



Local Authority Regulatory Services Budgets 2011-12

Prepared by LBRO on behalf of Sir Don Curry, Non-Executive Chair of the Better Regulation Executive with the support of the Chartered Institute for Environmental Health and the Trading Standards Institute.

This paper provides an indicative picture of local authority regulatory services budgets for the current financial year.

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Summary

The Spending Review in December 2010 cut central funding for local government in England by 28% and funding for the Welsh Government by 7.5% over four years, but the effect this will have on funding for different services provided by local authorities will be variable. This paper uses budget data collected from all local authorities in England and Wales by CLG, Cipfa and the Welsh Government in April 2011 to provide an idea of the types of budget cuts which local authority regulatory services are facing in the current financial year. It should be noted that the Spending Review cuts relate to a four year period, the data in this report cannot show us what further cuts may be planned for regulatory services only what is planned for this current financial year.

Data for England and Wales is presented separately. Further details of the analysis and sources follow. Throughout the report regulatory services means environmental health, licensing and trading standards services delivered by local authorities. Data for fire safety is not available.

England

1. Planned local government spending on regulatory services in England has been cut by 8.8% in 2011/12 compared to the previous year. This budget decrease equates to a cut of £63 million in spending on regulatory services across England. (See Tables 1 and 2)
2. Overall, local authority budgets for service delivery have been cut by 5.7% in 2011/12, meaning the cut in regulatory services budget is above average. However, there is considerable variation between services, with the largest budget cut for planning and development at 32% and social care having a budget increase of 1.6%. (See Table 2)
3. Trading standards budgets have been hit harder than environmental health, with an overall decrease of 11.4% in budgeted expenditure for trading standards compared to 8% for environmental health (which includes licensing). (See Table 1)
4. There is considerable variation in the level of cuts in regulatory services between local authorities ranging from more than 40% cuts to more than 10% increases. The midpoint of this range (the median value) is a 9.6% budget cut and half of local authority regulatory services are facing cuts of 10% or more. (See Chart 1)

Wales

1. Overall the regulatory services budget in Wales has been cut by 5.9%, which is less severe than in England but high in relation to the overall cut in local authority service expenditure in Wales of only 1.2%. The regulatory services budget decrease equates to a cut of £4.5 million in spending. (See Table 1 and Table 2)
2. As in England, trading standards have fared worse than environmental health with an overall decrease of 7.4% in budgeted expenditure for trading standards compared to 5.3% for environmental health (which includes licensing). (See Table 1)
3. Budget cuts for regulatory services are variable between local authorities, ranging from more than 30% cuts to more than 10% increases. The midpoint of this range (the median value) is a 4.2% budget cut. About one fifth of local authority regulatory services in Wales are facing budget cuts of 10% or more. (See Chart 2)

Budgets for Regulatory Services

Table 1: Budgets for regulatory services in 2011/12 and 2010/11 showing change in budget between these years.

	Service	2010-11 budget (£'000)	2011-12 budget (£'000)	Change in budget (£'000)	% budget change
England	Trading Standards	177,098	156,994	-20,104	-11.4%
	Environmental Health (incl. licensing)	540,664	497,609	-43,055	-8.0%
	Total Regulatory Services	717,762	654,603	-63,159	-8.8%
Wales	Trading Standards	18,961	17,551	-1,410	-7.4%
	Environmental Health (incl. licensing)	57,148	54,103	-3,045	-5.3%
	Total Regulatory Services	76,109	71,654	-4,455	-5.9%
England and Wales	Trading Standards	196,059	174,545	-21,514	-11.0%
	Environmental Health (incl. licensing)	597,812	551,712	-46,100	-7.7%
	Total Regulatory Services	793,871	726,257	-67,614	-8.5%

Budgets not actuals

Note that this data is the amount of money *budgeted* to be spent, not the actual amount spent. Where the change over the last year is discussed, this is a change between the amount budgeted to be spent last year, and the amount budgeted to be spent this year. Local authorities were asked to provide this budget information in March/April of this year.

As an indication of how likely it is that this represents a useful indication of the actual situation in LARS, comparison was made between several previous years budget data and the corresponding year's actual spend data. For England and Wales, over a three year period variation between these budget figures and actual spend was within 10% either way of the budget projection.¹

¹ 2009/10 actual spend on reg. services in England was 11% more than budget, Wales, 2% less than budget
 2008/09 actual spend on reg. services in England was 1% less than budget, Wales, 11% less than budget
 2007/08 actual spend on reg. services in England was 2.1% more than budget, Wales, 2% more than budget
 Actual spend data from Cipfa Trading Standards and Environmental Health returns

Variation between local authorities

As would be expected, there is considerable variation between different local authorities as to the change in budget each regulatory service is facing. Charts 1 and 2 show the variation in regulatory services budget change for English and Welsh local authorities respectively. Around 80% of local authority regulatory services (LARS) in England have experienced a cut in budget and the middle value in the range of budget changes is a 9.6% budget cut (Chart 1). In Wales just under 70% of LARS are facing budget cuts, but the range of cuts which most LARS are facing is smaller, with a smaller proportion of local authority regulatory services facing budget cuts of more than 10% than in England (Chart 2). Note that year on year comparisons may not be accurate for all local authorities and that care should be taken in quoting the maximum cuts/increases as the data quality of these outliers has not been verified.²

Chart 1: Range of budget change from 2010/11 to 2011/12 for English LARS

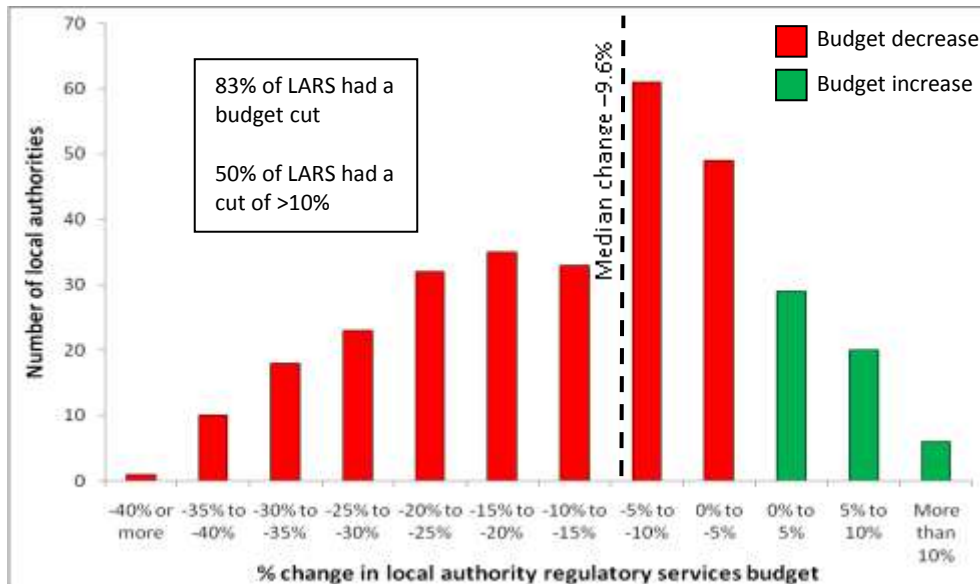
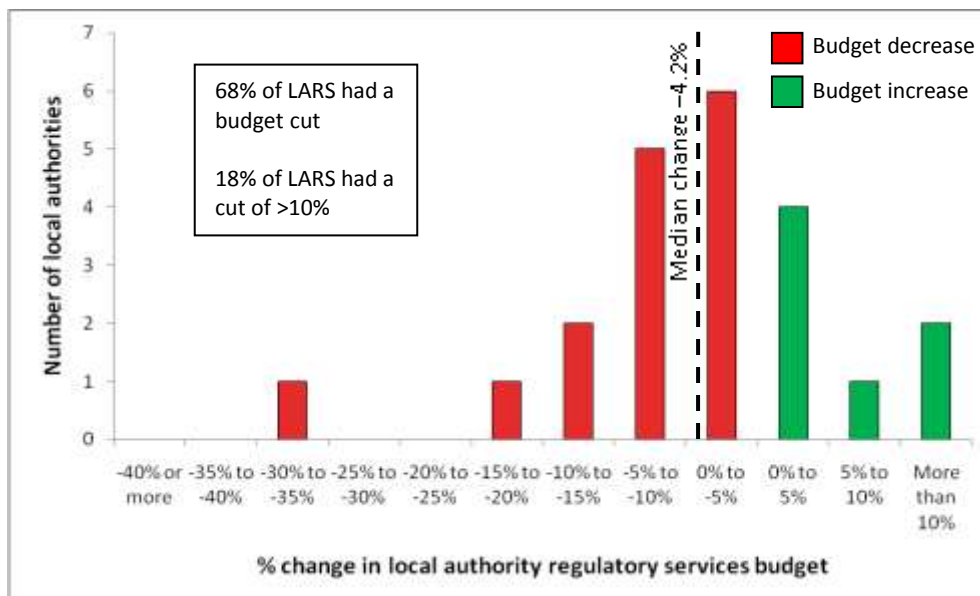


Chart 2: Range of budget change from 2010/11 to 2011/12 for Welsh LARS



² See the technical note on year on year comparisons for further details

Budget Cuts in relation to other local authority services

Table 2: Regulatory services budget cuts in relation to other local authority services

Service	Change in budget expenditure from 2010/11 to 2011/12	
	England	Wales
Education	6.4% decrease	0.1% decrease
Social care	1.6% increase	0.7% increase
Housing	14.4% decrease	4.6% increase
Culture	9.8% decrease	4.5% decrease
Environmental (inc. reg. services)	3.1% decrease	2.8% decrease
Regulatory services	8.8% decrease	5.9% decrease
Planning and development	32.1% decrease	1.8% decrease
Highways and transport	20.7% decrease	2.4% decrease
Police	2.7% decrease	3.3% decrease
Fire and rescue	2.6% decrease	0.7% decrease
OVERALL SERVICE EXPENDITURE	5.7% decrease	1.2% decrease

Data Sources and Technical Notes

England

Budget data for English local authorities is collected jointly by the Department for Communities and Local Government (CLG) and the Chartered Institute of Public Finance and Accountancy (Cipfa). The 2011/12 data which this report is based on was requested at the end of March 2011 with a response deadline of 28 April 2011. 100% of local authorities provided data. For the methodology used to collect the data see the [CLG website](#).

Local Authority Revenue Expenditure and Financing England 2011-12 budget, Department of Communities and Local Government (30 June 2011) [CLG Website](#) and CIPFA Finance and General Estimates for 2011-12, [Cipfa website](#), (data available to subscribers only)

Wales

The 2011-12 budget report for Wales is available from the website of the [Welsh Government](#) Local Authority Budgeted Revenue Expenditure, 2011-12 (Wales). The detailed breakdown used to calculate Welsh local authority regulatory services budget information is available on the [Stats Wales website](#). The 2011/12 data which this report is based on was requested at the end of February 2011 with a response deadline of 31 March 2011. 100% of local authorities provided data. For the methodology used to collect the data see the [Welsh Government website](#).

Scotland and Northern Ireland

Information on 2011/12 local authority budgets for Scotland is available at the link below. No information is currently available on local authority budgets in Northern Ireland in 2011/12. Analysis for Scotland has not been included in this report due to LBRO's scope and because the level of detail provided in the Scotland statistics is not sufficient to provide any data which would be comparable with data on service expenditure used in this document. [Scotland data](#)

Technical note - Service expenditure vs net current expenditure

Throughout this report we highlight the change in budgeted *service* expenditure. Service expenditure is the measure recommended by Cipfa as the best measure to show the impact on council spending on services. Service expenditure excludes money which cannot be spent on services, for example expenditure/income related to levies and precepts administered by the local authority (eg parish precepts, waste disposal authority levy), money related to internal and external trading accounts and money used for housing benefits. CLG chose to use net current expenditure when highlighting changes between this year and last years budget (there was a 2.6% decrease in net current expenditure) but Cipfa argue that this misrepresents the true cuts. For an article discussing the difference of opinion between CLG and Cipfa see [here](#). Service expenditure for Wales has been calculated using the same data headings Cipfa use in England.

Technical note – year on year comparisons

Local authorities are asked to report budgeted service expenditure on a yearly basis. There is a code of practice and guidance which provides details of what expenditure should be placed into which category to try and ensure comparability between local authorities. However, there are yearly changes to the code of practice which may affect the ability to accurately compare expenditure between years and for some local authorities it appears that the regulatory services budget figures may not be comparable. There were a small number of local authorities where the percentage change figure appeared unlikely to be correct (for example a 93% increase or a 70% decrease) however, there is no way of checking the quality of this data. To overcome this, the most extreme 10% of data points were excluded from the analysis for England only. This means that the 5% of local authorities with the biggest budget cut and the 5% with the biggest budget increase were excluded from the analysis. Despite this, the year on year comparisons in this paper should give a reasonable picture of the budget changes at a high level. Care should be given when quoting individual local authority year on year comparisons.