

Article

# Country and regional public sector finances: financial year ending 2019

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

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# 1 . Main points

- London, the South East and the East of England all had net fiscal surpluses in the financial year ending (FYE) 2019, with all other countries and regions of the UK having net fiscal deficits.
- London had the highest net fiscal surplus per head at £4,369 and Northern Ireland had the highest net fiscal deficit per head at £4,978, in FYE 2019.
- London raised the most revenue per head, in FYE 2019, at £18,195, while Wales and the North East raised the least revenue per head at £9,409 and £9,533 respectively.
- Northern Ireland and Scotland incurred the highest expenditure per head in FYE 2019, at £14,821 and £14,497 respectively, while the lowest expenditure per head was attributed to the East of England and the East Midlands at £11,772 and £11,784 per head respectively.
- Between FYE 2011 and FYE 2019, all countries and regions saw an improvement in their net fiscal balance, that is, either a decreasing deficit or an increasing surplus; however, the gap between the net fiscal balances of London and the South East and those of other countries and regions has increased over this period.

## 2 . Things you need to know about this release

### What do these statistics tell me?

The aim of the country and regional public sector finances 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, as well as the balance between them.

"Public sector" is used in this publication to refer 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).

Public sector revenue is the total current receipts (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 corporations. It is recorded on an accrued basis, following the national accounts rules.

Public sector expenditure is the total capital and current expenditure (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 corporations. It is recorded on an accrued basis, following the national accounts rules.

Net fiscal balance is the gap between total spending (current expenditure plus net capital expenditure) and revenue raised (current receipts), 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 in revenue more than is being spent for the benefit of residents or enterprises in that country or region. A positive net fiscal balance represents a deficit, meaning a country or region is attracting more expenditure for the benefit of its residents or enterprises than it is receiving in revenue.

The country and regional public sector finances statistics are neither reflective of the annual devolved budget settlements nor are these data used when calculating devolved budget settlements. They may not be an accurate representation of public finances should fiscal powers be fully devolved among UK countries and regions. Furthermore, they do not provide information on the spending and revenue of individual country or regional bodies such as the Greater London Authority.

The geographic boundaries used for countries and regions in the UK follows the [Nomenclature of Units for Territorial Statistics: NUTS1 definitions](#). Country and regional public sector finances are Experimental Statistics, but at the UK level they are consistent with the [August 2019 public sector finances](#) (PSF) bulletin, which is badged as [National Statistics](#).

## What does it mean that these are Experimental Statistics?

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

This is the fourth time that we have published country and regional statistics on public sector revenue and expenditure. Since the first publication in [May 2017](#), we have developed the statistics further. It should be emphasised that an Experimental Statistics label does not mean that the statistics are of low quality, it only signifies 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. Information on quality is contained within the [Quality and Methodology Information \(QMI\)](#) document.

## 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 that give rise to the revenue are situated. The second approach to apportioning North Sea oil and gas revenue is to allocate it to all countries and regions based on their populations.

Total North Sea oil and gas revenue in the financial year ending (FYE) 2016 and FYE 2017 was close to zero, therefore the allocations of revenue between geographic and population shares are very similar in these years for all countries and regions. However, in earlier years and more recently, North Sea oil and gas revenue was more significant, with a peak revenue of £10.6 billion in FYE 2009, so when referring to FYE 2018 or FYE 2019, net fiscal balance and total revenue including North Sea revenue will be mentioned on both geographic and population bases.

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 guide](#).

## 3 . Summary

The balance between expenditure and revenue varied across the UK in the financial year ending (FYE) 2019. The North West had the highest net fiscal deficit of £20.3 billion on a geographic basis or 0.93% of gross domestic product (GDP) (£20.1 billion on a population basis or 0.94% of GDP). In contrast, London had the highest surplus of £38.8 billion on a geographic basis (£38.9 billion on a population basis) or 1.8% of GDP. This pattern of net fiscal balances is broadly similar to those observed in FYE 2018.

Between the financial years ending (FYE) 2018 and 2019, the net fiscal deficit of the UK fell by £15.1 billion, but the extent of this change varied across the UK. 10 of the 12 Nomenclature of Units for Territorial Statistics: NUTS1 regions saw an improvement in their net fiscal balance in the same period, meaning a decreased deficit or an increased surplus. The exceptions were the West Midlands and the North East, which saw an increase in their net fiscal deficit.

The greatest improvements in net fiscal balance were seen in London and the South East, where the net fiscal surpluses increased by £5.7 billion and £3.5 billion respectively between FYE 2018 and FYE 2019. The smallest improvement occurred in Northern Ireland, where the net fiscal deficit fell by £0.3 billion. In contrast, the West Midlands and the North East saw an increase in their net fiscal deficits of £1.9 billion and £0.5 billion, respectively.

The improvement in net fiscal balances was largely driven by an increase in total public sector revenue of £34.1 billion, from £777.2 billion (37.25% of GDP) in FYE 2018 to £811.3 billion (37.51% of GDP) in FYE 2019. This increase was mainly a result of greater revenue from Income Tax, Value Added Tax, National Insurance contributions and Onshore Corporation Tax. All NUTS1 regions saw a rise in revenue between FYE 2018 and FYE 2019, but the largest increase occurred in London, at £7.1 billion, or an additional £671 per head on a geographic basis (£669 per head on a population basis).

Total expenditure of the UK increased by £19.0 billion, from £833.7 billion (39.96% of GDP) in FYE 2018 to £852.7 billion in FYE 2019 (39.43% of GDP). However, this equated to a fall of 0.53% of GDP in total expenditure, but still a slight increase in expenditure per head (£230 per head).

The largest amount of expenditure in FYE 2019 occurred in London, at approximately £123.2 billion, which equates to £12,835 per head, or 14.4% of the total. Northern Ireland had the lowest spend in FYE 2019 at approximately £27.9 billion, but the highest spend per head (£14,821 per head). All regions saw an increase in their total expenditure between FYE 2018 and FYE 2019, with the greatest increase in the West Midlands of £4.4 billion, or £739 per head, whereas the smallest increase occurred in Wales of £0.6 billion, or £189 per head. However, the lowest per head increase occurred in London at £149 per head, or £1.3 billion overall.

**Figure 1: Interactive map of country and regional public sector finances main aggregates**

## 4 . Public sector net fiscal balance

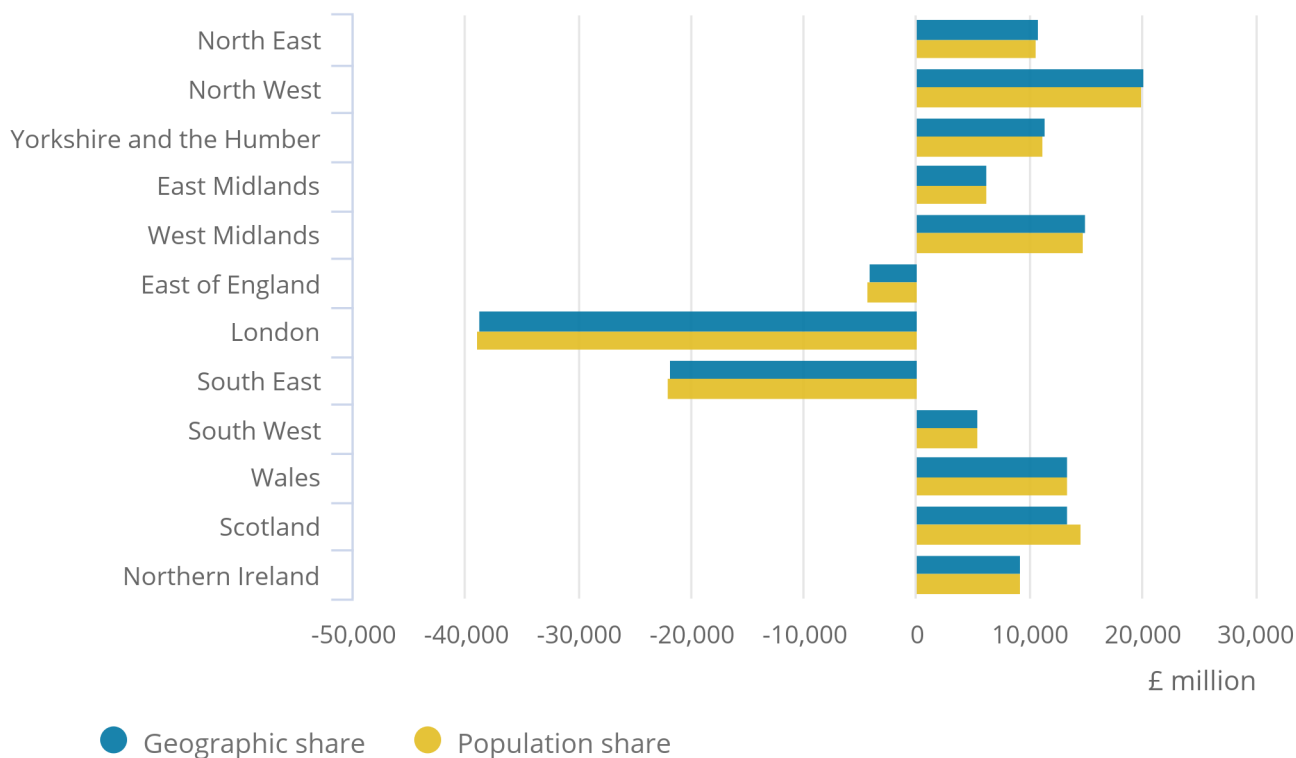
Figure 2 shows the net fiscal balances calculated on a geographic and population basis for the NUTS1 countries and regions. In financial year ending 2019, the largest net fiscal surplus was in London at £38.8 billion on a geographic basis and £38.9 billion on a population basis. The largest net fiscal deficit was in North West, £20.3 billion on a geographic basis and £20.1 billion on a population basis.

**Figure 2: London had the largest net fiscal surplus of £38.9 billion in the financial year ending 2019**

Net fiscal balance in financial year 2019, by NUTS1 countries and regions

**Figure 2: London had the largest net fiscal surplus of £38.9 billion in the financial year ending 2019**

Net fiscal balance in financial year 2019, by NUTS1 countries and regions



Source: Office for National Statistics

Notes:

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

Table 1 shows the net fiscal balance of each country and region in £ billions and as a percentage of GDP. The largest surplus increase was in London, which saw a rise from £33.0 billion on a geographic basis (£33.2 billion on a population basis) in FYE 2018 to £38.8 billion on a geographic basis (£38.9 billion on a population basis) in FYE 2019. The largest deficit increase was in the West Midlands, which saw a rise from £13.1 billion on a geographic basis (£12.9 billion on a population basis) in FYE 2018 to £15.0 billion on a geographic basis (£14.9 billion on a population basis) in FYE 2019.

Table 1: Net Fiscal Balance from FYE 2017 to FYE 2019, by NUTS1 countries and regions

**Net Fiscal Balance<sup>1</sup> (£ million)****North Sea revenue geographic share % of GDP<sup>2</sup>**

<b>Country/Region</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
North East	10,683	10,227	10,803	0.53%	0.49%	0.50%
North West	20,846	21,851	20,275	1.03%	1.05%	0.94%
Yorkshire and the Humber	12,486	11,982	11,453	0.62%	0.57%	0.53%
East Midlands	7,294	7,616	6,357	0.36%	0.37%	0.29%
West Midlands	14,778	13,086	15,015	0.73%	0.63%	0.69%
East of England	-3,426	-2,832	-4,099	-0.17%	-0.14%	-0.19%
London	-32,749	-33,013	-38,754	-1.62%	-1.58%	-1.79%
South East	-18,639	-18,226	-21,691	-0.92%	-0.87%	-1.00%
South West	6,679	6,711	5,593	0.33%	0.32%	0.26%
England	17,952	17,402	4,954	0.89%	0.83%	0.23%
Wales	13,665	14,301	13,519	0.68%	0.69%	0.63%
Scotland	14,852	15,052	13,499	0.74%	0.72%	0.62%
Northern Ireland	9,709	9,722	9,401	0.48%	0.47%	0.43%
United Kingdom <sup>3</sup>	56,177	56,477	41,372	2.78%	2.71%	1.91%

**North Sea revenue population share % of GDP**

<b>Country/Region</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
North East	10,661	10,201	10,703	0.53%	0.49%	0.49%
North West	20,837	21,715	20,138	1.03%	1.04%	0.93%
Yorkshire and the Humber	12,464	11,943	11,302	0.62%	0.57%	0.52%
East Midlands	7,284	7,541	6,259	0.36%	0.36%	0.29%
West Midlands	14,775	12,971	14,908	0.73%	0.62%	0.69%
East of England	-3,434	-2,937	-4,223	-0.17%	-0.14%	-0.20%
London	-32,754	-33,187	-38,917	-1.62%	-1.59%	-1.80%
South East	-18,647	-18,398	-21,865	-0.92%	-0.88%	-1.01%
South West	6,662	6,616	5,483	0.33%	0.32%	0.25%
England	17,848	16,465	3,790	0.88%	0.79%	0.18%
Wales	13,664	14,240	13,462	0.68%	0.68%	0.62%
Scotland	14,958	16,087	14,754	0.74%	0.77%	0.68%
Northern Ireland	9,708	9,685	9,367	0.48%	0.46%	0.43%
United Kingdom	56,177	56,477	41,372	2.78%	2.71%	1.91%

Source: Office for National Statistics

Notes

1. A positive net fiscal balance indicates a deficit while a negative net fiscal balance indicates a surplus. [Back to table](#)
2. The GDP figures used in this publication are those published by ONS in September 2019. [Back to table](#)
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 September 2019. The sum of the NUTS1 regions may not be equal to the United Kingdom due to rounding. [Back to table](#)

As the number of people in a particular country or region can affect the amount of revenue raised in that area or the amount of expenditure needed to benefit the residents and enterprises, the main aggregates in this publication are also presented on a per head basis.

Table 2 shows the net fiscal balance per head of the NUTS1 countries and regions from FYE 2017 to the FYE 2019.

Table 2: Net Fiscal Balance per head from FYE 2017 to FYE 2019, by NUTS1 countries and regions

Country/Region	Net Fiscal Balance per head (£) <sup>1 2</sup>					
	North Sea revenue geographic share			North Sea revenue population share		
	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
North East	4,049	3,862	4,064	4,040	3,852	4,027
North West	2,882	3,007	2,780	2,881	2,988	2,762
Yorkshire and the Humber	2,299	2,196	2,090	2,295	2,188	2,063
East Midlands	1,540	1,593	1,323	1,538	1,578	1,303
West Midlands	2,538	2,229	2,545	2,537	2,209	2,526
East of England	-558	-459	-661	-559	-476	-681
London	-3,728	-3,732	-4,350	-3,729	-3,752	-4,369
South East	-2,061	-2,004	-2,375	-2,062	-2,023	-2,394
South West	1,208	1,205	999	1,205	1,188	979
England	324	312	89	322	296	68
Wales	4,385	4,571	4,307	4,385	4,552	4,289
Scotland	2,745	2,773	2,482	2,765	2,964	2,713
Northern Ireland	5,208	5,189	4,996	5,207	5,169	4,978
United Kingdom <sup>3</sup>	854	854	623	854	854	623

Source: Office for National Statistics

#### Notes

1. A positive net fiscal balance indicates a deficit while a negative net fiscal balance indicates a surplus. [Back to table](#)
2. The population estimates used in this publication are those published by ONS. [Back to table](#)
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 September 2019. The sum of the NUTS1 regions may not be equal to the United Kingdom due to rounding. [Back to table](#)

Northern Ireland had the highest net fiscal deficit per head, while London had the highest net fiscal surplus per head, in FYE 2019. The UK as a whole has had a net fiscal deficit since FYE 2002. However, this varies between countries and regions. Some countries and regions have had a net fiscal deficit for the full duration of the period presented in these statistics, which is since FYE 2000. The North East, North West, Yorkshire and the Humber, Wales, Scotland and Northern Ireland have all run net fiscal deficits each year since FYE 2000. Other regions, such as East Midlands, East of England and South West had net fiscal surpluses in the early period, while London and the South East have maintained net fiscal surpluses for the full period except in FYE 2010.

Most of the 12 Nomenclature of Units for Territorial Statistics: NUTS1 regions saw an improvement in their net fiscal balances between financial year ending (FYE) 2018 and FYE 2019, meaning a decreased deficit or an increased surplus, with the exceptions of the West Midlands and the North East. The largest changes occurred in London and the South East, which saw an increase in their net fiscal surpluses of £5.7 billion and £3.5 billion, respectively, while the West Midlands saw its net fiscal deficit increase by £1.9 billion.



The net fiscal surpluses of London and the South East have been increasing at a greater rate than those of the other NUTS1 regions, since FYE 2011, resulting in the net fiscal balance gap between London and the South East and other countries and regions widening. This is also true when looking at net fiscal balance per head.

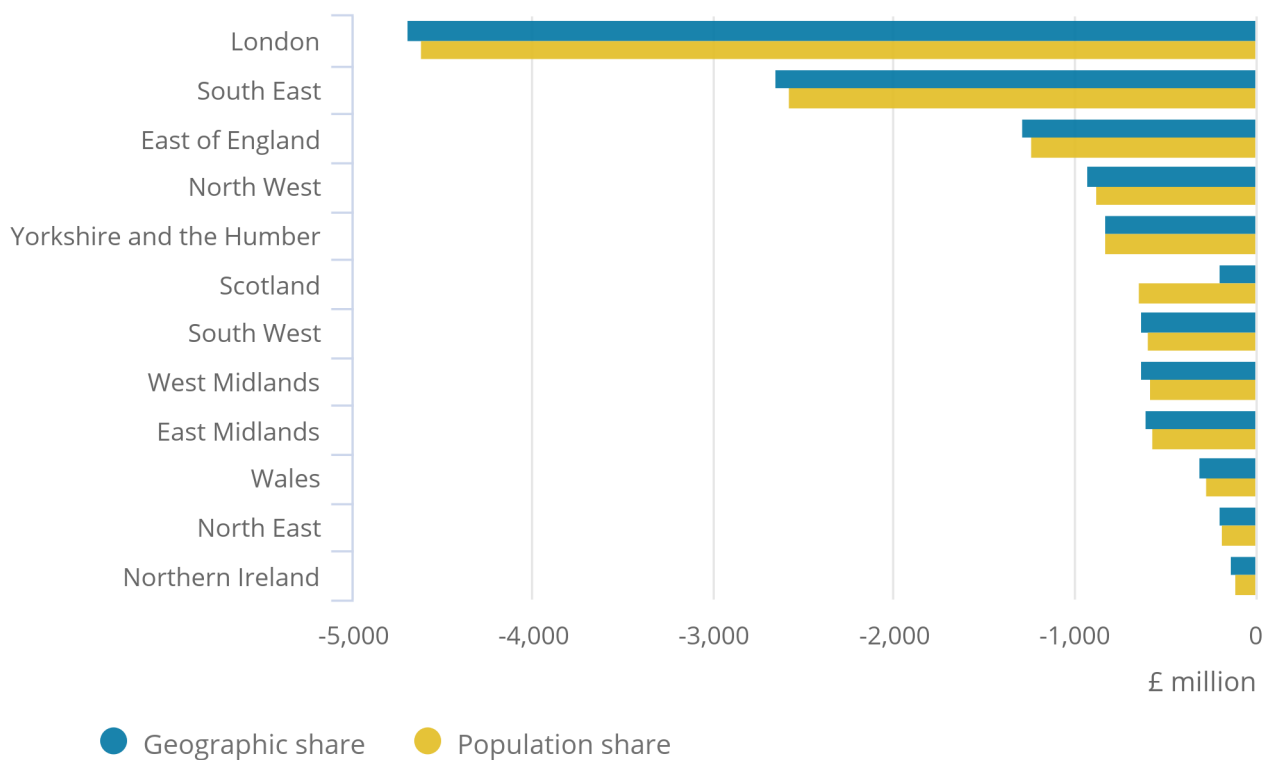
Figure 3 shows the average year-on-year change since FYE 2011 on both bases of calculating net fiscal balance. The average year-on-year change in London was an increase in its net fiscal surplus of £4.7 billion on a geographic basis and £4.6 billion on a population basis. The smallest average year-on-year change was in Northern Ireland, which experienced only a £0.1 billion reduction of its net fiscal deficit over this period.

**Figure 3: London has seen the greatest average year on year on change in its net fiscal balance since financial year ending 2011, and Northern Ireland the smallest**

Average year-on-year change in net fiscal balance since FYE 2011, by NUTS1 countries and regions

Figure 3: London has seen the greatest average year on year on change in its net fiscal balance since financial year ending 2011, and Northern Ireland the smallest

Average year-on-year change in net fiscal balance since FYE 2011, by NUTS1 countries and regions



Source: Office for National Statistics

Notes:

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

The change in net fiscal balances between FYE 2018 and FYE 2019 was driven by a larger increase in total revenue than in expenditure in NUTS1 regions, except for the West Midlands and the North East which had a higher increase in their expenditure. However, the increase in revenue in London was larger than the increases in revenues in other NUTS1 regions. The changes in revenue are further explored in Section 5.

## 5 . Public sector revenue

During the financial year ending (FYE) 2019, total public sector revenue raised in the UK was £811.3 billion (£12,213 per head), representing an increase of £34.1 billion (£461 per head), from FYE 2018.

Most revenue was raised in London (£161.9 billion on a geographic basis and 162.1 on a population basis) and the South East (£131.0 billion on a geographic basis and £131.2 billion on a population basis). This is equivalent to £18,177 per head on a geographic basis (£18,195 per head on a population basis) and £14,341 per head on a geographic basis (£14,360 per head on a population basis), respectively.

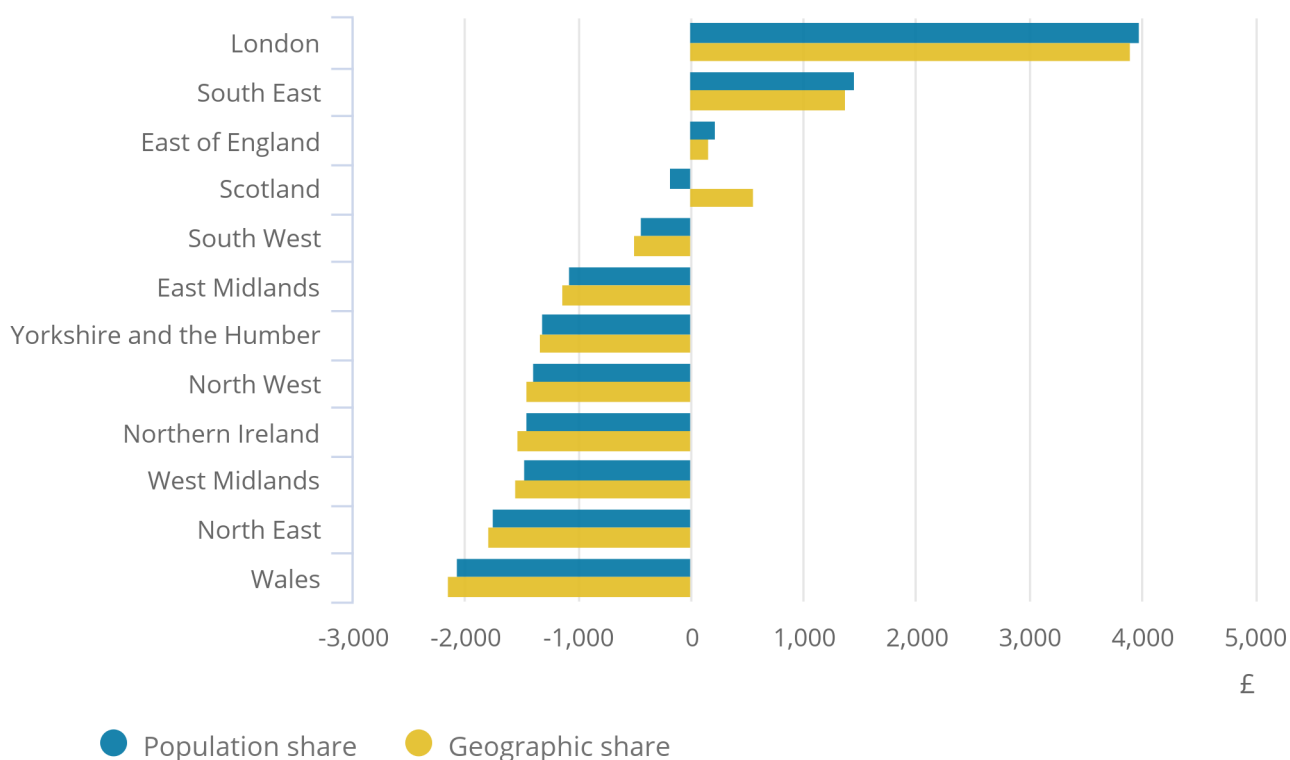
On average, London, the South East and the East of England have raised more revenue per head than the UK overall, for the time period presented in these statistics (FYE 2000 to FYE 2019). Scotland falls into this category when North Sea revenue is included on a geographic basis. Figure 4 shows the average of the differences between UK revenue per head figure and the revenue per head figure for each country and region for the financial years ending 2000 and 2019.

**Figure 4: Between the financial years ending 2000 and 2019, London, the South East and the East of England raised more revenue per head than the UK average**

Average NUTS1 per head revenue differences against UK per head, over financial year ending (FYE) 2000 to FYE 2019

Figure 4: Between the financial years ending 2000 and 2019, London, the South East and the East of England raised more revenue per head than the UK average

Average NUTS1 per head revenue differences against UK per head, over financial year ending (FYE) 2000 to FYE 2019



Source: Office for National Statistics

Notes:

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

All of the 12 Nomenclature of Units for Territorial Statistics: NUTS1 regions have also seen an increase in revenue not only in this financial year but also since FYE 2011. Of the £34.1 billion increase in revenue in FYE 2019, £7.0 billion was raised in London and £5.6 billion in the South East. The smallest increase was in Northern Ireland (£0.8 billion on a population basis) or in the North East (£0.7 billion on a geographic basis), depending on how North Sea revenue was allocated.

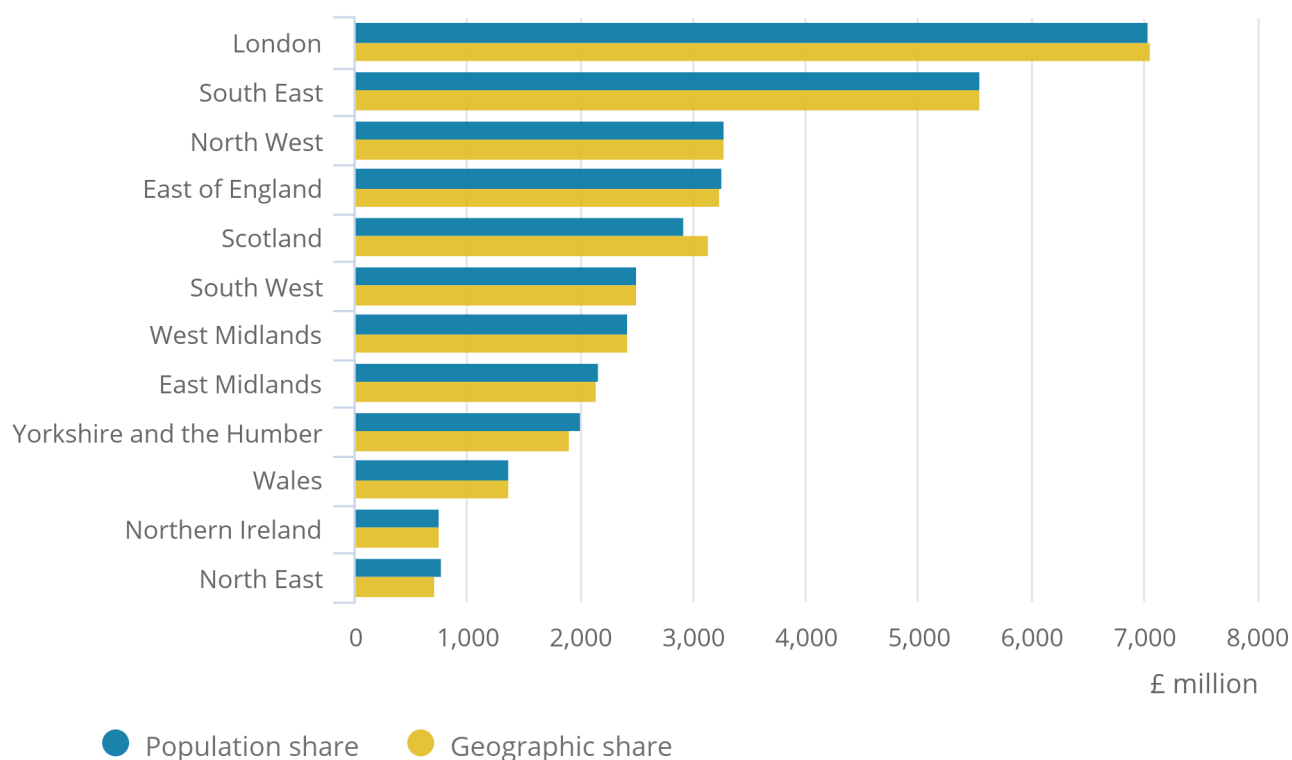
Figure 5 shows how much each NUTS1 regions contributed to the overall revenue increase in the UK, in FYE 2019.

**Figure 5: Total revenue for all countries and regions, and hence the UK, increased between the financial year ending (FYE) 2018 and FYE 2019**

**Contribution of NUTS1 countries and regions to the overall UK revenue increase in financial year ending (FYE) 2019**

**Figure 5: Total revenue for all countries and regions, and hence the UK, increased between the financial year ending (FYE) 2018 and FYE 2019**

Contribution of NUTS1 countries and regions to the overall UK revenue increase in financial year ending (FYE) 2019



Source: Office for National Statistics

Notes:

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

The increase in revenue in all NUTS1 regions, and therefore the UK, was mainly driven by growth in Income Tax, Value Added Tax (VAT), National Insurance contributions (NICs) and Onshore Corporation Tax.

Between FYE 2018 and FYE 2019, Income Tax increased by £11.9 billion, equating to 0.55% of GDP, and VAT increased by £8.7 billion, equivalent to 0.40% of GDP. Both Income Tax and VAT grew above the average annual growth of 0.29% GDP and 0.26% GDP in the preceding five years, respectively.

NICs increased by £5.7 billion between FYE 2018 and FYE 2019, equating to 0.26% of GDP, which compares with an average annual growth of 0.27% of GDP in the preceding five years.

For most regions these three taxes and NICs raised the most revenue, usually making up 55% to 70% of total revenue raised in each region. This composition has been stable over the time period reported in these statistics (from FYE 2000), however, some country and regional variation exists. For example, in FYE 2019 for London, 30% of its revenue was raised from Income Tax, 14% from VAT and 11% from Onshore Corporation Tax. However, most other countries and regions raised a lower proportion from Income Tax and Corporation Tax, but a greater proportion from VAT.

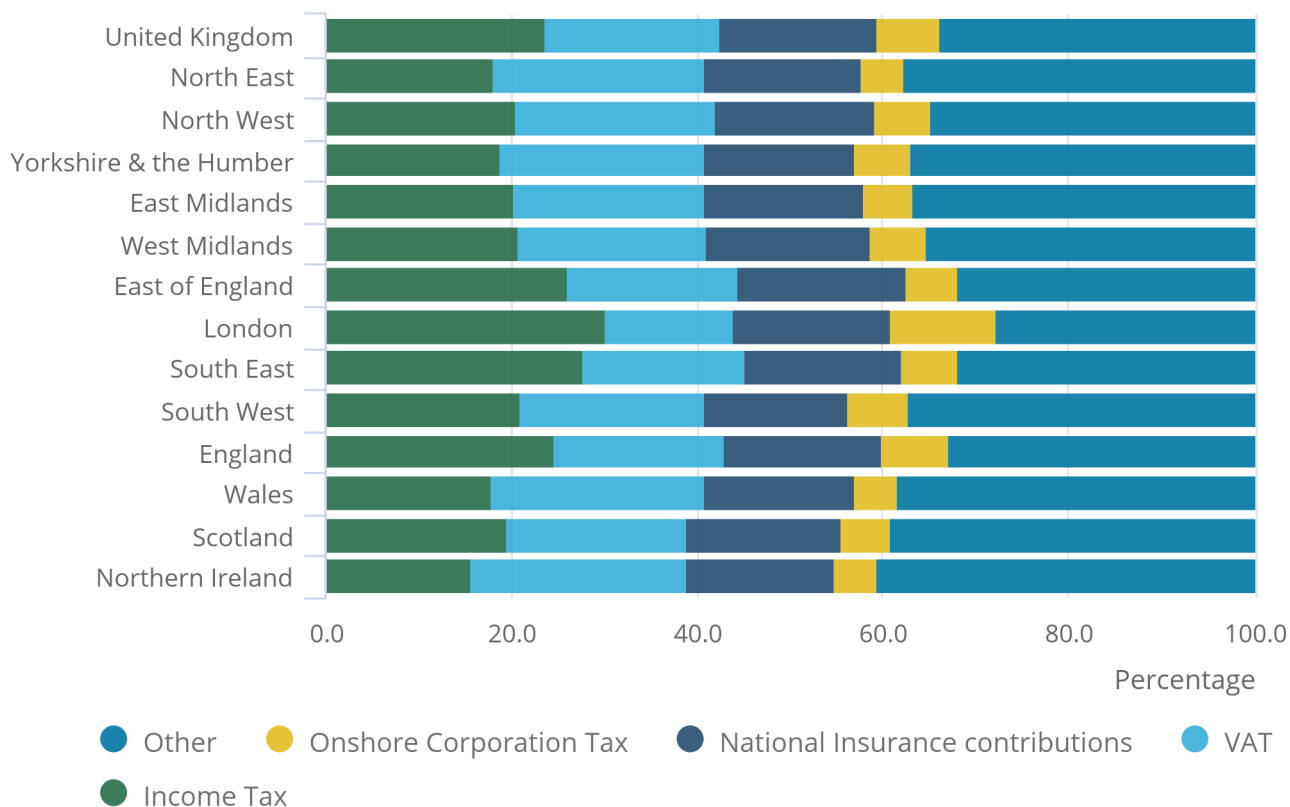
Figure 6 shows the composition of revenue in each country and region for the FYE 2019.

**Figure 6: Most revenue was raised from Income Tax, VAT, National Insurance contributions and Onshore Corporation Tax for all countries and regions, in the financial year ending 2019**

Composition of revenue raised in financial year ending 2019 for NUTS1 countries and regions

Figure 6: Most revenue was raised from Income Tax, VAT, National Insurance contributions and Onshore Corporation Tax for all countries and regions, in the financial year ending 2019

Composition of revenue raised in financial year ending 2019 for NUTS1 countries and regions



Source: Office for National Statistics

Notes:

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

London (£98.6 billion), the South East (£81.3 billion), the East of England (£48.2 billion), the North West (£43.9 billion) are the top five regions where most Income Tax, VAT and NICs are generally raised. However, the NUTS1 regions that raised the highest per head amount of Income Tax, VAT and NICs in FYE 2019 were London (£11,067), the South East (£8,906), the East of England (£7,779), Scotland (£6,678) and the South West (£6,425).

Over time, the revenue of most countries and regions as a percentage of GDP has been fairly stable. At the UK level, it has remained between 34.42% and 37.51% of GDP for the full duration presented in these statistics. Table 3 shows revenue raised in each country and region over the last three years, as a percentage of GDP, presented alongside revenue raised per head.

Table 3: Total public sector revenue as a percentage of UK gross domestic product and per head, FYE 2017 to FYE 2019, by NUTS1 countries and regions

<b>Total public sector revenue, incl. North Sea revenue geographic basis</b>						
<b>Country/Region</b>	<b>Revenue as % of GDP</b>			<b>Revenue per head<sup>1</sup> (£)</b>		
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
North East	1.17%	1.18%	1.17%	8,969	9,263	9,495
North West	3.44%	3.39%	3.43%	9,612	9,743	10,159
Yorkshire and the Humber	2.60%	2.58%	2.58%	9,668	9,880	10,188
East Midlands	2.33%	2.31%	2.32%	9,928	10,067	10,461
West Midlands	2.71%	2.70%	2.72%	9,395	9,595	9,959
East of England	3.57%	3.54%	3.56%	11,747	11,957	12,433
London	7.40%	7.42%	7.49%	17,013	17,506	18,177
South East	6.09%	6.01%	6.06%	13,608	13,794	14,341
South West	2.95%	2.94%	2.95%	10,778	11,020	11,406
England	32.27%	32.08%	32.27%	11,771	12,013	12,470
Wales	1.35%	1.35%	1.36%	8,770	8,982	9,391
Scotland	2.97%	2.98%	3.02%	11,077	11,456	12,015
Northern Ireland	0.86%	0.85%	0.85%	9,270	9,459	9,825
United Kingdom <sup>2</sup>	37.44%	37.25%	37.51%	11,501	11,751	12,213
<b>Total public sector revenue, incl. North Sea revenue population basis</b>						
<b>Country/Region</b>	<b>Revenue as % of GDP</b>			<b>Revenue per head<sup>1</sup> (£)</b>		
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
North East	1.17%	1.18%	1.17%	8,977	9,273	9,533
North West	3.44%	3.40%	3.43%	9,613	9,762	10,178
Yorkshire and the Humber	2.60%	2.59%	2.59%	9,672	9,887	10,216
East Midlands	2.33%	2.31%	2.33%	9,930	10,082	10,481
West Midlands	2.71%	2.71%	2.72%	9,396	9,615	9,977
East of England	3.57%	3.54%	3.57%	11,748	11,974	12,453
London	7.40%	7.43%	7.49%	17,014	17,526	18,195
South East	6.09%	6.02%	6.06%	13,609	13,813	14,360
South West	2.95%	2.95%	2.96%	10,781	11,037	11,426
England	32.27%	32.12%	32.33%	11,773	12,030	12,491
Wales	1.35%	1.35%	1.37%	8,770	9,001	9,409
Scotland	2.96%	2.93%	2.96%	11,058	11,265	11,784
Northern Ireland	0.86%	0.85%	0.86%	9,271	9,479	9,843
United Kingdom <sup>2</sup>	37.44%	37.25%	37.51%	11,501	11,751	12,213

Source: Office for National Statistics

1. The population estimates used in this publication are those published by ONS. [Back to table](#)
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 September 2019. The sum of the NUTS1 regions may not be equal to the United Kingdom due to rounding. [Back to table](#)
3. The GDP figures used in this publication are those published by ONS in September 2019. [Back to table](#)

## 6 . Public sector expenditure

In the financial year ending (FYE) 2019, total public sector expenditure at the UK level was £852.7 billion, or £12,835 per head. The Nomenclature of Units for Territorial Statistics: NUTS1 region incurring the most expenditure for the benefit of residents and enterprises was London, at approximately £123.2 billion, which equates to £13,826 per head, or approximately 14% of the UK total.

On average, for the full duration of the statistics presented in this publication, spending per head each year in Northern Ireland; Scotland; Wales; London; the North West; and the North East has been above the UK average. Figure 7 shows how much each NUTS1 region has spent per head, compared with the UK on average, between FYE 2000 and FYE 2019.

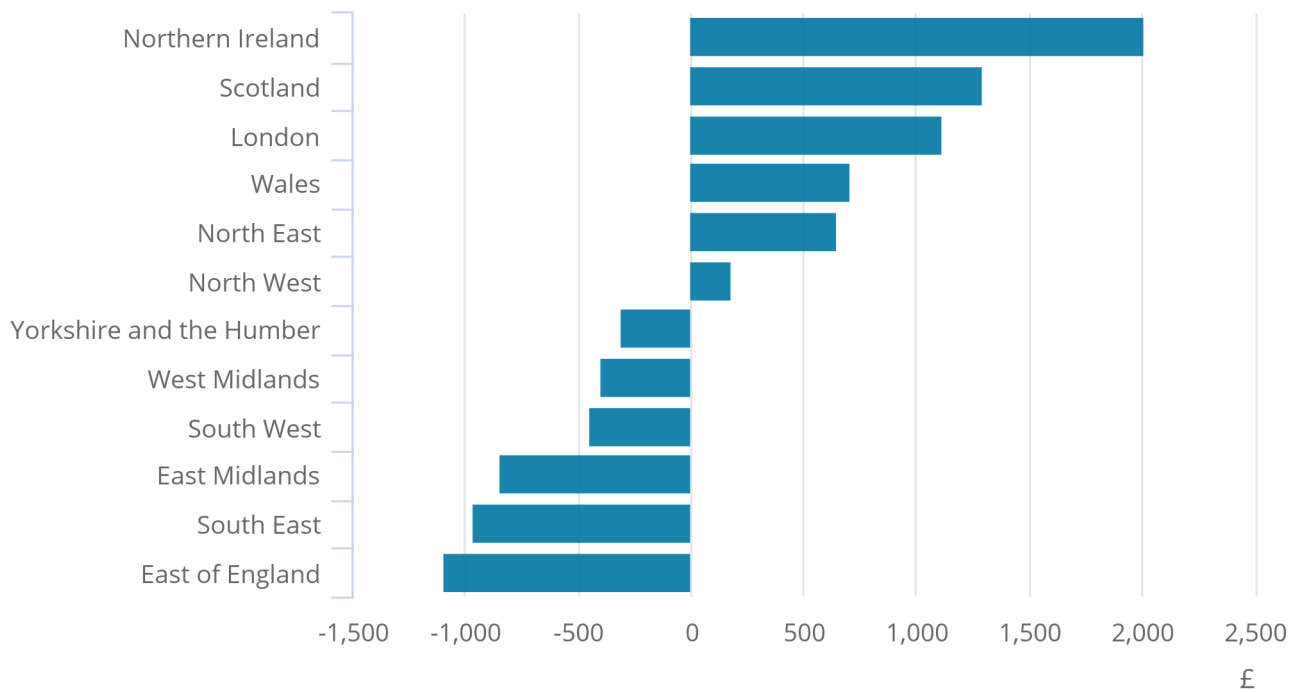


**Figure 7: Between the financial years ending 2000 and 2019, Northern Ireland, Scotland, Wales, London, the North West and the North East have spent more per head than the UK average**

Average NUTS1 per head spending differences against UK per head over financial year ending (FYE) 2000 to FYE 2019

Figure 7: Between the financial years ending 2000 and 2019, Northern Ireland, Scotland, Wales, London, the North West and the North East have spent more per head than the UK average

Average NUTS1 per head spending differences against UK per head over financial year ending (FYE) 2000 to FYE 2019



Source: Office for National Statistics

Table 4 shows how much of this expenditure occurred for the benefit of residents and enterprises in each country and region in the UK from FYE 2017 to FYE 2019.

Table 4: Total public sector expenditure from FYE 2017 to FYE 2019, by NUTS1 countries and regions

Country or region	Total public sector expenditure (£ million)			Per head (£) <sup>1</sup>		
	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
North East	34,348	34,756	36,041	13,017	13,125	13,560
North West	90,363	92,656	94,354	12,494	12,750	12,939
Yorkshire and The Humber	65,000	65,903	67,281	11,967	12,076	12,278
East Midlands	54,323	55,732	56,613	11,468	11,660	11,784
West Midlands	69,489	69,417	73,778	11,933	11,824	12,503
East of England	68,686	71,020	73,003	11,189	11,498	11,772
London	116,684	121,840	123,164	13,284	13,774	13,826
South East	104,416	107,217	109,298	11,547	11,790	11,967
South West	66,256	68,086	69,466	11,986	12,225	12,405
England	669,565	686,627	703,000	12,096	12,325	12,559
Wales	40,993	42,400	42,994	13,155	13,553	13,698
Scotland	74,778	77,237	78,838	13,823	14,229	14,497
Northern Ireland	26,992	27,444	27,888	14,478	14,648	14,821
UK <sup>2</sup>	812,327	833,708	852,719	12,356	12,605	12,835

Source: Office for National Statistics

#### Notes

1. The population estimates used in this publication are those published by ONS. [Back to table](#)
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 September 2019. The sum of the NUTS1 regions may not be equal to the United Kingdom due to rounding. [Back to table](#)

Between FYE 2018 and FYE 2019, total expenditure increased from £833.7 billion to £852.7 billion, however, this equated to a fall of 0.53 percentage points of gross domestic product (GDP). Between FYE 2010 and FYE 2019, total UK public sector expenditure has fallen by 6.35 percentage points of GDP. London has seen the largest drop in expenditure, while all other NUTS1 regions have seen smaller falls in expenditure as percentages of GDP.

Table 5: Total public sector expenditure as a percentage of UK gross domestic product from financial year ending (FYE) 2015 to FYE 2019, by NUTS1 countries and regions  
Office for National Statistics

Country or region	Total public sector expenditure as % of GDP <sup>1</sup>				
	2014/15	2015/16	2016/17	2017/18	2018/19
North East	1.78%	1.74%	1.70%	1.67%	1.67%
North West	4.65%	4.57%	4.47%	4.44%	4.36%
Yorkshire and The Humber	3.37%	3.31%	3.22%	3.16%	3.11%
East Midlands	2.82%	2.75%	2.69%	2.67%	2.62%
West Midlands	3.61%	3.48%	3.44%	3.33%	3.41%
East of England	3.57%	3.50%	3.40%	3.40%	3.38%
London	6.03%	5.97%	5.78%	5.84%	5.69%
South East	5.31%	5.20%	5.17%	5.14%	5.05%
South West	3.41%	3.34%	3.28%	3.26%	3.21%
England	34.57%	33.84%	33.16%	32.91%	32.50%
Wales	2.12%	2.07%	2.03%	2.03%	1.99%
Scotland	3.83%	3.73%	3.70%	3.70%	3.65%
Northern Ireland	1.43%	1.37%	1.34%	1.32%	1.29%
UK	41.95%	41.01%	40.22%	39.96%	39.43%

#### Notes

1. The GDP figures used in this publication are those published by ONS in September 2019. [Back to table](#)

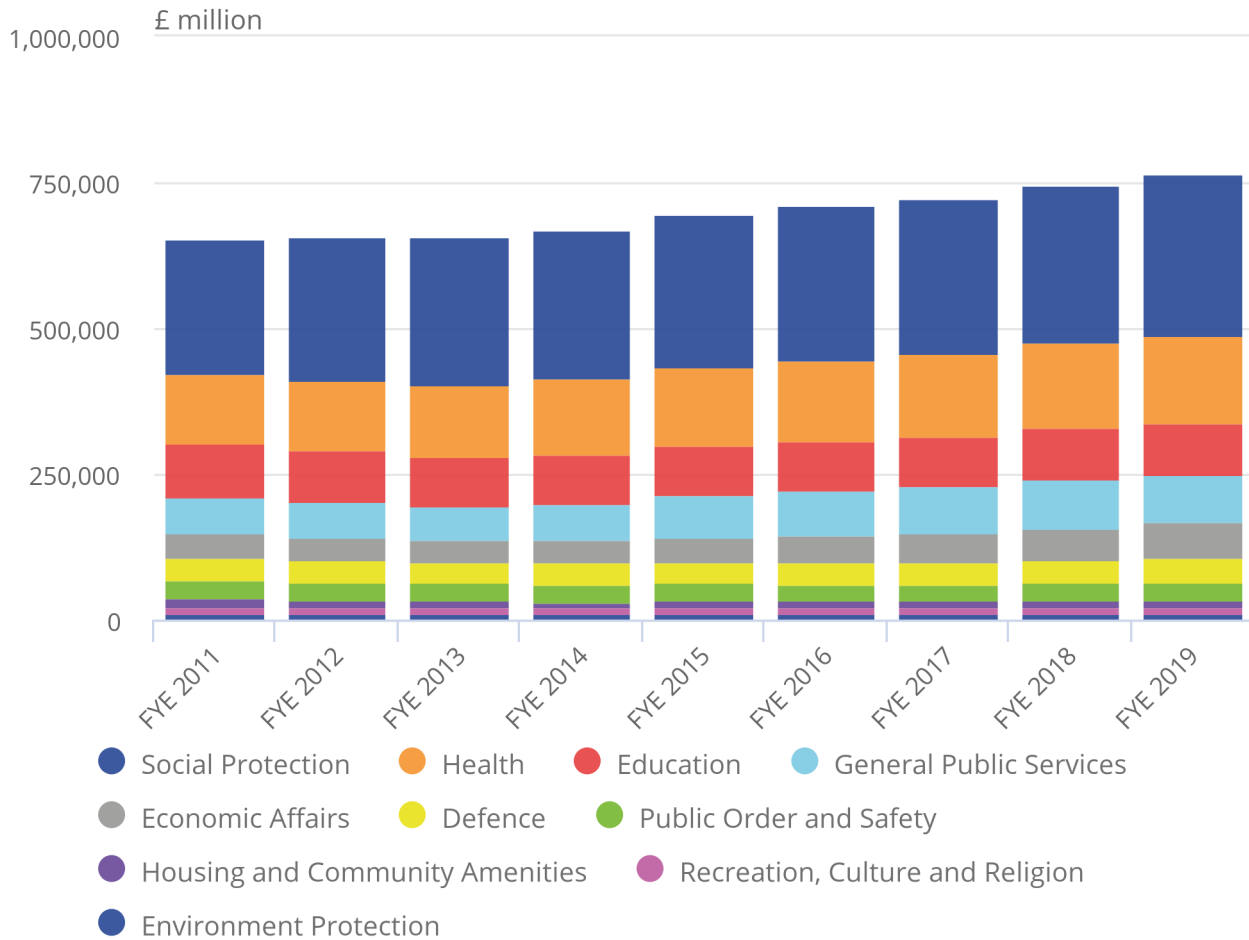
For all regions and for the full duration of the statistics presented in this publication, social protection (mainly expenditure on pensions, but also on social benefits) has been the largest category of spending, followed by health and education.

**Figure 8: Between the financial year ending (FYE) 2011 and FYE 2019, most expenditure occurred for social protection and health**

UK total expenditure on services by function, financial year ending (FYE) 2011 to FYE 2019

Figure 8: Between the financial year ending (FYE) 2011 and FYE 2019, most expenditure occurred for social protection and health

UK total expenditure on services by function, financial year ending (FYE) 2011 to FYE 2019



Source: Office for National Statistics

## 7 . Data

Datasets supporting this publication are available in the appendices to the bulletin:

[Country and regional public sector finances net fiscal balance tables](#)

Public sector net fiscal balance for each country and region of the UK.

[Country and regional public sector finances revenue tables](#)

Public sector revenue for each country and region of the UK.

[Country and regional public sector finances expenditure tables](#)

Public sector expenditure for each country and region of the UK.

[Country and regional public sector finances net fiscal balance revisions tables](#)

Revisions to net fiscal balance revisions for each country and region of the UK.

[Country and regional public sector finances supplementary tables](#)

Supplementary data accompanying the country and regional public sector finances, including public sector net fiscal balance, revenue and expenditure per-head; accounting adjustments; and population and GDP data used in this publication.

[Country and regional public sector finances revenue proportions](#)

Country and regional proportions for revenue items.

## 8 . What's changed in this release?

In addition to the timing of this publication, a number of data and methodological changes have been made since the last publication, giving rise to revisions in the data when compared with last year's estimates. This section presents the revisions to net fiscal balance for each country and region and provides a brief explanation for these revisions.

### Publication timescales

This is the fourth country and regional public sector finances publication, following the first release published in May 2017. We have moved our regular publication date to Winter and will continue to publish in December or January each year. This new timeframe reduces the lag of these statistics from 14 months to 9 months after the end of the financial year.

### Changes to the monthly public sector finances

Since May 2019, routine data source updates, quality improvements and methodological changes have revised the underlying UK public sector finances (PSF) data that this bulletin is based on. Not all of these changes affect the country and regional public sector finances. Only those that affect UK public sector net borrowing also have an impact on the country and regional public sector finances. These changes include the following.

#### Blue Book 2019 changes

Through the annual Blue Book process, a number of data and methodological changes were taken on in the [August 2019 PSF release](#).

#### Depreciation

New consumption of fixed data capital data taken on in the [August 2019 PSF release](#) as a result of ongoing work to improve the Perpetual Inventory Method (PIM), with no impact on public sector net borrowing but changing public sector current budget deficit.

#### Public sector employment-related pension schemes

Changes to the treatment of funded pension schemes were implemented in the [August 2019 PSF release](#).

## Student Loans

The new statistical treatment of student loans was introduced in the [August 2019 PSF release](#), giving rise to revisions to interest received and capital expenditure.

## Value Added Tax (VAT) refunds data

Updated source data following a review of the recording of Value Added Tax (VAT) refunds data were first introduced in the [September 2018 PSF](#) release affecting only FYE 2018, and fully implemented in the [August 2019 PSF release](#) affecting data from FYE 2000 onwards, but with no impact on public sector net borrowing.

## Reclassification of Companies House and reclassification of HM Land Registry

Introduced in the [August 2019 PSF release](#) after the classification decision in October 2018.

## Routine data source updates

Revisions occur to the monthly PSF as a result of provisional estimates being replaced by final data.

## Changes introduced from UK public sector finances

In this publication, we have also introduced some changes that had been implemented in the UK public sector finances previously but hadn't been introduced in the country and regional public sector finances because they only affected the data from the FYE 2018 onwards:

- Soft Drinks Industry Levy: the revenue from this levy was recorded in the [April 2018 PSF release](#)
- Welsh devolved taxes: the Land Transaction Tax and Landfill Disposals Tax, collected in Wales since April 2018, were introduced in the [April 2018 PSF release](#)
- Reclassification of devolved Housing Associations: the reclassification of the Welsh Housing Associations was implemented in the [June 2018 PSF release](#) after the classification decisions on 13 June 2018; the reclassification of the Scottish Housing Associations was implemented in the [September 2018 PSF release](#) after the classification decision on 19 September 2018

## Changes to methods for allocating revenue or expenditure to countries and regions

This year we have taken the opportunity to improve several apportionment methods that allocate UK data to the countries and regions. These improvements have been made to better reflect the incidence of taxes; or to account for differences between total expenditure on services and total managed expenditure by introducing new accounting adjustments; or to improve business processes.

## **Air Passenger Duty (APD)**

We have changed our approach to APD apportionment. Revenue is now allocated to countries and regions according to the location of the airports at which passengers begin their journeys. We have also improved our use of data from the Civil Aviation Authority's (CAA) departing passenger survey to more accurately assess the destination bands that passengers should be assigned to and the influence that each airport has on final estimates.

## **Income Tax**

UK Income Tax revenues from our public sector finances statistics are apportioned to regions based on the total estimated Income Tax liabilities of residents in each region, but for Scotland, from financial year ending (FYE) 2017 onwards, the share of UK income tax was obtained from HMRC's Scottish Income Tax Outturn statistics.

## **Aggregates Levy**

Aggregates Levy revenues are apportioned to regions using the total tonnage of crushed rock, sand and gravel produced in each region. Because the UKMY (our source for the data used for apportionment) had ceased when the Annual Minerals Raised Inquiry (AMRI) came to an end in early 2016, we had not updated the indicator data since 2017. The UKMY was published again in 2019 with data up to 2017 using alternative data sources, so we were now able to update our estimates.

## **Business processes**

Some revisions have resulted in our data through improving our business processes for producing these statistics. These revisions are generally quite small.

## **Accounting adjustments**

We have introduced new accounting adjustments to incorporate some of the UK PSF changes into our expenditure data, as they are not yet included in HM Treasury's (HMT's) Country and regional analysis.

Table 6a: Revisions to public sector net fiscal balance<sup>1</sup> (geographic basis), financial year ending 2000 to financial year ending 2018, by NUTS1 countries and regions

Year (£ million) UK <sup>2 3</sup>	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	
1999/00	-474	-62	-7	-266	-111	13	-59
2000/01	435	-13	114	-160	-53	106	4
2001/02	976	18	124	-64	-24	170	31
2002/03	2,058	98	229	-87	58	319	68
2003/04	2,906	144	281	39	53	421	48
2004/05	3,044	133	327	-253	20	404	137
2005/06	2,682	52	56	-296	26	364	198
2006/07	2,049	-83	146	-284	77	226	204
2007/08	2,728	48	637	-369	273	384	281
2008/09	4,337	172	860	-12	379	571	344
2009/10	5,202	209	948	443	321	645	381
2010/11	3,967	195	804	209	230	562	263
2011/12	5,885	257	1,035	81	333	714	373
2012/13	5,107	180	869	45	236	905	347
2013/14	7,798	279	1,108	176	236	1,117	615
2014/15	7,062	403	205	-62	622	1,036	963
2015/16	9,334	363	943	303	672	1,178	1,113
2016/17	11,290	914	1,317	323	1,029	1,236	1,665
2017/18	14,654	561	1,069	236	1,638	-132	2,548
Year (£ million)	London	South East	South West	England	Wales	Scotland	Northern Ireland
1999/00	347	-355	-87	-588	1	140	-27
2000/01	466	-288	-22	153	42	250	-11
2001/02	536	-247	13	558	54	377	-13
2002/03	809	-150	46	1,390	135	485	48
2003/04	920	17	106	2,028	166	638	73
2004/05	1,326	-139	146	2,101	170	721	52
2005/06	1,465	-192	171	1,845	200	598	39
2006/07	940	-96	109	1,239	199	612	-1
2007/08	544	29	100	1,927	229	611	-39
2008/09	747	-25	267	3,301	306	644	86
2009/10	1,287	-176	272	4,329	296	470	107
2010/11	1,155	-204	173	3,389	172	340	67
2011/12	1,989	-125	269	4,925	244	617	99
2012/13	1,791	-91	456	4,738	80	160	129
2013/14	2,603	-36	676	6,773	388	609	28



2014/15	1,932	761	958	6,819	365	-389	266
2015/16	2,098	723	1,356	8,749	298	-71	359
2016/17	1,199	502	1,604	9,789	301	780	421
2017/18	1,651	2,171	1,927	11,669	608	1,845	531

Source: Office for National Statistics

#### Notes

1. A positive revision to net fiscal balance is an increase, while a negative revision to net fiscal balance is a decrease. [Back to table](#)
2. Revisions at the UK level are an accumulation of revisions between the April 2019 and August 2019 public sector finances, and therefore do not correspond to revisions shown in the August 2019 public sector finances bulletin. [Back to table](#)
3. The sum of regional differences are not equal to total UK revisions in some years due to rounding. [Back to table](#)

Table 6b: Revisions to public sector net fiscal balance<sup>1</sup> (population basis), financial year ending (FYE) 2000 to financial year ending (FYE) 2018, by NUTS1 countries and regions

Year (£ million) UK <sup>2 3</sup>	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	
1999/00	-474	-62	-4	-268	-117	13	-54
2000/01	435	-13	123	-164	-58	106	4
2001/02	976	15	127	-72	-27	170	44
2002/03	2,058	96	231	-100	47	319	87
2003/04	2,906	143	287	28	50	421	58
2004/05	3,044	131	332	-251	9	404	144
2005/06	2,682	37	66	-301	25	364	210
2006/07	2,049	-84	144	-289	76	226	214
2007/08	2,728	37	646	-373	272	384	290
2008/09	4,337	179	848	-29	387	571	352
2009/10	5,202	213	925	432	329	645	395
2010/11	3,967	192	818	178	237	562	279
2011/12	5,885	262	933	197	305	714	378
2012/13	5,107	178	867	46	234	905	353
2013/14	7,798	276	1,110	178	232	1,117	622
2014/15	7,062	413	224	15	636	1,036	982
2015/16	9,334	390	967	433	706	1,178	1,148
2016/17	11,290	920	1,333	404	1,051	1,236	1,686
2017/18	14,654	602	1,088	363	1,673	-132	2,579
Year (£ million)	London	South East	South West	England	Wales	Scotland	Northern Ireland
1999/00	347	-355	-87	-588	1	140	-27
2000/01	466	-288	-22	153	42	250	-11
2001/02	536	-247	11	558	54	377	-13
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2005/06	1,465	-192	170	1,845	200	598	39
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2011/12	1,989	-124	272	4,925	244	617	99
2012/13	1,791	-91	455	4,738	80	160	129
2013/14	2,603	-37	673	6,773	388	609	28

2014/15	1,932	763	972	6,974	365	-544	266
2015/16	2,098	727	1,386	9,033	298	-355	359
2016/17	1,199	504	1,606	9,939	301	630	421
2017/18	1,650	2,180	1,950	11,953	608	1,561	531

Source: Office for National Statistics

## Notes

1. A positive revision to net fiscal balance is an increase, while a negative revision to net fiscal balance is a decrease. [Back to table](#)
2. Revisions at the UK level are an accumulation of revisions between the April 2019 and August 2019 public sector finances, and therefore do not correspond to revisions shown in the August 2019 public sector finances bulletin. [Back to table](#)
3. The sum of regional differences are not equal to total UK revisions in some years due to rounding. [Back to table](#)

## 9 . Public value of statistics on public finances in a devolved UK

In July 2018, the Office for Statistics Regulation (OSR) announced a [review into the public value of statistics on public finances in a devolved UK](#). The review researched existing published devolved public finance statistics, including the country and regional public sector finances, and engaged with statisticians and users of these statistics to assess relevance, transparency and coherence of the statistics. OSR published their findings and recommendations on 24 May 2019. The review suggested that ONS produces useful and plentiful data on devolved public finances, though suggested there was an opportunity to work with those within countries and regions who can provide additional local context to the statistics and so develop more compelling narratives. We will incorporate findings of the report into our future work plans and continue to collaborate with devolved nations and other producers of similar statistics to find ways to further improve the communication of our statistics.

## 10 . Link 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 (HMRC) and the devolved administrations.

Important 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

Further information on the relationship between these 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.

## 11 . 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 plan to focus on over the next year include, but are not limited to:

- improving methods and data sources to refine allocation of UK revenue or expenditure to the NUTS1 regions, while also working to further align methods with those used by HMRC and Scottish Government in their publications
- working with colleagues in devolved administrations, HMRC, Office for Budget Responsibility and the Scottish Funding Council to align and improve methodologies of those taxes due to be devolved
- investigating extending the current presentation to include expenditure by type (for examples, pay, goods and services) and not just function, as well as producing sectoral breakdowns (for example, central government, local government, public corporations)
- investigating the feasibility of introducing work-placed estimates for some revenues to complement the residential-based estimates currently produced
- working towards achieving National Statistics accreditation

## 12 . Quality and methodology

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Country and regional public sector finances QMI](#).

The [country and regional public sector finances methodology guide](#) provides comprehensive contextual and methodological information concerning this statistical bulletin. the methodology 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 9 "Links to related statistics") and highlights any potential weaknesses in the data and/or methodology.

### **What is the relationship between these statistics and those of the UK public sector finances?**

The [UK public sector finances](#) (PSF) bulletin is a monthly publication jointly produced by Office for National Statistics (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 February 2019 PSF bulletin.

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.

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.

As far as possible, the data are comparable across countries and regions but certain items necessarily have different data sources for country-level data and English regional data. This is explained in the relevant sections of the methodology guide.