

SDR 76/2016

23 June 2016

## Local authority revenue budget and capital forecast: 2016-17

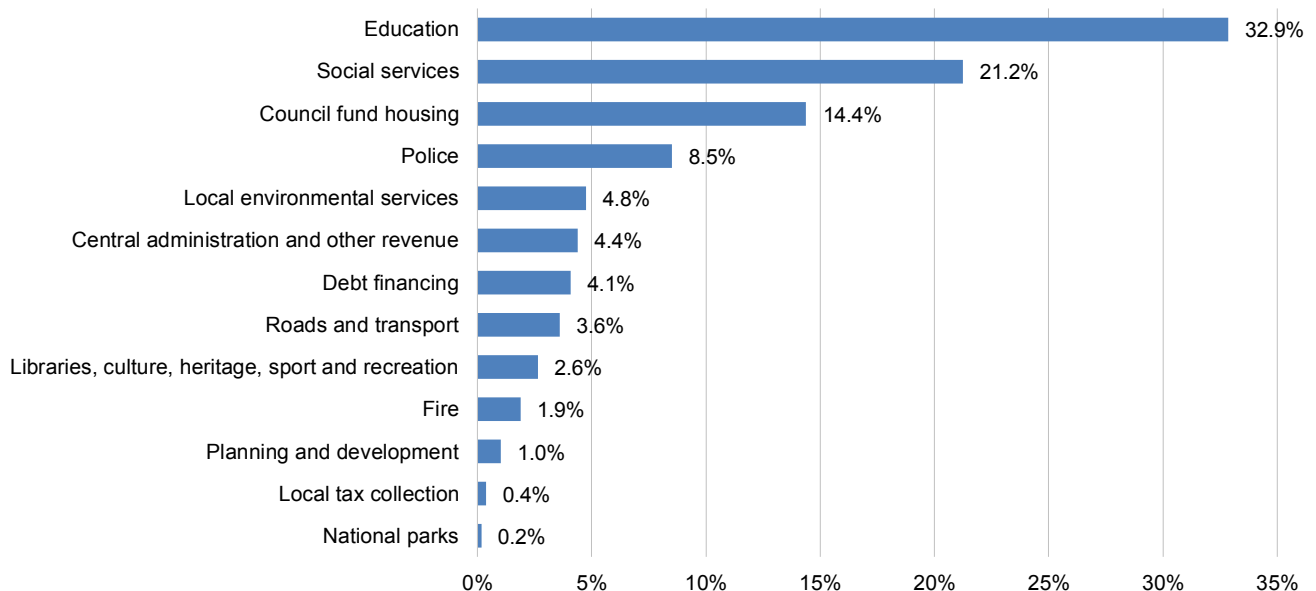
### Introduction

This statistical release analyses the revenue and capital expenditure that Welsh local authorities are forecast to spend in the 2016-17 financial year. Revenue expenditure is the cost of running local authority services such as staffing, heating, lighting and cleaning, together with expenditure on goods and services consumed within the year. Capital spending is mainly buying, constructing or improving physical assets such as buildings, land, vehicles.

### Key points

- Total budgeted gross revenue expenditure as reported by Welsh local authorities for 2016-17 is £7.8 billion, an increase of 0.4% on the previous year (table 1).
- County and county borough councils reported increases of 0.4% or £27 million in their budgeted expenditure whilst police reported an average increase of 0.2%. Fire authorities reported an average increase of 2.0% and national park authorities a decrease of 5.2% (table 2).
- In 2016-17, total capital forecast expenditure by Welsh local authorities, including police, fire and national parks is £1,251 million. This represents a year-on-year decrease of £929 million or 43%, due to a large forecast increase in Housing in 2015-16 due to the buyout of the Housing Revenue Account subsidy (table 3). If the Housing service is excluded, overall capital forecast expenditure is expected to decrease by 2.5%

**Chart 1: Service level budgeted revenue expenditure, 2016-17**



Additional data is available at: [statswales.gov.wales/Catalogue/Local-Government/Finance](http://statswales.gov.wales/Catalogue/Local-Government/Finance)

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## Revenue Budget

Table 1 shows revenue expenditure by service area. The gross revenue expenditure per head for Wales in 2016-17 is budgeted to be £2,537, an increase of £2 compared to the previous year. Education expenditure is forecast to increase by 0.9% and Social Services expenditure is forecast to increase by 1.7%. Central administration and other revenue is forecast to increase by 10.2% partly due to an increase in Capital Expenditure Charged to the Revenue Account (CERA) and Unallocated Contingencies.

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

	£ million			Percentage change	2016-17 £ per head
	2015-16	2016-17	Change		
County and county borough council expenditure (b)					
Education	2,555.1	2,576.9	21.9	0.9	833
Social services	1,639.0	1,666.6	27.6	1.7	539
Council fund housing (c)	1,141.2	1,128.5	-12.7	-1.1	365
Local environmental services (d)	377.8	373.3	-4.5	-1.2	121
Roads and transport	286.5	283.3	-3.3	-1.1	92
Libraries, culture and heritage, sport and recreation	218.6	207.8	-10.7	-4.9	67
Planning, economic and community development	80.6	80.9	0.3	0.3	26
Local tax collection	36.2	30.2	-5.9	-16.4	10
Debt financing	338.3	320.5	-17.7	-5.2	104
Central administration and other revenue (e)	313.3	345.1	31.8	10.2	112
Total county and county borough council expenditure	6,986.6	7,013.3	26.6	0.4	2,268
Police	666.9	668.4	1.5	0.2	216
Fire	144.8	147.6	2.9	2.0	48
National parks	14.5	13.8	-0.8	-5.2	4
<b>Gross revenue expenditure</b>	<b>7,812.8</b>	<b>7,843.0</b>	<b>30.2</b>	<b>0.4</b>	<b>2,537</b>
less specific and special government grants	1,935.1	1,904.0	-31.1	-1.6	616
<b>Net revenue expenditure</b>	<b>5,877.7</b>	<b>5,939.0</b>	<b>61.3</b>	<b>1.0</b>	<b>1,921</b>
Putting to (+) / drawing from (-) reserves	-84.5	-105.1	-20.6	-24.4	-34
Council tax reduction scheme (f)	255.7	257.7	2.0	0.8	83
<b>Budget requirement</b>	<b>6,048.9</b>	<b>6,091.7</b>	<b>42.8</b>	<b>0.7</b>	<b>1,970</b>
plus discretionary non-domestic rate relief	3.6	3.5	-0.1	-2.6	1
less central government support	4,481.6	4,456.4	-25.2	-0.6	1,441
of which:					
revenue support grant	3,303.7	3,261.3	-42.4	-1.3	1,055
re-distributed non-domestic rates	956.0	977.0	21.0	2.2	316
police grant and floor funding	221.9	218.1	-3.8	-1.7	71
<b>Council tax requirement</b>	<b>1,570.9</b>	<b>1,638.8</b>	<b>67.9</b>	<b>4.3</b>	<b>530</b>
of which:					
paid by council tax reduction scheme (f)	255.7	257.7	2.0	0.8	83
paid directly by council tax payers	1,315.2	1,381.0	65.9	5.0	447

(a) Includes police, fire and national park authorities. Service expenditure excludes that financed by sales, fees and charges, but includes that financed by specific and special government grants. The £ per head calculations use the 2014 mid-year estimates of population.

(b) Includes revenue element of private financing initiatives.

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

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

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

(f) In 2013-14 council tax reduction scheme, funded by the Welsh Government, replaced council tax benefit grant funded from the Department for Work & Pensions.

Table 2 shows a year on year comparison of gross revenue expenditure across all authorities. The budgeted change for Wales in 2016-17 is an increase of £30 million or 0.4%.

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

	£ million			Percentage change	2016-17 £ per head
	2015-16	2016-17	Change		
County/county borough councils:					
Isle of Anglesey	151.7	155.1	3.5	2.3	2,211
Gwynedd	270.7	278.9	8.3	3.1	2,281
Conwy	263.2	260.4	-2.8	-1.1	2,240
Denbighshire	227.0	227.0	0.0	0.0	2,395
Flintshire	313.4	309.2	-4.2	-1.3	2,011
Wrexham	286.8	287.4	0.6	0.2	2,102
Powys	291.5	290.9	-0.6	-0.2	2,193
Ceredigion	171.7	167.4	-4.3	-2.5	2,220
Pembrokeshire	277.9	271.7	-6.2	-2.2	2,197
Carmarthenshire	410.8	414.9	4.1	1.0	2,244
Swansea	539.8	541.2	1.4	0.3	2,243
Neath Port Talbot	343.6	342.5	-1.1	-0.3	2,438
Bridgend	320.9	322.0	1.1	0.3	2,280
Vale of Glamorgan	285.9	275.2	-10.7	-3.7	2,156
Cardiff	791.4	794.9	3.4	0.4	2,244
Rhondda Cynon Taf	574.0	594.7	20.7	3.6	2,511
Merthyr Tydfil	147.2	147.1	-0.1	-0.1	2,490
Caerphilly	422.4	423.5	1.1	0.3	2,354
Blaenau Gwent	171.0	172.4	1.4	0.8	2,474
Torfaen	219.2	217.1	-2.0	-0.9	2,370
Monmouthshire	175.6	174.5	-1.1	-0.6	1,890
Newport	330.9	345.0	14.0	4.2	2,349
All county and county borough councils	6,986.6	7,013.3	26.6	0.4	2,268
Police and Crime Commissioners:					
Dyfed Powys	103.4	103.8	0.5	0.5	201
Gwent	127.9	127.1	-0.8	-0.7	219
North Wales	149.8	151.0	1.2	0.8	218
South Wales	285.8	286.5	0.7	0.2	220
All Police and Crime Commissioners	666.9	668.4	1.5	0.2	216
Fire authorities:					
Mid and West Wales	43.8	45.5	1.7	3.9	51
North Wales	32.1	32.6	0.5	1.7	47
South Wales	68.9	69.5	0.6	0.9	46
All fire authorities	144.8	147.6	2.9	2.0	48
National park authorities:					
Brecon Beacons	4.2	3.9	-0.2	-5.8	.
Pembrokeshire Coast	4.7	4.5	-0.2	-4.4	.
Snowdonia	5.6	5.3	-0.3	-5.4	.
All national park authorities	14.5	13.8	-0.8	-5.2	4
<b>Wales</b>	<b>7,812.8</b>	<b>7,843.0</b>	<b>30.2</b>	<b>0.4</b>	<b>2,537</b>

. data not applicable.

- (a) Gross revenue expenditure on fire services is financed by county councils through levies to the fire authorities. Similarly 25% of national park authority expenditure is financed by county councils through 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, levies are scored as expenditure for the fire and national park authorities and are netted off the gross expenditure of the counties.

Chart 2 shows the financing of budget requirement. Budget requirement is the amount each authority estimates as its planned spending, after deducting any funding from reserves and specific grants. 27% of budget requirement is funded from council tax.

**Chart 2: Financing of budget requirement in Wales, 2016-17**

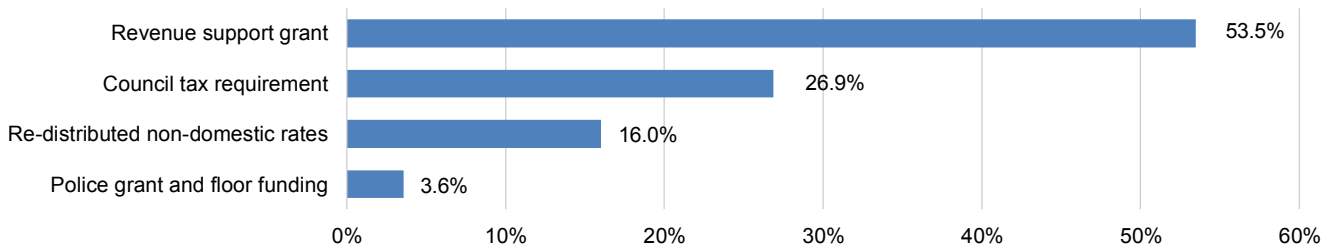
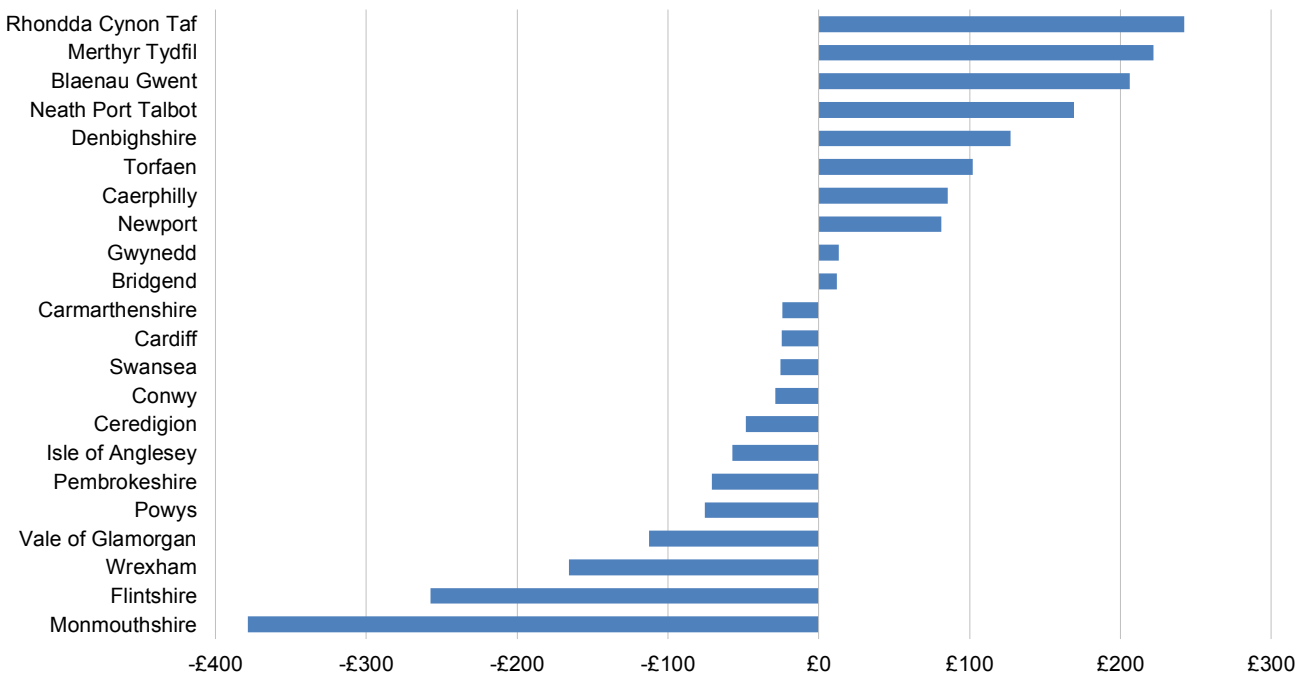


Chart 3 shows the gross revenue expenditure £ per head difference from the Wales County average of £2,268. The £ per head difference between the largest and smallest authority is £621.

**Chart 3: £ per head, difference from the Wales County average, 2016-17**



## Capital Forecast

Table 3 shows the most recent outturn figures along with the latest forecast years for comparison. It also shows how local authorities intend to pay for the expenditure. Year-on-year, education is expected to decrease by £21 million (5%), social services is expected to increase by £9 million (76%) and roads and transport is expected to increase by £35 million (38%).

External support for local authorities shows a decrease of £19 million (3%). Internal financing is expected to decrease by £911 million (55%) mainly due to the buyout of the Housing Revenue Account Subsidy in 2015-16.

**Table 3: Capital expenditure and financing (a)**

	2014-15 outturn	2015-16 forecast	2016-17 forecast	£ million	
				Change between 2016-17 and 2015- 16	
				£m	%
<b>Capital expenditure</b>					
County/county borough councils:					
Education	245.6	436.4	415.0	-21.4	-5
Social services	22.9	11.3	19.8	8.6	76
Roads and transport	168.1	91.5	126.6	35.2	38
Housing:					
Housing revenue account (HRA)	183.2	1,192.5	295.3	-897.2	-75
Non-HRA housing	77.1	67.1	57.5	-9.5	-14
Total housing	260.3	1,259.6	352.8	-906.7	-72
Local services:					
Environmental	59.5	44.7	40.6	-4.1	-9
Planning and economic development	106.9	108.2	98.3	-9.9	-9
Libraries, culture, heritage, sport and recreation	38.1	52.0	48.4	-3.7	-7
Other	64.7	91.7	89.2	-2.5	-3
Total local services	269.1	296.6	276.5	-20.1	-7
Total county/county borough councils	966.0	2,095.3	1,190.8	-904.5	-43
Police	33.7	57.7	45.6	-12.1	-21
Fire authorities	14.3	25.0	12.0	-13.0	-52
National park authorities	1.2	2.1	2.3	0.2	12
<b>Total capital expenditure</b>	<b>1,015.2</b>	<b>2,180.1</b>	<b>1,250.7</b>	<b>-929.4</b>	<b>-43</b>
<b>Total capital expenditure excluding Housing</b>	<b>754.9</b>	<b>920.5</b>	<b>897.9</b>	<b>-22.6</b>	<b>-2</b>
<b>Capital financing</b>					
External support:					
General capital funding / general government grant	323.4	284.7	287.6	2.9	1
Grants from European Community Structural Funds	43.1	14.9	12.0	-3.0	-20
Capital grants and contributions from other sources	37.0	66.7	55.4	-11.3	-17
Supported borrowing	97.9	111.0	103.8	-7.2	-6
Major repairs allowance	60.4	60.3	60.2	-0.1	-0
Sub-total external support	561.7	537.6	518.9	-18.7	-3
Internal financing:					
Unsupported borrowing	234.7	1,291.3	363.1	-928.3	-72
Use of capital receipts	46.4	113.2	113.9	0.8	1
Capital expenditure charged to a revenue account (non-HRA)	90.4	119.6	144.9	25.3	21
Capital expenditure charged to a revenue account (HRA)	82.0	118.4	109.9	-8.5	-7
Sub-total internal financing	453.5	1,642.5	731.8	-910.7	-55
<b>Total capital financing</b>	<b>1,015.2</b>	<b>2,180.1</b>	<b>1,250.7</b>	<b>-929.4</b>	<b>-43</b>

(a) See definitions on the backpage.

Table 4 shows which services local authorities intend to spend money on in 2016-17 with county, police, fire and national park elements shown separately. County councils plan to spend £415 million on education with overall expenditure of £1,191 million or £385 per head of the Welsh population. Police, Fire and National park authorities forecast expenditure of £46 million, £12 million and £2 million respectively.

**Table 4: Capital forecast expenditure by authority and service, 2016-17**

	£ million							
	Education	Social services	Local transport	Housing	Local services (a)	Law, order and protective services	Total capital expenditure	Total capital expenditure: £ per head (b)
County/county borough councils:								
Isle of Anglesey	12.5	0.9	10.9	16.1	6.0	.	46.3	660
Gwynedd	16.1	0.3	3.1	2.4	8.0	.	29.8	244
Conwy	20.7	1.0	2.8	3.4	28.5	.	56.3	484
Denbighshire	21.3	8.4	3.6	13.3	5.5	.	52.1	550
Flintshire	13.9	0.0	0.6	28.0	4.3	.	46.8	304
Wrexham	14.7	0.5	2.2	59.3	4.6	.	81.3	595
Powys	4.9	0.4	3.4	20.5	18.5	.	47.7	359
Ceredigion	7.5	0.3	1.5	2.4	6.3	.	18.0	238
Pembrokeshire	56.6	0.1	9.2	11.9	11.7	.	89.4	723
Carmarthenshire	20.4	1.8	18.0	16.0	20.4	.	76.6	415
Swansea	24.6	0.0	8.1	60.6	13.1	.	106.5	441
Neath Port Talbot	17.6	0.2	3.2	3.9	15.7	.	40.6	289
Bridgend	10.1	3.3	6.9	3.6	19.7	.	43.6	308
Vale of Glamorgan	18.6	1.0	11.8	32.7	11.4	.	75.5	591
Cardiff	45.5	0.1	12.0	29.7	27.0	.	114.3	323
Rhondda Cynon Taf	55.4	0.6	16.6	6.9	22.9	.	102.3	432
Merthyr Tydfil	3.8	0.0	2.3	0.9	15.4	.	22.3	378
Caerphilly	1.4	0.4	1.9	38.2	11.2	.	53.1	295
Blaenau Gwent	6.5	0.3	0.9	0.0	8.1	.	15.8	227
Torfaen	16.5	0.0	1.5	1.7	3.6	.	23.3	254
Monmouthshire	3.7	0.1	3.7	0.0	1.8	.	9.4	102
Newport	22.7	0.2	2.5	1.5	12.8	.	39.7	271
All county/county borough councils	415.0	19.8	126.6	352.8	276.5	.	1,190.8	385
Police:								
Dyfed Powys	.	.	.	.	.	7.9	7.9	15
Gwent	.	.	.	.	.	4.2	4.2	7
North Wales	.	.	.	.	.	17.0	17.0	25
South Wales	.	.	.	.	.	16.5	16.5	13
All police	.	.	.	.	.	45.6	45.6	15
Fire authorities:								
Mid and West Wales	.	.	.	.	.	3.4	3.4	4
North Wales	.	.	.	.	.	4.0	4.0	6
South Wales	.	.	.	.	.	4.6	4.6	3
All fire authorities	.	.	.	.	.	12.0	12.0	4
National park authorities:								
Brecon Beacons	.	.	.	.	0.0	.	0.0	.
Pembrokeshire Coast	.	.	.	.	0.2	.	0.2	.
Snowdonia	.	.	.	.	2.2	.	2.2	.
All national park authorities	.	.	.	.	2.3	.	2.3	.
Wales	415.0	19.8	126.6	352.8	278.8	57.6	1,250.7	404

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

(b) The £ per head calculations use the 2014 mid-year estimates of population.

. Data not applicable.

Chart 4 shows capital forecast expenditure by service, as a percentage of overall expenditure in 2016-17. Education makes up 33 percent of all expenditure.

**Chart 4: Forecast capital expenditure by service, 2016-17**

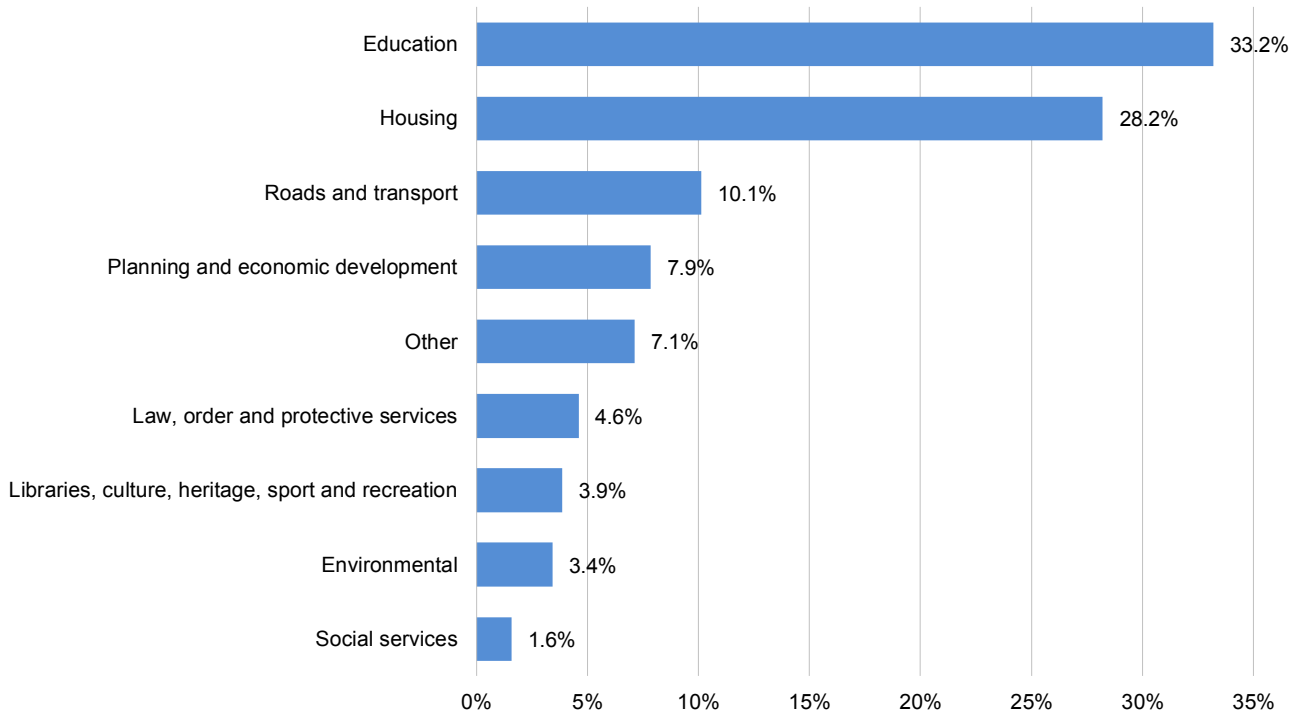
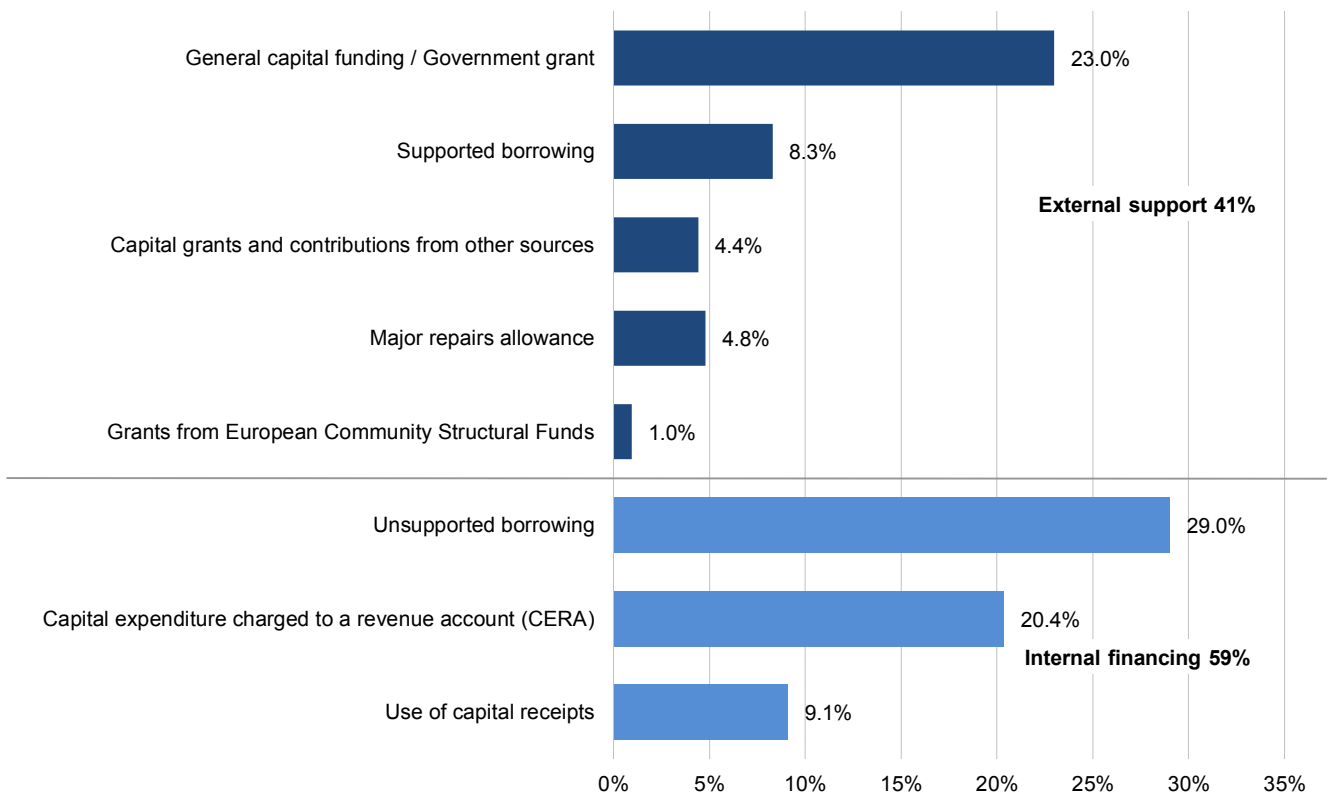


Chart 5 shows how local authorities intend to finance their expenditure in 2016-17, external support and internal financing are shown separately. Unsupported borrowing makes up 29 percent of all capital financing.

**Chart 5: Financing of capital forecast expenditure, 2016-17**



## TECHNICAL NOTES

### Data sources

Data are collected from unitary, police, fire and national park authorities and are available for 2015-16 and 2016-17 with final outturn data available for years up to 2014-15.

## DEFINITIONS - REVENUE

### Gross revenue expenditure

This 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

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

### Council tax reduction scheme

From 2013-14 council tax benefit grants from the Department for Work & Pensions ceased. Council tax benefit grant is now funded through the council tax reduction scheme, from the Welsh Government. The funds are provided through increased revenue support grant.

### Fire authorities and national park authorities

These authorities generally fall within the definition of local authorities. Fire authorities receive almost 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 Government.

### International Financial Reporting Standards (IFRS)

This is a set of accounting standards developed by the International Accounting Standards Board (IASB). The goal of IFRS is to provide a global framework for how public sector and private companies prepare and disclose their financial statements. Having an international standard is especially important for large organisations. Adopting a single set of world-wide standards will simplify accounting procedures by allowing a company to use one reporting language throughout. A single standard will also provide customers and auditors with a cohesive view of finances. IFRS should not be confused with IAS (International Accounting Standards), which are older standards that IFRS has now replaced.

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.

### Capital expenditure from the Revenue Account (CERA)

The mechanism by which items of capital expenditure can be financed by budgeted transfers from the General Fund or from earmarked reserves.

### Specific and special grants

The largest specific and special grants cover the payment of housing benefit rent allowances, council tax reduction scheme 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.



## DEFINITIONS - CAPITAL

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 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 the ‘Prudential Code for Capital Finance in Local Authorities’.

Local authorities may also increase 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.

### Housing Revenue Account Subsidy Buyout

Eleven local authorities in Wales with council housing stock exited from the Housing Revenue Account (HRA) subsidy system and became self-financing in April 2015.

## ADDITIONAL NOTES

### Quality

Wales collect 100% of returns from all twenty-two unitary authorities, four police and crime commissioners, three fire authorities and four national park authorities. We publish a detailed [quality report](#) on Welsh Local Government Finance statistics.

### Accessing the data

Much of the data behind the charts and tables shown in this release 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).

<https://statswales.gov.wales/Catalogue/Local-Government/Finance/Revenue/Budgets>

→Local Government →Finance →Revenue →Budgets

<https://statswales.gov.wales/Catalogue/Local-Government/Finance/Capital/Forecast>

→Local Government →Finance →Capital →Forecast

### OData

The data is also accessible directly via the StatsWales odata service. Links to data and metadata can be found below each view on the StatsWales website within the ‘Database name’ tab.

### Further information

Statistics on revenue account budgets are also published in both [England](#) and [Scotland](#).

## Feedback

We actively encourage feedback of our statistics. If you have any comments or queries, or require further information, then please contact us using the details below:

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## National Statistics status

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

National Statistics status means that official statistics meet the highest standards of trustworthiness, quality and public value.

All official statistics should comply with all aspects of the Code of Practice for Official Statistics. They are awarded National Statistics status following an assessment by the UK Statistics Authority's regulatory arm. The Authority considers whether the statistics meet the highest standards of Code compliance, including the value they add to public decisions and debate.

It is Welsh Government's responsibility to maintain compliance with the standards expected of National Statistics. If we become concerned about whether these statistics are still meeting the appropriate standards, we will discuss any concerns with the Authority promptly. National Statistics status can be removed at any point when the highest standards are not maintained, and reinstated when standards are restored.