

POLICY DEVELOPMENT: NOT A STATEMENT OF GOVERNMENT POLICY

Local authority comparisons of 2014-15 reported expenditure

Background and methodology

1. At the initial meeting of the Technical Working Group on Needs and Redistribution, it was agreed that it was important to understand what the variation in expenditure between local authorities currently was.
2. In order to compare service expenditure between authorities we have looked at expenditure per person, using 2014-15 reported expenditure. However, as some services are not universal, we have used the most appropriate client group when calculating this. The table below shows the client group used for each service.

Service block	Client Group
Total expenditure	Total resident population
Children Social Care	Persons aged 0-19
Adult Social Care	Persons aged 18 and over
Highways and transport services	Total resident population
Environmental and regulatory services	Total resident population

3. The analysis excludes values for both the Isles of Scilly and the City of London, as their very small populations mean that per head comparisons for these authorities are not appropriate. The high number of commuters within the City of London mean that its expenditure is disproportionate compared to its number of residents. Therefore, including it would simply increase the range of variation in expenditure for London boroughs and skew the analysis.
4. In addition, figures at the England level and those for 'other authorities' have been calculated, in each case, by using only the relevant amounts from those classes of authority that provide each service. For example, 'other authorities' for Highways Maintenance includes figures for integrated transport authorities and Park authorities, both of whom have responsibility for highways expenditure.
5. The Excel tool used to produce this analysis has been provided with this paper. A description of how to use the tool can be found at Annex A.

Total service expenditure

6. Chart 1 below shows the variation in total expenditure between classes of authority. The coloured blocks represent the interquartile range and the tails show the entire variation across all authorities within the class. As the range of services delivered

differs between classes, there are large differences in expenditure levels per person between some classes.

7. Chart 2 compares total expenditure per head between all local authorities within regions on a like-for-like basis. It shows that considerable variation exists between regions, with the average expenditure per person in the London (£2,191) being over 33% more than in the East Midlands (£1,428) and South West (£1,433).

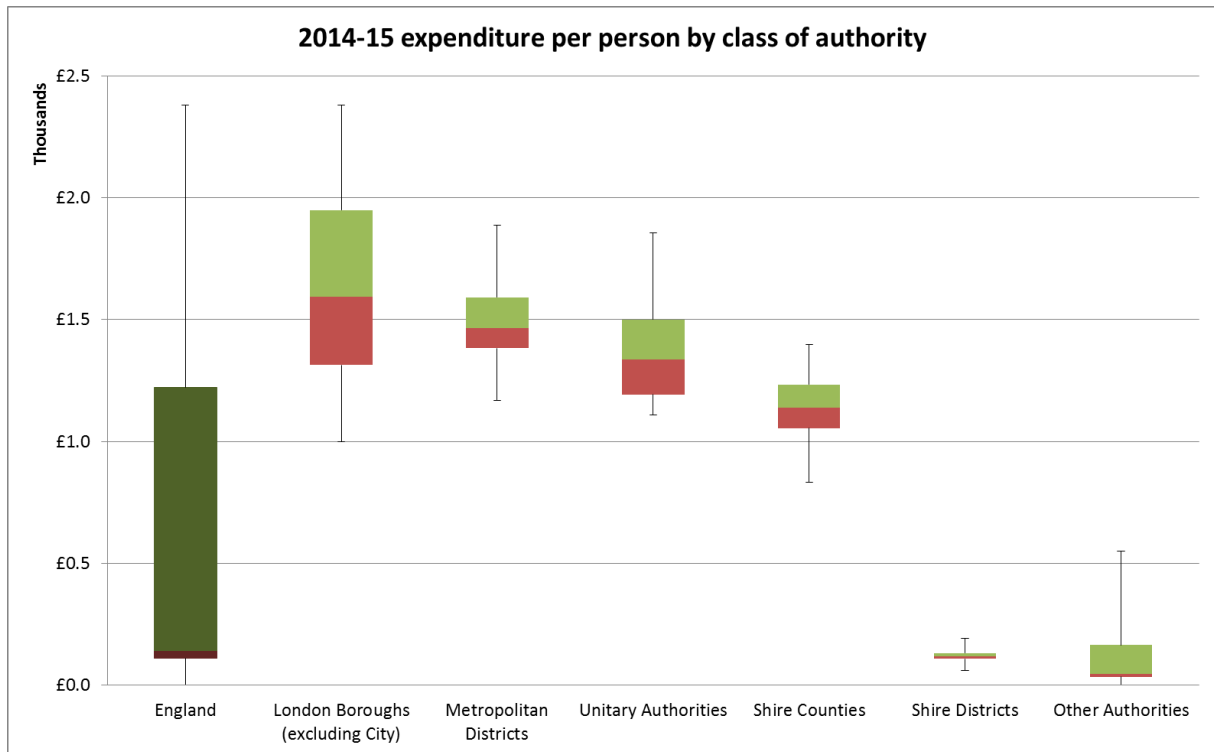


Chart 1: Variation in total expenditure between classes of authority

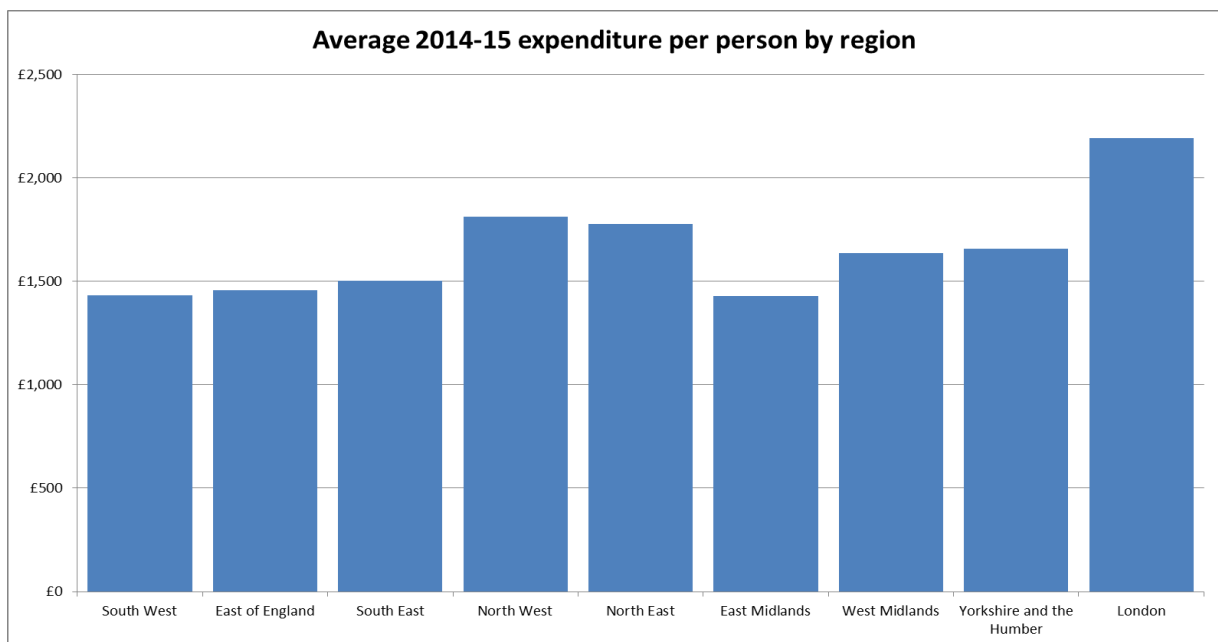


Chart 2: Variation in total expenditure between regions

8. In order to investigate these differences, expenditure has been broken down into service groups based on those within the Revenue Outturn Summary (see table below). These service blocks do not exactly match the Relative Need Formulae (RNF) in 2013-14. For example, parking, concessionary travel and bus support are all included within the Environmental, Protective and Cultural Services block within the RNFs, but are included within highways and transport services within the RO summary data.

Service Block	Net Current Expenditure (£ thousands)
Education services	34,477,276
Highways and transport services	4,537,381
Children Social Care	8,091,346
Adult Social Care	14,495,902
Public Health	2,736,852
Housing services (GFRA only)	1,851,793
Cultural and related services	2,682,211
Environmental and regulatory services	4,944,777
Planning and development services	1,287,723
Police services	10,888,938
Fire and rescue services	2,045,047
Central services	3,067,518
Other services	91,916
TOTAL SERVICE EXPENDITURE	91,198,676

9. As Chart 3 shows, expenditure per person on education services accounts for the largest proportion of expenditure and also accounts for much of the variation in expenditure per region.

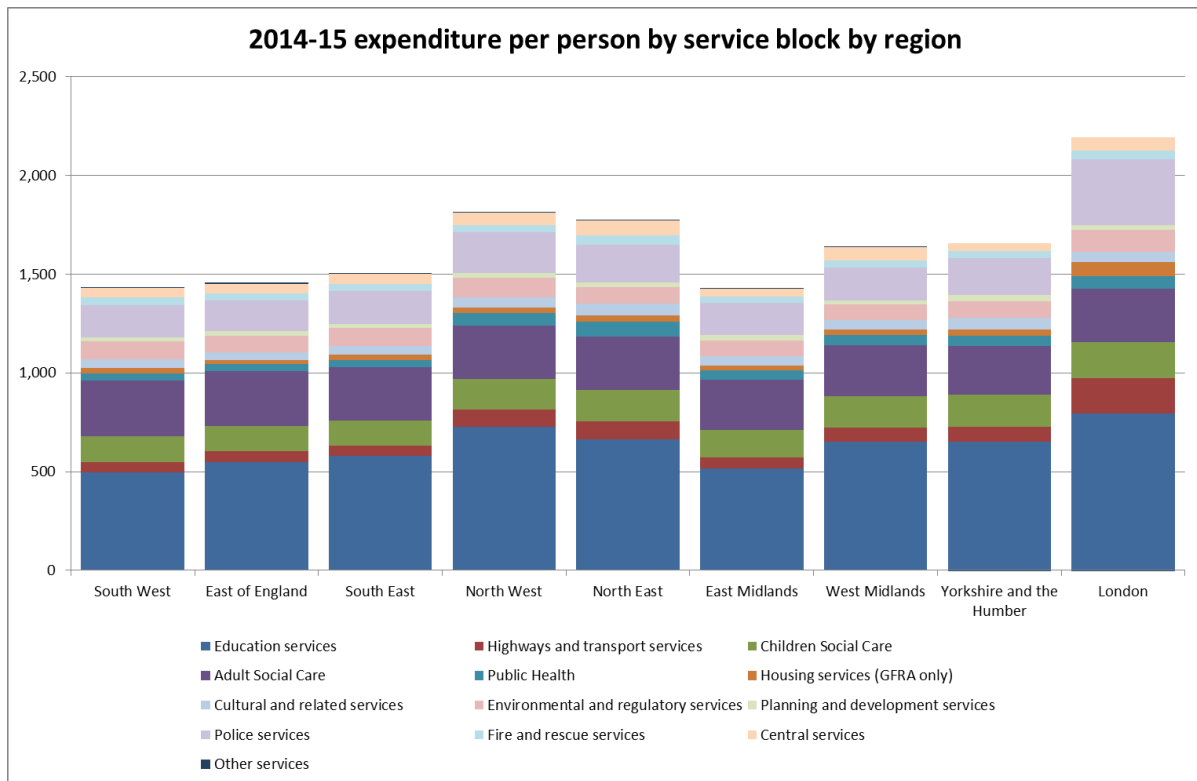


Chart 3: Variation in expenditure by service block by region

Children's Social Care

10. Chart 4 shows that there is considerable variation in expenditure per person between classes of authority: median expenditure per person for shire counties is £530, which is considerably lower than the £702 median expenditure per person for metropolitan districts; the interquartile range (IQR) for London is approximately £360, which is more than double the IQR for shire counties (£115 per person); the authority at the 75th percentile of spending for London Boroughs spends more than double per person than the authority at the 25th percentile of spending for shire counties (£925 compared to £450).

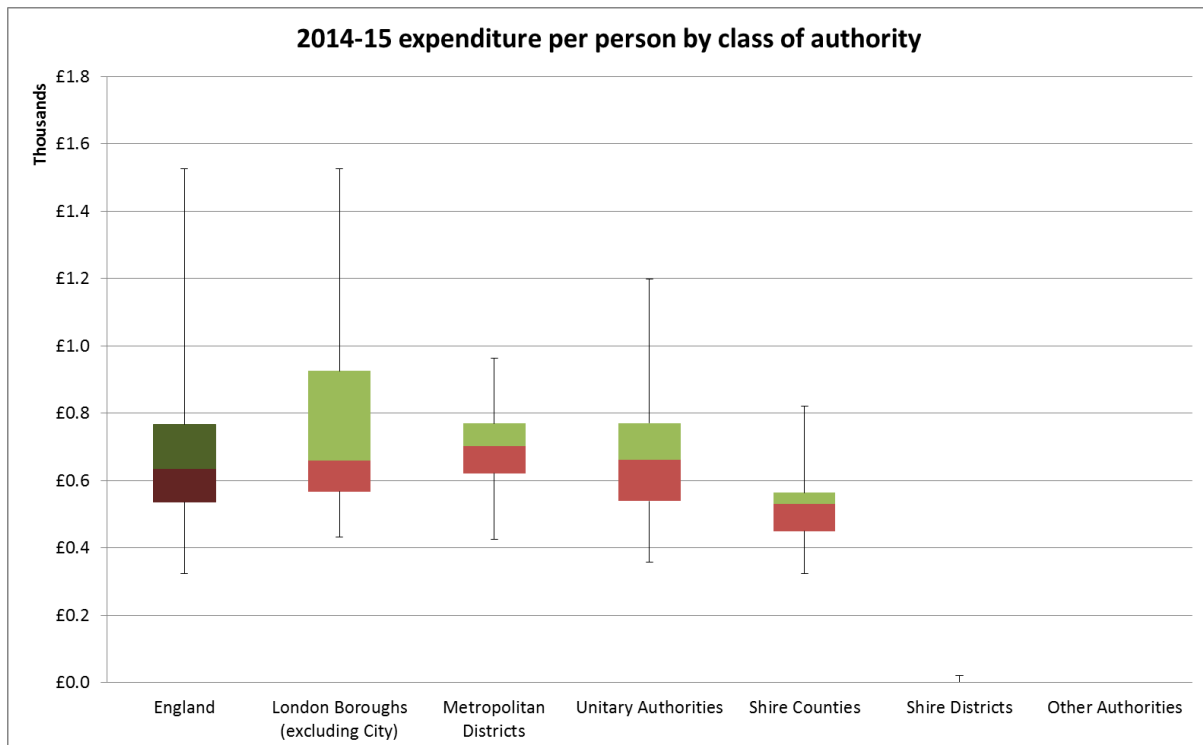


Chart 4: Variation in children's social care expenditure by class of authority

Adult Social Care

11. From

12. Chart 5, we can see that the variation in expenditure per person between classes of authority is considerably less for adult social care than for children's social care. The lowest median expenditure per person (metropolitan districts) is only £22 less than the highest median expenditure per person (London boroughs).

13. There is slightly more variation within the IQRs of authorities, although still less so than for children's social care. Unitary authorities and shire counties have similar IQRs (£46 and £42 respectively), as do London boroughs and metropolitan districts (£67 and £63 respectively).

14. There is still considerable variation between the maximum and minimum spending authorities within each class, with the maximum spending authority spending at least 1.5 times more than the minimum spending authority.

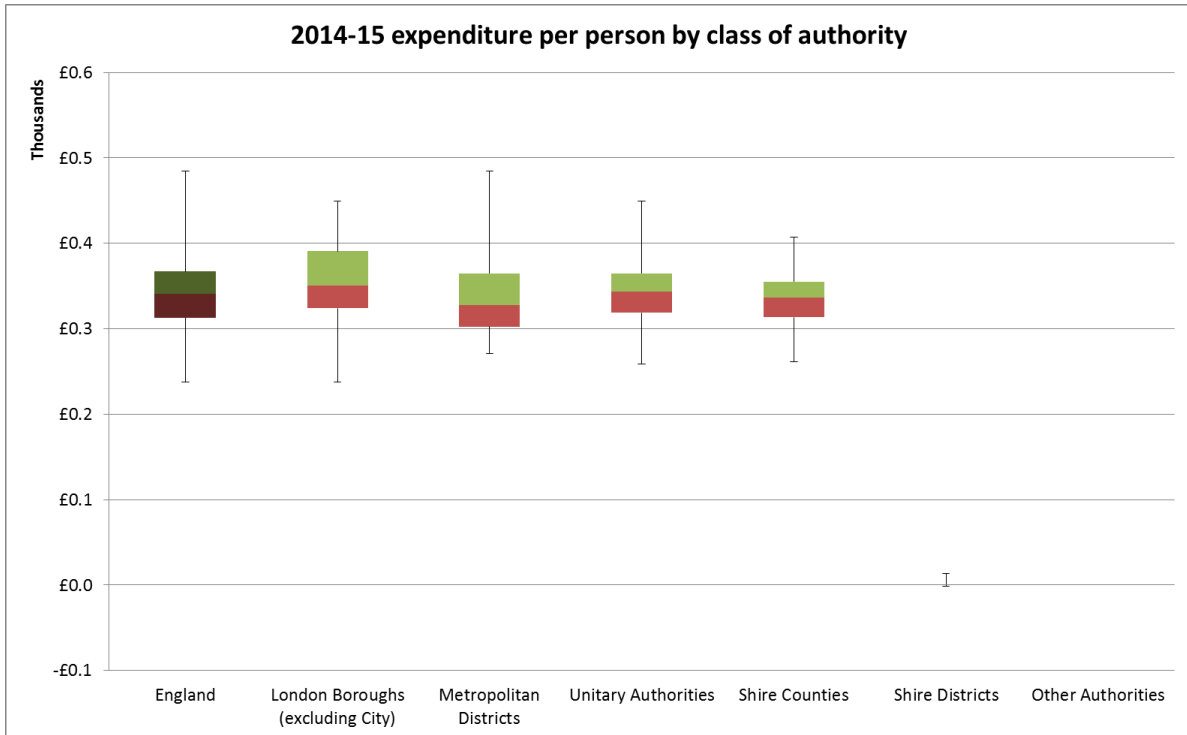


Chart 5: Variation in adult social care expenditure by class of authority

Highway Maintenance

15. Chart 6 shows the variation in highways maintenance expenditure between classes of authority. It shows that there is considerable variation in expenditure per person between classes. This may in part be due to authorities' differing ability to generate revenue from parking services. In some cases, this leads to "negative" expenditure on highway maintenance per person. The authority with the highest negative value is Westminster.

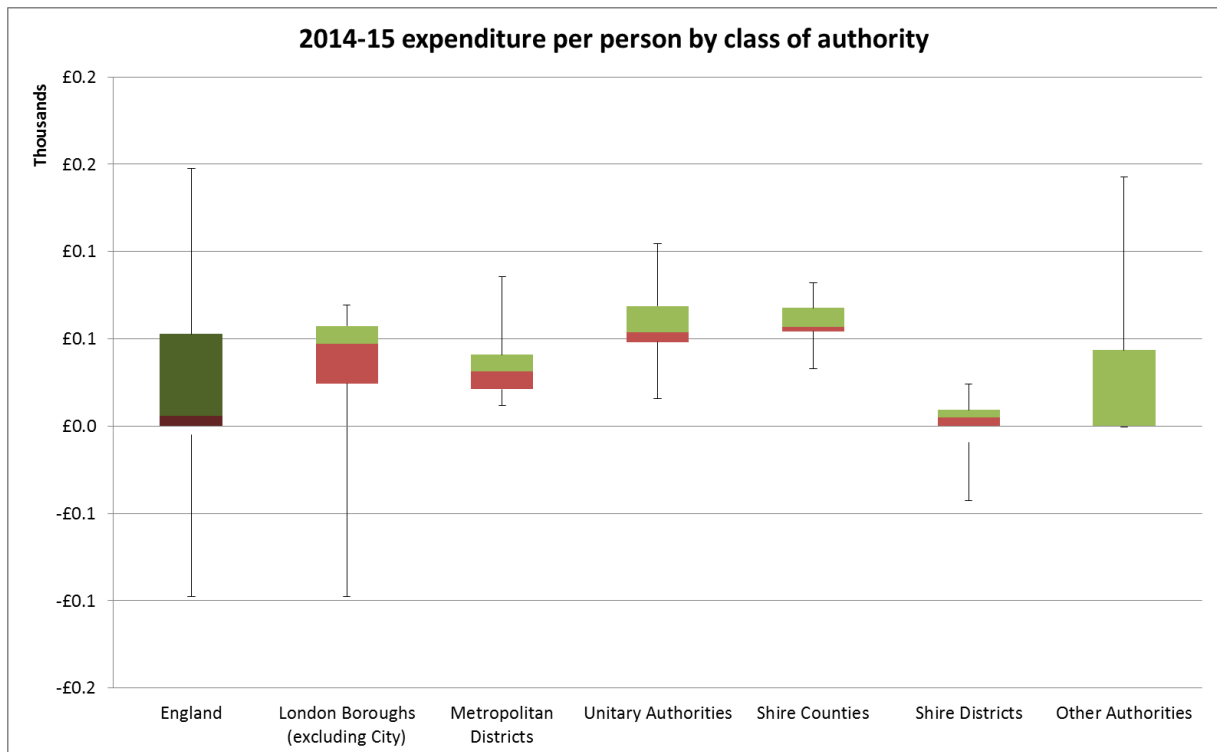


Chart 6: Variation in highways maintenance expenditure between classes of authority

Environmental and regulatory services

16. As with expenditure on highways maintenance, Chart 7 shows that there is much variation in expenditure per person on environmental and regulatory services. Many of the services within this block are discretionary and so one of the reasons for this variation may be due to differing attitudes to providing discretionary services between authorities. Another factor may also be the difference in commuters and day-time visitors to local authorities, who are often large users of environmental and regulatory services.

17. The greatest expenditure per head is £271 (Westminster), which is 6 times more than the lowest expenditure per head for London boroughs (£41 – Barking and Dagenham).

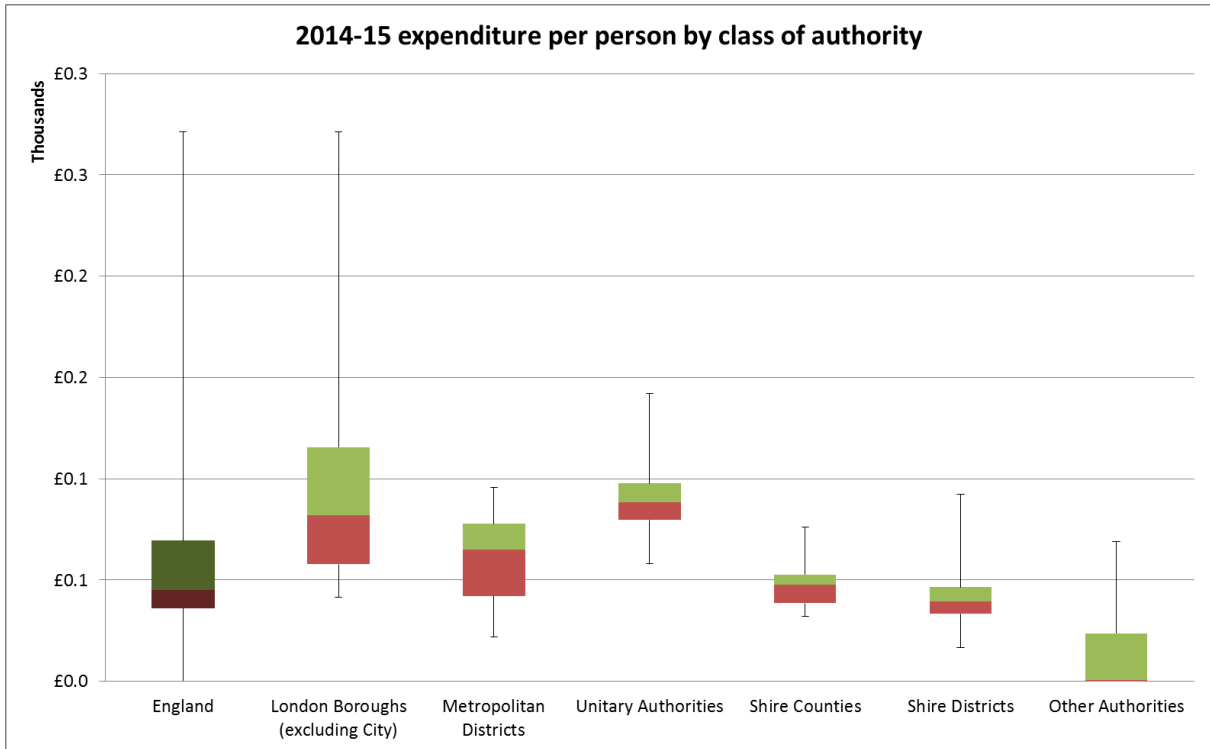


Chart 7: Variation in environmental and regulatory services expenditure between classes of authority

Annex A: Instructions for Operating the Excel Tool

- 1) Choose a service from the drop-down menu located at F5.
- 2) Choose an appropriate age-group from the drop-down menu located at L6.
- 3) Choose the type of expenditure from the drop-down menu located at S6.

Expenditure per person will then be created, together with summary statistics describing the distribution by class based on the type of expenditure data you have selected and two graphs.

The first graph is a box and whisker plot showing the interquartile range (the 'box') and the entire range (the 'whiskers').

The second graph shows the average expenditure per person by region.