

SDR 79/2008

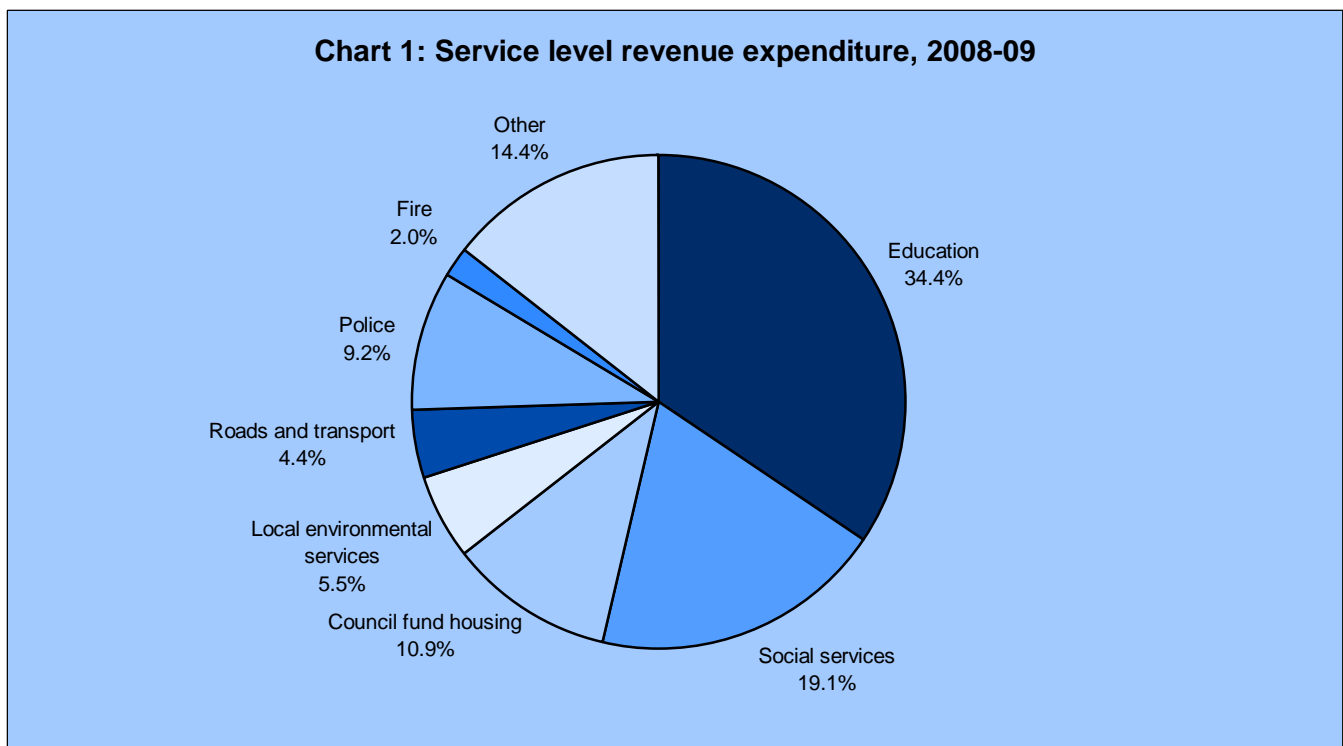
12 June 2008

LOCAL AUTHORITY BUDGETED REVENUE EXPENDITURE: 2008-09

Key points

- Total budgeted gross revenue expenditure as reported by Welsh local authorities for 2008-09 is £7 billion, which represents an increase of 3.6% on the previous year (table 1).
- County and county borough councils reported increases of 3.6% in their gross revenue expenditure whilst police authorities reported average increases of 4.4% and fire authorities an increase of 3.6%. National park authorities reported average decreases of 1.5% (table 1).
- Provision for education services accounted for 34% of the total budgeted gross revenue expenditure in 2008-09, social services for 19%, whilst police and fire services accounted for a further 9% and 2% respectively (chart 1).
- Gwynedd shows the largest county increase in gross revenue expenditure at 6.4%. Merthyr Tydfil shows the lowest increase at 1.4% (chart 3).
- Total budget requirement, which excludes expenditure financed by specific and special government grants and any use of reserves, has increased by 3.5% to £5.4 billion. This increase has been funded by increases of 3.1% in central government support (revenue support grant, re-distributed non-domestic rates and police grant) and 5.0% in the council tax requirement (table 1).

Chart 1: Service level revenue expenditure, 2008-09



Additional information is available on the Welsh Assembly Government's 'StatsWales' website:
www.statswales.wales.gov.uk

Contact: Tel: 029 2082 3963 **E-mail:** stats.finance@wales.gsi.gov.uk **Next Update:** June 2009 (provisional)



Table 1 shows a year on year comparison split by service. The gross revenue expenditure per head for Wales in 2008-09 is £2,354, an increase of £77 from the previous year

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

	£ million			Percentage change	2008-09 £ per head
	2007-08	2008-09	Change		
County and county borough council expenditure					
Education	2,312.7	2,401.0	88.3	3.8	810
Social services	1,307.8	1,335.7	27.9	2.1	450
Council fund housing (b)	730.7	763.4	32.7	4.5	257
Local environmental services (c)	358.9	383.7	24.8	6.9	129
Roads and transport	300.3	305.0	4.7	1.6	103
Libraries, culture and heritage, sport and recreation	263.0	269.8	6.8	2.6	91
Planning, economic and community development	111.2	107.6	-3.6	-3.2	36
Local tax collection (d)	30.0	30.3	0.3	1.0	10
Debt financing	312.9	311.3	-1.6	-0.5	105
Central administration and other revenue (e)	239.1	272.6	33.5	14.0	92
Total county and county borough council expenditure	5,966.6	6,180.5	213.8	3.6	2,084
Police	616.4	643.4	27.0	4.4	217
Fire	137.2	142.1	4.9	3.6	48
National parks	17.1	16.8	-0.3	-1.5	6
Gross revenue expenditure	6,737.3	6,982.8	245.5	3.6	2,354
less specific and special government grants	1,489.4	1,544.9	55.5	3.7	521
Net revenue expenditure	5,247.9	5,437.9	190.0	3.6	1,833
Putting to (+) / drawing from (-) reserves	-42.1	-49.3	7.3	17.3	-17
Budget requirement	5,205.9	5,388.6	182.7	3.5	1,817
plus discretionary non-domestic rate relief	2.5	2.4	-0.1	-4.2	1
less central government support of which:	4,077.5	4,203.1	125.6	3.1	1,417
revenue support grant	3,061.6	3,104.6	43.1	1.4	1,047
re-distributed non-domestic rates	791.0	868.0	77.0	9.7	293
police grant and floor funding	225.0	230.5	5.5	2.5	78
Council tax requirement of which:	1,130.8	1,187.9	57.1	5.0	401
paid by council tax benefit grant	178.2	184.9	6.7	3.7	62
paid directly by council tax payers	952.6	1,003.0	50.4	5.3	338

(a) Including police, fire and national park authorities. Service expenditure is shown excluding that financed by sales, fees and charges, but including that financed by specific and special government grants. The £ per head calculations use the registrar general's 2006 mid-year estimates of population.

(b) Includes housing benefit, and private sector housing costs such as provision for the homeless. Excludes council owned housing.

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

(d) Expenditure on council tax benefit funded by the specific grant from the Department for Work and Pensions is excluded.

(e) Includes capital expenditure charged to the revenue account and is net of any interest expected to accrue on balances. Also includes coroners' and other courts, community councils, unallocated contingencies, adjustments for FRS17 pension costs, costs of corporate management, democratic representation and management and central administration costs not allocated to services.

Chart 2 shows the financing of the budget requirement. Council tax requirement remains the same as the previous year at 22%.

Chart 2: Financing of budget requirement in Wales, 2008-09

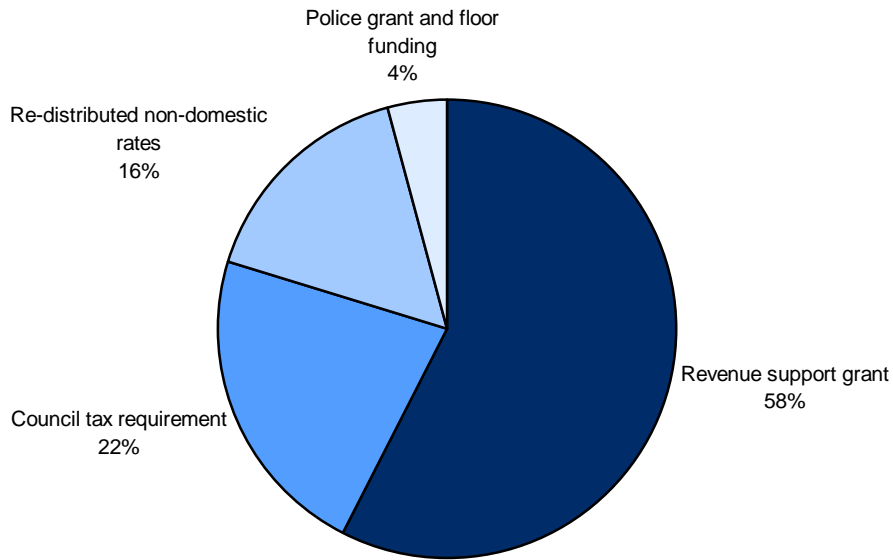


Chart 3 shows the budgeted percentage increase across all authorities. Merthyr Tydfil has the lowest percentage increase at 1.4%. Gwynedd has the largest increase at 6.4%. The county average is 3.6%.

Chart 3: Percentage increase in gross revenue expenditure 2008-09

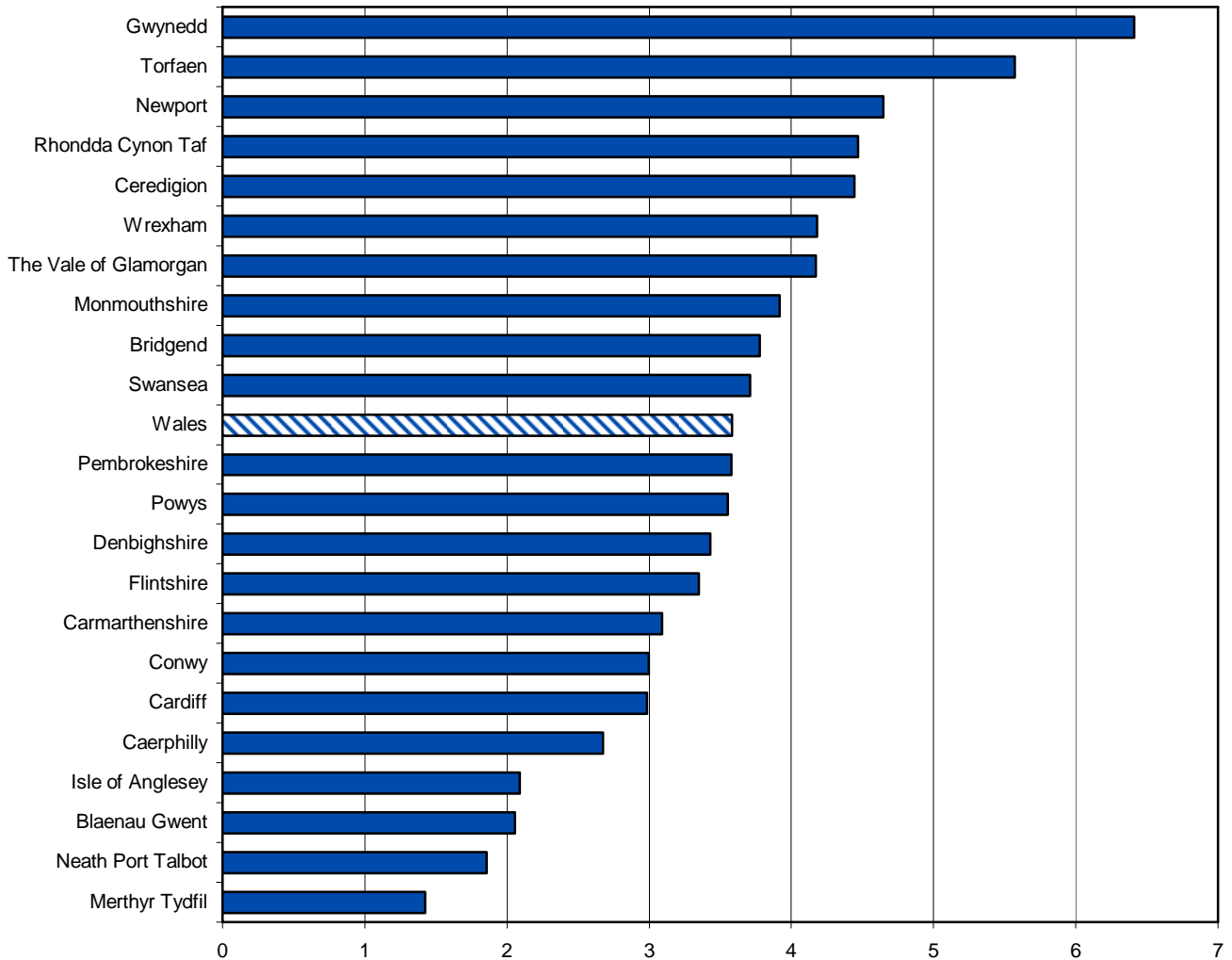


Table 2 shows a year on year comparison across all authorities. The budgeted increase for Wales in 2008-09 is £245.5 million. This equates to an increase of 3.6%.

Table 2 - Local authority gross revenue expenditure budgets, by authority (a)

	£ million			Percentage change	2008-09 £ per head
	2007-08	2008-09	Change		
County/county borough councils:					
Isle of Anglesey	139.6	142.5	2.9	2.1	2,069
Gwynedd	242.6	258.1	15.6	6.4	2,183
Conwy	227.5	234.3	6.8	3.0	2,106
Denbighshire	199.9	206.7	6.9	3.4	2,152
Flintshire	274.3	283.4	9.2	3.3	1,889
Wrexham	231.7	241.4	9.7	4.2	1,843
Powys	262.1	271.4	9.3	3.6	2,069
Ceredigion	147.5	154.0	6.6	4.4	1,996
Pembrokeshire	228.7	236.8	8.2	3.6	2,019
Carmarthenshire	349.8	360.6	10.8	3.1	2,025
Swansea	463.0	480.2	17.2	3.7	2,114
Neath Port Talbot	300.2	305.8	5.6	1.9	2,231
Bridgend	259.6	269.4	9.8	3.8	2,032
The Vale of Glamorgan	231.8	241.5	9.7	4.2	1,959
Cardiff	638.9	657.9	19.1	3.0	2,072
Rhondda Cynon Taf	491.3	513.3	22.0	4.5	2,194
Merthyr Tydfil	125.7	127.4	1.8	1.4	2,295
Caerphilly	365.0	374.8	9.8	2.7	2,187
Blaenau Gwent	157.7	161.0	3.2	2.1	2,321
Torfaen	187.6	198.1	10.5	5.6	2,176
Monmouthshire	154.1	160.1	6.0	3.9	1,822
Newport	288.2	301.5	13.4	4.6	2,152
All county and county borough councils	5,966.6	6,180.5	213.8	3.6	2,084
Police authorities:					
Dyfed Powys	95.1	103.1	8.0	8.4	205
Gwent	121.0	127.5	6.5	5.4	228
North Wales	140.1	144.9	4.8	3.4	214
South Wales	260.3	267.9	7.6	2.9	218
All police authorities	616.4	643.4	27.0	4.4	217
Fire authorities:					
Mid and West Wales	39.7	41.8	2.1	5.4	48
North Wales	29.5	30.6	1.1	3.8	45
South Wales	68.1	69.8	1.7	2.5	49
All fire authorities	137.2	142.1	4.9	3.6	48
National park authorities:					
Brecon Beacons	4.9	4.7	-0.2	-3.5	.
Pembrokeshire Coast	5.3	5.6	0.3	5.5	.
Snowdonia	6.9	6.5	-0.4	-5.6	.
All national park authorities	17.1	16.8	-0.3	-1.5	6
Wales	6,737.3	6,982.8	245.5	3.6	2,354

(a) Gross revenue expenditure on fire services is financed by the county and county borough councils by means of levies to 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. Gross revenue is normally net of income from levies. However in order to show the full spend, the levies are scored as expenditure for the fire and national park authorities and are netted off the gross expenditure of the counties. Both years have been adjusted to remove the effect of FRS17.

TECHNICAL NOTES ON LOCAL AUTHORITY BUDGETED REVENUE EXPENDITURE

Data sources

The main source of information about local authority revenue budgets are the revenue account (RA) returns from local authorities. These returns cover the budgetary information before the final outturn data are collected on the revenue outturn (RO) returns. Budget data are available for 2007-08 and 2008-09; prior to 2007-08 final outturn data are available.

Definitions

Table 1 shows three different measures of expenditure, each representing a valid comparison with the previous year.

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.

Note that at the budget stage, the Welsh Assembly Government does not collect information about income from sales, fees and charges. This information is only collected at the outturn stage.

Fire authorities and national park authorities

These authorities generally fall within the 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 a specific grant from the Welsh Assembly Government.

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

The full implementation of the financial reporting standard (FRS17) was introduced to the code of practice on local authority accounting in the United Kingdom, a statement of recommended practice (SORP) and thus CIPFAs best value accounting code of practice (BVACOP) from 1st April 2003. This resulted in a significant change in the way of accounting for retirement benefits. Under the previous arrangements, the amount of retirement benefit expenditure recognised was the employers contribution to the pension fund. The new FRS17 approach measures the cost of the pension benefits earned by employees in 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 first point to note is that this information is budgeted and not finalised expenditure. Budgets will change throughout the year as circumstances change. In particular, expenditure financed by specific grants allocated after the budgets have been finalised will be excluded.

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 service budgets at the Wales level will, for example, be more robust than comparing service budgets 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

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