

Public Spending in Wales

March 2012

Introduction

This briefing provides a summary of information on public sector spending on services in Wales, including comparative overall figures for the devolved administrations of the UK, as well as a breakdown of spending on service areas by different public sector bodies in Wales.

The information presented is summarised from HM Treasury's Public Expenditure Statistical Analysis (PESA)¹ which presents a country and regional analysis on the basis of total expenditure on services.²

¹ HM Treasury, Public Expenditure Statistical Analysis (PESA): **National Statistics Release, October 2011**. The October release has been used as this contains the first release of country and regional outturn for 2010-11. The **July 2011 Command Paper** release contained outturn data to 2009-10 only. [accessed 22 February 2012]

² Total expenditure on services (TES) broadly represents the total current and capital spending by the public sector and so is similar to the National Accounts measure of Total Managed Expenditure (TME), excluding certain elements. TES represents the cost of delivering services is worth about 95 per cent of TME. The information presented here is taken from the Country and Regional Analysis (CRA) within PESA. The CRA is a statistical exercise and plays no role in resource allocation. TES is allocated to the area benefitting from spend, not where expenditure occurred. Only identifiable expenditure is included, non-identifiable expenditure (that deemed to benefit the UK as a whole) cannot be allocated to a geographical area. In relation to the CRA figures, around 83 per cent of TME can be identified as benefitting specific regions, with the remainder unattributable and considered as beneficial to the UK as a whole (e.g. defence spending).

How much is spent on services in Wales in comparison to the rest of the UK?

Tables 1 and 2 shows the total identifiable expenditure on services for the devolved administrations from 2006-07 to 2010-11 in cash and real terms.³

Table 1: Total identifiable expenditure on services, 2006-07 to 2010-11

Year	Wales		Scotland		Northern Ireland		England		UK	
	£ million	% change on previous year	£ million	% change on previous year	£ million	% change on previous year	£ million	% change on previous year	£ million	% change on previous year
Cash terms:										
2006-07	24,465	..	43,945	..	15,609	..	357,500	..	441,519	..
2007-08	25,623	4.7	46,529	5.9	16,782	7.5	378,892	6.0	467,826	6.0
2008-09	27,342	6.7	48,709	4.7	17,829	6.2	409,756	8.1	503,635	7.7
2009-10	29,171	6.7	51,654	6.0	18,873	5.9	443,149	8.1	542,846	7.8
2010-11	29,906	2.5	53,085	2.8	19,197	1.7	450,978	1.8	553,166	1.9
Real terms (2010-11 prices):										
2006-07	26,946	..	48,401	..	17,192	..	393,753	..	486,292	..
2007-08	27,586	2.4	50,094	3.5	18,067	5.1	407,919	3.6	503,667	3.6
2008-09	28,578	3.6	50,911	1.6	18,635	3.1	428,279	5.0	526,402	4.5
2009-10	29,972	4.9	53,073	4.2	19,391	4.1	455,320	6.3	557,755	6.0
2010-11	29,906	-0.2	53,085	0.0	19,197	-1.0	450,978	-1.0	553,166	-0.8

Source: Research Service calculations from PESA **National Statistics Release, October 2011** (Tables A1 and A3)

Table 2: Total identifiable expenditure on services per head, 2006-07 to 2010-11

Year	Wales		Scotland		Northern Ireland		England		UK	
	£ per head	% change on previous year	£ per head	% change on previous year	£ per head	% change on previous year	£ per head	% change on previous year	£ per head	% change on previous year
Cash terms:										
2006-07	8,260	..	8,588	..	8,963	..	7,042	..	7,288	..
2007-08	8,609	4.2	9,045	5.3	9,540	6.4	7,414	5.3	7,671	5.3
2008-09	9,144	6.2	9,424	4.2	10,044	5.3	7,962	7.4	8,203	6.9
2009-10	9,726	6.4	9,945	5.5	10,550	5.0	8,553	7.4	8,785	7.1
2010-11	9,947	2.3	10,165	2.2	10,668	1.1	8,634	0.9	8,884	1.1
Real terms (2010-11 prices):										
2006-07	9,097	..	9,459	..	9,871	..	7,757	..	8,027	..
2007-08	9,269	1.9	9,738	2.9	10,271	4.1	7,982	2.9	8,259	2.9
2008-09	9,557	3.1	9,850	1.2	10,498	2.2	8,322	4.3	8,574	3.8
2009-10	9,993	4.6	10,218	3.7	10,840	3.3	8,788	5.6	9,026	5.3
2010-11	9,947	-0.5	10,165	-0.5	10,668	-1.6	8,634	-1.8	8,884	-1.6

Source: Research Service calculations from PESA **National Statistics Release, October 2011** (Tables A2 and A4)

Between 2006-07 and 2010-11, total identifiable expenditure on services in:

- **Wales** – increased by 22 per cent (11 per cent in real terms). On a per head basis, this equates to a 20 per cent increase (9 per cent in real terms).
- **Scotland** – increased by 21 per cent (10 per cent in real terms). On a per head basis, this equates to an 18 per cent increase (8 per cent in real terms).
- **Northern Ireland** – increased by 23 per cent (12

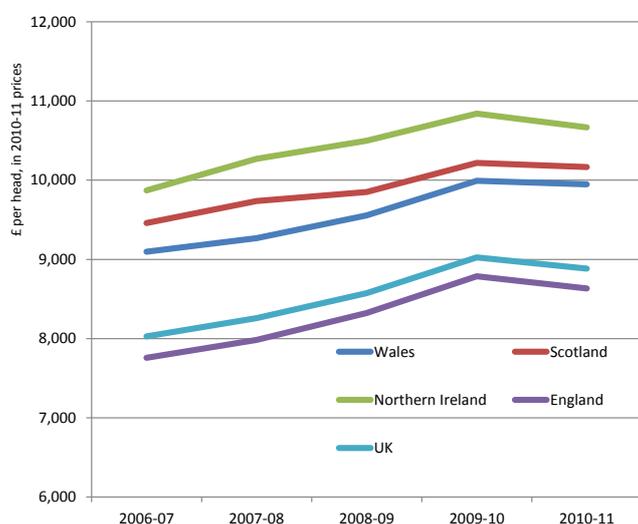
³ Real terms figures in the PESA National Statistics release have been calculated using GDP deflators as at 25 October 2011. These are regularly updated, and thus the real terms figures are subject to change.

per cent in real terms). On a per head basis, this equates to a 19 per cent increase (8 per cent in real terms).

- **England** – increased by 26 per cent (15 per cent in real terms). On a per head basis, this equates to a 23 per cent increase (11 per cent in real terms).
- **UK** – increased by 25 per cent (14 per cent in real terms). On a per head basis this equates to a 22 per cent increase (11 per cent in real terms).

Figure 1 shows the total expenditure on services in real terms on a spend per capita basis.

Figure 1: Total identifiable expenditure on services, in real terms at 2010-11 prices (£ per head)



Source: PESA National Statistics Release, October 2011 (Table A4)

From this it can be seen that **Wales receives the lowest expenditure on services per capita in real terms of all the devolved administrations**, (although this remains higher than that for the UK and English average).

What is this money spent on?

Figure 2 shows the breakdown, by service area, of the total identifiable spend on services in Wales from 2006-07 to 2010-11 in cash terms.

Over the years 2006-07 to 2010-11, the largest components of spending on services were:

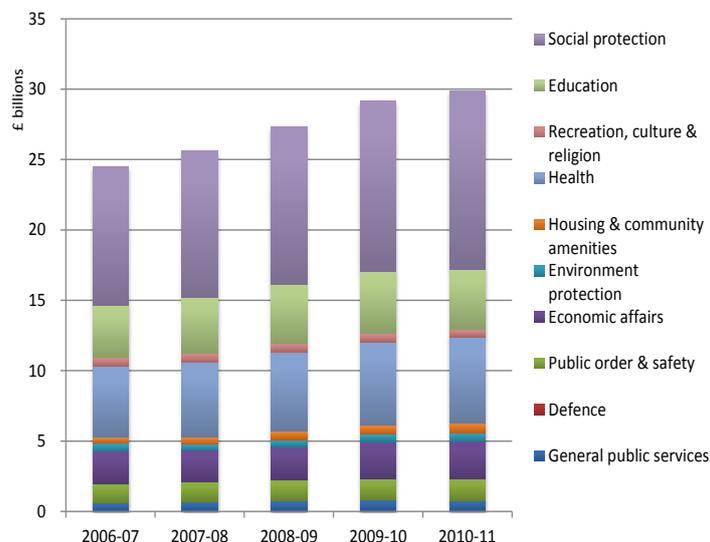
- Social protection – comprising 40 to 42 per cent of total spending;

- Health – comprising 20 per cent of total spending; and
- Education – comprising 14 to 15 per cent of total spending.

Economic affairs accounted for around nine per cent of total spending. This consisted of:

- Enterprise and economic development – around two per cent of total spending;
- Science and Technology – less than one per cent of total spending;
- Employment policies – around one per cent of total spending;
- Agriculture, fisheries and food – around two per cent of total spending; and
- Transport – around four per cent of total spending.

Figure 2: Identifiable expenditure on services in Wales by sub-function (£ billions)



Source: PESA National Statistics Release, October 2011 (Tables A5 to A14)

Who spends on services in Wales?

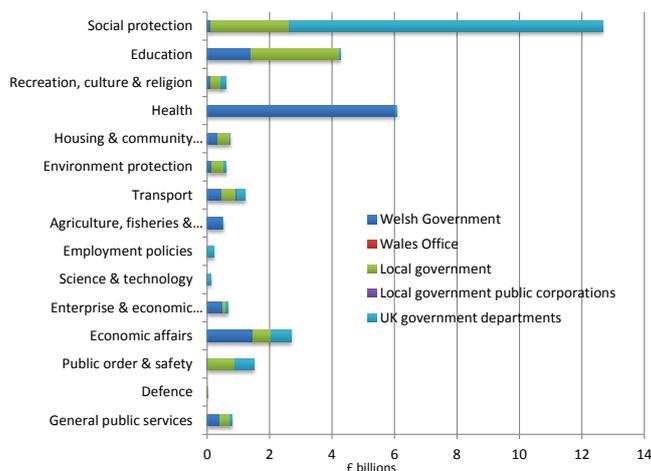
Figure 3 provides a breakdown, by service area, of expenditure on services by the various public bodies in the 2010-11 financial year.

- The Welsh Government contributed 33.8% (£10 billion);
- Welsh local government contributed 27.4% (£8.2 billion); and
- UK government contributed 38.8% (£11.6 billion)

The Wales Office and local government public corporations made minor contributions of £5 million and £3 million respectively.

- The Welsh Government made the largest contribution in the area of health; £6 billion.
- Welsh local government made the largest contribution in the area of education; £2.8 billion.
- The UK Government made the largest contribution in the area of social protection; £10 billion.

Figure 3: Identifiable expenditure on services in Wales, 2010-11 (£ billions)



Source: PESA **National Statistics Release, October 2011** (Table A21)

Further information

HM Treasury, **Public Expenditure Statistical Analyses (PESA)**

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