



# Local Authority Financial Indicators, Wales

2015-16

December 2016

## **Introduction**

The Local Authority Financial Indicators, Wales: A review of local authority financial ratios 2011-12 to 2013-14 was produced to provide insights into the historic financial performance of Local Authorities in Wales.

It provided comparative statistics on the financial performances of Welsh Local Government over the period from 2011-12 to 2013-14. The report provided some background on the composition of each indicator and what it is intended to reflect.

This report sets out the headline messages and the latest position of financial indicators for 2015-16.

## Headlines

### Working Capital as % of Gross Revenue Expenditure

This indicator measures the extent to which an authority could cover existing expenditure from working capital if necessary.

- Six authorities in Wales in 2015-16 had negative indicators due to low levels of current assets compared to current liabilities.
- Three authorities in Wales had an indicator greater than 20% in 2015-16.

### Reserves as % of Gross Revenue Expenditure

This measure indicates the level of funds authorities are retaining for future plans and unforeseen expenditure. These have been split into three distinct indicators as follows.

#### Useable Reserves

For purposes of this indicator, usable reserves include earmarked reserves, unallocated/general reserves and capital receipts.

- The average % of reserves to gross revenue expenditure for Wales in 2014-15 was 17%.
- Seven authorities in 2014-15 had a % greater than 20%.

#### Earmarked Reserves

- The average % of earmarked reserves to gross revenue expenditure for Wales in 2014-15 was 12%.
- Seven authorities in 2014-15 had a % greater than 15%.

#### General/Unallocated Reserves

- The average % of general reserves in Wales are 3% of gross revenue expenditure.
- Levels across all authorities range from 0.9% to 5.7%.
- The number of days turnover covered by unallocated reserves for Wales in 2015-16 was 10.
- Four authorities had cover of more than 17 days turnover.

### Long-term Borrowing to Long-term Assets

This ratio measures the relationship between a council's long-term borrowing and long-term assets.

- In 2015-16 the Wales average ratio increased to 0.31 from 0.25 in the previous year as a result of the HRAS buyout
- Two authorities had long-term debt representing 23% of the value of their long-term assets
- One authority had long-term debt, representing 46% of the value of their long-term assets.

### **Long-term Borrowing to Taxation and Non-Specific Grant Income**

This ratio measures the relationship between an authority's long-term borrowing and its taxation and non-specific grant income.

- The result of the HRAS buyout increased the Wales average ratio of long term borrowing to taxation and non-specific grant income from 0.6 in 2014-15 to 0.8 in 2015-16
- Four authorities in 2015-16 had long-term debt less than 0.5.
- Thirteen authorities had long-term debt exceeding the Wales average ratio of 0.8 of their taxation and non-specific grant income. This included ten of the eleven housing stock authorities impacted by the HRAS buyout.

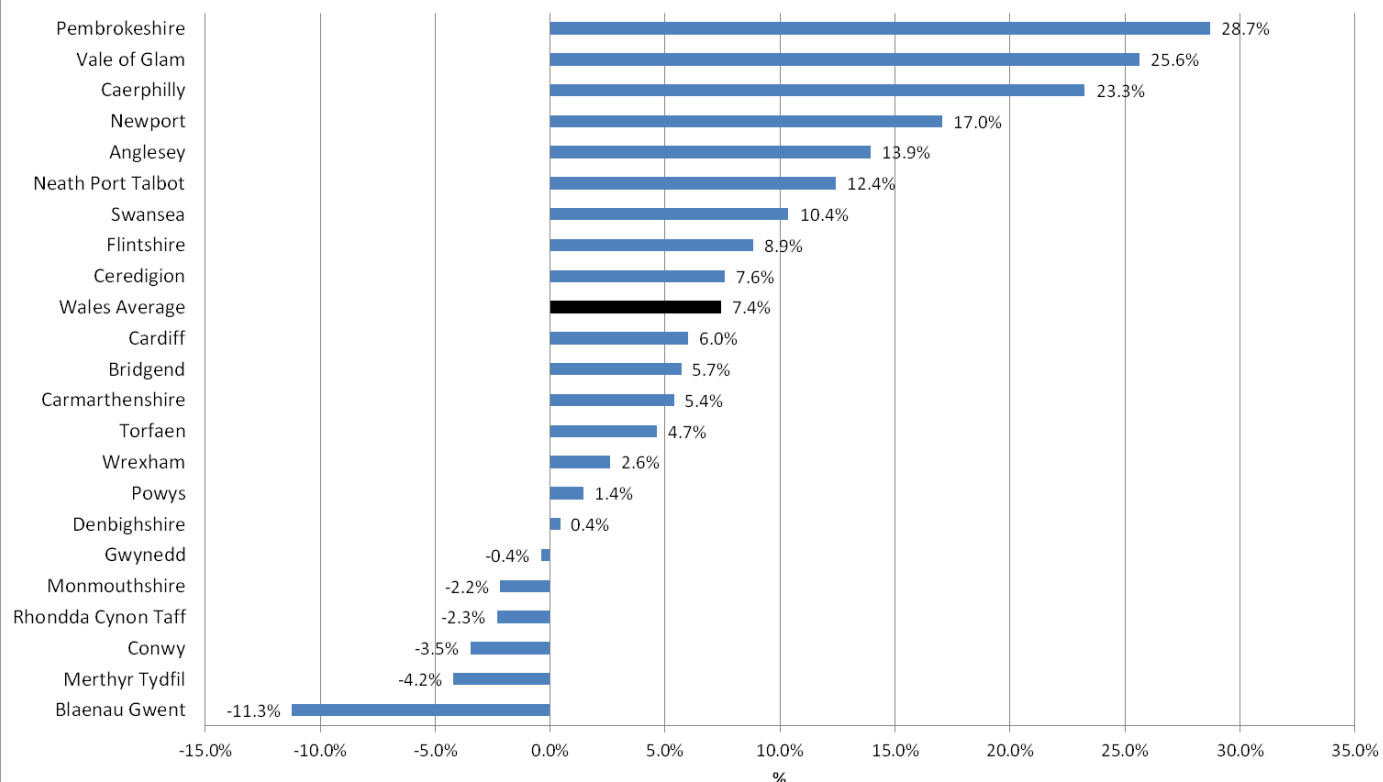
### **Council Tax as % of Taxation and Non-Specific Grant Income**

This ratio measures how much council tax contributes to taxation and non-specific grant income.

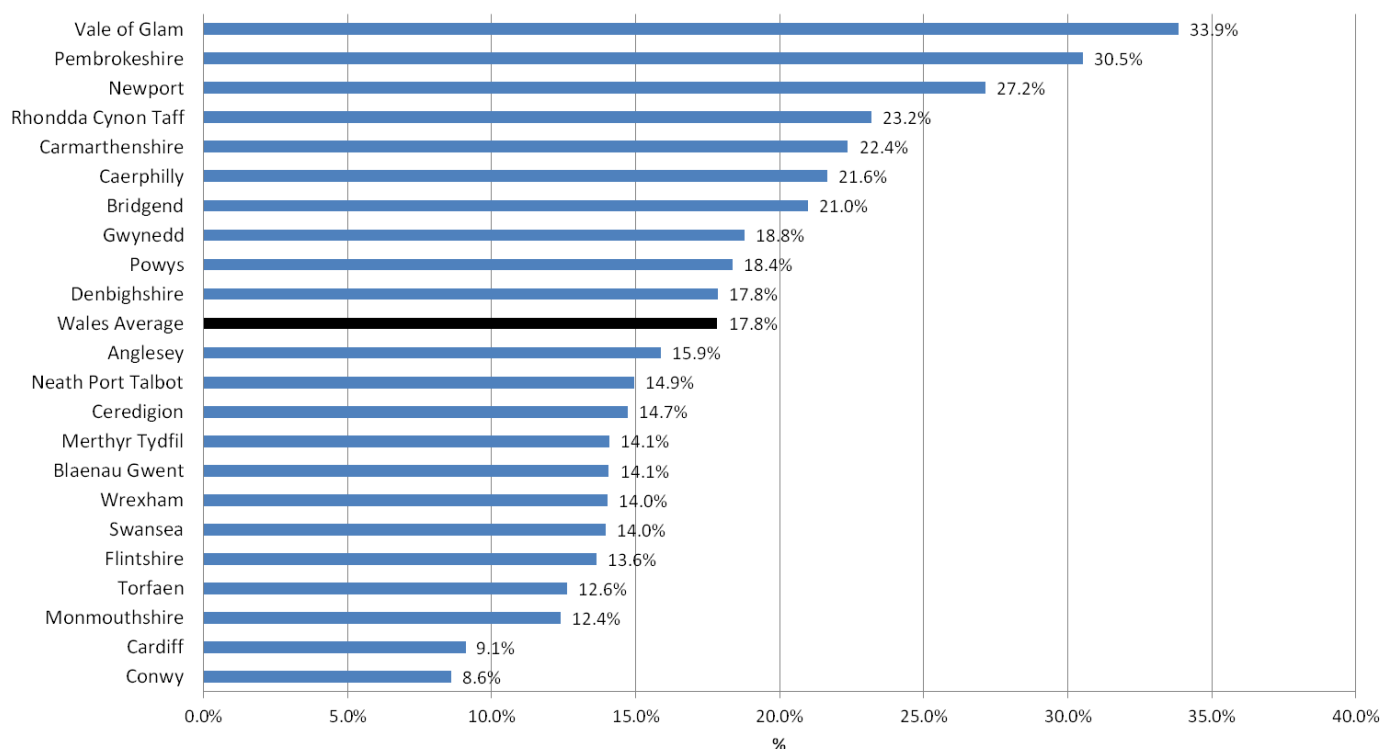
- Two local authorities in Wales had council tax income, which accounted for less than 20% of their taxation and non-specific grant income.
- Two local authority's council tax income accounted for more than 30% of their taxation and non-specific grant income.

		Financial Indicators						
		Working Capital to Gross Revenue Expenditure	Reserves (1) to Gross Revenue Expenditure	Earmarked Reserves to Gross Revenue Expenditure	Unallocated /general reserves to Gross Revenue Expenditure	Long-term Borrowing to Long-term Assets	Long Term Borrowing to Taxation & NS Grants	Council Tax to Taxation & NS Grants
	2015-16	%	%	%	(days)	Ratio	Ratio	%
1	Anglesey	13.9%	15.9%	10.2%	20.7	0.31	0.80	24%
2	Gwynedd	-0.4%	18.8%	16.1%	7.1	0.26	0.44	28%
3	Conwy	-3.5%	8.6%	6.9%	3.4	0.32	0.58	29%
4	Denbighshire	0.4%	17.8%	13.1%	13.8	0.39	0.88	27%
5	Flintshire	8.9%	13.6%	7.9%	11.6	0.36	0.89	28%
6	Wrexham	2.6%	14.0%	6.6%	8.8	0.32	1.27	27%
7	Powys	1.4%	18.4%	8.4%	18.0	0.32	0.95	30%
8	Ceredigion	7.6%	14.7%	9.3%	10.4	0.33	0.81	27%
9	Pembrokeshire	28.7%	30.5%	26.1%	9.7	0.31	0.87	24%
10	Carmarthenshire	5.4%	22.4%	15.8%	7.7	0.28	0.98	25%
11	Swansea	10.4%	14.0%	8.5%	14.6	0.28	0.92	23%
12	Neath Port Talbot	12.4%	14.9%	8.5%	17.7	0.36	0.85	26%
13	Bridgend	5.7%	21.0%	13.1%	8.5	0.24	0.42	28%
14	Vale of Glam	25.6%	33.9%	24.0%	13.5	0.26	0.64	31%
15	Rhondda Cynon Taff	-2.3%	23.2%	21.2%	6.9	0.23	0.48	23%
16	Merthyr Tydfil	-4.2%	14.1%	10.2%	12.9	0.27	0.54	18%
17	Caerphilly	23.3%	21.6%	15.7%	11.2	0.26	0.89	20%
18	Blaenau Gwent	-11.3%	14.1%	6.0%	13.3	0.39	0.72	22%
19	Torfaen	4.7%	12.6%	2.9%	17.5	0.30	0.51	23%
20	Monmouthshire	-2.2%	12.4%	5.4%	14.3	0.23	0.42	38%
21	Newport	17.0%	27.2%	23.0%	6.8	0.46	0.91	20%
22	Cardiff	6.0%	9.1%	6.4%	7.2	0.36	1.08	28%
	<b>Wales Average</b>	<b>7.4%</b>	<b>17.8%</b>	<b>12.4%</b>	<b>10.8</b>	<b>0.31</b>	<b>0.80</b>	<b>26%</b>
	<i>Reserves (1) includes general, earmarked and capital receipts reserves</i>							

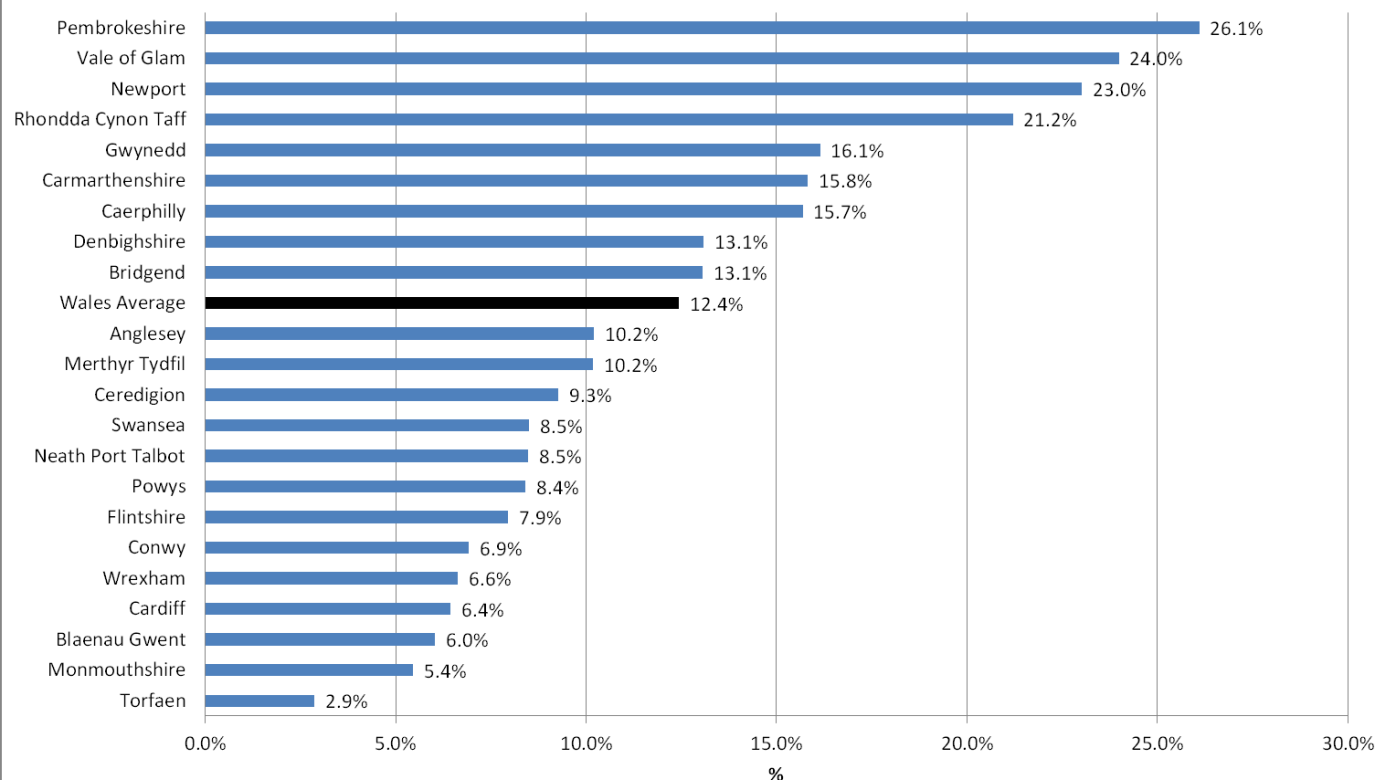
### Working Capital at March 2016



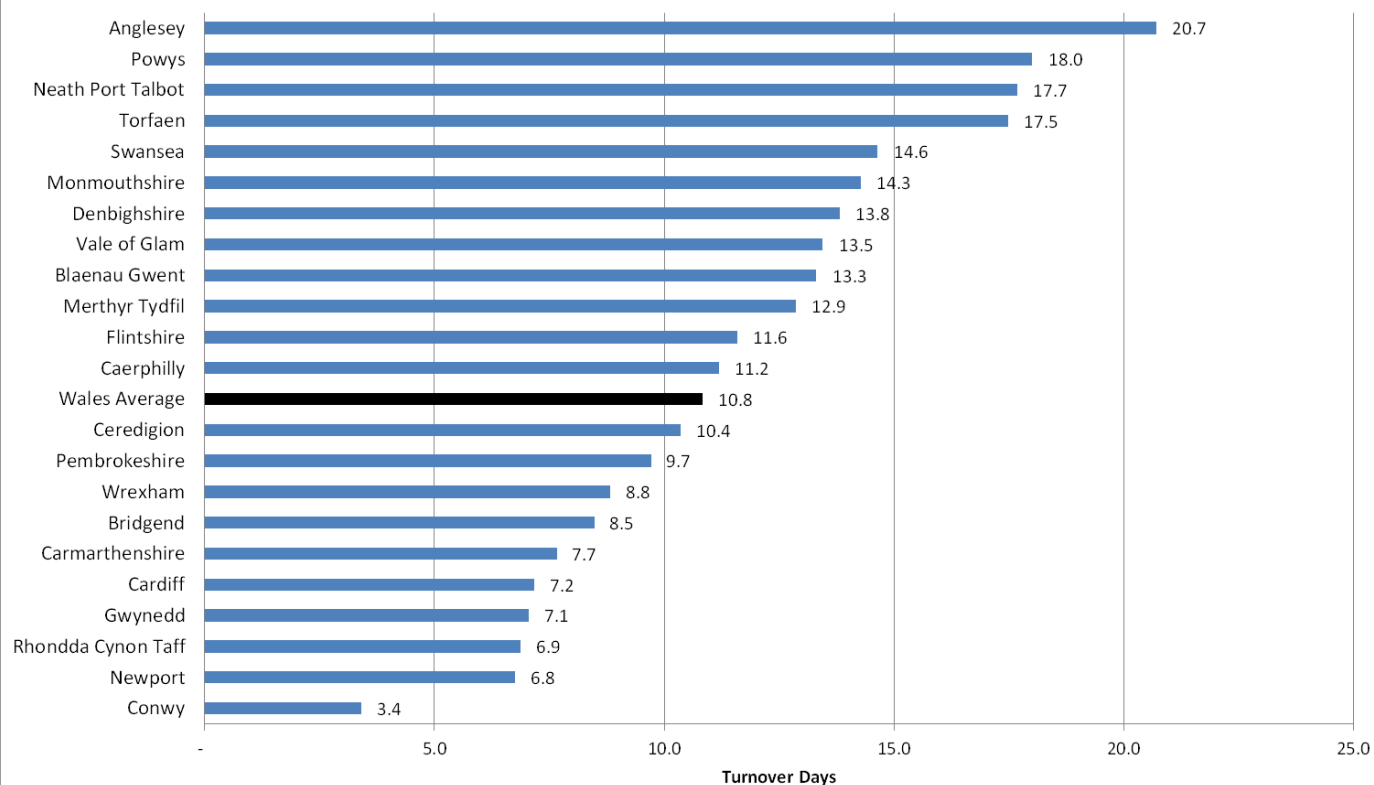
### Reserves to Gross Revenue Expenditure (excluding HRA, Schools, Unapplied Grants & Group Reserves) at March 2016



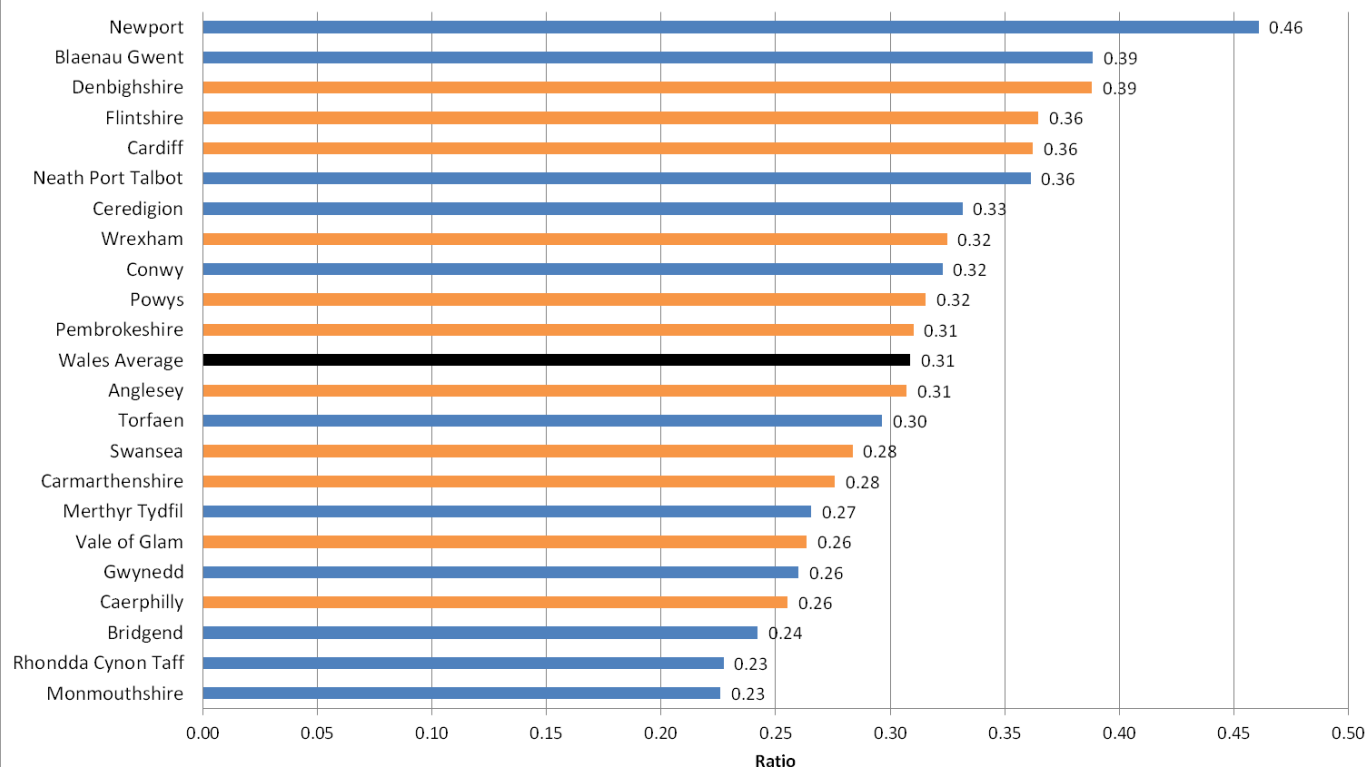
### Earmarked Reserves to Gross Revenue Expenditure at March 2016



### General / Unallocated Reserves to Gross Revenue Expenditure at March 2016

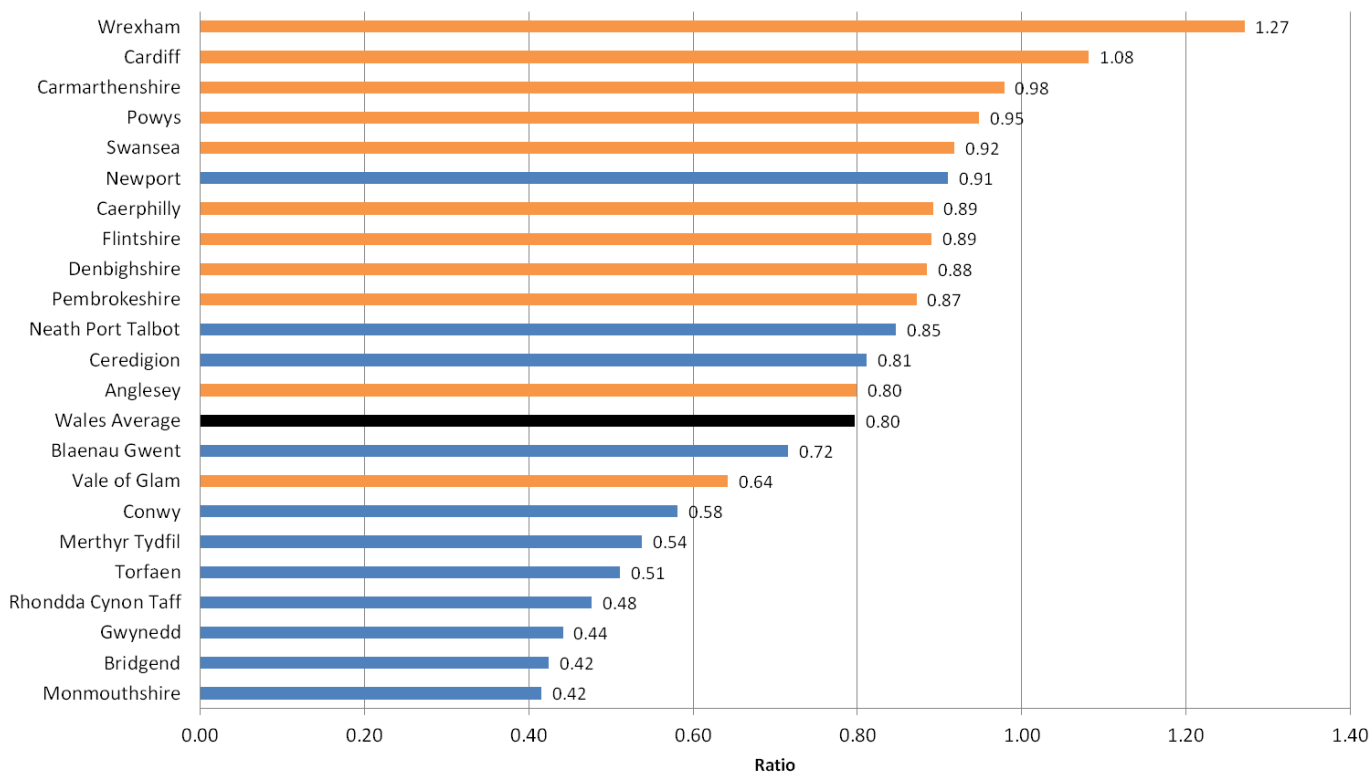


### Long Term Borrowing to Long Term Assets at March 2016



Local Authorities with Housing Stock assets and related borrowing are denoted separately

### Long Term Borrowing to Taxation & non-specific Grants 2015-16





### Council Tax as % of Total taxation & non-specific grant income 2015-16

