



Ministry of Housing,
Communities &
Local Government

Local Authority Capital Expenditure and Receipts, England: 2018-19 Final Outturn

- **Capital expenditure** by local authorities in England totalled £25.9 billion in 2018-19, up £202 million (1%) in real terms from 2017-18.
- **Final outturn** was £1.2bn higher than **provisional**. In addition to the inclusion of previously unreported expenditure, final outturn saw substantial reclassification of commercial activity from housing services and central services to trading services.
- **Highways & transport** remained the largest service area, with local authorities spending £7.8bn in 2018-19, £1.0bn (15%) more in real terms than in 2017-18.
- Expenditure reported under **trading services** totalled £4.0bn, up £993m (33%) in real terms from 2017-18. Spending on this area – which includes commercial activity – has increased significantly over the last four years even accounting for reclassification changes affecting the category since 2016-17.
- **Prudential borrowing** was the largest source of financing for the second year, at £9.9bn, despite being £329m (3%) lower in real terms than in 2017-18. The amount of expenditure financed from this source almost doubled since 2015-16.
- **Capital receipts** totalled £4.0bn, up £619m (18%) in real terms from 2017-18.



Local Government
Finance
Statistical Release

26 September 2019

Introduction	1
Capital expenditure and receipts by economic category,	5
Capital expenditure by service	10
Differences between provisional and final outturn	12
Financing of capital expenditure	15
Accompanying tables	16
Definitions	17
Technical notes	19
Enquiries	23

Responsible Statistician:
Ed Fawcett-Taylor

Statistical enquiries:
0303 444 4581
Capital.Data@communities.gov.uk

Media Enquiries:
0303 444 1209
press@communities.gov.uk

Date of next publication:
Autumn 2020

Introduction

Capital expenditure comprises the buying, constructing or improving physical assets, such as buildings, land, vehicles and other miscellaneous property, including streetlights and road signs. It also includes grants and advances that authorities make to other bodies for capital purposes. Because of the project-based nature of capital expenditure, there can be relatively larger variance in expenditure over time compared with revenue expenditure.

This release provides the final outturn for local authority capital expenditure and receipts in the financial year April 2018 to March 2019. These data are derived from Capital Outturn Returns (COR), collated by the Data, Analytics and Statistics Division of the Ministry of Housing, Communities & Local Government (MHCLG). COR forms capture local authority capital expenditure and receipts by economic category and service area, as well as a breakdown of how expenditure is financed, prudential system information, and accumulated capital receipts and major repairs reserve levels. COR service areas are consistent with the Service Reporting Code of Practice (SeRCOP).

A provisional outturn was published in a Statistical Release in June. This was based on information from Capital Payments and Receipts Returns (CPR4) submitted by local authorities in England.

Response rate

This release is derived from COR submitted by 443 local authorities in England. These individual local authority data are also available on the departmental website.

The number of local authorities in England dropped from 444 to 443 on April 1 2018, since the functions of Greater Manchester Waste Disposal Authority were transferred into the Greater Manchester Combined Authority.

Adjustment for inflation

This release includes for the first time both real and cash terms series. The real terms series have been adjusted for inflation using HM Treasury's *GDP deflators at market prices, and money GDP June 2019 (Quarterly National Accounts)*.

Uses of the data

Data in this Statistical Release are essential for providing the Secretary of State for Housing, Communities and Local Government, other ministers, and HM Treasury with the most up to date and comprehensive information available on local authority capital spending for decision making. Data are also used by the Office for National Statistics in compiling Public Sector Finances and National Accounts, which are used to set fiscal and monetary policy.

The data collected are an important source for the department to create evidence-based policy, make financial decisions and answer parliamentary questions. It is used by local authorities and their associations, regional bodies, other government departments, academics, research organisations, members of the business community and the general public.

The release allows for trends in funding for different local authority services and types to be identified over a period of years when compared with previous releases. Local authorities

can also compare their own spending with the aggregated figures presented here or with the equivalent data for individual local authorities.

Comments and feedback from end users for further improvement or about your experiences with this product will be welcomed. Details of where to direct feedback can be found in the enquiries section of this release.

Symbols

: = not available

0 = zero or negligible

- = not relevant

|| = discontinuity

(F) = Forecast

(R) = Revision

Rounding

Where figures have been rounded, there may be a slight discrepancy between the total and the sum of constituent parts.

Table 1a: Local authority capital expenditure & other transactions and capital receipts by category: forecast and final outturn, England, 2014-15 to 2018-19										
Real terms series, all monetary figures in 2018-19 prices.										
	2014-15		2015-16		2016-17		2017-18		2018-19	
Category	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (revised)	Forecast (adjusted)	Outturn (final)
Acquisition of land & existing buildings	884	1,094	921	1,250	954	2,922	2,113	4,104	4,936	4,430
New construction, conversion & renovation	16,089	13,905	15,937	14,372	17,154	13,725	16,498	14,107	13,413	13,105
Vehicles, plant, furniture & equipment	1,402	1,360	1,367	1,286	1,352	1,282	1,540	1,375	1,399	1,304
Intangible fixed assets	306	242	228	255	221	239	263	265	359	294
Total expenditure on fixed assets	18,681	16,601	18,454	17,164	19,681	18,168	20,415	19,851	20,108	19,133
Expenditure on grants	4,266	3,422	4,036	3,060	2,390	2,995	1,983	3,184	3,610	2,098
Expenditure on loans and other financial assistance	1,227	1,294	1,295	1,713	1,546	1,421	1,639	1,842	2,581	2,889
Acquisition of share and loan capital	1	1,751	46	2,127	852	1,598	211	822	567	1,781
Total financial expenditure	5,493	6,467	5,378	6,900	4,788	6,014	3,833	5,848	6,758	6,768
Total capital expenditure	24,174	23,067	23,832	24,064	24,470	24,182	24,248	25,699	26,866	25,901
<i>of which GLA:</i>	6,374	5,441	5,606	5,406	4,602	4,311	3,002	3,345	4,081	4,960
Payment of LSVT levy	0	0	0	0	0	0	0	0	0	0
Expenditure treated as capital by virtue of a Section 16(2)(b) Direction ^(a)	14	1	6	-1	18	33	41	146	59	247
Total capital expenditure & other transactions	24,188	23,069	23,838	24,063	24,487	24,216	24,289	25,845	26,926	26,147
Total capital receipts	2,959	3,209	3,332	3,800	3,389	3,719	3,294	3,359	2,905	3,978

(a) Expenditure which does not fall within the definition of expenditure for capital purposes but is treated as capital expenditure by a direction under section 16(2)(b) of the Local Government Act 2003. (revised) 2017-18 figures have been revised since 11 October 2018 publication. They now include Copeland, Reading, South Cambridgeshire and Warwick.

Sources: CER 2014-15, COR 2014-15, CER 2015-16, COR 2015-16, CER 2016-17, COR 2016-17, CER 2017-18, COR 2017-18, CER 2018-19, COR 2018-19.

Table 1b: Local authority capital expenditure & other transactions and capital receipts by category: forecast and final outturn, England, 2014-15 to 2018-19										
<i>Cash terms series, all monetary figures as reported.</i>										
Category	2014-15		2015-16		2016-17		2017-18		2018-19	
	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (revised)	Forecast (adjusted)	Outturn (final)
Acquisition of land & existing buildings	825	1,022	867	1,177	918	2,813	2,075	4,030	4,936	4,430
New construction, conversion & renovation	15,022	12,983	14,999	13,526	16,512	13,212	16,200	13,853	13,413	13,105
Vehicles, plant, furniture & equipment	1,309	1,270	1,287	1,210	1,301	1,234	1,512	1,351	1,399	1,304
Intangible fixed assets	286	226	215	240	213	230	259	260	359	294
Total expenditure on fixed assets	17,442	15,500	17,368	16,153	18,945	17,488	20,047	19,494	20,108	19,133
Grants	3,983	3,195	3,799	2,880	2,301	2,883	1,947	3,127	3,610	2,098
Loans and other financial assistance	1,145	1,208	1,219	1,613	1,488	1,367	1,610	1,809	2,581	2,889
Acquisition of share and loan capital	1	1,635	43	2,002	820	1,538	207	807	567	1,781
Total financial expenditure	5,129	6,038	5,061	6,494	4,609	5,789	3,764	5,743	6,758	6,768
Total capital expenditure	22,571	21,537	22,429	22,647	23,554	23,277	23,811	25,236	26,866	25,901
<i>of which GLA:</i>	5,951	5,080	5,276	5,087	4,430	4,150	2,948	3,285	4,081	4,960
Payment of LSVT levy	0	0	0	0	0	0	0	0	0	0
Expenditure treated as capital by virtue of a Section 16(2)(b) Direction ^(a)	13	1	6	-1	17	32	40	144	59	247
Total capital expenditure & other transactions	22,584	21,539	22,435	22,646	23,571	23,309	23,851	25,380	26,926	26,147
Total capital receipts	2,763	2,996	3,136	3,576	3,262	3,580	3,235	3,299	2,905	3,978

(a) Expenditure which does not fall within the definition of expenditure for capital purposes but is treated as capital expenditure by a direction under section 16(2)(b) of the Local Government Act 2003. (revised) 2017-18 figures have been revised since 11 October 2018 publication. They now include Copeland, Reading, South Cambridgeshire and Warwick.

Sources: CER 2014-15, COR 2014-15, CER 2015-16, COR 2015-16, CER 2016-17, COR 2016-17, CER 2017-18, COR 2017-18, CER 2018-19, COR 2018-19.

1. Capital expenditure and receipts by economic category, 2014-15 to 2018-19

Local authorities report **capital expenditure**, incurred by buying, building or improving capital assets, and **capital receipts**, received from the sale of a capital asset.

Total capital expenditure is divided into **total expenditure on fixed assets**, which includes spending on tangible and intangible fixed assets, and **total financial expenditure**, which includes grants, loans, and acquisitions of share or loan capital for capital purposes.

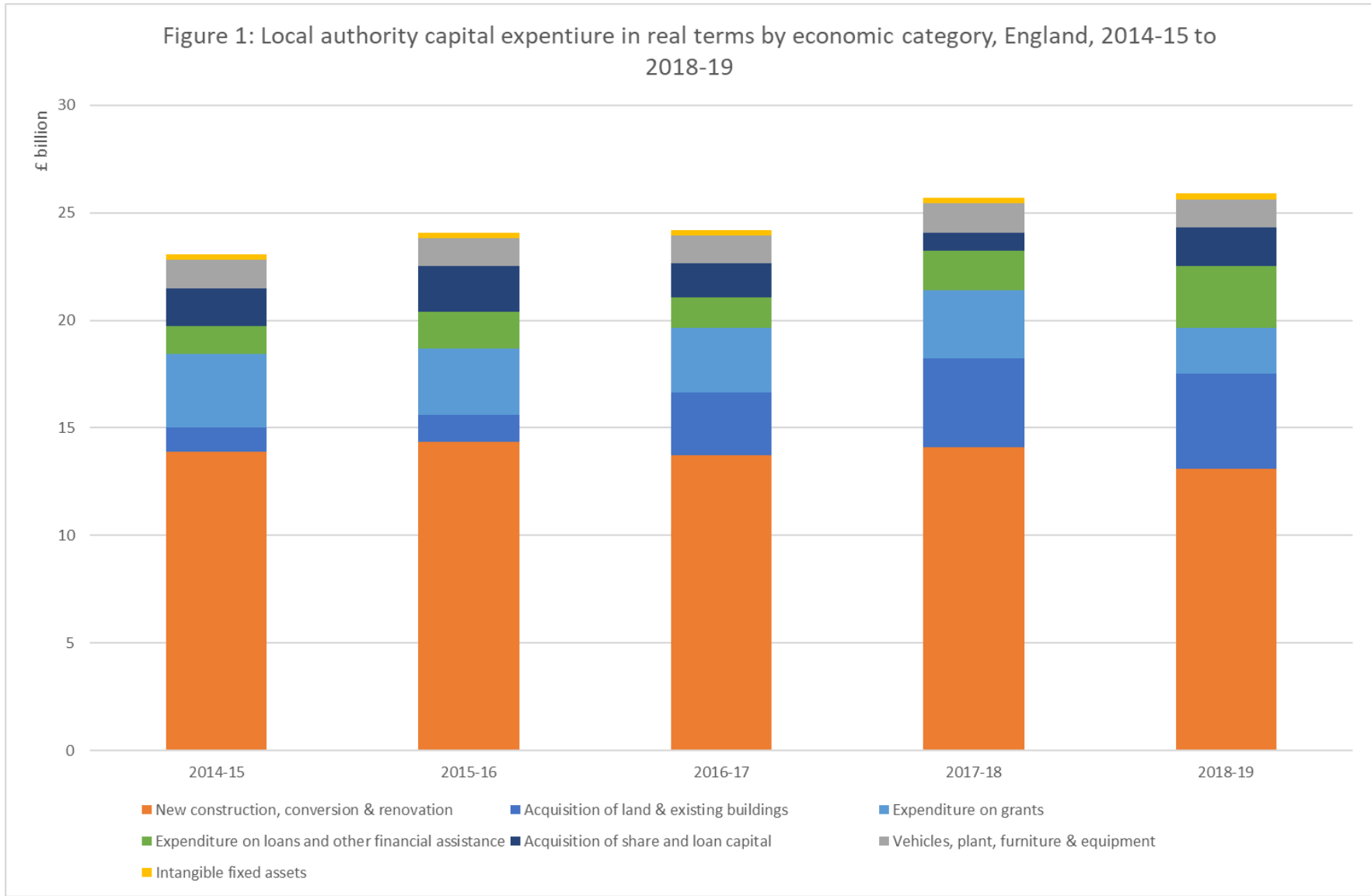
As shown in Table 1a and Figure 1, capital expenditure by local authorities in England totalled £25.9bn in 2018-19, up £202m (1%) in real terms from 2017-18. Substantial decreases in spending on **new construction, conversion & renovation** and **grants** were outweighed by increases in **loans and other financial assistance, acquisition of share and loan capital**, and **acquisition of land & existing buildings**.

- Expenditure on **new construction, conversion & renovation** totalled £13.1bn in 2018-19, down £1.0bn (7%) in real terms from the previous year. Despite this fall, it remained by far the largest type of capital expenditure, accounting for 51% of all capital expenditure.
- Expenditure on **grants** totalled £2.1bn in 2018-19, down £1.1bn (34%) in real terms from the previous year.
- Expenditure on **loans and other financial assistance** totalled £2.9bn in 2018-19, £1.0bn (57%) higher in real terms from the previous year.
- **Acquisition of share and loan capital** totalled £1.8bn in 2018-19, up £960m (117%) in real terms from the previous year.
- **Acquisition of land & existing buildings** totalled £4.4bn, up £326m (8%) in real terms from the previous year.

Total capital receipts were £4.0bn in 2018-19, £619m (18%) higher in real terms than in 2017-18 and £1.1bn more than the forecast receipts for this year.

Figure 2 illustrates that total capital expenditure has increased by £2.8bn (12%) in real terms since 2014-15. Forecasts are adjusted as local authority forecasts are consistently higher than subsequent outturn.

Figure 1: Local authority capital expenditure in real terms by economic category, England, 2014-15 to 2018-19



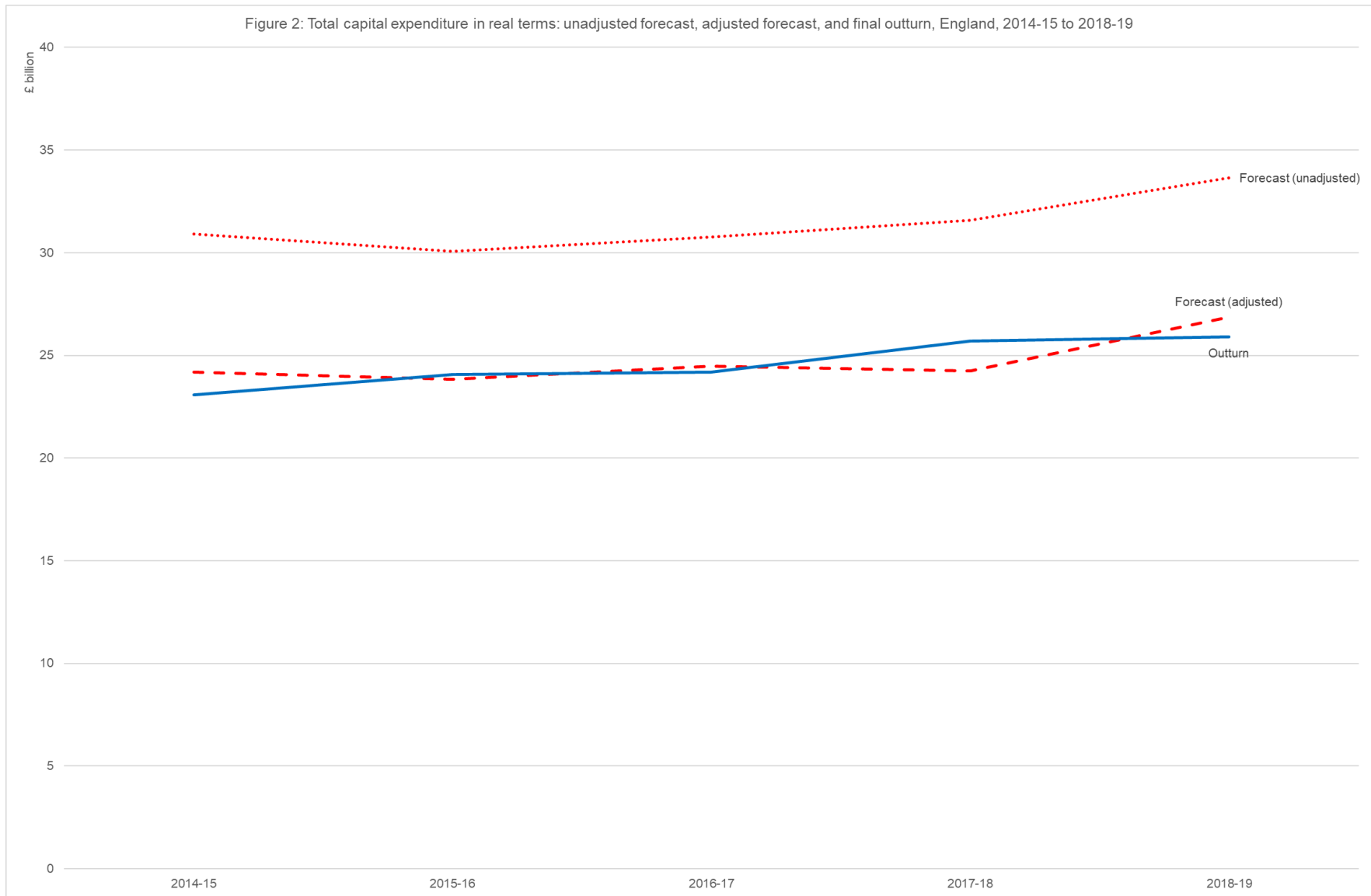


Table 2a: Local authority total capital expenditure by service: forecast, provisional and final outturn, England, 2014-15 to 2018-19

Real terms series, all monetary figures in 2018-19 prices. £ million

	2014-15	2015-16	2016-17	2017-18	2018-19
Service	Outturn (final)	Outturn (final)	Outturn (final)	Outturn (revised)	Outturn (final)
Education ^(a)	3,727	3,396	3,192	2,903	2,423
Highways & Transport	7,966	8,826	8,120	6,727	7,752
of which GLA	4,072	4,578	3,710	2,032	3,620
Social Care	283	277	324	297	337
Public Health	8	11	19	10	20
Housing	5,149	4,892	4,881	5,710	5,387
of which London Boroughs	1,521	1,803	1,833	2,150	1,924
of which GLA	724	275	173	740	906
Culture & Related Services	1,025	1,135	1,043	1,112	1,105
Environmental & Regulatory Services	729	772	643	1,211 ^(d)	609
Planning & Development Services	1,571	1,792	1,731	1,627	1,681
Police	585	650	653	929	680
Fire & Rescue Services	206	183	190	160	149
Central Services ^(b)	1,473	1,582	2,312	1,983	1,735
Trading ^(c)	346	550	1,240	3,030	4,023
Total Capital Expenditure	23,067	24,064	24,182 ^(e)	25,699	25,901

(a) Expenditure on education services from 2010-11 onwards is not comparable to previous years due to a number of schools changing their status to become academies, which are centrally funded rather than funded by local authorities.

(b) Central services include court costs, local tax collection, and other core council services costs (such as IT). Some local authorities report commercial activity within this category. New categories and guidance were issued in Spring 2018 encouraging such expenditure to be recorded under Trading Services.

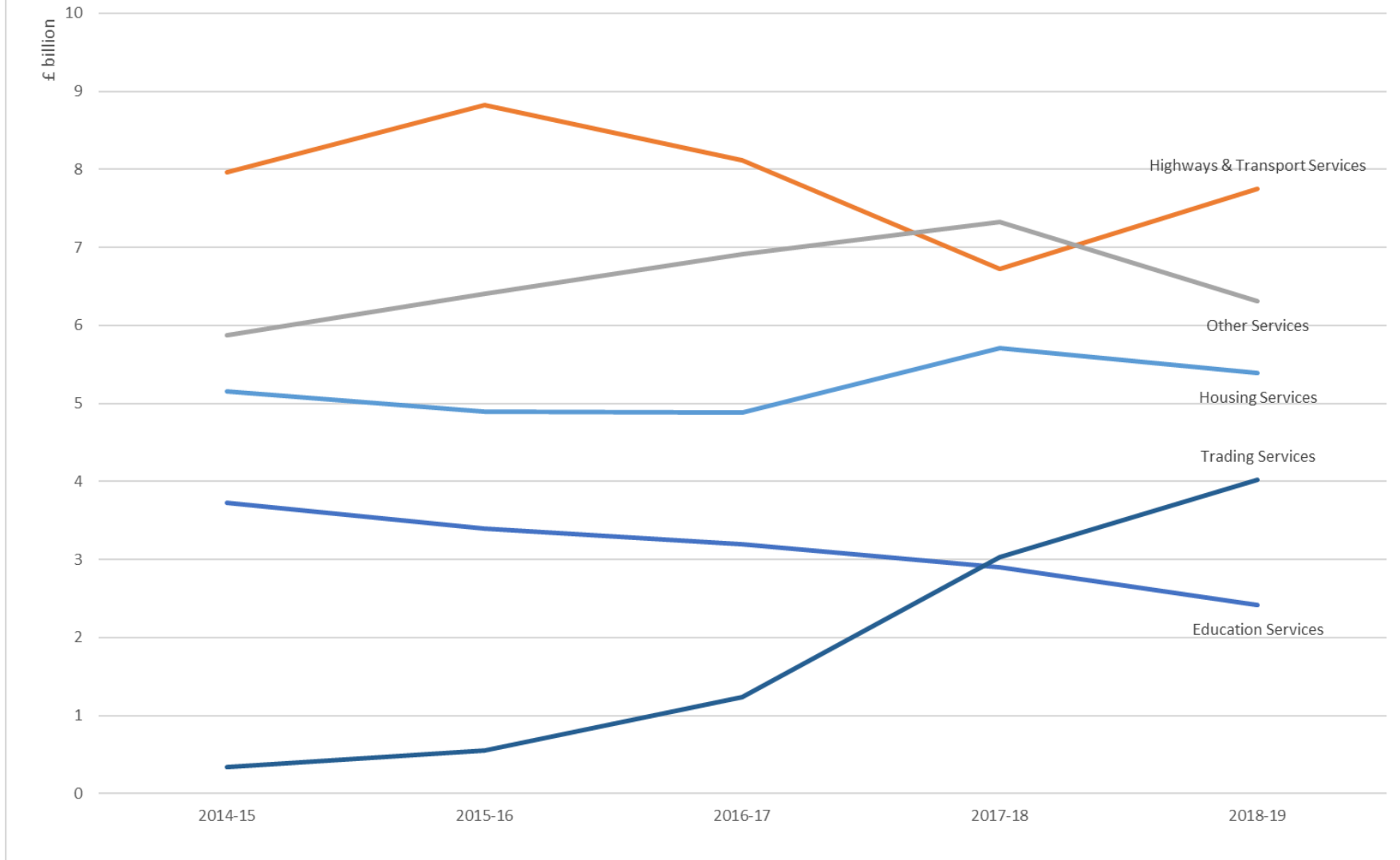
(c) Trading services include the maintenance of direct labour and service organisations, such as civic halls, retail markets and industrial estates, and commercial activity.

(d) Includes Greater Manchester Waste Disposal Authority's PFI buy-out (£497m)

(e) Total capital expenditure excludes £160,938 of transfer to other local authorities that could not be attributed to a specific service area (revised) 2017-18 figures have been revised since 11 October 2018 publication. They now include Copeland, Reading, South Cambridgeshire and Warwick.

Source: COR 2014-15, COR 2015-16, COR 2016-17, COR 2017-18, COR 2018-19

Figure 3: local authority capital expenditure in real terms by service, England, 2014-15 to 2018-19



2. Capital expenditure by service, 2014-15 to 2018-19

Local authorities report capital expenditure and receipts across 12 services areas, as shown in **Table 2**. **Figure 3** shows how capital expenditure across these service areas has changed since 2014-15.

Expenditure on **highways & transport Services** totalled £7.8bn in 2018-19, up £1.0bn (15%) in real terms from the previous year. This service area continues to attract the most local authority expenditure. This is up from £6.7bn in 2017-18, but lower than the £8.8bn total in 2015-16.

- Greater London Authority (GLA) spent £3.6bn on these services in 2018-19, £1.6bn (78%) more, in real terms, than in 2017-18. This included £1.6bn spent by TfL on Crossrail and £382m spent by TfL on improving signalling on the Circle, District, Hammersmith & City and Metropolitan lines.

Housing services totalled £5.4bn in 2018-19 and remained the second largest area of spend, however expenditure was down £323m (6%) in real terms from the previous year.

- Capital expenditure on housing by London Boroughs was £1.9bn, £226m (10%) lower in real terms than the peak in 2017-18,.

Expenditure on **trading services** totalled £4.0bn in 2018-19, up £993m (33%) in real terms from the previous year. As in 2017-18, Trading Services was the third largest area of spend. Spending on this area continued to increase rapidly and although some of this increase may be attributable to reclassification, it is likely to be less than in previous years.

- Thurrock, Spelthorne and Croydon are the biggest spenders in this category, spending £401m, £375m and £294m respectively.

Other notable changes in the last year include:

- Local authority capital expenditure relating to **education services** totalled £2.4bn in 2018-19, down £480m (17%) in real terms from the previous year. Spending on this area has fallen every year since the introduction of academisation in 2010-11.
- Expenditure on **environmental & regulatory services** totalled £609m in 2018-19. This was down £602m (50%) in real terms from the previous year, however expenditure in 2017-18 was unusually high (£568m higher than in 2016-17) due to Greater Manchester Waste Disposal Authority's PFI buy-out (£497m).
- Expenditure on **central services** totalled £1.7bn in 2018-19, down £248m (12%) in real terms from 2017-18. Spending on this area fell for a second year running, as MHCLG continues to encourage local authorities to classify commercial activity under **trading services**.
- Expenditure on **police services** totalled £680m in 2018-19, down £249m (27%) in real terms from the previous year, but to a level similar to that prior to 2017-18.
 - GLA contributed to this decrease, as MOPAC spending was £199m lower in 2018-19 compared to 2017-18.

Table 3: Local authority total capital expenditure and total capital receipts: provisional and final outturns by service, England, 2018-19

Service	£ millions			
	Provisional	Outturn	Change	% Change
Education Services	2,433	2,423	-10	-0.4%
Highways & Transport Services	7,080	7,752	672	9.5%
<i>of which GLA</i>	3,104	3,620	516	16.6%
Social Care	417	337	-81	-19.3%
Public Health	23	20	-3	-14.0%
Housing Services	5,856	5,387	-470	-8.0%
<i>of which London Boroughs</i>	1,985	1,924	-61	-3.1%
<i>of which GLA</i>	893	906	13	1.5%
Culture & Related Services	1,014	1,105	91	9.0%
Environmental & Regulatory Services	621	609	-12	-1.9%
Planning & Development Services	1,702	1,681	-21	-1.2%
Police Services	678	680	2	0.3%
Fire & Rescue Services	137	149	12	8.8%
Central Services ^(a)	2,201	1,735	-465	-21.1%
Trading Services ^(b)	2,502	4,023	1,521	60.8%
Total Capital Expenditure	24,664	25,901	1,237	5.0%
Total Capital Receipts	3,378	3,978	600	17.8%

(a) Central services include court costs, local tax collection, and other core council services costs (such as IT).

(b) Trading services include the maintenance of direct labour and service organisations, such as civic halls, retail markets and industrial estates.

Sources: CPR4 2018-19 and COR 2018-19

3. Differences between 2018-19 provisional and final outturn

Table 3 details the change in the pattern of expenditure on the service categories between provisional and final outturn 2018-19.

Capital Payments Returns (CPR) are collected on a quarterly basis. For the first three quarters (CPR1-3), local authorities only provide all services total figures for capital expenditure and receipts. For the fourth quarter (CPR4), they provide a service level breakdown, financing, and prudential data. Data from this collection is therefore used as provisional outturn.

The level of capital spending varies between CPR4 and COR because local authority accounts are not yet finalised when CPR4 is collected.

Local authorities in England reported £25.9bn of total capital expenditure at final outturn, £1.2bn (5%) more than was reported at provisional outturn. This increase was largely caused by:

- GLA reporting £585m of additional expenditure, including an extra £516m on Highways & Transport. This additional expenditure was largely transfers to Crossrail. They were not reported in provisional outturn because TfL group accounts were not yet finalised.
- Thurrock reporting £401m of additional expenditure, all on Trading Services. This additional expenditure was investments in solar and wind farms, not included within their provisional outturn return.
- Barking & Dagenham reporting £138m of additional expenditure, including £124m on Planning & Development Services.
- Gravesham reporting £94m of additional expenditure, all on Trading Services. It was not included in provisional outturn because Gravesham had not yet finalised their accounts and had not decided how to account for the transaction.
- Croydon reporting £56m of additional expenditure, almost entirely on Trading Services. They were not included in provisional because Croydon had not yet finalised their accounts and reported estimates instead of actual outturn.
- Spelthorne reporting £51m of additional expenditure, all on Trading Services. This additional expenditure on commercial activity occurred between the completion of provisional and final outturns.

A number of local authorities reclassified expenditure to Trading Services, largely from Housing Services - in particular to the Commercial Trading subdivision of Trading Services - and from Central Services.

Table 4a: Financing of local authority capital expenditure by source: final outturn, England, 2014-15 to 2018-19					
<i>Real terms series, all monetary figures in 2018-19 prices.</i>					
	£ millions				
Source	2014-15	2015-16	2016-17	2017-18 (r)	2018-19
Total capital grants	10,454	11,543	10,580	8,258	9,115
Grants from central government departments ^(a)	8,873	9,699	8,263	6,179	7,096
Grants from European structural & investment funds	141	121	14	28	67
Grants from private developers & leaseholders, etc.	778	1,136	1,156	1,212	1,253
Grants from non-departmental public bodies ^(b)	604	537	489	274	294
Grants from the National Lottery	57	50	61	73	46
Grants from Local Enterprise Partnerships ^(c)	-	-	597 ^(d)	493	359
Total capital receipts	2,012	2,333	2,418	2,820	3,160
Total revenue resources	5,613	4,945	4,152	4,217	3,948
Housing Revenue Account	735	823	789	640	613
Major Repairs Reserve	1,634	1,929	1,706	1,658	1,711
General Fund (CERA)	3,244	2,194	1,657	1,919	1,624
Total prudential borrowing ^(e)	5,116	5,057	7,056	10,246	9,917
Loans & other financial assistance from Local Enterprise ^(c)	-	-	-	3	33
Other borrowing & credit arrangements not supported by central government	5,116	5,057	7,056	10,243	9,884
Total resources used to finance capital expenditure ^(f)	23,195	23,878	24,206	25,541	26,141

(a) Previous publications erroneously included grants and other contributions GLA bodies within the 2014-15, 2015-16 and 2016-17 grants from central government figures. These figures have now been excluded.

(b) Non-Departmental Public Bodies, organisations that are not government departments but which have a role in the processes of national government, such as the Sport England, English Heritage and Natural England.

(c) Before 2016-17, grants, loans & other financial assistance from Local Enterprise Partnerships were reported within grants from central government departments.

(d) Includes loans & other financial assistance from Local Enterprise partnerships. Grants and loans & other financial assistance were not split until 2017-18.

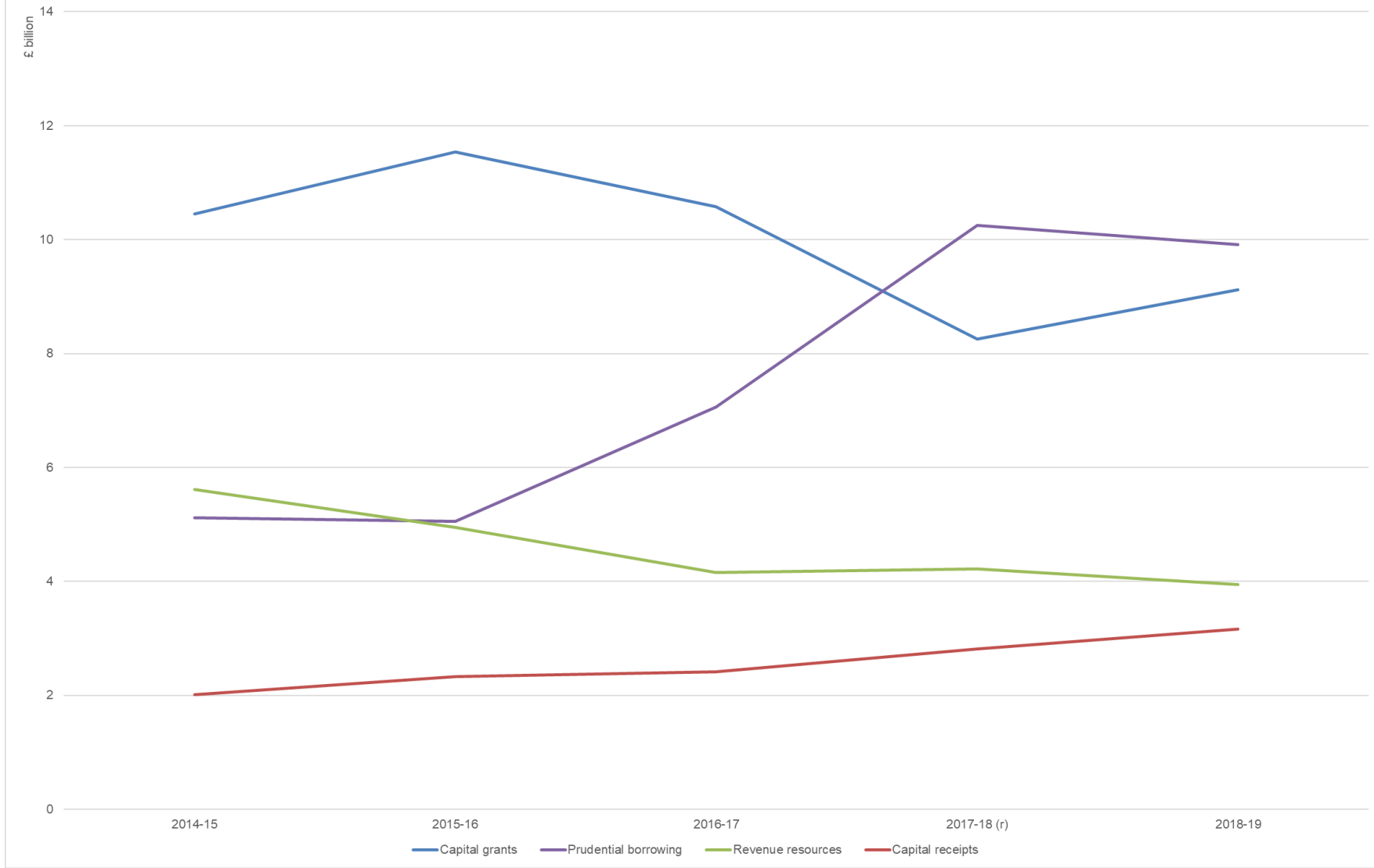
(e) The Prudential System, which came into effect on 1 April 2004, allows local authorities to raise finance for capital expenditure - without Government consent - where they can afford to service the debt without extra Government support.

(f) From 2017-18 onwards, intra-local government transfers are being netted off both expenditure and financing. However, as grants and loans made to other local authorities as part of expenditure may not equal the use of grants and loans from other authorities to finance expenditure within a financial year, financing and expenditure may not match.

(r) 2017-18 figures have been revised since 11 October 2018 publication. They now include Copeland, Reading, South Cambridgeshire and Warwick.

Sources: COR 2014-15, COR 2015-16, COR 2016-17, COR 2017-18, COR 2018-19

Figure 4: Financing of local authority capital expenditure in real terms by source, England, 2014-15 to 2018-19



4. Financing of capital expenditure, 2014-15 to 2018-19

Authorities finance their capital spending in a number of ways. A breakdown of the main elements of local authority capital funding is given below:

- **Capital grants** are provided by government departments and other organisations. The majority of governmental grants are not ring-fenced, giving authorities' flexibility to choose how to spend this money, provided it is used for capital purposes.
- **Prudential borrowing** is borrowing freely undertaken by the local authority within the affordability limits stated by their auditors, as specified in the Local Government Act 2003.
- **Capital receipts** are from the sale of capital assets.
- **Revenue resources** can be used by local authorities to support capital spend. There is no restriction on revenue funds being used in this way, although accounting convention prevents capital resources being used to cover revenue spend.

In comparison to 2014-15, local authorities in England are financing a greater proportion of capital expenditure from prudential borrowing and capital receipts and a lesser proportion from capital grants and revenue resources.

- The proportion of capital expenditure financed by prudential borrowing has risen substantially from 22% in 2014-15 to 38% in 2018-19.
- The proportion of capital expenditure financed by capital receipts has risen slightly from 9% in 2014-15 to 12% in 2018-19.
- The proportion of capital expenditure financed by capital grants has fallen from 45% in 2014-15 to 35% in 2018-19.
- The proportion of capital expenditure financed by revenue resources has fallen from 24% in 2014-15 to 15% in 2018-19.

However, in comparison to 2017-18, local authorities in England financed a slightly greater proportion of capital expenditure from capital grants in 2018-19 and a slightly lower proportion from prudential borrowing.

- The proportion of capital expenditure financed by capital grants rose from 32% in 2017-18 to 35% in 2018-19.
- The proportion of capital expenditure financed by prudential borrowing fell from 40% in 2017-18 to 38% in 2018-19.

5. Accompanying tables

Accompanying tables are available to download alongside this release.

Historic tables previously incorporated in this release and requested by users are:

Table 5 – Local authority total capital expenditure and total capital receipts: final outturn by service and category, England, 2018-19

Table 6 – Local authority prudential system information: final outturn by category, England, 2018-19

Table 7 – Local authority prudential system information: net debt as at 31 March by class of authority, England, 2014-15 to 2018-19

Table 8 – Local authority prudential system information: self-financed borrowing by class of authority, England, 2014-15 to 2018-19

All data in this release are available at local authority level for:

COR A1: Total capital expenditure and receipts, England, 2018-19

COR A2: Further details of capital expenditure on Social Care, Grants & Loans, Roads, Street Lighting & Road Safety, and Section 16(2)(b) Direction, England, 2018-19

COR B: Financing of capital expenditure, England, 2018-19

COR C: Prudential system information, England, 2018-19

COR D: Accumulated capital receipts and Major repairs reserve, England, 2018-19

The supplementary table, Housing Revenue Account: capital expenditure, receipts, financing, and prudential system information, England, 2018-19, will be published later in the year.

All tables and workbooks, as well as related statistical releases, can be accessed at

<https://www.gov.uk/government/collections/local-authority-capital-expenditure-receipts-and-financing>

6. Terminology/Glossary

A list of terms relating to local government finance is given in the glossary at Annex G of *Local Government Finance Statistics England, 24* (2014). This is accessible at <https://www.gov.uk/government/collections/local-government-finance-statistics-england>. The most relevant terms for this release are explained below.

Capital expenditure – expenditure on the acquisition or maintenance of, fixed assets such as land, building, vehicles, machinery etc. that adds to and does not merely maintain the value of existing fixed assets.

Capital expenditure charged to revenue account (CERA) – a method of financing capital expenditure where the expenditure is financed direct from revenue account in the year it is incurred

Capital receipts – income from the sale of capital assets. Such income may only be used to repay loan debt or to finance new capital expenditure.

Capital grant – A sum given by a government department to an organisation for capital investment.

Capital Infrastructure Levy (CIL) – a levy available to registered local authorities allowing them to choose to charge on new developments in their area to pay for new infrastructure developments

Combined authority – A combined authority (CA) is a legal body set up using national legislation that enables a group of two or more councils to collaborate and take collective decisions across council boundaries.

Credit arrangements – forms of credit that do not involve the borrowing of money by a local authority. For example, leases of land (including buildings) or other property and contracts that provide for external credit (in the sense that there is more than a full financial year gap between the giving of value to the authority and the payment for that value).

Greater London Authority (GLA) – An authority responsible for five other functional bodies, including, the Mayor's Office for Policing (MOPAC), London Fire and Emergency Planning Authority, Transport for London (TfL) and London Legacy Development Corporation (LLDC) and (CORE). Capital expenditure and receipts are reported by the GLA and the five functional bodies as a group and individually. These are reported at the GLA group level in this release.

Intangible assets – Assets that have no physical form but are considered valuable resources of the business, e.g. patents, trademarks, goodwill, brand names, licences, franchises, etc.

Tangible assets – Assets that have physical form, such as plant and equipment.

Local Authority – A Statutory body created by Acts of Parliament, responsible for delivering services (in line with national objectives) to meet the diverse requirements of different neighbourhoods and communities.

London Borough – 32 of the 33 Greater London Authorities are known as London boroughs, each of which has the same responsibilities as the common Local Authority.

Metropolitan District – Metropolitan districts are responsible for all services in their area, although certain conurbation wide services such as fire and civil defence, police, waste disposal and passenger transport are provided through joint authorities (the districts acting jointly).

There are 36 metropolitan district councils which together cover 6 large urban areas: the counties of Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear, West Midlands, and West Yorkshire.

Prudential capital finance system – this is the informal name for the system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003. It allows local authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources.

The Prudential Code – a professional code of practice prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA), for the prudential system introduced on 1 April 2004. Local authorities are required by legislation to follow this code.

Section 106 grants - financial contributions from developers to pay for additional infrastructure required to support a new development.

<http://www.legislation.gov.uk/ukpga/1990/8/section/106>

Unitary authority – Authorities that are responsible for providing all local (government) services within their areas.

7. Technical Notes

Data quality

This Statistical Release contains National Statistics and as such has been produced to the high professional standards set out in the National Statistics Code of Practice. National Statistics products undergo regular quality assurance reviews to ensure that they meet customer needs.

Figures are subjected to rigorous pre-defined validation tests both while they are being completed by local authorities and after they have been submitted to MHCLG. The COR forms from which these data are derived can be found here:

<https://www.gov.uk/government/collections/local-government-finance-miscellaneous-forms>

Service Reporting Code of Practice (SeRCOP) is a set of general guidance notes provided to local authorities with instructions on how to create accounts on their various elements of public service expenditure. For a summary of SERCOP please see the following web link including information on legislative requirements: <http://www.cipfastats.net/sercop/>

Adjustments

The national level statistics used in this release are adjusted by the Ministry of Housing, Communities and Local Government in the ways outlined below.

Forecasting adjustments

Forecast expenditure figures have been adjusted to take account of the overestimation of capital expenditure. This is calculated at the England level only. Weighted averages using data from past years are used to determine how much local authorities over estimate their capital forecast. Further details on this methodology can be found in the provisional version of this release: <https://www.gov.uk/government/statistics/local-authority-capital-expenditure-and-receipts-in-england-2017-to-2018-provisional-outturn-and-2018-to-2019-forecast>

Double-counting adjustments

Since 2017-18 outturn and 2018-19 estimates (budget), all transfers between local authorities should be identified in MHCLG's capital collections. This has previously been the case for some combined authorities as well as among the functional bodies within the Greater London Authority. These are all netted off to avoid double counting in the England (adjusted) figures.

Grossing

Only data for authorities that have completed a valid form are used in the computation of national figures for the statistical release. If we do not hold a complete set of capital data for authorities in England, we use a grossing methodology to compute the national figures. Estimates are not available at the local authority level. The grossing method calculates an estimate of England level expenditure by adding estimates of spend for missing authorities to the received England total. These are calculated using the following:

- i. COR data currently held from validated authorities
- ii. The proportion of category spend the valid authorities (as identified above) represented in the CER
- iii. dividing the total category spend of valid COR returns by the proportion of spend this would have represented in the CER to derive estimates of category totals
- iv. Grossed totals are published in the local authority dropdown tables accompanying this release. These are indicated as England (grossed) totals. The England (grossed excluding double) figures are used to produce all tables and figures within this release and the tables that accompany it.

As all authorities submitted the COR return, grossing was not required in this release.

Revisions policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Ministry of Housing, Communities & Local Government Revisions Policy (found at <https://www.gov.uk/government/publications/statistical-notice-mhclg-revisions-policy>).

There are two types of revisions that the policy covers:

Non-Scheduled Revisions

Where a substantial error has occurred as a result of the compilation, imputation or dissemination process, the statistical release, live tables and other accompanying releases will be updated with a correction notice as soon as is practical.

Scheduled Revisions

At time of publication there are no scheduled revisions for this series.



National Statistics status means that our statistics meet the highest standards of trustworthiness, quality and public value. It is the Ministry of Housing Communities and Local Government's statisticians' responsibility to maintain compliance with these standards.

The continued designation of these statistics as National Statistics was confirmed in April 2012 following an assessment by the UK Statistics Authority against the previous code.

The assessment report can be found here

<https://www.statisticsauthority.gov.uk/publication/english-local-authority-capital-expenditure-and-receipts-and-revenue-expenditure-and-financing/>

Since the latest review by the UK Statistics Authority, we have continued to comply with the Code of Practice for Statistics, and have made the following improvements:

- A number of changes to the data collected were implemented in winter 2017-18. These included:
 - updated service categories, in particular sub-categories to 'trading services' to gain more insight on local authorities' commercial activity.
 - sub-categories according to types of organisation, within each of capital grants and loans, both from and to local authorities.
- Rationalisation of the structure in the data collection [forms](#) and a new approach to validation (delivered in 2018)
- Consolidation of the [guidance for MHCLG Capital data collections](#) into a single document (delivered in 2018)
- Agreement was reached in early 2019 for the introduction of a further service category of 'digital infrastructure'.

User engagement

Users are encouraged to provide feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and encouraged. Responses should be addressed to the "Public enquiries" contact given in the "Enquiries" section below.

Background Notes

This Statistical Release can be found at the following web address:

<https://www.gov.uk/government/collections/local-authority-capital-expenditure-receipts-and-financing>

Timings of future releases are regularly placed on the Department's website and on the National Statistics website. Planned publication dates can be found here:

<https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government/about/statistics>

For a fuller picture of recent trends in local government finance, readers are directed to *Local Government Finance Statistics England* No. 28 2018, which is available electronically from the Ministry of Housing, Communities & Local Government website:

<https://www.gov.uk/government/collections/local-government-finance-statistics-england>

The CIPFA *Finance and General Statistics* publication also contains detailed information on local government finance.

CLIP Finance (CLIP-F) is a consultative group that considers the collection, presentation and analysis of data on local government finance. To ensure users are made aware of important changes and adjustments to Local Government Finance forms papers are tabled, discussed and published. Please visit the website for details of likely changes for future Revenue/Capital statistical releases (login required).

<https://khub.net/web/CLIP>

Devolved administration statistics

The statistics in this Release are for England only. The Scottish, Welsh and Northern Irish Governments also collect data from local government. Their information can be found at the following websites:

Wales <https://statswales.gov.wales/Catalogue/LocalGovernment/Finance/Capital>

Scotland <https://www2.gov.scot/Topics/Statistics/Browse/LocalGovernment-Finance>

Northern Ireland <https://www.communities-ni.gov.uk/topics/local-government>

8. Enquiries

Media enquiries: 0303 44 41209

Email: newsdesk@communities.gov.uk

Public enquiries:

For other enquiries please telephone

Ed Fawcett-Taylor 0303 444 4581

or email capitaldata@communities.gov.uk.

Information on Official Statistics is available via the UK Statistics Authority website:

<https://www.statisticsauthority.gov.uk/national-statistician/types-of-official-statistics/>

Information about statistics at MHCLG is available via the Department's website:

<https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government/about/statistics>



© Crown copyright, 2019

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gov.uk.

This document/publication is also available on our website at <https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government/about/statistics>

If you have any enquiries regarding this document/publication, email contactus@communities.gov.uk or write to us at:

Ministry of Housing, Communities & Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

September 2019

For all our latest news and updates follow us on Twitter: <https://twitter.com/MHCLG>