

SDR 93/2015

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## Local Authority Revenue Budget and Capital Forecast: 2015-16

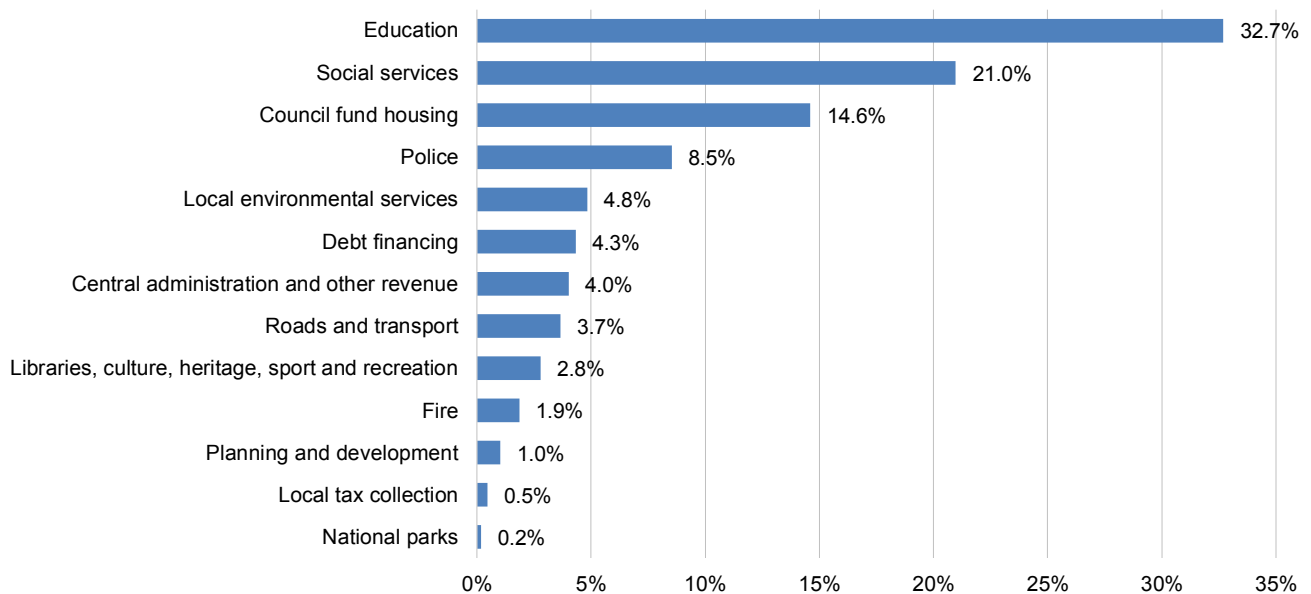
### Introduction

This statistical release analyses the revenue and capital expenditure that Welsh local authorities are forecast to spend in the 2015-16 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 2015-16 is £7.8 billion, a decrease of 1.6% on the previous year (table 1).
- County and county borough councils reported decreases of 1.7% or £122 million in their gross revenue expenditure whilst police reported an average decrease of 0.1%. Fire authorities reported an average decrease of 2.4% and national park authorities a decrease of 5.6% (table 2).
- In 2015-16, total capital forecast expenditure by Welsh local authorities, including police, fire and national parks is £2,180 million. This represents a year on year increase of £969 million or 80%, due to a large forecast increase in Housing financed by unsupported borrowing due to the transfer of the Housing Revenue Account subsidy (table 1). If the Housing service is excluded, overall capital forecast expenditure is expected to decrease by 2.6%

**Chart 1: Service level revenue expenditure, 2015-16**



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

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## Revenue Budget

Table 1 shows revenue expenditure by service area. The gross revenue expenditure per head for Wales in 2015-16 is £2,535, a decrease of £48 from the previous year. Education expenditure is forecast to decrease by 2.9% and Social Services expenditure is forecast to increase by 2.5%. This is partly due to the re-classification of Flying Start expenditure from Education to Social Services in 2015-16. Adjusting for Flying Start, Education decreased by an estimated 1.7% and Social Services increased by an estimated 0.6%

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

	£ million			Percentage change	Adjusted percentage change estimate	2015-16 £ per head
	2014-15	2015-16	Change			
County and county borough council expenditure (b)						
Education	2,630.2	2,555.1	-75.1 (c)	-2.9	-1.7	829
Social services	1,599.0	1,639.0	40.0 (c)	2.5	0.6	532
Council fund housing (d)	1,139.5	1,141.2	1.7	0.1	0.1	370
Local environmental services (e)	412.7	377.8	-34.8	-8.4	-8.4	123
Roads and transport	302.2	286.5	-15.6	-5.2	-5.2	93
Libraries, culture and heritage, sport and recreation	242.7	218.6	-24.2	-10.0	-10.0	71
Planning, economic and community development	110.1	80.6	-29.4	-26.7	-26.7	26
Local tax collection	40.4	36.2	-4.2	-10.4	-10.4	12
Debt financing	337.4	338.3	0.9	0.3	0.3	110
Central administration and other revenue (f)	294.7	313.3	18.7	6.3	6.3	102
Total county and county borough council expenditure	7,108.7	6,986.6	-122.1	-1.7	-1.7	2,267
Police	667.6	666.9	-0.7	-0.1	-0.1	216
Fire	148.4	144.8	-3.6	-2.4	-2.4	47
National parks	15.4	14.5	-0.9	-5.6	-5.6	5
Gross revenue expenditure	7,940.1	7,812.8	-127.2	-1.6	-1.6	2,535
less specific and special government grants	1,981.1	1,935.1	-46.0	-2.3	-2.3	628
Net revenue expenditure	5,959.0	5,877.7	-81.3	-1.4	-1.4	1,907
Putting to (+) / drawing from (-) reserves	-72.2	-84.5	-12.3	-17.0	-17.0	-27
Council tax reduction scheme (f)	247.3	255.7	8.3	3.4	3.4	83
Budget requirement	6,134.1	6,048.9	-85.2	-1.4	-1.4	1,962
plus discretionary non-domestic rate relief	3.5	3.6	0.1	2.3	2.3	1
less central government support	4,640.6	4,481.6	-159.0	-3.4	-3.4	1,454
of which:						
revenue support grant	3,363.5	3,303.7	-59.7	-1.8	-1.8	1,072
re-distributed non-domestic rates	1,041.0	956.0	-85.0	-8.2	-8.2	310
police grant and floor funding	236.2	221.9	-14.2	-6.0	-6.0	72
Council tax requirement	1,497.0	1,570.9	73.9	4.9	4.9	510
of which:						
paid by council tax reduction scheme (g)	247.3	255.7	8.3	3.4	3.4	83
paid directly by council tax payers	1,249.7	1,315.2	65.5	5.2	5.2	427

· Data not applicable.

- (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 2013 mid-year estimates of population.
- (b) Includes revenue element of private financing initiatives.
- (c) The figures are not comparable with previous years due to the reclassification of Flying Start expenditure to Social Services.
- (d) Includes housing benefit, and private sector housing costs such as provision for the homeless. Excludes council owned housing.
- (e) Includes cemeteries and crematoria, community safety, environmental health, food safety and waste collection / disposal and central services to the public such as birth registration.
- (f) 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.
- (g) 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 in Wales for 2015-16 is a decrease of £127 million or 1.6%. Pembrokeshire is showing an increase due to a large CERA transfer to fund the 21st Century Schools programme (see definitions).

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

	£ million			Percentage change	2015-16 £ per head
	2014-15	2015-16	Change		
County/county borough councils:					
Isle of Anglesey	154.4	151.7	-2.7	-1.8	2,164
Gwynedd	284.6	270.7	-13.9	-4.9	2,220
Conwy	266.4	263.2	-3.2	-1.2	2,272
Denbighshire	233.7	227.0	-6.7	-2.9	2,402
Flintshire	315.3	313.4	-1.9	-0.6	2,045
Wrexham	288.7	286.8	-1.9	-0.6	2,103
Powys	300.7	291.5	-9.2	-3.1	2,197
Ceredigion	177.2	171.7	-5.5	-3.1	2,260
Pembrokeshire	271.7	277.9	6.2	2.3	2,255
Carmarthenshire	418.3	410.8	-7.5	-1.8	2,225
Swansea	551.0	539.8	-11.2	-2.0	2,246
Neath Port Talbot	355.0	343.6	-11.4	-3.2	2,456
Bridgend	325.4	320.9	-4.5	-1.4	2,285
Vale of Glamorgan	285.7	285.9	0.2	0.1	2,248
Cardiff	797.2	791.4	-5.8	-0.7	2,250
Rhondda Cynon Taf	586.3	574.0	-12.3	-2.1	2,431
Merthyr Tydfil	150.5	147.2	-3.3	-2.2	2,494
Caerphilly	426.4	422.4	-4.0	-0.9	2,357
Blaenau Gwent	174.3	171.0	-3.3	-1.9	2,450
Torfaen	231.0	219.2	-11.8	-5.1	2,398
Monmouthshire	179.0	175.6	-3.4	-1.9	1,906
Newport	335.8	330.9	-4.9	-1.5	2,258
All county and county borough councils	7,108.7	6,986.6	-122.1	-1.7	2,267
Police and Crime Commissioners:					
Dyfed Powys	106.8	103.4	-3.5	-3.2	200
Gwent	126.8	127.9	1.1	0.9	221
North Wales	148.9	149.8	0.9	0.6	216
South Wales	285.0	285.8	0.8	0.3	221
All Police and Crime Commissioners	667.6	666.9	-0.7	-0.1	216
Fire authorities:					
Mid and West Wales	43.5	43.8	0.2	0.6	49
North Wales	32.2	32.1	-0.1	-0.2	46
South Wales	72.7	68.9	-3.8	-5.2	46
All fire authorities	148.4	144.8	-3.6	-2.4	47
National park authorities:					
Brecon Beacons	4.6	4.2	-0.4	-8.6	.
Pembrokeshire Coast	4.9	4.7	-0.2	-4.2	.
Snowdonia	5.9	5.6	-0.3	-4.5	.
All national park authorities	15.4	14.5	-0.9	-5.6	5
<b>Wales</b>	<b>7,940.1</b>	<b>7,812.8</b>	<b>-127.2</b>	<b>-1.6</b>	<b>2,535</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. 26% of budget requirement is funded from council tax.

**Chart 2: Financing of budget requirement in Wales, 2015-16**

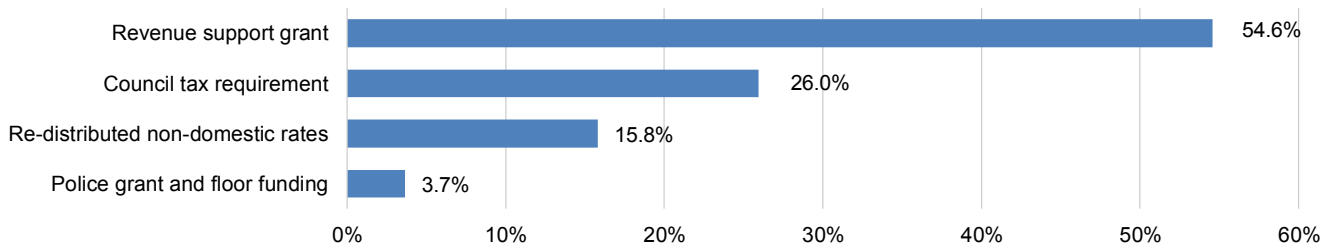
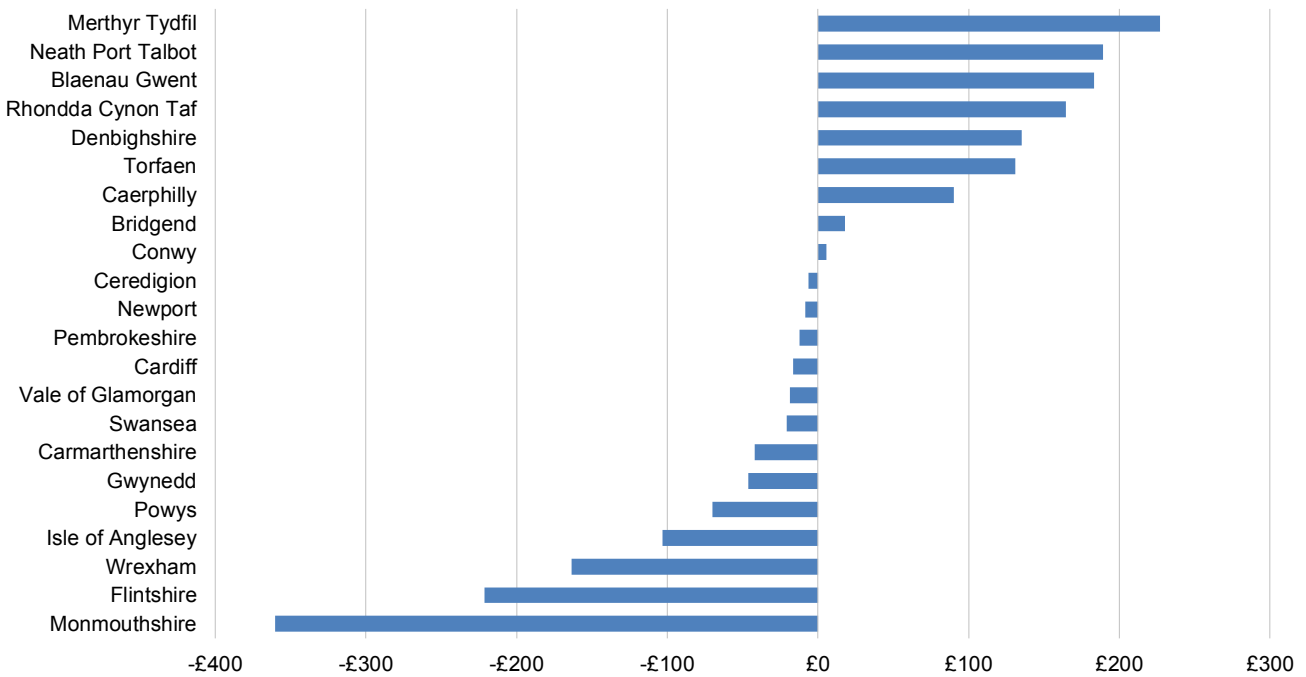


Chart 3 shows the gross revenue expenditure £ per head difference from the Wales County average of £2,267. The £ per head difference between the largest and smallest authority is £587.

**Chart 3: £ per head, difference from the Wales County average, 2015-16**



## 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 increase by £118 million (37%), social services is expected to decrease by £1 million (12%) and roads and transport is expected to decrease by £67 million (42%).

External support for local authorities shows an increase of £5 million (1%). Internal financing is expected to increase by £964 million (142%) mainly due to the transfer of the Housing Revenue Account Subsidy.

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

	£ million				
	2013-14 outturn	2014-15 forecast	2015-16 forecast	Change between 2015-16 and 2014- 15	
				£m	%
<b>Capital expenditure</b>					
County/county borough councils:					
Education	274.0	318.7	436.4	117.7	37
Social services	17.7	10.0	11.3	1.2	12
Roads and transport	175.1	158.9	91.5	-67.4	-42
Housing:					
Housing revenue account (HRA)	158.3	207.8	1,192.5	984.7	474
Non-HRA housing	65.3	58.4	67.1	8.7	15
Total housing	223.6	266.2	1,259.6	993.4	373
Local services:					
Environmental	62.5	57.1	44.7	-12.5	-22
Planning and economic development	127.5	173.1	108.2	-64.9	-37
Libraries, culture, heritage, sport and recreation	43.9	65.9	52.0	-13.9	-21
Other	60.4	94.5	91.7	-2.8	-3
Total local services	294.2	390.7	296.6	-94.1	-24
Total county/county borough councils	984.6	1,144.5	2,095.3	950.8	83
Police	39.9	44.7	57.7	13.0	29
Fire authorities	13.7	20.9	25.0	4.1	20
National park authorities	2.3	1.0	2.1	1.0	99
<b>Total capital expenditure</b>	<b>1,040.6</b>	<b>1,211.1</b>	<b>2,180.1</b>	<b>969.0</b>	<b>80</b>
<b>Total capital expenditure excluding Housing</b>	<b>817.0</b>	<b>944.9</b>	<b>920.5</b>	<b>-24.4</b>	<b>-3</b>
<b>Capital financing</b>					
External support:					
General capital funding / general government grant	353.6	263.7	284.7	20.9	8
Grants from European Community Structural Funds	46.3	57.3	14.9	-42.3	-74
Capital grants and contributions from other sources	64.1	44.8	66.7	22.0	49
Supported borrowing	88.7	106.6	111.0	4.4	4
Major repairs allowance	63.0	60.1	60.3	0.2	0
Sub-total external support	615.8	532.4	537.6	5.2	1
Internal financing:					
Unsupported borrowing	213.0	370.5	1,291.3	920.8	249
Use of capital receipts	37.6	114.3	113.2	-1.1	-1
Capital expenditure charged to a revenue account (non-HRA)	99.5	98.1	119.6	21.5	22
Capital expenditure charged to a revenue account (HRA)	74.8	95.7	118.4	22.7	24
Sub-total internal financing	424.8	678.6	1,642.5	963.8	142
<b>Total capital financing</b>	<b>1,040.6</b>	<b>1,211.1</b>	<b>2,180.1</b>	<b>969.0</b>	<b>80</b>

(a) See definitions on the backpage.

Table 4 shows which services local authorities intend to spend money on in 2015-16 with county, police, fire and national park elements shown separately. County councils plan to spend £436 million on education with overall expenditure of £2,095 million or £680 per head of the Welsh population. Police, Fire and National park authorities forecast expenditure of £58 million, £25 million and £2 million respectively.

**Table 4: Capital forecast expenditure by authority and service, 2015-16**

	£ 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	9.6	0.0	3.0	32.4	4.0	.	48.9	698
Gwynedd	16.4	1.1	4.6	2.3	10.8	.	35.2	289
Conwy	8.1	0.1	2.2	8.0	21.2	.	39.6	342
Denbighshire	31.8	1.9	3.5	48.6	8.5	.	94.2	997
Flintshire	45.0	0.0	0.9	115.9	2.2	.	164.0	1,070
Wrexham	6.6	0.5	1.8	191.2	10.0	.	210.1	1,540
Powys	10.3	0.0	3.6	104.0	13.6	.	131.5	991
Ceredigion	21.9	0.0	1.5	2.8	7.2	.	33.4	440
Pembrokeshire	20.8	0.1	8.3	92.5	12.6	.	134.2	1,089
Carmarthenshire	39.3	1.0	7.7	98.0	9.0	.	155.0	839
Swansea	17.4	0.2	4.0	128.5	12.4	.	162.5	676
Neath Port Talbot	30.9	0.9	2.5	3.9	28.7	.	66.8	478
Bridgend	13.9	1.4	4.7	5.6	17.7	.	43.3	308
Vale of Glamorgan	16.8	0.9	5.6	87.6	4.7	.	115.7	910
Cardiff	24.6	0.0	16.7	211.5	45.5	.	298.2	848
Rhondda Cynon Taf	26.5	2.0	4.8	5.5	20.0	.	58.8	249
Merthyr Tydfil	3.7	0.0	2.0	0.9	28.6	.	35.2	596
Caerphilly	1.4	0.4	1.7	114.6	9.1	.	127.1	709
Blaenau Gwent	9.7	0.4	1.9	1.8	9.9	.	23.6	339
Torfaen	24.0	0.0	1.4	1.7	2.5	.	29.7	325
Monmouthshire	43.3	0.1	3.6	0.6	1.6	.	49.1	533
Newport	14.5	0.4	5.5	1.7	16.9	.	39.1	267
All county/county borough councils	436.4	11.3	91.5	1,259.6	296.6	.	2,095.3	680
Police:								
Dyfed Powys	.	.	.	.	.	9.4	9.4	18
Gwent	.	.	.	.	.	6.2	6.2	11
North Wales	.	.	.	.	.	17.7	17.7	26
South Wales	.	.	.	.	.	24.4	24.4	19
All police	.	.	.	.	.	57.7	57.7	19
Fire authorities:								
Mid and West Wales	.	.	.	.	.	4.7	4.7	5
North Wales	.	.	.	.	.	10.8	10.8	16
South Wales	.	.	.	.	.	9.5	9.5	6
All fire authorities	.	.	.	.	.	25.0	25.0	8
National park authorities:								
Brecon Beacons	.	.	.	.	0.0	.	0.0	.
Pembrokeshire Coast	.	.	.	.	0.3	.	0.3	.
Snowdonia	.	.	.	.	1.8	.	1.8	.
All national park authorities	.	.	.	.	2.1	.	2.1	.
Wales	436.4	11.3	91.5	1,259.6	298.7	82.7	2,180.1	707

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

(b) The £ per head calculations use the 2013 mid-year estimates of population.

. Data not applicable.

Chart 4 shows capital forecast expenditure by service, as a percentage of overall expenditure in 2015-16. Housing makes up 58 percent of all expenditure due to the transfer of the Housing Revenue Account Subsidy.

**Chart 4: Forecast capital expenditure by service, 2015-16**

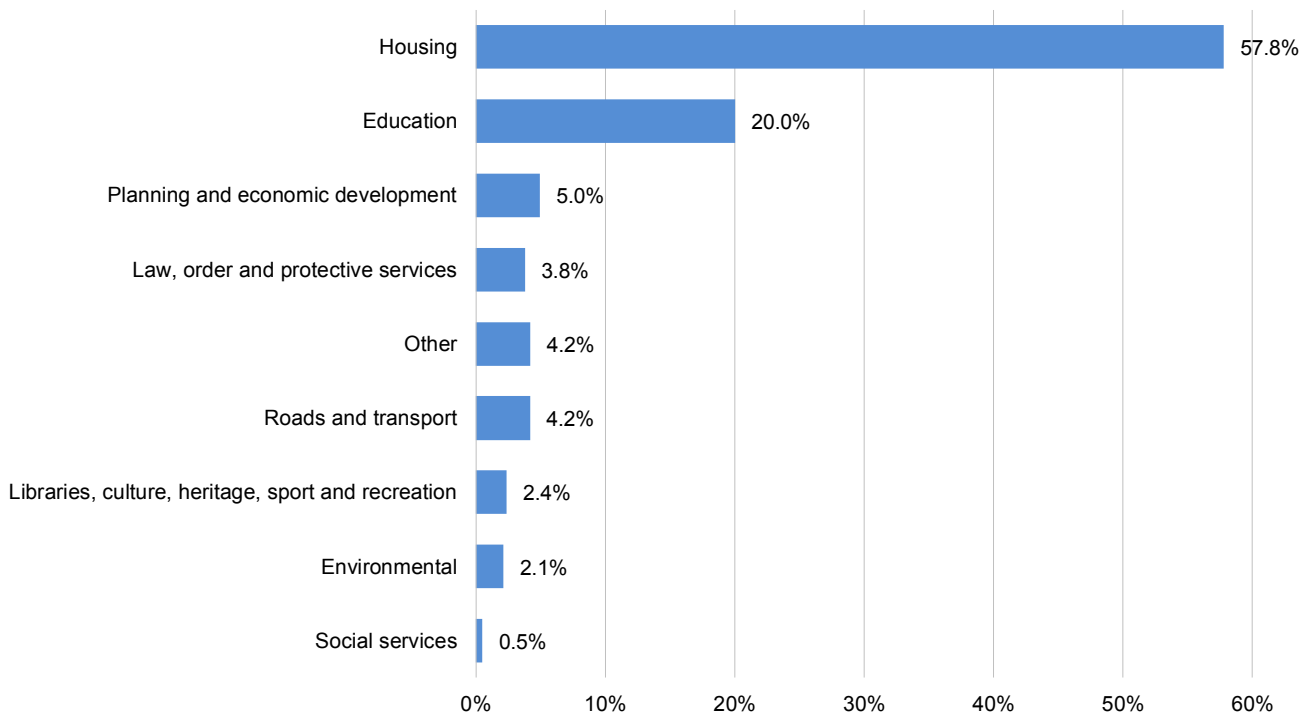
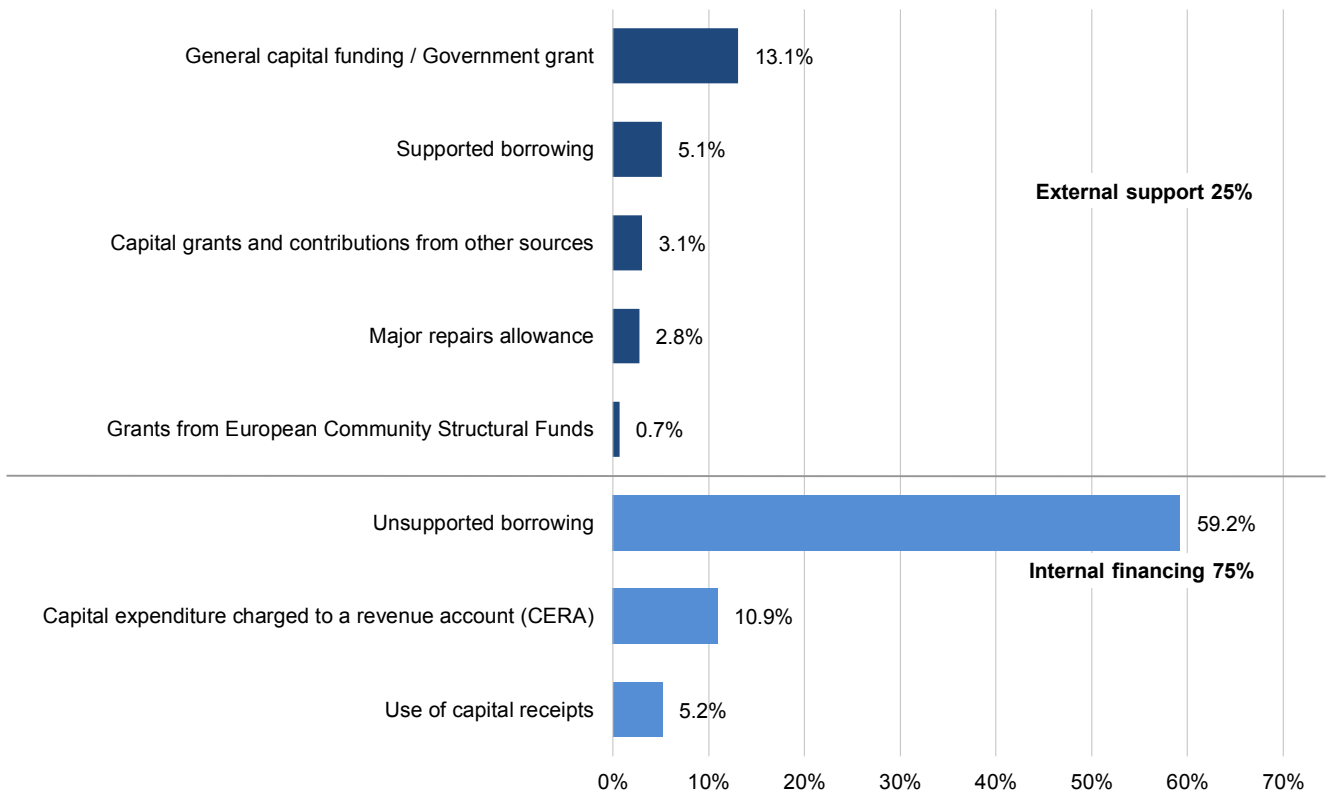


Chart 5 shows how local authorities intend to finance their expenditure in 2015-16, external support and internal financing are shown separately. Unsupported borrowing makes up 59 percent of all capital financing.

**Chart 5: Financing of capital forecast expenditure, 2015-16**



## TECHNICAL NOTES

### Data sources

Data are collected from unitary, police, fire and national park authorities and are available for 2014-15 and 2015-16 with final outturn data available for years up to 2013-14.

### 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 Transfer

Eleven local authorities in Wales with council housing stock exited from the Housing Revenue Account (HRA) subsidy system and become 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). Please select “Local Government - Finance” at the navigation screen of the following site:

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

→Local Government →Finance →Revenue →Budgets

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

→Local Government →Finance →Capital →Forecast

### 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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