

Annex D

Capital spending & financing

This annex contains information on capital spending and how it is financed relating to **Chapter 4**. It is divided into the following sections:

- **Capital outturn summaries : 2009-10** **section D1**
- **Changes to English local government capital finance systems** **section D2**

D1 Capital outturn summaries

Tables D1a-c show 2009-10 **capital expenditure** and receipts information from the **Capital Outturn Returns (COR)** for all service groups within the main service blocks. Figures for 2009-10 reflect the service category changes on the Capital Outturn Return (COR) form consistent with **Service Reporting Code of Practice (SERCOP)**. Information on acquisition of share and loan capital is not included in Total Capital Expenditure, and Disposal of Investments is not included in Total **Capital Receipts**.

Table D1d shows further details of gross expenditure on “new construction, conversion and renovation” of “roads (including structural maintenance), street lighting and road safety”.

Tables D1e-f show further details of local authority financed capital expenditure on social services by region and time series. The data shows the uneven nature of capital expenditure whereby in some years an authority will spend heavily on a specific project or purchase, whereas other years it will spend very little.

Table D1g shows a time series of expenditure that local authorities were allowed to finance from capital resources – capitalise – under section 16(2)(b) of the Local Government Act 2003.

DEFINITIONS OF COLUMN HEADINGS

Acquisition of land and existing buildings and works (including any road charges) - payments against the service for which the land is required for use rather than that appropriate to the powers used for acquisition; interest on purchase money is excluded, except where it is in connection with Slum Clearance Subsidy.

New construction and conversion - capital payments include the wages and salaries (including the employer’s share of national insurance and pension contributions) of employees engaged on direct labour schemes, and the cost of architectural, engineering and other services (including the authority’s own professional staff) in connection with these works and other overheads (including accommodation). Payments on demolition

and site clearance and the erection of bridges is also included, as well as civil engineering works, for example for the provision, laying or replacement of water mains and sewers, the laying or improvement of roads, the preparation of playing fields and hard playing areas.

Vehicles - acquisition, renewal or replacement of vehicles and vessels (including ships and aircraft) and the acquisition of assets by **Direct Labour and Service Organisations**.

Plant machinery and equipment - acquisition, renewal or replacement of plant machinery and equipment, including furniture and fittings, and the installation of street lighting, road signs, traffic signals and related equipment, where the payment for these can be identified separately. Also includes the acquisition of assets by Direct Labour and Service Organisations.

Total expenditure on fixed assets - includes salaries of professional staff charged to the capital account.

Capital grants and advances - all grants and advances made for capital purposes, such as those for housing and industrial purposes.

Sales of fixed assets - amounts received by an authority in respect of the sale of any interest in a fixed asset, if, at the time of the sale, expenditure on the acquisition of that asset would have counted as expenditure for capital purposes. Also includes receipts from the sale of assets to other authorities.

Sales of intangible assets – covers receipts for intangible assets. This includes software licences and other intangible assets which are required by the **SORP** to be capitalised on the balance sheet. Generally intangible assets are assets of value which do not have a physical shape e.g. purchased franchises, licences and patents. Goodwill is excluded.

Repayments of capital grants and advances - repayments of grants, advances and other financial assistance of a capital nature. Includes repayments of renovation grants, repayments of principal (regular and premature) of loans to private persons and repayments of sums left outstanding (regular and premature) on the sale of council dwellings, where the purchase was financed by a mortgage. Also includes repayments of principal of loans to registered social landlords. Receipts from health authorities are excluded.