

Article

Country and regional public sector finances: Financial year ending March 2016

Public sector revenue, expenditure and net fiscal balance on a country and regional basis.

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1 . Main points

- London, South East and East of England all had net fiscal surpluses in the financial year ending (FYE) 2016 with all other countries and regions of the UK having net fiscal deficits.
- London had the highest net fiscal surplus per person at £3,070 and Northern Ireland the highest net fiscal deficit per person at £5,440, in FYE 2016.
- London raised the most revenue per person, in FYE 2016, at £15,750 with Wales and the North East raising the least revenue per person at £7,980 and £8,200 respectively.
- Northern Ireland and Scotland attracted the highest expenditure per person, FYE 2016, at £14,020 and £13,050 respectively, with the lowest expenditure per person attributed to the South East and East of England at £10,580 and £10,590 per person.

2 . Things you need to know about this release

What do these statistics tell me?

The aim of these statistics is to provide users with information on what public sector expenditure has occurred, for the benefit of residents or enterprises, in each country or region of the UK and what public sector revenues have been raised in each country or region. The geographic boundaries used for countries and regions in the UK follows the Nomenclature of Units for Territorial Statistics ([NUTS1](#)) definitions.

Public sector is used in this publication to refer to expenditure and revenue related to central government departments and bodies (such as the Department for Work and Pensions), local authorities and other local government bodies (such as police authorities) and public sector-controlled corporations (such as Scottish Water and Transport for London).

The difference between total expenditure and total revenue is called the net fiscal balance. A positive net fiscal balance (or net fiscal deficit) indicates that the expenditure in a particular area (for the benefit of residents or enterprises) exceeds the public sector revenue raised in that same area. By contrast, a negative net fiscal balance (or net fiscal surplus) indicates that the revenue raised in that area exceeds the expenditure (for the benefit of residents or enterprises).

It is also important to realise that these statistics do not provide information on the spending and revenue of individual country or regional bodies, such as the Scottish government or Greater London Authority. For this information please refer to the published accounts of the particular body of interest.

The data in this bulletin are to be considered statistical estimates only. The statistics in this publication are neither reflective of the annual devolved budget settlements nor are these data used when calculating devolved budget settlements. Furthermore, they are unlikely to be an accurate representation of public finances should fiscal powers be fully devolved among UK countries and regions.

How are the country and regional estimates calculated?

The total UK public sector revenue and expenditure reported in this publication are the same as those in the Public Sector Finances published on 23 May 2017. However, the country and regional allocation of revenue and expenditure data in this publication are largely based on various assumptions. This is because taxes are generally not levied or collected on a regional basis and most spending is planned to benefit a category of individuals and enterprises irrespective of location.

Estimates of public sector revenue are based on the concept of “who pays”. Revenue is attributed to the countries and regions of the UK using apportionment methods, such as the use of surveys, population shares and GVA (gross value added) shares.

Estimates of public sector expenditure are based on the concept of “who benefits”. Expenditure in each of the countries and regions of the UK is calculated using methods which attempt to apportion expenditure based on the location of the residents or enterprises who have benefited from expenditure of a particular department or body.

For further information on the statistical methods used to allocate revenue and expenditure items please refer to the [Country and Regional Public Sector Finances Methodology Guide](#).

What does it mean that these are experimental statistics?

[Experimental statistics](#) are statistics that are within their development phase and are published in order to involve potential users at an early stage in building a high quality set of statistics that meet user needs.

This is the first time that we have published country and regional statistics on public sector revenue and expenditure and, as such, it is appropriate that the statistics being released are classed as experimental statistics. This highlights to users that we are still working on further developing the methodologies used in producing these statistics. We hope that it also encourages users to provide us with their thoughts and suggestions of how useful the statistics are and what can be done to improve them.

It must be emphasised that the label of experimental statistics does not mean that the statistics are of low quality, but it does signify that the statistics are novel and still being developed. Alongside this publication there is a detailed methodology guide, which sets out exactly how each revenue and expenditure item has been apportioned to countries and regions. Users should refer to this methodological information when judging whether their particular use of the statistics is appropriate.

Why are we producing these statistics for the first time now?

In February 2016, we launched [a consultation](#) in order to gather and assess the user demands for producing an annual publication on country and regional public sector finance statistics. [Responses](#) to the consultation indicated that there was wide support for country and regional public sector finance statistics, with given potential uses including in order to aid the devolution debate and to provide additional data for local policy analysis. This publication is our first attempt to compile country and regional public sector finance statistics.

Although this is our first production of country and regional public sector finances other organisations have, and do, produce similar statistics. Most notable of these organisations are Her Majesty’s Treasury (HM Treasury), Her Majesty’s Revenue and Customs (HMRC), Scottish government and Northern Ireland Statistics and Research Agency (NISRA). Each of these publications have for many years attributed public sector expenditure and/or revenue to one or more geographic areas. More information on these other publications can be found in the [scoping study](#) released alongside the February 2016 consultation.

What is the relationship between these statistics and those of the UK Public Sector Finances?

The [UK Public Sector Finances](#) (PSF) is a monthly publication jointly produced by ONS and HM Treasury. By contrast this is an annual publication produced solely by ONS. However, the two publications are closely linked as the UK totals published in the monthly PSF bulletin form the UK expenditure and revenue totals that must be apportioned to the NUTS1 country and regions of the UK. The total UK expenditure and revenue in this publication match those in the monthly PSF published on 23 May 2017.

At the UK level the equivalent of the net fiscal balance is termed Public Sector Net Borrowing excluding public sector banks (PSNB ex). A positive PSNB ex (and positive net fiscal balance) indicates a deficit, whereas negative values indicate a surplus. The net fiscal balance is not to be interpreted as the actual borrowing of a country or region; it is instead a statistical construct indicative of the difference between the revenue raised from residents and enterprises in a region and the public sector expenditure from which those residents and corporations benefit.

Are our figures adjusted for inflation?

All monetary values in the PSF bulletin are expressed in “current prices, that is, they represent the price in the period to which the expenditure or revenue relates and are not adjusted for inflation.

In order to compare data over long time periods commentators often discuss changes over time to fiscal aggregates in terms of gross domestic product (GDP) ratios. GDP represents the value of all the goods and services currently produced by an economy in a period of time.

Why are there two measures of net fiscal balance shown?

This bulletin allocates North Sea oil and gas revenues (mainly received from the Petroleum Revenue Tax and Corporation Tax) using two distinct methodologies. The first approach is to allocate the revenue on a geographic basis according to where the oilfields which give rise to the revenue are situated. This approach allocates between 74% and 88% of total UK North Sea oil and gas revenues to Scotland and the remainder to English regions

The second approach to apportioning North Sea oil and gas revenue is to allocate it to all countries and regions based on their populations. This methodology results in Scotland receiving around 8% of total UK North Sea oil and gas revenue and the remainder being allocated across all the other countries and regions with, for example London around 13% of the revenue.

Total North Sea oil and gas revenue in the financial year ending (FYE) 2016 was close to zero, therefore the allocations of revenue between geographic and population shares are very similar in this year for all countries and regions. However, in earlier years North Sea oil and gas revenue was much more significant with a peak revenue of £10.6 billion in the FYE March 2009.

More information on the methodology used to apportion North Sea oil and Gas revenue, and all other revenues and expenditures, can be found in the [methodology document](#) that accompanies this publication.

Key terms used in this publication

Public Sector Revenue is the total current income (mainly taxes, but also social contributions, interest, dividends, gross operating surplus and transfers) received by central government and local government bodies as well as public sector controlled corporations. It is recorded on an accrued basis, following National Accounts rules.

Public Sector Expenditure is the total capital and current spending (mainly wages and salaries, goods and services and expenditure on fixed capital, but also subsidies, social benefits and other transfers) of central government and local government bodies as well as public sector controlled corporations. It is recorded on an accrued basis, following National Accounts rules.

Net fiscal balance is the gap between revenue raised (current receipts) and total spending (current expenditure plus net capital expenditure), which at the UK level is equivalent to public sector net borrowing. A negative net fiscal balance figure represents a surplus, meaning that a country or region is receiving more than it is spending in revenue and a positive net fiscal balance represents a deficit, meaning a country or region is spending more than it is receiving in revenue.

NUTS1 are the largest geographic areas within the Nomenclature of Territorial Units for Statistics (NUTS). The UK territory is divided into 12 NUTS1 regions.

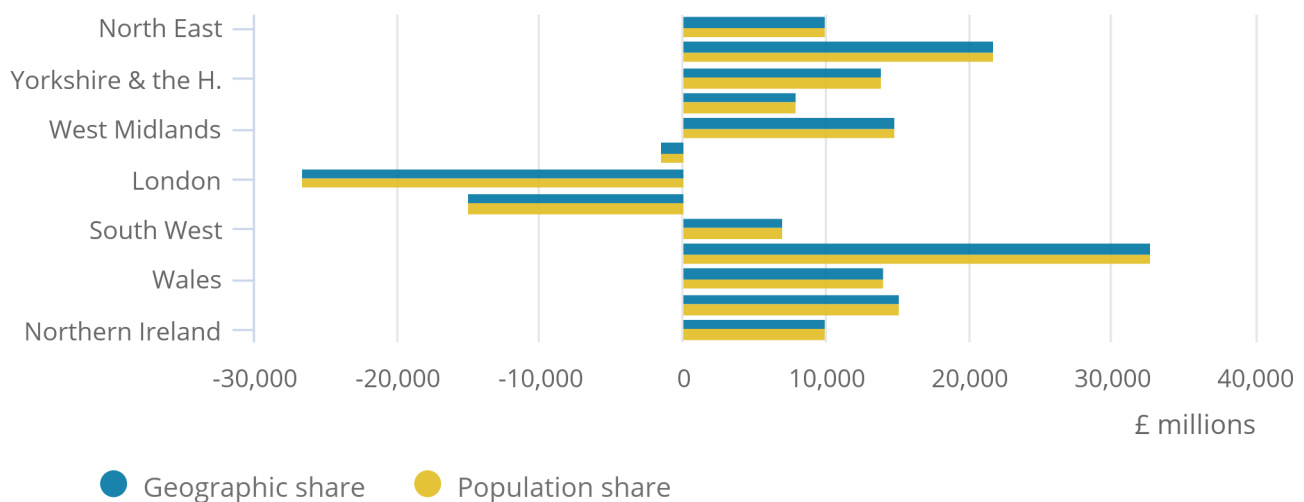
3 . Net fiscal balance

In the financial year ending (FYE) 2016, all countries and regions except London, the South East and the East of England had a public sector net fiscal deficit, with the East of England showing a net fiscal surplus for the first time since FYE 2008. This was the same when North Sea oil and gas revenue was allocated to regions on both geographic and population shares.

The North West had the highest net fiscal deficit of £21.8 billion or 1.16% of gross domestic product (GDP), which was approximately the same on both allocation bases of North Sea revenues. In contrast, London had the highest surplus of £26.6 billion or 1.41% of GDP, again approximately the same on both allocation bases of North Sea revenues.

Figure 1: Net Fiscal Balance FYE 2016, by country and region

Figure 1: Net Fiscal Balance FYE 2016, by country and region



Source: Office for National Statistics

Notes:

1. North sea oil and gas revenues included on a geographic share and a population share

All countries and regions with a net fiscal deficit saw a fall in this deficit in FYE 2016, compared with FYE 2015 when North Sea revenue was included on a population share basis. This wasn't true for Scotland on a geographic share basis as the reduction in North Sea oil and gas revenue has meant that, on this basis, the Scotland net fiscal deficit has increased by £223 million.

All countries and regions with a fiscal surplus saw it increase in FYE 2016, compared with FYE 2015.

Table 1 shows the change in net fiscal balance in each country and region. The largest deficit decrease was in the South West, which saw a fall from £9.5 billion in FYE 2015 to just over £7.0 billion in FYE 2016.

The region which saw the largest surplus increase was London, which saw an increase of £4.8 billion; this was also the largest change in the net fiscal balance of any country or region.

Table 1: Net Fiscal Balance from FYE 2014 to FYE 2016, by country and region

Net Fiscal Balance (£m)¹

Country/Region	North Sea revenue geographic share			% of GDP ²		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
North East	11,208	10,952	10,045	0.64%	0.60%	0.53%
North West	24,443	23,999	21,831	1.39%	1.31%	1.16%
Yorkshire and the Humber	15,752	15,422	13,988	0.90%	0.84%	0.74%
East Midlands	9,931	9,691	7,926	0.56%	0.53%	0.42%
West Midlands	17,132	17,254	14,937	0.97%	0.94%	0.79%
East of England	1,185	653	-1,472	0.07%	0.04%	-0.08%
London	-17,459	-21,777	-26,624	-0.99%	-1.19%	-1.41%
South East	-8,893	-11,253	-14,917	-0.51%	-0.61%	-0.79%
South West	9,538	9,535	7,089	0.54%	0.52%	0.38%
England	62,838	54,478	32,804	3.57%	2.97%	1.74%
Wales	15,160	14,836	14,086	0.86%	0.81%	0.75%
Scotland	14,055	14,953	15,176	0.80%	0.81%	0.80%
Northern Ireland	10,400	10,188	10,068	0.59%	0.56%	0.53%
United Kingdom ³	102,452	94,455	72,133	5.82%	5.15%	3.82%

Country/Region	North Sea revenue population share			% of GDP		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
North East	11,113	10,908	10,036	0.63%	0.59%	0.53%
North West	24,078	23,849	21,829	1.37%	1.30%	1.16%
Yorkshire and the Humber	15,853	15,440	13,932	0.90%	0.84%	0.74%
East Midlands	9,720	9,602	7,915	0.55%	0.52%	0.42%
West Midlands	16,733	17,103	14,946	0.95%	0.93%	0.79%
East of England	886	526	-1,481	0.05%	0.03%	-0.08%
London	-18,050	-22,000	-26,612	-1.03%	-1.20%	-1.41%
South East	-9,493	-11,481	-14,908	-0.54%	-0.63%	-0.79%
South West	9,268	9,424	7,082	0.53%	0.51%	0.38%
England	60,109	53,373	32,738	3.42%	2.91%	1.74%
Wales	14,943	14,755	14,091	0.85%	0.80%	0.75%
Scotland	17,127	16,186	15,234	0.97%	0.88%	0.81%
Northern Ireland	10,271	10,140	10,070	0.58%	0.55%	0.53%
United Kingdom	102,452	94,455	72,133	5.82%	5.15%	3.82%

Source: Office for National Statistics

Notes:

1. A positive net fiscal balance indicates a deficit while a negative net fiscal balance indicates a surplus
2. The GDP figures used in this publication are those published by ONS in April

3. The United Kingdom figures contained in this table are equal to the Net Borrowing figures in the UK Public Sector Finances bulletin published by ONS in May 2017. The sum of the NUTS1 regions may not be equal to the United Kingdom due to rounding.

As the number of people in a particular country or region can impact the amount of revenue raised in that area or the amount of expenditure needed to benefit the residents and enterprises, the key aggregates in this publication are also presented on a per person basis. Per head values are available in the supplementary tables alongside the bulletin.

Table 2 shows the net fiscal balance of the Nomenclature of Units for Territorial Statistics (NUTS1) countries and regions from the FYE March 2014 to the financial year ending March 2016. It can be seen that in FYE 2016 Northern Ireland had the highest net fiscal deficit when North Sea revenue was included both on a geographic and population share basis. London had the highest net fiscal surplus on both allocations of North Sea revenue.

Table 2: Net Fiscal Balance per head from FYE 2014 to FYE 2016, by country and region

Country/Region	Net Fiscal Balance per head (£) ^{1, 2}					
	North Sea revenue geographic share			North Sea revenue population share		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
North East	4,290	4,180	3,827	4,254	4,163	3,824
North West	3,437	3,360	3,043	3,386	3,339	3,043
Yorkshire and the Humber	2,948	2,873	2,595	2,967	2,876	2,585
East Midlands	2,155	2,085	1,695	2,109	2,066	1,692
West Midlands	3,014	3,015	2,597	2,944	2,989	2,599
East of England	198	108	-242	148	87	-244
London	-2,067	-2,540	-3,070	-2,137	-2,566	-3,068
South East	-1,009	-1,265	-1,667	-1,077	-1,291	-1,666
South West	1,770	1,754	1,296	1,720	1,734	1,294
England	1,164	1,001	599	1,114	981	598
Wales	4,914	4,795	4,545	4,844	4,769	4,547
Scotland	2,636	2,793	2,824	3,212	3,023	2,835
Northern Ireland	5,676	5,527	5,437	5,605	5,501	5,438
United Kingdom ³	1,595	1,459	1,108	1,595	1,459	1,108

Source: Office for National Statistics

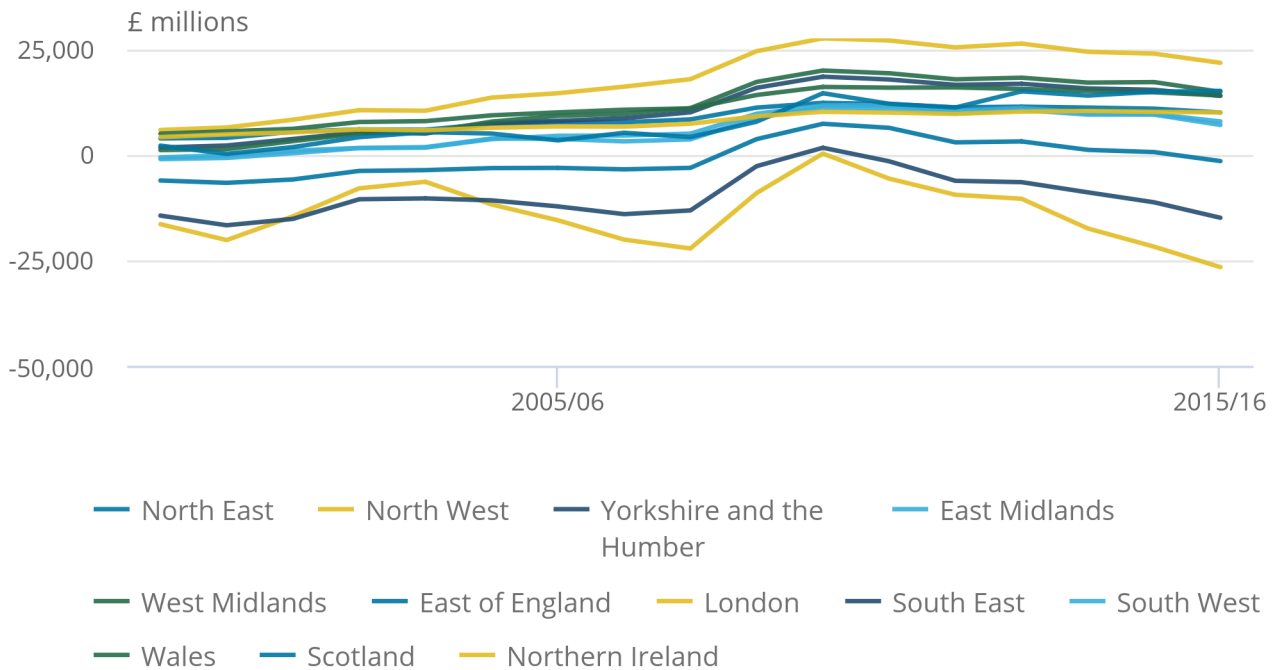
Notes:

1. A positive net fiscal balance indicates a deficit while a negative net fiscal balance indicates a surplus
2. The population estimates used in this publication are those published by ONS
3. The United Kingdom figures contained in this table are equal to the Net Borrowing figures in the UK Public Sector Finances bulletin published by ONS in May 2017. The sum of the NUTS1 regions may not be equal to the United Kingdom due to rounding.

The UK, as a whole, has had a net fiscal deficit since FYE 2003. However, this varies between countries and regions. Most countries and regions have had a net fiscal deficit for the full duration of the time period presented in this bulletin, which is since the FYE March 2000. Some regions, such as the East of England, East Midlands and the South West had net fiscal surpluses in the early period while London and the South East have generally maintained net fiscal surpluses for the full time period. The remaining countries and regions have always had fiscal deficits. Figure 2 shows the net fiscal balance of each country and region over a longer time period.

Figure 2a: Net Fiscal Balances based on North Sea geographic share, FYE 2000 to FYE 2016

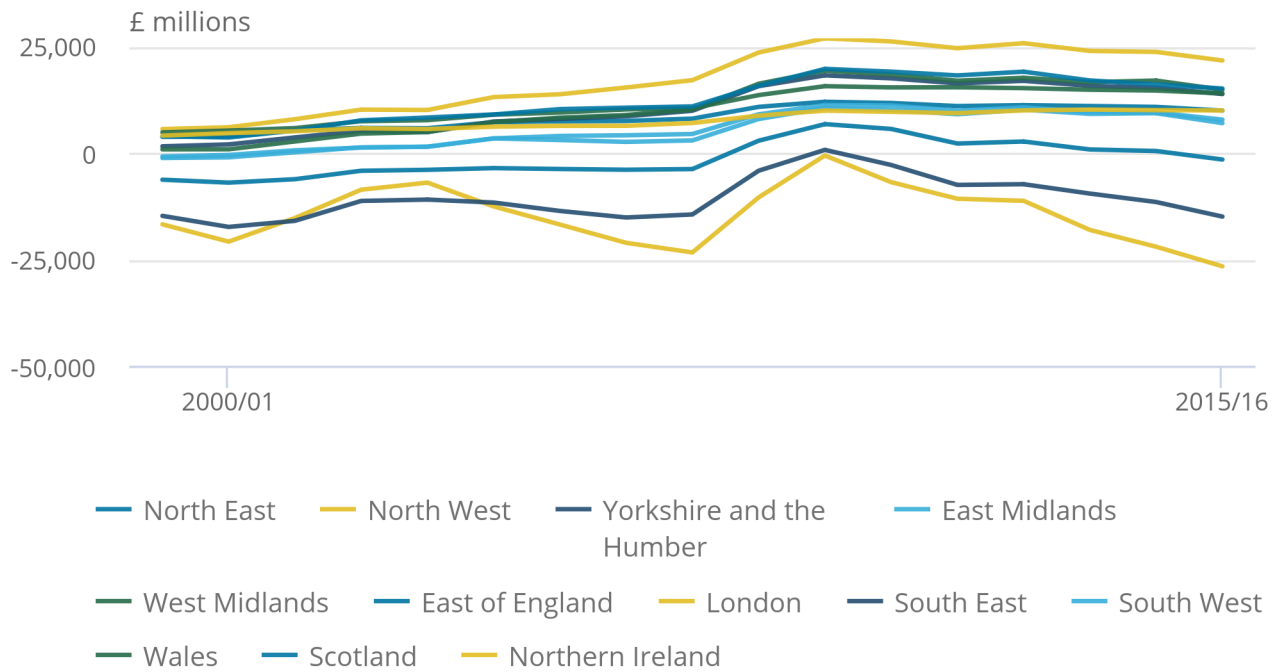
Figure 2a: Net Fiscal Balances based on North Sea geographic share, FYE 2000 to FYE 2016



Source: Office for National Statistics

Figure 2b: Net Fiscal Balances based on North Sea population share, FYE 2000 to FYE 2016

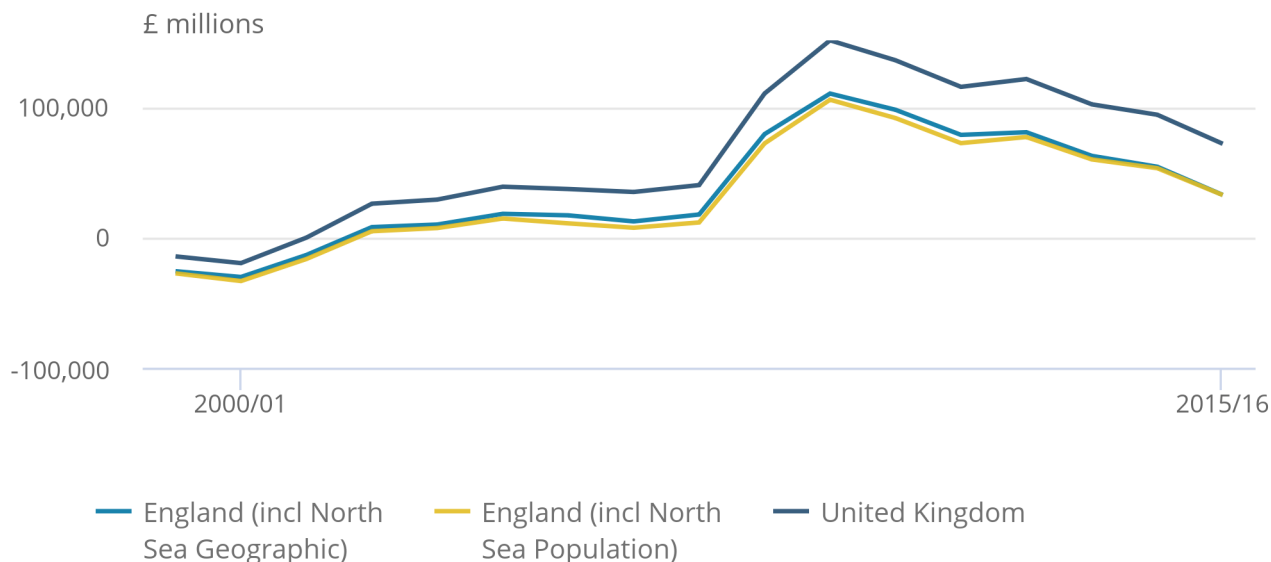
Figure 2b: Net Fiscal Balances based on North Sea population share, FYE 2000 to FYE 2016



Source: Office for National Statistics

Figure 2c: Net Fiscal Balances for England and UK, FYE 2000 to FYE 2016

Figure 2c: Net Fiscal Balances for England and UK, FYE 2000 to FYE 2016



Source: Office for National Statistics

4 . Revenue

Total public sector current revenue in the financial year ending (FYE) 2016 for the UK was £681.7 billion. This is equivalent to approximately £10,470 per person or 36.15% of UK gross domestic product (GDP).

Of the 12 Nomenclature of Units for Territorial Statistics (NUTS1) regions, the largest proportion of the total UK revenue was raised in London at £136.7 billion. This is equivalent to approximately £15,750 per person.

Although the least revenue was raised in Northern Ireland at £15.9 billion, this equated to approximately £8,580 per person which was not the lowest per person total revenue. The lowest per person total revenue was in Wales at approximately £7,980 per person followed by the North East of England at £8,200 per person. Table 3 shows how much revenue was estimated to be raised in each country and region, in both monetary terms and per person, from FYE 2014 to FYE 2016.

Table 3: Total Public Sector Revenue from FYE 2014 to FYE 2016, by country and region

Total Public Sector Revenue

Country/Region	North Sea revenue geographic share			Per person ¹		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
North East	20,395	20,812	21,522	7,807	7,943	8,200
North West	57,584	59,447	61,633	8,098	8,322	8,591
Yorkshire and the Humber	43,606	44,945	46,267	8,161	8,373	8,583
East Midlands	39,184	40,772	42,323	8,503	8,773	9,049
West Midlands	45,400	47,133	48,835	7,987	8,236	8,492
East of England	60,865	63,414	65,828	10,195	10,511	10,833
London	123,787	130,246	136,661	14,654	15,194	15,756
South East	101,436	105,616	109,604	11,510	11,877	12,249
South West	49,857	51,540	53,470	9,252	9,483	9,773
England	542,115	563,924	586,143	10,043	10,360	10,699
Wales	22,881	23,827	24,749	7,417	7,702	7,986
Scotland	54,474	54,408	54,965	10,215	10,162	10,230
Northern Ireland	14,965	15,381	15,888	8,167	8,344	8,581
United Kingdom ²	634,434	657,541	681,745	9,878	10,159	10,471

Country/Region	North Sea revenue population share			Per person ¹		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
North East	20,490	20,856	21,531	7,843	7,960	8,203
North West	57,948	59,597	61,635	8,149	8,343	8,592
Yorkshire and the Humber	43,505	44,928	46,323	8,142	8,370	8,593
East Midlands	39,395	40,861	42,334	8,549	8,792	9,051
West Midlands	45,798	47,283	48,827	8,057	8,262	8,490
East of England	61,165	63,541	65,837	10,245	10,532	10,835
London	124,378	130,469	136,650	14,724	15,220	15,754
South East	102,036	105,843	109,594	11,578	11,903	12,248
South West	50,127	51,651	53,477	9,302	9,503	9,774
England	544,843	565,028	586,208	10,094	10,380	10,700
Wales	23,097	23,908	24,744	7,487	7,728	7,984
Scotland	51,402	53,175	54,907	9,639	9,932	10,219
Northern Ireland	15,093	15,429	15,886	8,237	8,370	8,580
United Kingdom	634,434	657,541	681,745	9,878	10,159	10,471

Source: Office for National Statistics

Notes:

1. The population estimates used in this publication are those published by ONS

2. The United Kingdom figures contained in this table are equal to the figures in the UK Public Sector Finances bulletin published by ONS in May 2017. The sum of the NUTS1 regions may not be equal to the United Kingdom due to rounding.

Between FYE 2015 and FYE 2016, all regions saw an increase in the amount of total revenue. The largest increase was in London, which saw an increase of £6.4 billion when North Sea revenue was included on a geographic share basis and £6.2 billion when North Sea revenue was included on a population share basis; corresponding to an additional £560 per person or £530 per person, respectively.

The smallest increase was in Northern Ireland, which saw an increase of £507 million when North Sea revenue was included on a geographic share basis and £460 million when North Sea revenue was included on a population share; corresponding to an additional £236 per person or £210 per person, respectively.

Over time, the revenue of most countries and regions as a percentage of GDP has been fairly stable. At the UK level this has remained between 32% and 36% of GDP since FYE 2000. Table 4 shows revenue raised in each country and region over the last 5 years, as a percentage of GDP.

Table 4: Total Public Sector Revenue and a percentage of UK GDP from FYE 2012 to FYE 2016, by country and region

Total Public Sector Revenue as % of GDP (£m) ¹

Country/Region	North Sea revenue geographic share				
	2011/12	2012/13	2013/14	2014/15	2015/16
North East	1.20%	1.18%	1.16%	1.13%	1.14%
North West	3.37%	3.31%	3.27%	3.24%	3.27%
Yorkshire and the Humber	2.55%	2.51%	2.48%	2.45%	2.45%
East Midlands	2.26%	2.23%	2.23%	2.22%	2.24%
West Midlands	2.64%	2.61%	2.58%	2.57%	2.59%
East of England	3.49%	3.44%	3.46%	3.46%	3.49%
London	6.94%	6.86%	7.04%	7.10%	7.25%
South East	5.74%	5.75%	5.76%	5.76%	5.81%
South West	2.88%	2.83%	2.83%	2.81%	2.84%
England	31.08%	30.72%	30.81%	30.73%	31.08%
Wales	1.33%	1.32%	1.30%	1.30%	1.31%
Scotland	3.42%	3.18%	3.10%	2.97%	2.91%
Northern Ireland	0.90%	0.88%	0.85%	0.84%	0.84%
United Kingdom ²	36.74%	36.10%	36.06%	35.84%	36.15%

Country/Region	North Sea revenue population share				
	2011/12	2012/13	2013/14	2014/15	2015/16
North East	1.21%	1.19%	1.16%	1.14%	1.14%
North West	3.41%	3.34%	3.29%	3.25%	3.27%
Yorkshire and the Humber	2.56%	2.50%	2.47%	2.45%	2.46%
East Midlands	2.29%	2.25%	2.24%	2.23%	2.24%
West Midlands	2.69%	2.64%	2.60%	2.58%	2.59%
East of England	3.53%	3.47%	3.48%	3.46%	3.49%
London	7.02%	6.90%	7.07%	7.11%	7.25%
South East	5.82%	5.79%	5.80%	5.77%	5.81%
South West	2.93%	2.85%	2.85%	2.82%	2.84%
England	31.47%	30.94%	30.96%	30.79%	31.08%
Wales	1.36%	1.33%	1.31%	1.30%	1.31%
Scotland	2.99%	2.93%	2.92%	2.90%	2.91%
Northern Ireland	0.92%	0.89%	0.86%	0.84%	0.84%
United Kingdom ²	36.74%	36.10%	36.06%	35.84%	36.15%

Source: Office for National Statistics

Notes:

1. The GDP figures used in this publication are those published by ONS in April

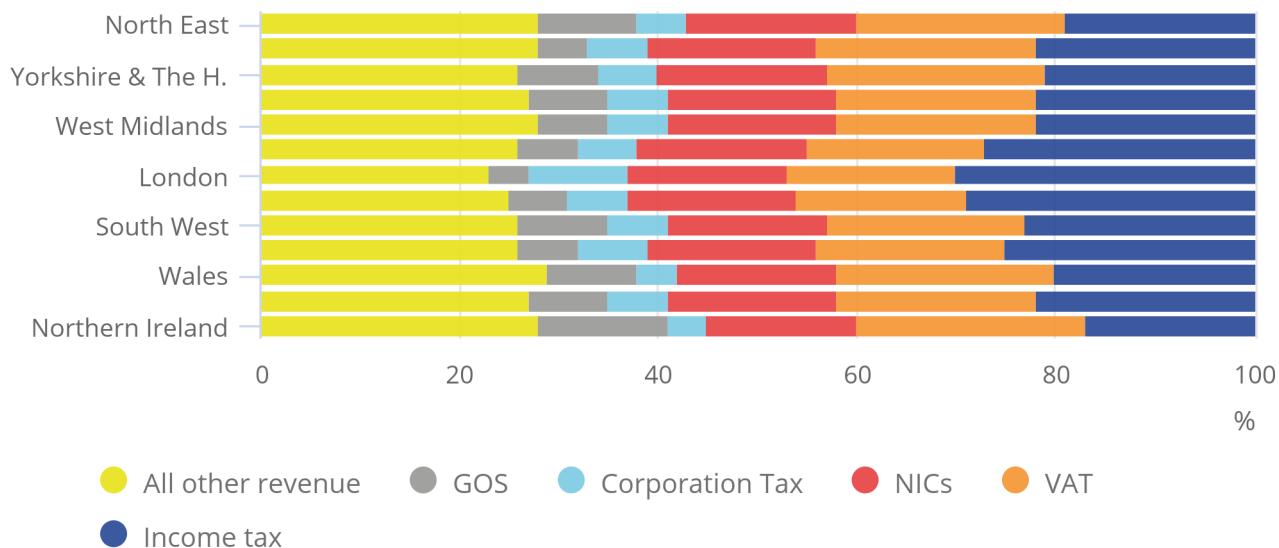
2. The United Kingdom figures contained in this table are equal to the Net Borrowing figures in the UK Public Sector Finances

The largest component of total current revenue at the UK level was income tax, which in most years has contributed 25% to 28% to the total. However, income tax is not always the largest revenue component at the country and regional level. In London, income tax makes a significant contribution being between 28% and 32% of total revenue. However, in Wales, Northern Ireland and the North East of England income tax revenue is less significant with it varying between 16% and 22% of total revenue.

Figures 3 and 4 illustrate the contribution rates of the top five taxes for each country and region, in FYE 2016.

Figure 3: Top receipts as % of total revenue in FYE 2016, including North Sea geographic share

Figure 3: Top receipts as % of total revenue in FYE 2016, including North Sea geographic share



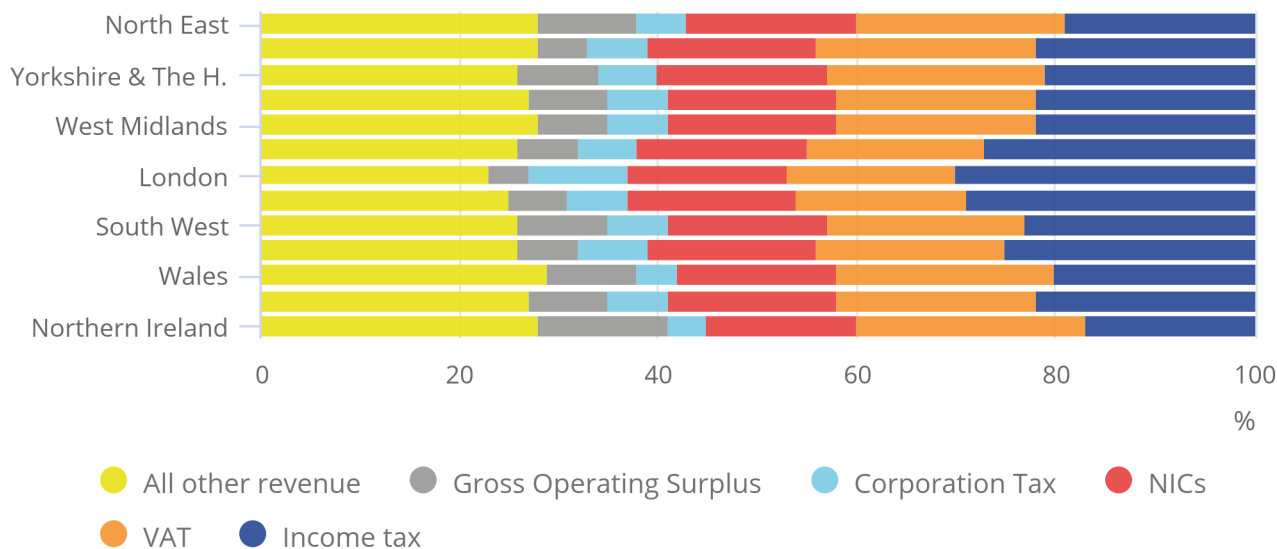
Source: Office for National Statistics

Notes:

1. VAT - Value Added Tax
2. NICs - National Insurance Contributions
3. GOS - Gross Operating Surplus
4. Corporation tax shown in this chart includes geographic share allocations of corporation tax

Figure 4: Receipts as % of total revenue in FYE 2016, including North Sea population share

Figure 4: Receipts as % of total revenue in FYE 2016, including North Sea population share



Source: Office for National Statistics

Notes:

1. VAT - Value Added Tax.
2. NICs - National Insurance Contributions.
3. GOS - Gross Operating Surplus.
4. Corporation tax shown in this chart includes population share allocations of corporation tax.

Most public sector revenue is not collected regionally but is administered and collected by central government, these include national insurance contributions and taxes administered by HMRC (for example, income tax, corporation tax, VAT) as well as those administered by other central government bodies such as vehicle excise duty, which is administered by the Driver and Vehicle Licensing Agency (DVLA).

Taxes collected by local government include business rates (also known as non-domestic rates) and council tax. Total business rates in FYE 2016 were £27.1 billion, of this most was collected in London at approximately £6.7 billion. The largest tax collected by local government is council tax. In Northern Ireland the equivalent tax to council tax is known as district domestic rates. In the FYE March 2016 the most council tax was collected in the South East at £4.8 billion of the £29.0 billion UK total.

5 . Expenditure

The underlying Nomenclature of Units for Territorial Statistics (NUTS1) expenditure data used in this publication is the Country and Regional Analysis (CRA), published by HM Treasury. The most recent 5 years of data are based on the CRA as published in November 2016, while historical data are based on earlier versions of CRA or the Public Expenditure Statistical Analysis (PESA) also published by HM Treasury.

The CRA data is based on HM Treasury's measure of "Total Expenditure on Services", and accounting adjustments are used to move to "Total Managed Expenditure", which is equivalent to that recorded in the UK Public Sector Finances. As such, the expenditure statistics in this publication are presented on the functional classification used by HM Treasury in their expenditure publications.

Although the CRA forms the basis of the expenditure statistics in this publication:

- this publication only presents expenditure at the classification of the functions of government (COFOG) level. Users who require more detailed breakdowns of expenditure, such as sub-function or by department should refer to the most recent CRA publication
- non-identifiable expenditure has been allocated to countries and regions using various methods, as described in the [methodology guide](#), and are not presented separately in this publication. Users who want detail on regional identifiable expenditure should refer to the most recent CRA publication

In the financial year ending 2016 (total public sector expenditure at the UK level was £753.9 billion and the equivalent figure in FYE 2015 was £752.0 billion).

The NUTS1 region attracting the most expenditure for the benefit of residents and enterprises was London, at approximately £110.0 billion, which equates to £12,690 per person. However, expenditure in London was only the third-highest per head of population with both Scotland and Northern Ireland recording higher expenditure per person, at £13,050 and £14,020 respectively. The lowest expenditure occurred in the South East and East of England at £10,580 and £10,590 per person respectively.

Table 5 shows how much of this expenditure occurred for the benefit of residents and enterprises in each country and region in the UK from FYE 2014 to FYE 2016.

Table 5: Total Public Sector Expenditure from FYE 2014 to FYE 2016, by country and region

Country/Region	Total Public Sector Expenditure (£m)					
	Total Public Sector Expenditure (£m)			Per person ¹		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
North East	31,603	31,764	31,567	12,097	12,123	12,027
North West	82,026	83,446	83,464	11,536	11,682	11,634
Yorkshire and the Humber	59,358	60,368	60,255	11,109	11,247	11,178
East Midlands	49,115	50,463	50,249	10,658	10,858	10,744
West Midlands	62,531	64,386	63,773	11,001	11,251	11,089
East of England	62,051	64,067	64,356	10,393	10,620	10,591
London	106,328	108,469	110,038	12,588	12,653	12,686
South East	92,543	94,362	94,686	10,501	10,612	10,582
South West	59,395	61,075	60,559	11,022	11,237	11,069
England	604,952	618,401	618,946	11,207	11,361	11,297
Wales	38,040	38,663	38,835	12,331	12,497	12,531
Scotland	68,529	69,361	70,141	12,851	12,955	13,054
Northern Ireland	25,364	25,569	25,956	13,842	13,871	14,018
United Kingdom ²	736,886	751,996	753,878	11,473	11,618	11,579

Source: Office for National Statistics

Notes:

1. The population estimates used in this publication are those published by ONS
2. The United Kingdom figures contained in this table are equal to the figures in the UK Public Sector Finances bulletin published by ONS in May 2017. The sum of the NUTS1 regions may not be equal to the United Kingdom due to rounding.

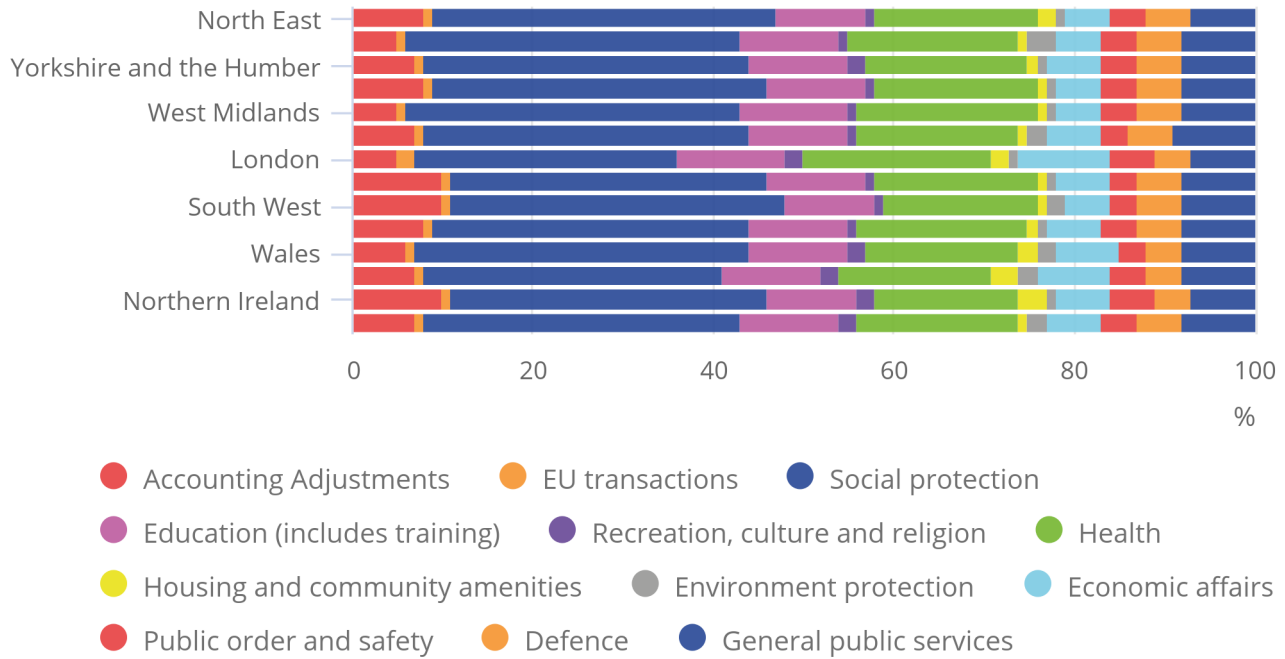
Figure 5 shows the expenditure proportions for each country and region for each functional category in FYE 2016. It can be seen that expenditure in the category "Social Protection" is the largest component of expenditure for all countries and regions. This category covers expenditure on social security benefits, including the state pension, as well as personal tax credits and adult social care.

Figure 5: Total public sector expenditure by functional category as a % of total, 2015 to 2016

UK

Figure 5: Total public sector expenditure by functional category as a % of total, 2015 to 2016

UK



Source: Office for National Statistics

Table 6: Total Public Sector Expenditure as a percentage of UK GDP from FYE 2012 to FYE 2016, by country and region

Country/Region	Total Public Sector Expenditure as % of GDP (£m) ¹				
	2011/12	2012/13	2013/14	2014/15	2015/16
North East	1.89%	1.86%	1.80%	1.73%	1.67%
North West	4.93%	4.87%	4.66%	4.55%	4.43%
Yorkshire and the Humber	3.56%	3.51%	3.37%	3.29%	3.20%
East Midlands	2.90%	2.89%	2.79%	2.75%	2.66%
West Midlands	3.74%	3.69%	3.55%	3.51%	3.38%
East of England	3.67%	3.63%	3.53%	3.49%	3.41%
London	6.36%	6.24%	6.04%	5.91%	5.83%
South East	5.37%	5.36%	5.26%	5.14%	5.02%
South West	3.49%	3.46%	3.38%	3.33%	3.21%
England	35.91%	35.51%	34.38%	33.70%	32.82%
Wales	2.31%	2.24%	2.16%	2.11%	2.06%
Scotland	4.11%	4.07%	3.89%	3.78%	3.72%
Northern Ireland	1.50%	1.49%	1.44%	1.39%	1.38%
United Kingdom	43.83%	43.31%	41.88%	40.98%	39.98%

Source: Office for National Statistics

Notes:

1. The GDP figures used in this publication are those published by ONS in April

Table 6 shows total public sector expenditure as a percentage of gross domestic product (GDP) for each country and region, from FYE 2011 to FYE 2016. It can be seen that, as a percentage of GDP, total public sector expenditure for each country and region has been falling for this time period. Although this has not always been the case with public sector expenditure as a percentage of GDP rising, in most countries and regions, prior to FYE 2010.

Table 7: Total Public Sector Expenditure for FYE 2016, by country and region and functional category

Total Expenditure	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East of England	London
1. General public services	2,335	6,270	4,686	4,148	5,012	5,492	7,640
<i>1. of which: public and common services</i>	435	1,079	785	764	850	1,095	1,363
<i>1. of which: international services</i>	410	1,119	840	729	897	948	1,353
<i>1. of which: public sector debt interest</i>	1,490	4,072	3,060	2,655	3,265	3,449	4,924
2. Defence	1,477	4,037	3,033	2,633	3,236	3,421	4,882
3. Public order and safety	1,283	3,273	2,367	1,901	2,369	2,241	5,500
4. Economic affairs	1,524	4,495	3,438	2,348	3,040	3,857	10,632
<i>4. of which: enterprise and economic development</i>	195	606	435	353	235	433	890
<i>4. of which: science and technology</i>	206	445	362	285	312	554	750
<i>4. of which: employment policies</i>	153	233	259	155	249	158	360
<i>4. of which: agriculture, fisheries and forestry</i>	171	283	297	308	243	447	90
<i>4. of which: transport</i>	800	2,928	2,085	1,247	2,001	2,265	8,542
5. Environment protection	328	2,289	751	541	688	1,002	1,162
6. Housing and community amenities	498	655	695	611	486	619	1,887
7. Health	5,829	15,952	11,123	8,983	12,528	11,346	22,579
8. Recreation, culture and religion	457	1,188	917	706	864	846	1,784
9. Education (includes training)	3,294	9,224	6,822	5,517	7,411	7,396	13,078
10. Social protection	11,927	31,138	21,952	18,423	23,648	22,854	32,274
EU transactions	194	687	450	431	518	660	2,071
Accounting Adjustments ²	2,421	4,256	4,020	4,008	3,972	4,623	6,549
Total	31,567	83,464	60,255	50,249	63,773	64,356	110,038
Total Expenditure	South East	South West	England	Wales	Scotland	Northern Ireland	United Kingdom
1. General public services	8,015	4,923	48,520	2,960	5,334	1,869	58,683
<i>1. of which: public and common services</i>	1,539	963	8,874	718	1,446	528	11,566
<i>1. of which: international services</i>	1,395	854	8,545	484	838	290	10,156
<i>1. of which: public sector debt interest</i>	5,080	3,106	31,101	1,759	3,050	1,051	36,961
2. Defence	5,038	3,082	30,839	1,745	3,023	1,040	36,646
3. Public order and safety	3,169	1,959	24,063	1,302	2,823	1,334	29,522
4. Economic affairs	5,522	2,914	37,770	2,546	5,488	1,617	47,421
<i>4. of which: enterprise and economic development</i>	796	406	4,348	488	1,179	438	6,454

<i>4. of which: science and technology</i>	747	357	4,018	220	498	54	4,790
<i>4. of which: employment policies</i>	202	123	1,893	139	231	152	2,414
<i>4. of which: agriculture, fisheries and forestry</i>	437	471	2,747	434	832	534	4,547
<i>4. of which: transport</i>	3,340	1,557	24,765	1,265	2,747	440	29,217
5. Environment protection	1,399	1,044	9,203	647	1,399	261	11,510
6. Housing and community amenities	848	427	6,727	694	2,018	760	10,199
7. Health	16,931	10,580	115,851	6,620	12,180	4,049	138,701
8. Recreation, culture and religion	1,336	784	8,881	688	1,392	555	11,517
9. Education (includes training)	10,384	6,225	69,350	4,091	7,899	2,706	84,046
10. Social protection	32,698	22,336	217,250	14,513	23,437	9,030	264,230
EU transactions	1,193	556	6,760	209	573	130	7,672
Accounting Adjustments ²	8,154	5,729	43,732	2,819	4,576	2,604	53,731
Total	94,686	60,559	618,946	38,835	70,141	25,956	753,878

Source: Office for National Statistics

1. For more detailed breakdowns of expenditure, users should refer to the Country and Regional Analysis published by HM Treasury

2. Includes a number of components, of which the largest is consumption of fixed capital. For further details of contents please refer to publication tables and methodology guide.

bulletin published by ONS in May 2017. The sum of the NUTS1 regions may not be equal to the United Kingdom due to rounding.

3. The United Kingdom figures contained in this table are equal to the figures in the UK Public Sector Finances

6 . Links to related statistics

This publication makes wide use of expenditure data published by HM Treasury; it has also been informed by methodologies used in similar publications produced by [HM Revenue and Customs](#) and the devolved administrations.

Key publications used in the production of these statistics and/or referenced by these statistics, include:

- [Country and regional analysis and Public expenditure statistical analysis](#) by HM Treasury
- [Disaggregation of HMRC tax receipts](#) by HM Revenue and Customs
- [Government Expenditure and Revenue Scotland](#) by Scottish government
- [Northern Ireland net fiscal balance report](#) by Department of Finance, Northern Ireland

Further information on the relationship between the above statistics and this publication can be found in the [methodology guide to the Country and Regional Public Sector Finances](#). The methodology guide also provides information on the survey and other data used to allocate expenditure and revenue to the countries and regions of the UK.

7 . Future developments

As described at the start of this publication, experimental statistics are statistics still under development, as such; we welcome and encourage user feedback about how they used these statistics; what they have found useful; and what they would potentially like to see in the future.

Areas of development and improvement we are likely to be focussing on over the next year include, but are not limited to:

- consulting again on Country and Regional Public Sector Finances as well as sub-NUTS1 statistics, which involves presenting to users the scoping study we have undertaken in this area
- refining methods and where it has not been possible to harmonise with HMRC and Government Expenditure and Revenue Scotland (GERS) methodology, either due to data or time constraints
- working with colleagues in devolved administrations, HMRC, Office for Budget Responsibility (OBR) and the Scottish Fiscal Commission (SFC) to align and improve methodologies of those taxes due to be devolved
- investigating extending the current presentation to include expenditure by type of expenditure (for example, pay, goods and services) and not just function as well as producing sectoral breakdowns (for example, central government, local government, public corporations)
- working towards achieving National Statistics accreditation

8 . Quality and Methodology

Alongside this bulletin we have published a detailed [methodology guide to the Country and Regional Public Sector Finances](#). This guide describes the data and methods used to attribute revenue and expenditure to countries and regions. It also compares the method used with that followed in other publications (see Section 6 – Links to related statistics) and highlights any potential weaknesses in the data and/or methodology.