200.1	181.4	-18.6	-9
Capital expenditure charged to a revenue account (non-HRA)	75.0	58.6	57.1	-1.5	-3
Capital expenditure charged to a revenue account (HRA)	15.2	10.5	19.8	9.3	88
Sub-total internal financing	321.6	428.1	373.7	-54.4	-13
<b>Total capital financing</b>	<b>1,077.0</b>	<b>1,117.8</b>	<b>982.8</b>	<b>-135.0</b>	<b>-12</b>

Chart 2 shows capital forecast expenditure across services as a percentage of total forecast expenditure in 2008-09.

**Chart 2: Service level capital expenditure in Wales, 2008-09**

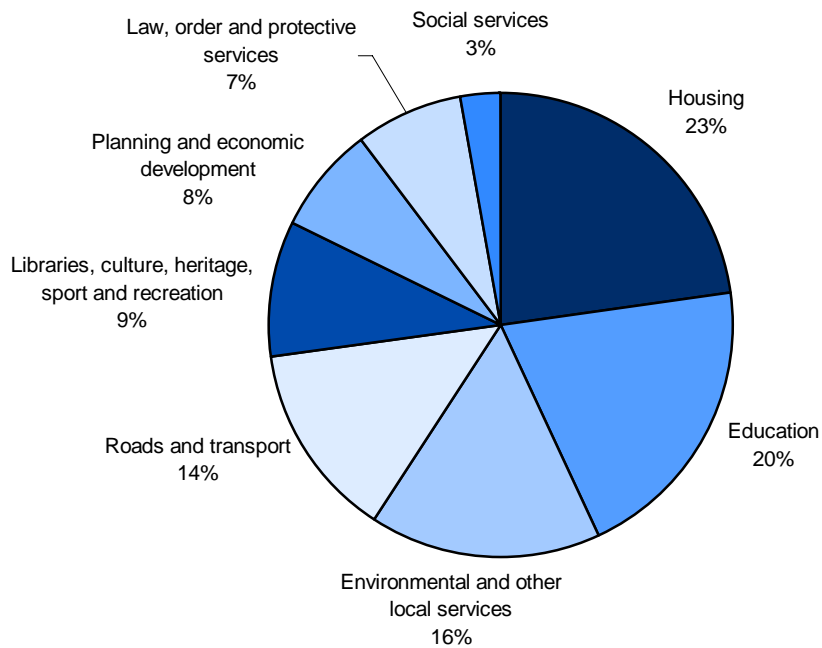


Chart 3 shows how local authorities intend to finance their expenditure in 2008-09. The chart has been split to show both internal financing and external support separately.

**Chart 3: Financing of forecast capital expenditure in Wales, 2008-09**

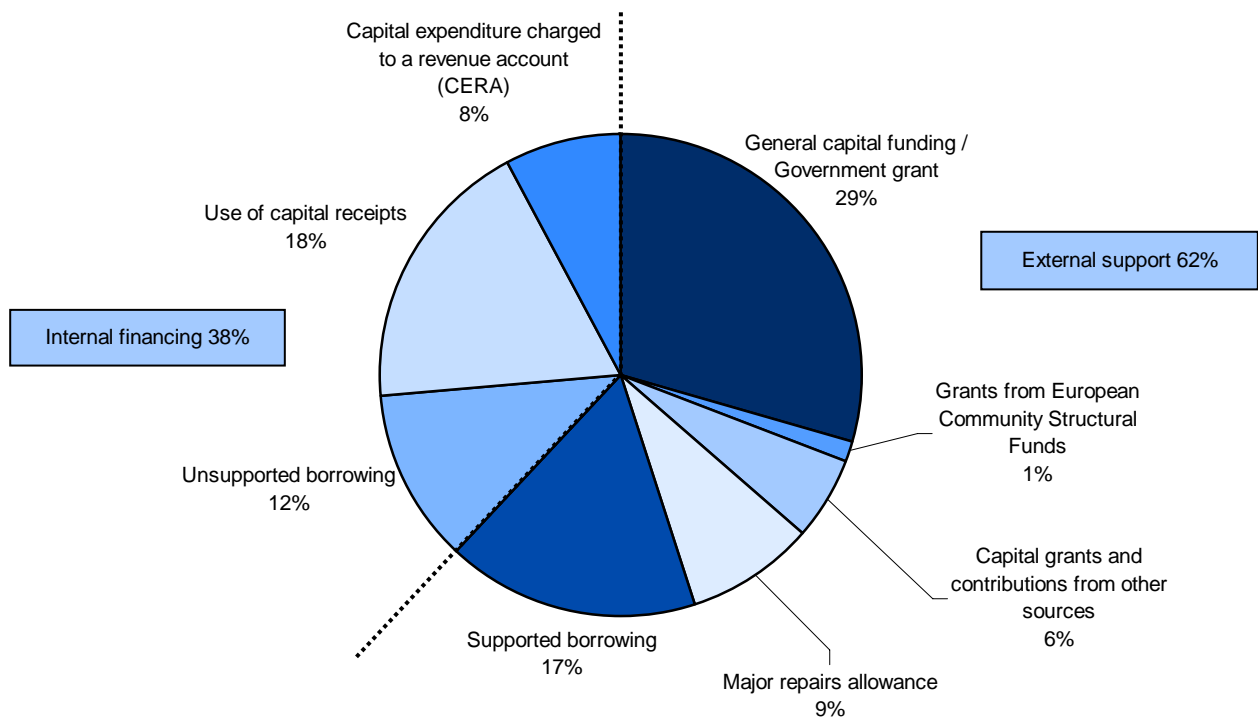


Table 2 shows the way in which local authorities intend to fund services in 2008-09. The table shows county, police, fire and national park elements separately.

**Table 2: Forecast capital expenditure and financing, 2008-09**

	£ million							Total capital expenditure: £ per head (b)
	Education	Social services	Local transport	Housing	Local services (a)	Law, order and protective services	Total capital expenditure	
County/county borough councils:								
Isle of Anglesey	6.9	0.6	1.7	8.4	13.6	0.0	31.1	451
Gwynedd	9.1	1.5	17.9	10.8	11.5	0.0	50.8	430
Conwy	2.6	2.7	2.9	6.1	6.2	0.0	20.5	185
Denbighshire	8.8	0.7	7.4	11.7	12.1	0.0	40.7	423
Flintshire	12.7	1.5	8.6	12.4	16.8	0.0	52.0	346
Wrexham	5.8	1.6	5.4	16.7	4.5	0.0	34.1	260
Powys	9.6	0.3	1.8	7.2	10.3	0.0	29.1	222
Ceredigion	3.6	0.5	8.4	5.3	12.2	0.0	29.8	387
Pembrokeshire	7.1	1.9	5.0	9.9	16.5	0.0	40.4	345
Carmarthenshire	19.3	3.7	7.5	25.7	23.4	0.0	79.6	447
Swansea	12.6	0.0	3.9	17.3	16.7	0.0	50.4	222
Neath Port Talbot	7.6	3.4	13.2	14.9	19.0	0.0	58.0	423
Bridgend	7.0	4.1	1.7	3.0	9.2	0.0	24.9	188
The Vale of Glamorgan	7.5	0.6	2.0	7.8	10.7	0.0	28.6	232
Cardiff	13.9	1.2	15.8	22.7	58.4	0.0	112.0	353
Rhondda Cynon Taf	13.7	2.1	7.8	8.7	23.6	0.0	55.9	239
Merthyr Tydfil	6.3	0.0	0.6	5.4	11.5	0.0	23.8	429
Caerphilly	7.3	0.9	8.4	12.9	8.0	0.0	37.5	219
Blaenau Gwent	5.1	0.0	4.9	7.7	9.7	0.0	27.4	396
Torfaen	3.0	0.0	1.3	3.0	6.9	0.0	14.2	156
Monmouthshire	6.7	0.6	2.6	0.0	10.7	0.0	20.7	235
Newport	23.3	0.5	6.1	6.5	10.4	0.0	46.7	333
All county/county borough councils	199.1	28.4	134.6	224.0	322.2	0.0	908.3	343
Police authorities:								
Dyfed Powys	.	.	.	.	.	8.1	8.1	16
Gwent	.	.	.	.	.	3.0	3.0	5
North Wales	.	.	.	.	.	12.4	12.4	18
South Wales	.	.	.	.	.	20.1	20.1	22
All police authorities	.	.	.	.	.	43.6	43.6	16
Fire authorities:								
Mid and West Wales	.	.	.	.	.	5.7	5.7	7
North Wales	.	.	.	.	.	7.5	7.5	11
South Wales	.	.	.	.	.	14.8	14.8	13
All fire authorities	.	.	.	.	.	28.0	28.0	11
National park authorities:								
Brecon Beacons	.	.	.	.	0.2	.	0.2	.
Pembrokeshire Coast	.	.	.	.	1.7	.	1.7	.
Snowdonia	.	.	.	.	1.1	.	1.1	.
All national park authorities	.	.	.	.	3.0	.	3.0	1
Wales	199.1	28.4	134.6	224.0	325.1	71.6	982.8	371

(a) Includes expenditure on environment, planning, economic development, libraries, culture, sport and other services.

(b) The £ per head calculations use the Registrar General's 2006 mid-year estimates of population.

. Data not applicable.

## Data sources

Forecast capital expenditure data are collected on the capital forecast returns (CAPFOR) and are available for 2007-08 and 2008-09, with final outturn data available for years up to 2006-07.

## Definitions

Capital expenditure is investment in local authority services, mainly the provision, acquisition and enhancement of fixed assets such as land, buildings, vehicles and machinery together with the payment of grants and advances to certain bodies, such as home renovation grants made to private homeowners. Capital receipts generally arise from the disposal of fixed assets, for example the sale of council houses, and from the repayment of grants and advances. Private Finance Initiatives do not require financing in the capital sense so do not count against capital expenditure in this release.

## Supported and unsupported borrowing

The new system of local authority capital finance contained in the Local Government Act 2003, and regulations subsequently made by the National Assembly for Wales, enable local authorities to determine their own levels of affordable borrowing for capital investment in fixed assets that are central to the delivery of quality public services. This flexibility allows authorities to generate additional capital expenditure which is shown here as unsupported borrowing. Credit approvals are discontinued – instead the prudential system places reliance on professional codes of practice, in particular CIPFA's 'Prudential Code for Capital Finance in Local Authorities'.

Local authorities may also augment capital spending by applying capital receipts (which can only be used for capital spend or debt repayment purposes) or by making contributions from a revenue account.

The capital forecasts show authorities adopting a cautious approach to using the new freedoms to raise additional capital with a number of local authorities not forecasting any unsupported borrowing.


## Key quality information

The first point to note is that this information is forecast expenditure and not finalised expenditure. Estimates will change as the year goes on and circumstances change. For example, expenditure financed by funding allocated after the estimates have been made will be excluded. Also, expenditure financed by unsuccessful bids for capital finance may cause an over-estimation of the final position.

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 structures 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 service forecasts at the Wales level will, for example, be more robust than comparing service forecasts 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.