



Ministry of Housing,
Communities &
Local Government



Statistical release
Local Government Finance

Local Authority Capital Expenditure and Receipts, England: 2019-20 Final Outturn

In this release:

- Capital expenditure by local authorities in England totalled £26.3 billion in 2019-20, down £251 million (1%) in real terms from 2018-19.
- Expenditure on highway & transport services totalled £7.5 billion in 2019-20 and remained the largest area of spend, however expenditure was down £468 million (6%) in real terms from the previous year.
- Expenditure on housing services totalled £6.1 billion in 2019-20, up £533 million (10%) in real terms from the previous year. It also remained the second largest area of spend.
- Prudential borrowing continued to be the largest source of financing at £11.5 billion, and was up £1.3 billion (13%) in real terms from 2018-19. The amount of expenditure financed from this source has doubled since 2015-16.
- Capital receipts totalled £2.8 billion, £1.3 billion (31%) lower in real terms compared to 2018-19.

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Contact: Capital Data team Capital.Data@communities.gov.uk

Media enquiries: 0303 444 1209 NewsDesk@communities.gov.uk

Table of contents

In this release:.....	1
Table of contents	2
Introduction	2
Capital expenditure and receipts by economic category.....	5
Capital expenditure by service area.....	10
Difference between 2019-20 provisional and final outturn	12
Financing of capital expenditure	15
Accompanying tables.....	16
Technical Notes	17

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 2019 to March 2020. 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 July. This was based on information from Capital Payments and Receipts Returns 4 (CPR4) submitted by local authorities in England.

Table 1a: Local authority capital expenditure & other transactions and capital receipts by category: forecast and final outturn, England, 2015-16 to 2019-20

<i>Real terms series, all monetary figures in 2019-20 prices</i>											£ millions
Category	2015-16		2016-17		2017-18		2018-19		2019-20		
	Forecast <i>(adjusted)</i>	Outturn <i>(final)</i>	Forecast <i>(adjusted)</i>	Outturn <i>(final)</i>	Forecast <i>(adjusted)</i>	Outturn <i>(final)</i>	Forecast <i>(adjusted)</i>	Outturn <i>(final)</i>	Forecast <i>(adjusted)</i>	Outturn <i>(final)</i>	
Acquisition of land & existing buildings	948	1,286	979	3,000	2,175	4,224	5,056	4,539	5,337	4,237	
New construction, conversion & renovation	16,393	14,783	17,611	14,091	16,979	14,519	13,741	13,425	14,233	13,763	
Vehicles, plant, furniture & equipment	1,407	1,323	1,388	1,316	1,585	1,415	1,434	1,336	1,280	1,651	
Intangible fixed assets	235	263	227	245	271	273	368	301	399	273	
Total expenditure on fixed assets	18,982	17,654	20,205	18,652	21,011	20,431	20,599	19,600	21,250	19,923	
Expenditure on grants	4,152	3,147	2,454	3,075	2,041	3,277	3,698	2,149	3,724	2,569	
Expenditure on loans and other financial assistance	1,332	1,762	1,587	1,458	1,687	1,896	2,645	2,960	2,451	2,082	
Acquisition of share and loan capital	47	2,188	875	1,641	217	846	581	1,825	538	1,708	
Total financial expenditure	5,531	7,098	4,916	6,174	3,945	6,019	6,924	6,934	6,713	6,359	
Total capital expenditure	24,513	24,752	25,121	24,826	24,956	26,449	27,523	26,534	27,963	26,282	
<i>of which GLA:</i>	<i>5,766</i>	<i>5,560</i>	<i>4,725</i>	<i>4,426</i>	<i>3,089</i>	<i>3,443</i>	<i>4,180</i>	<i>5,081</i>	<i>5,456</i>	<i>5,156</i>	
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)	7	-1	18	34	42	151	61	253	70	179	
Total capital expenditure & other transactions	24,520	24,750	25,139	24,860	24,998	26,600	27,583	26,786	28,033	26,461	
Total capital receipts	3,427	3,908	3,479	3,818	3,390	3,457	2,976	4,076	2,558^(b)	2,823	

Footnotes:

(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.

(b) This figure was revised to correct a misreported value for forecast capital receipts by Milton Keynes Council.

Sources: CER 2015-16 – 2019-20, COR 2015-16 – 2019-20

Table 1b: Local authority capital expenditure & other transactions and capital receipts by category: forecast and final outturn, England, 2015-16 to 2019-20

<i>Cash terms table, all monetary as reported</i>										£ millions
Category	2015-16		2016-17		2017-18		2018-19		2019-20	
	Forecast <i>(adjusted)</i>	Outturn <i>(final)</i>	Forecast <i>(adjusted)</i>	Outturn <i>(final)</i>	Forecast <i>(adjusted)</i>	Outturn <i>(final)</i>	Forecast <i>(adjusted)</i>	Outturn <i>(final)</i>	Forecast <i>(adjusted)</i>	Outturn <i>(final)</i>
Acquisition of land & existing buildings	867	1,177	918	2,813	2,075	4,030	4,936	4,430	5,337	4,237
New construction, conversion & renovation	14,999	13,526	16,512	13,212	16,200	13,853	13,413	13,105	14,233	13,763
Vehicles, plant, furniture & equipment	1,287	1,210	1,301	1,234	1,512	1,351	1,399	1,304	1,280	1,651
Intangible fixed assets	215	240	213	230	259	260	359	294	399	273
Total expenditure on fixed assets	17,368	16,153	18,945	17,488	20,047	19,494	20,108	19,133	21,250	19,923
Expenditure on grants	3,799	2,880	2,301	2,883	1,947	3,127	3,610	2,098	3,724	2,569
Expenditure on loans and other financial assistance	1,219	1,613	1,488	1,367	1,610	1,809	2,581	2,889	2,451	2,082
Acquisition of share and loan capital	43	2,002	820	1,538	207	807	567	1,781	538	1,708
Total financial expenditure	5,061	6,494	4,609	5,789	3,764	5,743	6,758	6,768	6,713	6,359
Total capital expenditure	22,429	22,647	23,554	23,277	23,811	25,236	26,866	25,901	27,963	26,282
<i>of which GLA:</i>	<i>5,276</i>	<i>5,087</i>	<i>4,430</i>	<i>4,150</i>	<i>2,948</i>	<i>3,285</i>	<i>4,081</i>	<i>4,960</i>	<i>5,456</i>	<i>5,156</i>
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)	6	-1	17	32	40	144	59	247	70	179
Total capital expenditure & other transactions	22,435	22,646	23,571	23,309	23,851	25,380	26,926	26,147	28,033	26,461
Total capital receipts	3,136	3,576	3,262	3,580	3,235	3,299	2,905	3,978	2,558^(b)	2,823

Footnotes:

(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.

(b) This figure was revised to correct a misreported value for forecast capital receipts by Milton Keynes Council.

Sources: CER 2015-16 – 2019-20, COR 2015-16 – 2019-20

Capital expenditure and receipts by economic category

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 £26.3 billion in 2019-20, down £251 million (1%) in real terms from 2018-19. This is the first time in the last five years that capital expenditure has fallen, mainly due to a decrease in financial expenditure of £575 million (8%) in real terms from 2018-19.

- Expenditure on fixed assets totalled £19.9 billion in 2019-20, up £323 million (2%) in real terms from the previous year.
- Expenditure on new construction, conversion & renovation was £13.8 billion in 2019-20, up £338 million (3%) in real terms from the previous year. It remains the biggest capital expenditure for local authorities, accounting for 52% of all capital expenditure in 2019-20.
- Expenditure on acquisition of land & existing buildings was lower in 2019-20 at £4.2 billion, £302 million (7%) in real terms less than in 2018-19. This is the first time in the last five years that this expenditure has fallen.
- Expenditure on vehicles, plant, furniture & equipment was up £315 million (24%) in real terms than in 2018-19.
- Expenditure on intangible assets decreased by £28 million (9%) to £273 million in real terms in 2019-20.

Capital receipts totalled £2.8 billion in 2019-20, £1.3 billion (31%) lower in real terms than in 2018-19.

[Figure 2](#) shows the difference between unadjusted forecasts, adjusted forecasts and outturn data for total capital expenditure since 2015-16. Forecasts are adjusted as local authority forecasts are consistently higher than subsequent outturn. Differences between them can be caused by slippage in timings of projects, changes in service priorities or in financial capabilities of an authority throughout the year.

Figure 1: Local authority capital expenditure in real terms by economic category, England, 2015-16 to 2019-20

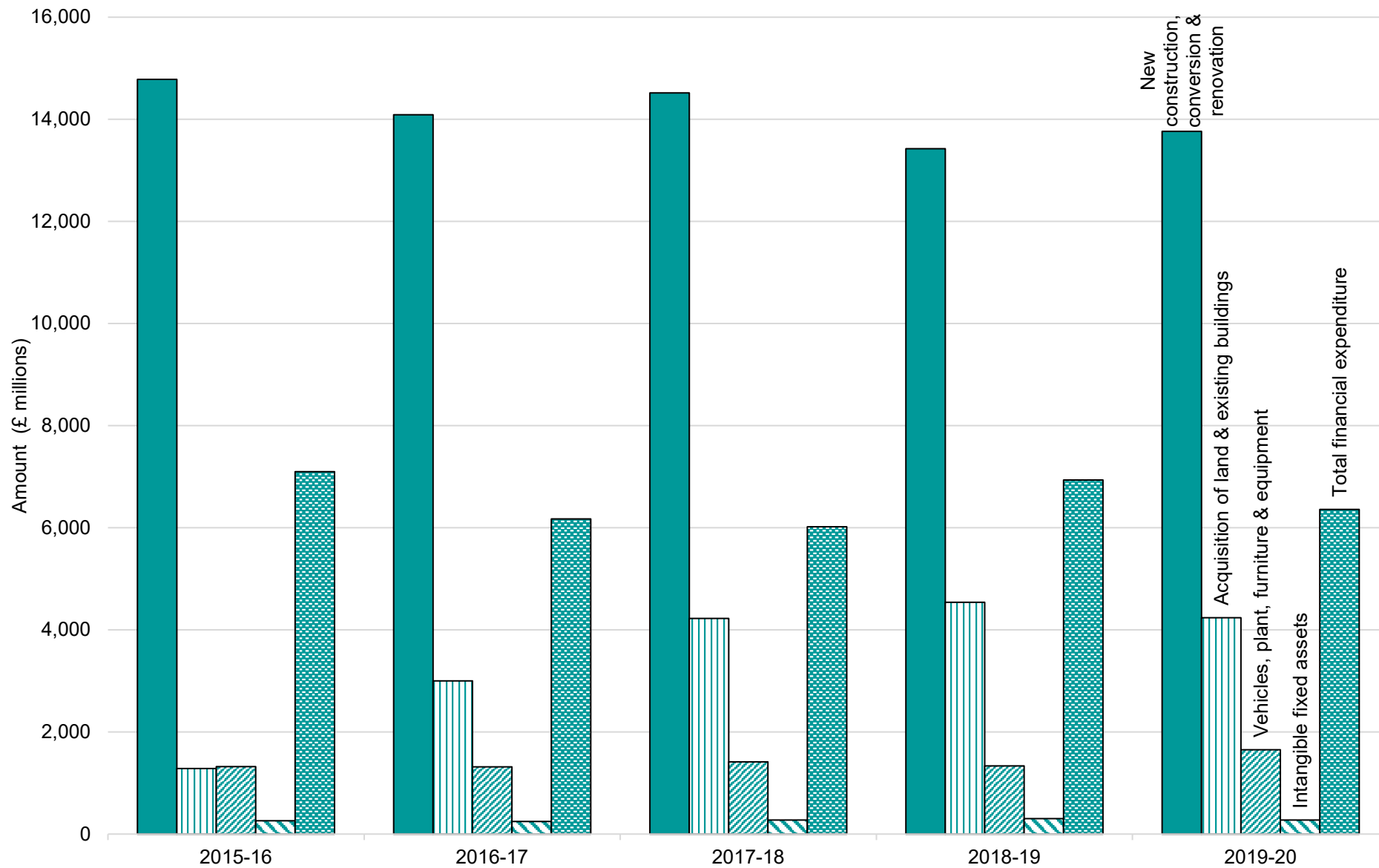


Figure 2: Total capital expenditure in real terms: unadjusted forecast, adjusted forecast, and final outturn, England, 2015-16 to 2019-20

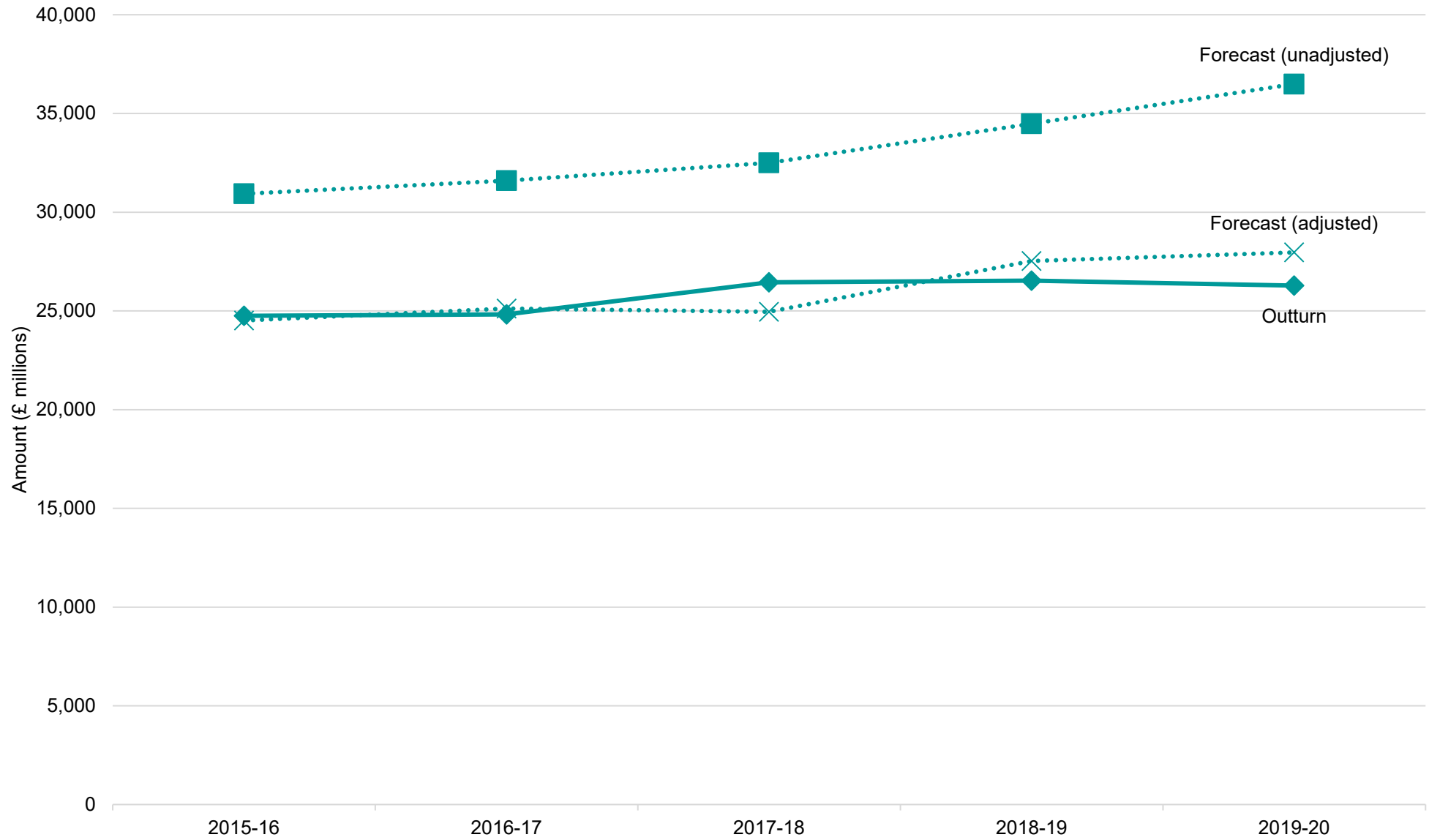


Table 2a: Local authority total capital expenditure by service: final outturn, England, 2015-16 to 2019-20

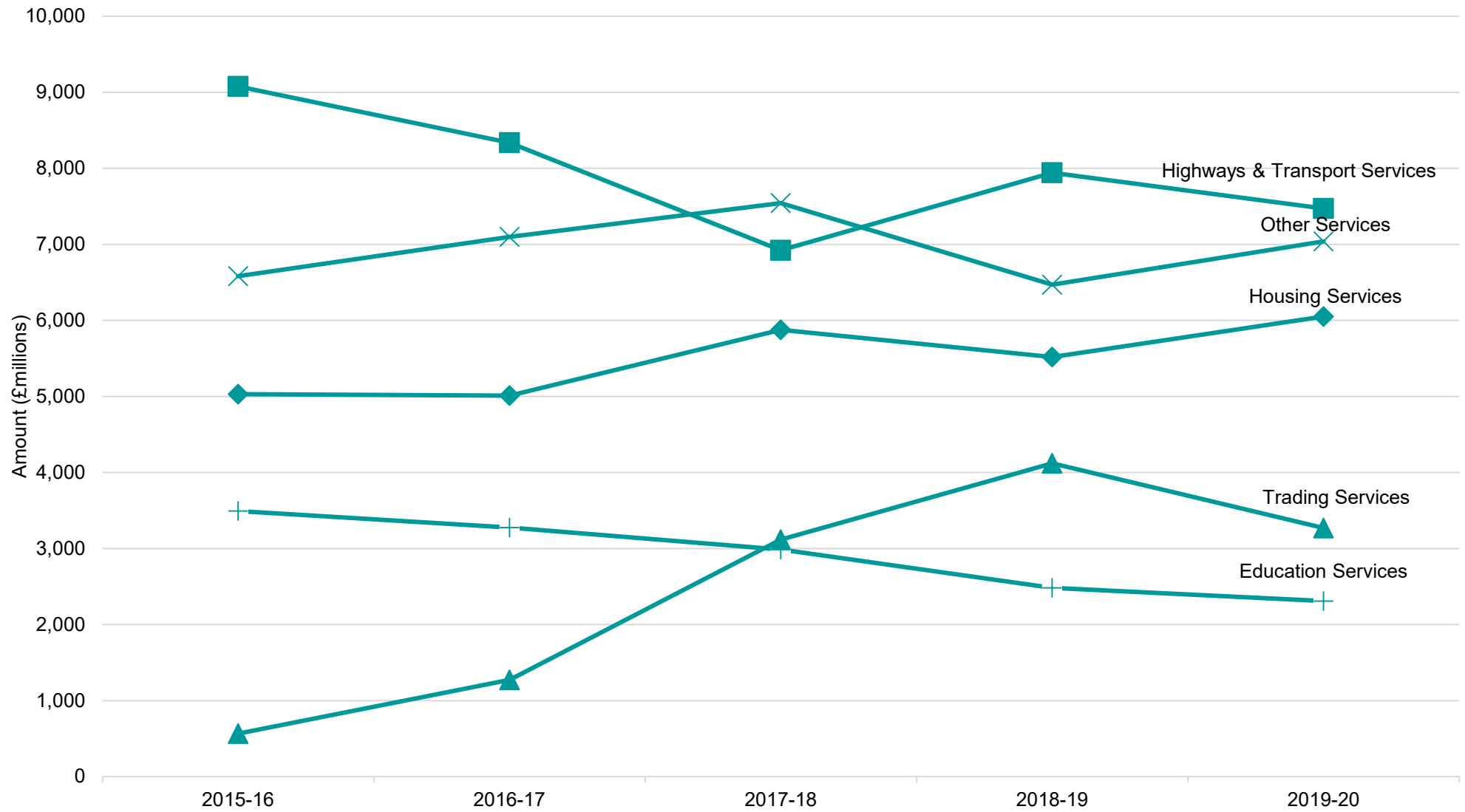
<i>Real terms series, all monetary figures in 2019-20 prices</i>					£ millions
	2015-16	2016-17	2017-18	2018-19	2019-20
Service	Outturn	Outturn	Outturn	Outturn	Outturn
	<i>(final)</i>	<i>(final)</i>	<i>(final)</i>	<i>(final)</i>	<i>(final)</i>
Education ^(a)	3,493	3,277	2,988	2,483	2,310
Highways & Transport	9,078	8,336	6,923	7,941	7,473
<i>of which GLA</i>	4,709	3,808	2,092	3,709	3,877
Social Care	285	333	306	345	371
Public Health	11	20	10	20	21
Housing	5,032	5,011	5,877	5,519	6,052
<i>of which London Boroughs</i>	1,855	1,882	2,213	1,971	2,295
<i>of which GLA</i>	283	177	762	929	785
Culture & Related Services	1,167	1,071	1,144	1,132	1,242
Environmental & Regulatory Services	794	660	1,246 ^(d)	624	712
Planning & Development Services	1,843	1,778	1,674	1,722	1,891
Digital Infrastructure	:	:	:	:	139
Police	668	670	957	697	759
Fire & Rescue Services	188	195	165	153	163
Central Services ^(b)	1,627	2,374	2,041	1,778	1,881
Trading ^(c)	566	1,273	3,118	4,121	3,269
Total Capital Expenditure	24,752	24,826^(e)	26,449	26,534	26,282

Footnotes:

- (a) Expenditure on education services from 2010-11 onwards is not comparable between years due to a number of schools changing their status to become academies from 2010-11, 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. Care should be taken when comparing across financial years because, a significant amount of commercial acquisitions, was reported under central services in 2016-17; these ought generally to be recorded as trading services. Reporting under the correct categories improved from 2017-18.
- (d) Includes Greater Manchester Waste Disposal Authority's PFI buy-out (£521 million).
- (e) Total capital expenditure excludes £170 million of transfer to other local authorities that could not be attributed to a specific service area.

Sources: COR 2015-16 – 2019-20

Figure 3: Local authority capital expenditure in real terms by service, England, 2015-16 to 2019-20



Capital expenditure by service area

Local authorities report capital expenditure and receipts across 13 service areas, as shown in [Table 2a](#). [Figure 3](#) shows how capital expenditure across these service areas has changed since 2015-16.

In 2019-20, highways & transport, housing, trading and education services continued to attract the majority of local authority capital expenditure, accounting for £19.1 billion (73%) of all capital expenditure. Their patterns compared with 2018-19 were:

- Expenditure on highways & transport services totalled £7.5 billion in 2019-20, down £468 million (6%) in real terms from the previous year. About half of the expenditure was by the Greater London Authority (GLA) and movement from one year to the next in the England total has been driven by changes in spend by the GLA.
- Expenditure on housing services totalled £6.1 billion in 2019-20, up £533 million (10%) in real terms from the previous year. This was driven by increases in expenditure across London Boroughs. Expenditure on housing by London Boroughs was £2.3 billion, £323 million (16%) higher in real terms than in 2018-19.
- Expenditure on trading services totalled £3.3 billion in 2019-20, down £852 million (21%) in real terms from the previous year. This follows a large increase from £566 million in 2015-16 to £4.1 billion in 2018-19 (in 2019-20 prices).
- Expenditure on education services totalled £2.3 billion in 2019-20, down £173 million (7%) in real terms from the previous year. Spending on this area has decreased every year since the introduction of academisation in 2010-11.

Table 3: Local authority total capital expenditure and total capital receipts: provisional and final outturns by service, England, 2019-20

<i>Cash terms table, all monetary figures as reported</i>				£ millions
Service	Provisional	Outturn	Change	% Change
Education	2,446	2,310	-136	-5.6%
Highways & Transport	7,230	7,473	243	3.4%
<i>of which GLA</i>	3,859	3,877	18	0.5%
Social Care	374	371	-3	-0.7%
Public Health	29	21	-8	-27.5%
Housing	5,782	6,052	270	4.7%
<i>of which London Boroughs</i>	2,254	2,295	41	1.8%
<i>of which GLA</i>	728	785	57	7.9%
Culture & Related Services	1,170	1,242	72	6.1%
Environmental & Regulatory Services	749	712	-37	-4.9%
Planning & Development Services	2,040	1,891	-150	-7.3%
Digital Infrastructure	167	139	-28	-16.8%
Police	769	759	-10	-1.3%
Fire & Rescue Services	165	163	-2	-1.5%
Central Services ^(a)	2,160	1,881	-279	-12.9%
Trading ^(b)	2,856	3,269	413	14.5%
Total Capital Expenditure	25,937	26,282	345	1.3%
Total Capital Receipts	2,532	2,823	292	11.5%

Footnotes:

(a) 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.

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

Sources: CPR4 2019-20 and COR 2019-20

Difference between 2019-20 provisional and final outturn

[Table 3](#) details the change in the pattern of expenditure on the service categories between provisional and final outturn 2019-20.

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. CPR4 data are provisional outturn figures.

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 £26.3 billion of total capital expenditure at final outturn, £345 million (1%) more than was reported at provisional outturn.

The changes between provisional and final outturn are shown in [Table 3](#) for each service areas. The largest changes compared with 2018-19 were:

- Trading services had the largest positive revision. Final total capital expenditure was £3.3 billion, £413 million (15%) more than the £2.9 billion reported in the provisional release. Typically this category shows more spend at final outturn due to recategorisation as local authorities are reminded to report commercial acquisitions in this category. Other categories, notably central services, show lower spend at final outturn as a result of this.

Final total capital receipts were £2.8 billion, £292 million (12%) more than the £2.5 billion reported in the provisional release.

Table 4a: Financing of local authority capital expenditure by source: final outturn, England, 2015-16 to 2019-20

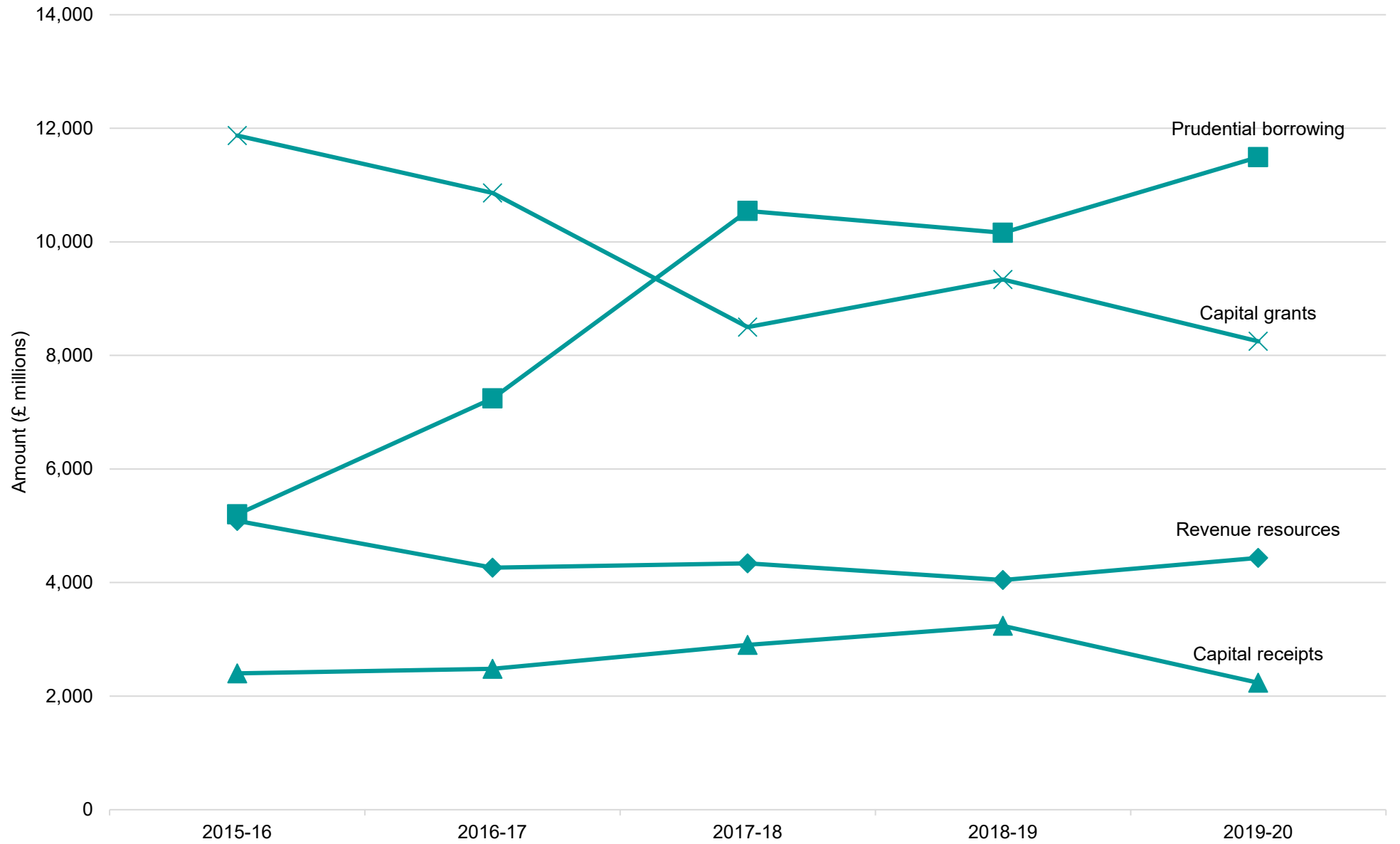
<i>Real terms series, all monetary figures in 2019-20 prices</i>					
Source	£ millions				
	2015-16	2016-17	2017-18	2018-19	2019-20
Total capital grants	11,873	10,862	8,499	9,338	8,249
Grants from central government departments	9,976	8,483	6,360	7,270	6,032
Grants from European structural & investment funds	124	14	28	69	47
Grants from private developers & leaseholders, etc.	1,168	1,186	1,247	1,284	1,183
Grants from non-departmental public bodies ^(a)	552	502	282	301	446
Grants from the National Lottery	52	63	75	47	55
Grants from Local Enterprise Partnerships ^(b)	-	613 ^(c)	507	367	485
Total capital receipts	2,400	2,482	2,902	3,238	2,235
Total revenue resources	5,087	4,263	4,340	4,045	4,434
Housing Revenue Account	847	810	659	628	516
Major Repairs Reserve	1,984	1,752	1,707	1,753	1,805
General Fund (CERA)	2,256	1,701	1,975	1,664	2,113
Total prudential borrowing ^(d)	5,201	7,243	10,545	10,160	11,493
Loans & other financial assistance from Local Enterprise ^(b)	-	-	3	34	27
Other borrowing & credit arrangements not supported by central government	5,201	7,243	10,542	10,126	11,466
Total resources used to finance capital expenditure ^(e)	24,560	24,850	26,287	26,780	26,411

Footnotes:

- (a) 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.
- (b) Before 2016-17, grants, loans & other financial assistance from Local Enterprise Partnerships were reported within grants from central government departments.
- (c) Includes loans & other financial assistance from Local Enterprise partnerships. Grants and loans & other financial assistance were not split until 2017-18.
- (d) 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.
- (e) From 2017-18 onwards, intra-local government transfers are net 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.

Sources: COR 2015-16 – 2019-20

Figure 4: Financing of local authority capital expenditure in real terms by source, England, 2015-16 to 2019-20



Financing of capital expenditure

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.

As shown in [Figure 4](#), in comparison to 2015-16, local authorities in England financed a greater proportion of capital expenditure from prudential borrowing and a lesser proportion from capital grants, revenue resources and capital receipts in 2019-20. The amount of expenditure financed from this prudential borrowing doubled since 2015-16.

Prudential borrowing remained the largest source of financing of capital expenditure in 2019-20. It was £1.3 billion (13%) higher in real terms than in 2018-19.

As the second largest type of finance, capital grants totalled £8.2 billion, down £1.1 billion (12%) in real terms from previous year. The use of this source has fallen substantially from a peak of £11.8 billion in 2015-16.

Accompanying tables

Symbols used

- : = Not available
- 0 = Zero or negligible
- = Not relevant
- || = Discontinuity
- (F) = Forecast
- (R) = Revision

Tables

Accompanying tables are available to download alongside this release. These are:

- Table 1a** Local authority capital expenditure & other transactions and capital receipts by category: forecast and final outturn, England, 2015-16 to 2019-20 (Real terms table, all monetary figures in 2019-20 prices)
- Table 1b** Local authority capital expenditure & other transactions and capital receipts by category: forecast and final outturn, England, 2015-16 to 2019-20 (Cash terms table, all monetary figures as reported)
- Table 2a** Local authority total capital expenditure by service: final outturn, England, 2015-16 to 2019-20 (Real terms table, all monetary figures in 2019-20 prices)
- Table 2b** Local authority total capital expenditure by service: final outturn, England, 2015-16 to 2019-20 (Cash terms table, all monetary figures as reported)
- Table 3** Local authority total capital expenditure and total capital receipts: provisional and final outturns by service, England, 2019-20 (Real terms table, all monetary figures in 2019-20 prices)
- Table 4a** Financing of local authority capital expenditure by source: final outturn, England, 2015-16 to 2019-20 (Real terms table, all monetary figures in 2019-20 prices)
- Table 4b** Financing of local authority capital expenditure by source: final outturn, England, 2015-16 to 2019-20 (Cash terms table, all monetary figures as reported)
- Table 5** Local authority total capital expenditure and total capital receipts: final outturn by service and category, England, 2019-20
- Table 6** Local authority prudential system information: final outturn by category, England, 2019-20

Table 7a	Local authority prudential system information: net debt as at 31 March by class of authority, England, 2015-16 to 2019-20 (Real terms table, all monetary figures in 2019-20 prices)
Table 7b	Local authority prudential system information: net debt as at 31 March by class of authority, England, 2015-16 to 2019-20 (Cash terms table, all monetary figures as reported)
Table 8a	Local authority prudential system information: self-financed borrowing by class of authority, England, 2015-16 to 2019-20 (Real terms table, all monetary figures in 2019-20 prices)
Table 8b	Local authority prudential system information: self-financed borrowing by class of authority, England, 2015-16 to 2019-20 (Cash terms table, all monetary figures as reported)

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

COR A1	Total capital expenditure and receipts, England, 2019-20
COR A2	Further details of capital expenditure on Social Care, Grants & Loans, Roads, Street Lighting & Road Safety, and Section 16(2)(b) Direction, England, 2019-20
COR B	Financing of capital expenditure, England, 2019-20
COR C	Prudential system information, England, 2019-20
COR D	Accumulated capital receipts and Major repairs reserve, England, 2019-20
2019 to 2020 supplementary data	Housing Revenue Account capital receipts, expenditure and financing

All tables and workbooks, as well as related statistical releases, can be accessed at: [Local authority capital expenditure, receipts and financing](#)

Technical Notes

Please see the accompanying technical notes document for further details. This can be found at: [Local authority capital expenditure and receipts in England: 2019 to 2020 final outturn](#)

Information on Official Statistics is available via the UK Statistics Authority website. [The UK Statistical System](#)

Information about statistics at MHCLG is available via the Department's website: [Statistics at MHCLG](#)



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

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