



Ministry of Housing, Communities & Local Government

Local authority capital expenditure and receipts, England: provisional outturn, April 2018 to March 2019 & forecast, April 2019 to March 2020

- Capital expenditure by local authorities in England totalled £24.7 billion in 2018-19, £573 million (2%) lower than in 2017-18. Whilst overall capital expenditure decreased, financial expenditure increased driven by an increase in the grants, loans and other financial assistance economic category.
- Highways & Transport and Housing remain the most important service areas and both these areas saw increased expenditure in 2018-19. Conversely there were sizeable decreases to expenditure on Environment & Regulatory Services, Trading and Education.
- Total capital expenditure is forecast to rise to £28.0 billion in 2019-20, an increase of £3.3 billion (13%). Large increases in expenditure are forecast for Trading, Housing and Planning & Development Services.
- Capital receipts received by local authorities in England totalled £3.4 billion in 2018-19, £79 million (2%) more than in 2017-18.
- Total capital receipts are forecast to be £2.6 billion in 2019-20, £820 million (24%) lower than in 2018-19.

Revision notes: This release and the accompanying spreadsheet data table 'Capital estimates return 2019 to 2020: capital expenditure and receipts by service and category' (Table A1) have been revised to correct a misreported value for forecast capital receipts by Milton Keynes Council.



Local Government Finance Statistical Release

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Introduction	2
Capital Expenditure and Receipts by economic category	4
Local authority capital expenditure and receipts by service area, forecast and outturn	7
Financing of local authority capital expenditure	10
Accompanying tables	14
Definitions	16
Technical notes	19
Enquiries	27

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Introduction

This Statistical Release presents National Statistics on capital expenditure and receipts and capital financing for local authorities in England for April 2018 to March 2019 and forecast capital expenditure and receipts and capital financing for April 2019 to March 2020.

Capital expenditure relates to the acquisition, construction and or improvement of assets. This can be tangible assets, such as buildings, land, vehicles and equipment, or intangible assets, such as computer software. It also includes transfers, such as grants, loans, and other advances, from local authorities to other bodies, such as housing associations, for capital purposes. Because of the project-based nature of capital expenditure, there can be relatively larger variance over time, especially when compared with revenue expenditure.

The 2018-19 provisional outturn data in this release are derived from Capital Payments & Receipts 4 (CPR4) returns, while the 2019-20 forecast data are derived from Capital Estimates Returns (CER). Both sets of returns are collated by the Data, Analytics and Statistics (DAS) Division of the Ministry of Housing, Communities & Local Government (MHCLG). CPR4 and CER forms capture local authority capital expenditure and receipts by economic category and service area, as well as a breakdown of how expenditure is financed, and prudential system information. The service areas are defined by the *Service Reporting Code of Practice for Local Authorities 2019-20* (SeRCOP) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The England totals in this release have been adjusted to remove double counting that would otherwise occur from transfers between local authorities. In addition, the England total of forecasted capital expenditure includes adjustments to remedy perennial over and under forecasting. Unadjusted totals are also included in the local authority level data tables that supplement this release. The technical notes section contains more detail on the adjustments.

Rounding

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

Coverage and response rate

MHCLG capital returns collect data from local authorities in England as defined by Section 23 of the Local Government Act 2003.

The 2018-19 provisional outturn data in this release are derived from valid CPR4 returns submitted by 443 (100%) of 443 local authorities in England. 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.

The 2019-20 forecast data are derived from valid CER returns submitted by all 435 eligible local authorities in England. The number of local authorities in England is lower than the 443 a year ago because of the following local government changes:

- On 2 November 2018, the North East Combined Authority was split into two. The boundaries of the re-constituted **North East Combined Authority** now cover the local authorities of Durham, Gateshead, South Tyneside and Sunderland, while the boundaries of the newly created **North of Tyne Combined Authority** cover the local authorities of Newcastle, North Tyneside and Northumberland.
- On 1 January 2019, the **Northamptonshire Commissioner Fire and Rescue Authority** was created. Northamptonshire County Council had previously been responsible for reporting capital expenditure and receipts arising from fire and rescue functions.
- On 1 April 2019, Dorset County Council, the district councils in Dorset, and the Unitary Authorities of Bournemouth, Christchurch and Poole were replaced by two unitary authorities:
 - **Bournemouth, Christchurch and Poole Council.**
 - **Dorset Council.**
- On 1 April 2019, the West Somerset and Taunton Deane districts were replaced by a single non-metropolitan district council to be known as **Somerset West and Taunton Council.**
- On 1 April 2019, the Suffolk Coastal and Waveney districts were replaced by a single non-metropolitan district council to be known as **East Suffolk Council.**
- On 1 April 2019, the Forest Heath and St Edmundsbury districts were replaced by a single non-metropolitan district council to be known as **West Suffolk Council.**

1. Capital expenditure and receipts by economic category

Local authorities report capital expenditure, incurred in 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 made for capital purposes.

Provisional Outturn 2018-19

Capital expenditure for local authorities in England totalled £24.7 billion in 2018-19, £573 million (2%) less than in 2017-18. This is the first time in the last five years that capital expenditure has fallen.

As Figure 1 demonstrates, the overall decrease in expenditure in 2018-19 is the result of decreases in all but two economic categories, as spending on the acquisition of land & existing buildings and grants, loans and other financial assistance rose by £181 million (5%) and £557 million (11%) respectively.

Acquisition of land & existing buildings rose for the fifth year. However, at £181 million, the increase in expenditure from 2017-18 to 2018-19 on the acquisition of land & existing buildings was smaller than the increases from 2015-16 to 2016-17 (£1.6 billion) and 2016-17 to 2017-18 (£1.2 billion).

Conversely, acquisition of share and loan capital fell for the third year, decreasing by £483m (60%) to £324m for 2018-19. As in previous years, this decrease relates to the planned end of the Crossrail project and the consequent reduction in Transport for London's acquisition of share and loan capital in it.

When considering the decrease in total capital expenditure (£574m lower in 2018-19 than in 2017-18), it is worth noting that there were two exceptional items of expenditure in 2017-18:

- Greater Manchester Waste Disposal Authority's buy-out of its PFI waste contract (£497m)
- Halton Unitary Authority's capitalisation of payments made towards the Mersey Gateway Bridge (£644m)

Forecast 2019-20

Capital expenditure is forecast to be £28.0 billion in 2019-20, £3.3 billion (13%) more than 2018-19 outturn and £1.1bn (4%) higher than was forecast for 2018-19 from a year ago.

Capital receipts

Local authorities in England received £3.4 billion of capital receipts in 2018-19, £79 million (2%) more than in 2017-18.

Capital receipts are forecast to total £2.6 billion in 2019-20, a decrease of £820 million (24%) on 2018-19 and £347 million (12%) lower than was forecast for 2018-19.

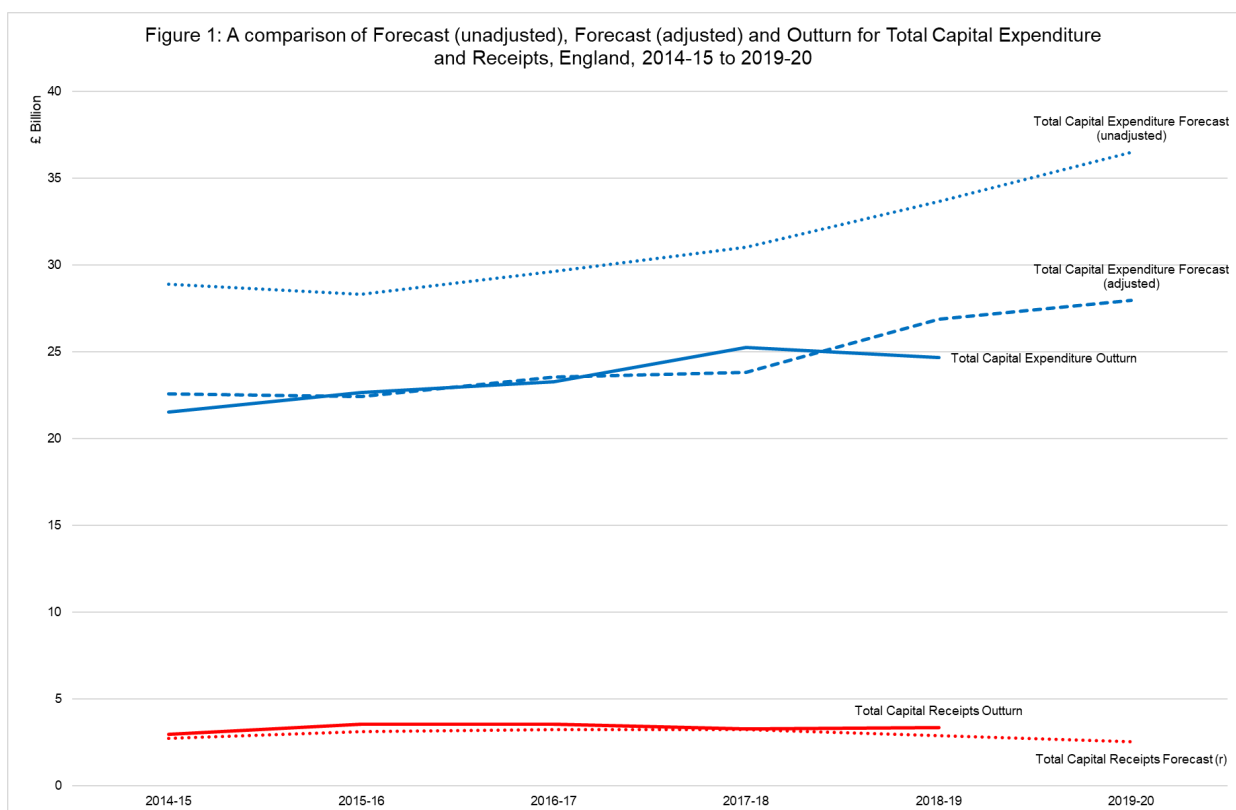


Table 1: Local authority capital expenditure & other transactions and capital receipts by category: forecast, provisional and final outturn, England, 2014-15 to 2019-20

Category	£ millions										
	2014-15		2015-16		2016-17		2017-18		2018-19		2019-20
	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (revised)	Forecast (adjusted)	Outturn (provisional)	Forecast (adjusted)
Acquisition of land & existing buildings	825	1,022	867	1,177	918	2,813	2,075	4,030	4,936	4,211	5,337
New construction, conversion & renovation	15,022	12,983	14,999	13,526	16,512	13,212	16,200	13,853	13,413	13,138	14,233
Vehicles, plant, furniture & equipment	1,309	1,270	1,287	1,210	1,301	1,234	1,512	1,351	1,399	1,242	1,280
Intangible fixed assets	286	226	215	240	213	230	259	260	359	257	399
Total expenditure on fixed assets	17,442	15,500	17,368	16,153	18,945	17,488	20,047	19,494	20,108	18,848	21,250
Grants, loans and other financial assistance	5,128	4,403	5,018	4,492	3,789	4,251	3,557	4,936	6,191	5,492	6,176
Acquisition of share and loan capital ^(a)	1	1,635	43	2,002	820	1,538	207	807	567	324	538
Total financial expenditure	5,129	6,038	5,061	6,494	4,609	5,789	3,764	5,743	6,758	5,816	6,713
Total capital expenditure	22,571	21,537	22,429	22,647	23,554	23,277	23,811	25,237	26,866	24,664	27,963
<i>of which GLA:</i>	<i>5,951</i>	<i>5,080</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>4,375</i>	<i>5,456</i>
Payment of LSVT levy	0	0	0	0	0	0	0	0	0	0	0
Expenditure treated as capital by virtue of a Section 16(2)(b) Direction ^(b)	13	1	6	-1	17	32	40	144	59	163	70
Total capital expenditure & other transactions	22,584	21,539	22,435	22,646	23,571	23,309	23,851	25,381	26,926	24,827	28,033
Total capital receipts	2,763	2,996	3,136	3,576	3,262	3,580	3,235	3,299	2,905	3,378	2,558 ^(r)

(a) Changes in recording of forecast acquisition of share capital by the GLA drove a large increase in this area. Before 2016-17, it would be recorded in grants, loans and other financial assistance at beginning of the year to be transferred at year end. This year end estimate has now been included in the forecast.

(b) 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.

(r) This figure has been revised to correct a misreported value for forecast capital receipts by Milton Keynes Council.

Source: COR 2017-18, CPR4 2018-19, and CER 2019-20

2. Local authority capital expenditure by service area, forecast and outturn

Table 2 illustrates the change in the pattern of expenditure for the broad categories of services since 2014-15. The level of capital spending can have large variation year-on-year due to large projects, such as Housing expenditure by the GLA and major projects like Crossrail.

Provisional outturn 2018-19

The largest changes in expenditure compared to 2017-18 were in the following service categories:

- Local authorities in England spent £7.1 billion on **Highways & Transport** in 2018-19, £474 million more (7%) than in 2017-18. The Greater London Authority spent £3.1 billion in 2018-19, £1.1 billion more (56%) than in 2017-18. More than half GLA's total spend on Highways & Transport (£1.6 billion) came from grants from TfL to Crossrail and its subsidiaries.
- Local authorities in England spent £2.2 billion on **Central Services** in 2018-19, £253 million more (13%) than in 2017-18. However, some local authorities continued to report expenditure on commercial acquisitions under central services, and did not resolve this in time for this publication of provisional outturn data. Local authorities' reported spend on **Trading services** totalled £2.5 billion in 2018-19, £473 million (16%) less than the total for final outturn 2017-18.
- Local authorities in England spent £5.9 billion on **Housing** in 2018-19, £249 million (4%) more than in 2017-18. Within this, the Greater London Authority's spending a rose by £166 million (23%) to £893 million in 2018-19. This included £720m of grants from the Mayor and Assembly functions to housing providers as part of the GLA Affordable Homes Programme 2016-21.
- Local authorities in England spent £621 million on **Environmental & Regulatory Services** in 2018-19, £568 million less (48%) than in 2017-18. However, the 2017-18 figure included Greater Manchester Waste Disposal Authority's PFI buy-out (£497m).
- Local authorities in England spent £2.4 billion on **Education** in 2018-19, £418 million (15%) less than in 2017-18. Local authority spending on Education has

fallen every year since the introduction of academisation in 2010-11.

Forecast 2019-20

The largest forecast changes in expenditure compared to provisional outturn 2018-19 are in the following service categories:

- Local authorities in England have forecasted £7.1 billion of capital expenditure on **Housing** in 2019-20, £1.2 billion (21%) more than the provisional outturn for 2018-19. This would see Housing replace Highways & Transport as the largest area of local authority spending, which is forecast to decrease by £603 million (8.5%) to £6.5 billion. Almost half of the forecast total on housing has been reported by London Boroughs, which have predicted spending £3.4 billion in 2019-20, £1.5 billion (74%) more than their 2018-19 outturn.
- Local authorities in England have forecasted £2.5 billion of capital expenditure on **Planning & Development Services** in 2019-20, £788 million (46%) more than in 2018-19.
- Local authorities in England have forecasted £4.2 billion on **Trading Services** in 2019-20, £1.7 billion (70%) more than the total provisional outturn 2018-19 figure reported, albeit with some expenditure incorrectly classified to central services in provisional 2018-19 figures, as noted above.

Table 2: Local authority total capital expenditure by service: forecast, provisional and final outturn, England, 2014-15 to 2019-20

All figures in £ million						
Service	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn (final)	Outturn (final)	Outturn (final)	Outturn (revised)	Outturn (provisional)	Forecast (adjusted)
Education ^(a)	3,480	3,196	3,072	2,851	2,433	2,319
Highways & Transport	7,438	8,306	7,816	6,606 ^(d)	7,080	6,477
<i>of which GLA</i>	3,802	4,309	3,571	1,996	3,104	3,724
Social Care	264	261	312	292	417	371
Public Health	7	10	19	10	23	28
Housing	4,807	4,604	4,698	5,607	5,856	7,076
<i>of which London Boroughs</i>	1,420	1,697	1,764	2,111	1,985	3,449
<i>of which GLA</i>	676	259	166	727	893	970
Culture & Related Services	957	1,068	1,004	1,092	1,014	1,175
Environmental & Regulatory Services	680	726	619	1,189 ^(e)	621	748
Planning & Development Services	1,467	1,686	1,667	1,598	1,702	2,490
Police	546	611	628	913	678	765
Fire & Rescue Services	192	172	183	158	137	197
Central Services ^(b)	1,375	1,489	2,226	1,947	2,201	2,071
Trading ^(c)	323	518	1,194	2,975	2,502	4,245
Total Capital Expenditure	21,537	22,647	23,277	25,237	24,664	27,963

(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). Up to 2017-18, some local authorities reported 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 Halton's capitalisation of future unitary charge payments made towards the Mersey Gateway Bridge (£644m)

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

Source: COR 2017-18, CPR4 2018-19 and CER 2019-20

3. Financing of local authority 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:

- **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 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.
- **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.
- **Capital receipts** are from the sale of capital assets.

Historically, capital grants have been the largest source of financing for local authority capital expenditure. However, in the five financial years since 2014-15, prudential borrowing increased substantially. In 2017-18, prudential borrowing overtook capital grants as the largest source of funding.

Prudential borrowing was again the largest source of financing in 2018-19, though the total amount of capital expenditure funded from this source was lower than in 2017-18, as local authorities in England used £9.3 billion of prudential borrowing, £771 million (8%) less than in 2017-18.

Prudential borrowing is forecast to be the largest source of financing for a third year in 2019-20. The amount of capital expenditure funded from this source is predicted to rise, as local authorities in England report that they intend to use £11.1 billion of prudential borrowing in 2019-20, £1.8 billion (20%) more than the 2018-19 outturn.

Capital grants were the second largest source of financing for the second year in a row in 2018-19. The total amount of capital expenditure funded from this source increased in comparison to the previous year, as local authorities in England used £9.1 billion of capital grants, £1.0 billion (13%) more than in 2017-18.

Capital grants are forecast to be the second largest source of financing for a third year in 2019-20, and the amount of capital expenditure funded from this source is

predicted to rise, as local authorities in England report that they intend to use £9.6 billion of capital grants in 2019-20, £494 million (5%) more than in 2018-19. This would be lower than the amounts used in 2014-15, 2015-16, and 2016-17.

Table 3: Financing of local authority capital expenditure by source: forecast, provisional and final outturn, England, 2014-15 to 2019-20

	£ millions					
Source	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn <i>(final)</i>	Outturn <i>(final)</i>	Outturn <i>(final)</i>	Outturn <i>(revised)</i>	Outturn <i>(provisional)</i>	Forecast <i>(adjusted)</i>
Total capital grants	9,996	11,037	10,577	8,109	9,149	9,643
Grants from central government departments	8,520	9,302	8,347	6,068	7,232	7,584
Grants from European structural & investment funds	132	114	13	27	63	64
Grants from private developers & leaseholders, etc.	727	1,069	1,112	1,190	1,212	1,217
Grants from non-departmental public bodies ^(a)	564	505	471	269	250	302
Grants from the National Lottery	53	47	59	72	40	87
Grants from Local Enterprise Partnerships ^(b)	-	-	574	484	351	388
Total capital receipts	1,879	2,196	2,327	2,769	2,612	2,908
Total revenue resources	5,241	4,654	3,997	4,141	3,807	3,957
Housing Revenue Account (CERA)	686	775	759	629	621	672
Major Repairs Reserve	1,526	1,815	1,642	1,628	1,685	1,908
General Fund (CERA)	3,029	2,065	1,595	1,884	1,501	1,377
Total prudential borrowing ^(c)	4,422	4,759	6,792	10,061	9,290	11,111
Loans & other financial assistance from Local Enterprise partnerships	-	-	-	3	18	80
Other borrowing & credit arrangements not supported by central government	4,422	4,759	6,792	10,058	9,252	11,031
Total resources used to finance capital expenditure ^(d)	21,539	22,646	23,693	25,081	24,857	27,619

(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) New category introduced for 2016-17. Grants and contributions from Local Enterprise Partnerships were previously reported under the Central government grants category.

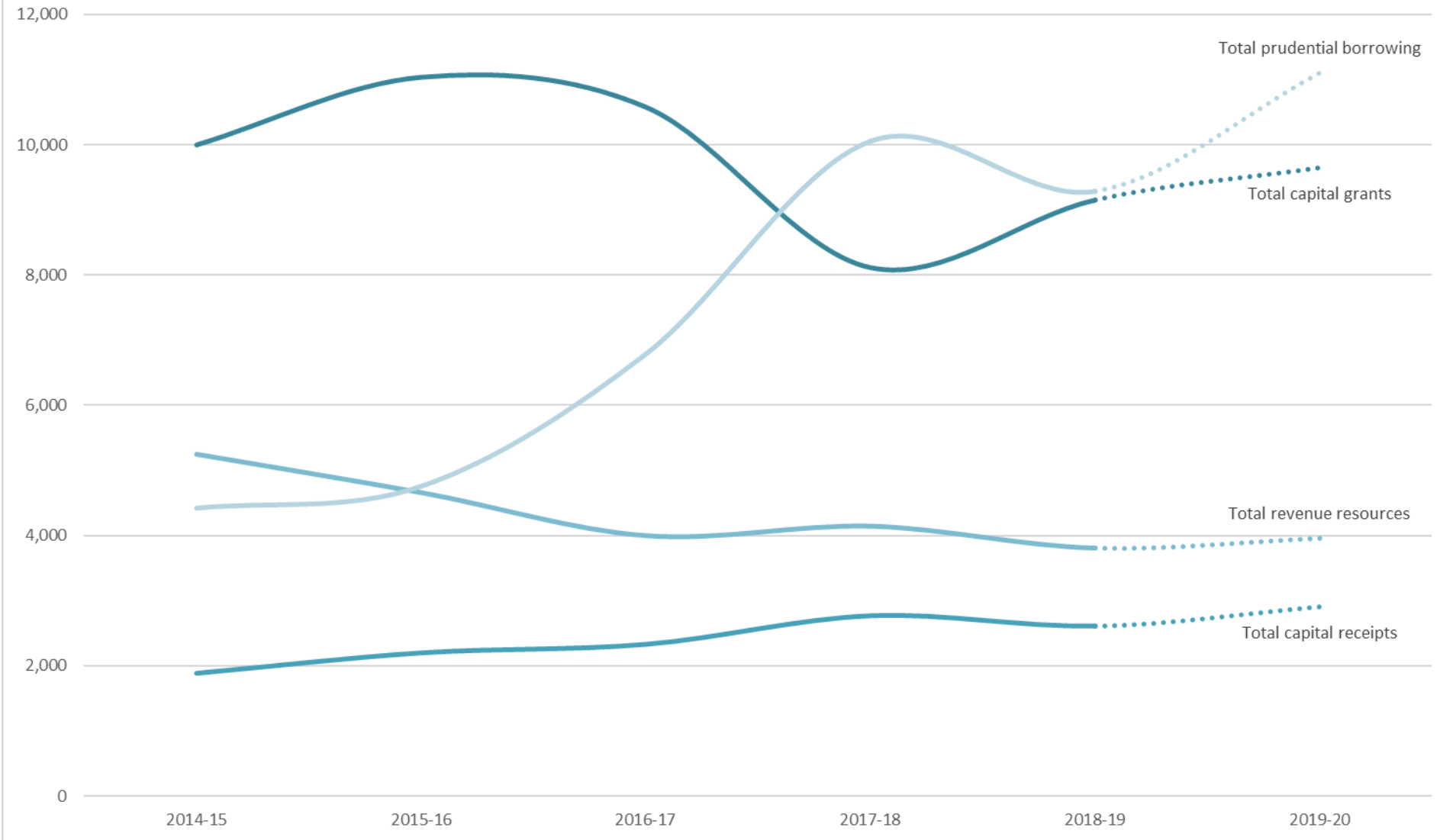
(c) The Prudential System, which came into effect on 1 April 2004, allows local authorities to raise finance for capital expenditure - without Government consent - where they can afford to service the debt without extra Government support.

(d) 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.

NB: totals may not represent the sum of their components because of rounding.

Sources: COR 2017-18, CPR4 2018-19 and CER 2019-20

Figure 2: Financing of local authority capital expenditure by source: forecast, provisional and final outturn, England, 2014-15 to 2019-20



Accompanying tables

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

- Table 1** Local authority capital expenditure & other transactions and capital receipts by category: forecast, provisional and final outturn, England, 2014-15 to 2019-20
- Table 2** Local authority total capital expenditure by service: forecast, provisional and final outturn, England, 2014-15 to 2019-20
- Table 3** Financing of local authority capital expenditure by source: forecast, provisional and final outturn, England, 2014-15 to 2019-20
- Table 4a** Local authority total capital expenditure and total capital receipts by service and category: provisional outturn, England, 2018-19
- Table 4b** Local authority total capital expenditure and total capital receipts by service and category: forecast, England, 2019-20
- Table 5a** Local authority prudential system information by category: provisional outturn, England, 2018-19
- Table 5b** Local authority prudential system information by category: forecast, England, 2019-20

These tables can be accessed at

<https://www.gov.uk/government/statistics/local-authority-capital-expenditure-and-receipts-in-england-2018-to-2019-provisional-outturn-and-2019-to-2020-forecast>

Local authority level forecast data are available to download alongside this release. These are:

- CER A1** Capital Estimates Return, section A, part 1: local authority expenditure, other transactions & receipts, England, 2019-20
- CER A2** Capital Estimates Return, section A, part 2: further details of local authority capital expenditure on grants & loans and on roads, England, 2019-20
- CER B** Capital Estimates Return, section B: financing of local authority capital

expenditure & other transactions, England 2019-20

CER C Capital Estimates Return, section C: local authority prudential system information, England 2019-20

These tables can be accessed at:

<https://www.gov.uk/government/statistics/local-authority-capital-expenditure-and-financing-in-england-2019-to-2020-individual-local-authority-data-forecast>

Local authority level provisional outturn data are available to download alongside this release. This is:

CPR4 Live Table: Capital Payments and Receipts 4 (CPR4), 2018-19, England

This table can be accessed at:

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-local-government-finance#capital-payments-and-receipts>

Related MHCLG statistical releases are available at:

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

Definitions

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#publications>. The most relevant terms for this release are explained below.

Capital Asset – (also known as a fixed asset) is an asset that is held for the long-term and cannot easily be turned into cash. These can be tangible assets, such as building or vehicles, or intangible, such as software licenses.

Capital expenditure

The acquisition, construction and or improvement of assets. This can be tangible assets, such as buildings, land, vehicles and equipment, or intangible assets, such as computer software. It also includes transfers, such as grants, loans, and other advances, from local authorities to other bodies, such as housing associations, for capital purposes.

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.

CIPFA - Chartered Institute of Public Finance and Accounting (CIPFA) is the accountancy body supporting public sector finance. It produces the Service Reporting Code of Practice (SeRCOP) a code of practice for all UK local authority

services to ensure consistent financial reporting for local authority budgets, performance indicators and statements of accounts.

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)

The local authority responsible for planning, transport, housing, policing, economic development and regeneration in the London region. Lead by The Mayor of London and overseen by the London Assembly, the authority is responsible for five other functional bodies:

- The Mayor's Office for Policing And Crime (MOPAC)
- London Fire and Emergency Planning Authority (LFEPA).
- Transport for London (TfL)
- London Legacy Development Corporation (LLDC).
- Old Oak and Park Royal Development Corporation (OPDC).

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

London is divided into 33 areas with local authority responsibilities: 32 London boroughs and the City of London.

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, as defined in Section 106 of Town and Country Planning Act 1990 <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.

Technical notes

Symbols

- : = not available
- 0 = zero or negligible
- = not relevant
- || = discontinuity
- (F) = Forecast
- (r) = Revision

Data collection

The CER and CPR4 forms from which these data are derived can be found here:
<https://www.gov.uk/government/collections/local-government-finance-miscellaneous-forms#capital-forms>

Data quality

This Statistical Release contains National Statistics and as such has been produced to the high professional standards set out in the Code of Practice for Official statistics. 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 within the forms themselves and after the forms have been returned to the Ministry of Housing, Communities and Local Government.

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. The unadjusted raw totals based on figures as provided by local authorities are included in the local authority data tables which are published alongside this release.

Forecasting adjustments

Local authorities' forecast capital expenditure figure for the year ahead consistently turn out to be substantially higher than the subsequent outturn. The England total figures in this publication are scaled to adjust for this.

Previous approaches to adjusting for over-forecasting in capital estimates

Prior to 2016-17 capital estimates data, the adjustment was based on a simple five year average of the over-estimation of the forecast capital expenditure figures compared to the subsequent outturn. A review of the methodology showed that a weighted average over the previous two years would have given a better adjustment. As such, all forecast expenditure figures for 2017-18 were multiplied by 78.6%.

For the first time in the 2017-18 capital estimates release an adjustment to financing figures was made in order to match the expenditure adjustment outlined above. Analysis of underspend by subsequent comparison of estimates to outturn showed that only three financing categories were consistently overestimated, (most notably 'Other Borrowing and credit arrangements not supported by central government', which has been overestimated by around £3 billion per year in 2013-14, 2014-15 and 2015-16). As such, the financing adjustment apportioned the reduction for the disparity between unadjusted and adjusted Total Capital Expenditure, subtracting it from only certain financing categories ('other borrowing...', 'use of usable capital receipts' and 'capital expenditure from housing revenue account') according to their historic proportions of the total overestimation.

Adjustments in 2018-19 Capital Estimates

Further examination of the variation between estimates (budget) and subsequent outturn was carried out. This showed that the adjustments in the previous two years had not come close to subsequent outturn in many of the categories of expenditure. Analysis of the latest years of data showed a significant and consistent variation from budget to outturn for the following four categories, and the most recent data suggested that these factors be applied as adjustments:

Acquisition of land & existing buildings	1.479
New construction conversion & renovation	0.638
Vehicles	0.789
Plant machinery & equipment	0.642

While these will almost certainly provide more accurate forecasts than in previous years, their accuracy will rely on the extent to which local authorities continue to under/over-forecast, and this will change over time.

Examination of the latest data showed that adjustment of the financing categories was appropriate to split among the following five categories as follows:

<i>Capital expenditure from the Housing Revenue Account</i>	11.9%
<i>Capital expenditure from the general fund revenue account</i>	7.4%
<i>Usable capital receipts</i>	16.1%
<i>Grants and contributions from private developers</i>	6.7%
<i>Other borrowing</i>	57.9%

The percentages indicate how the aggregate downward adjustment calculated on the expenditure data has been split among these five categories or financing.

Adjustments to 2019-20 Capital Estimates

The same approach was used to review the latest ratio of forecast to outturn (for 2018-19) alongside the data for previous years. This led to adjustments across the same expenditure categories as for 2018-19 forecast, with the following ratios:

Acquisition of land & existing buildings	1.344
New construction conversion & renovation	0.639
Vehicles	0.634
Plant machinery & equipment	0.646

The data of recent years supported adjusting two further categories of financing in addition to those across which the financing adjustment was spread in 2018-19, and thus the 2019-20 adjustment was distributed across the following financing components in the following proportions:

From Housing Revenue Account	8.5%
From General Fund Revenue Account	9.0%
Usable capital receipts	12.1%
Grants and contributions from private developers	5.8%
Other borrowing	59.0%
Grants and contributions from non-departmental public bodies	2.5%
Grants from Local Enterprise Partnerships	3.0%

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. These are all netted off to avoid double counting in the England (adjusted) figures.

This was previously the case for some combined authorities as well as among the functional bodies within the Greater London Authority. Details of the extent to which this was achieved in 2017-18 is described in 'Local authority capital expenditure and receipts in England: 2016 to 2017 provisional outturn and 2017 to 2018 forecast'.

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 and Local Government Revisions Policy (found at <https://www.gov.uk/government/publications/statistical-notice-dclg-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

This release contained provisional outturn figures for 2018-19. These will be superseded by the more detailed Capital (final) Outturn figures that are published each Autumn. As at the time of publication, there are no other scheduled revisions for this series.

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.

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.



National Statistics Status

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:
 - o updated service categories, in particular sub-categories to 'trading services' to gain more insight on local authorities' commercial activity.
 - o 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.

The Ministry's engagement strategy to meet the needs of statistics users is published here:

<https://www.gov.uk/government/publications/engagement-strategy-to-meet-the-needs-of-statistics-users>

Notes

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/search/research-and-statistics?content_store_document_type=upcoming_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 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/Local-Government/Finance/Capital>

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

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

Enquiries

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Email: NewsDesk@communities.gov.uk

Public enquiries and Responsible Statistician:

Ed Fawcett-Taylor

Tel: 0303 444 4581 (office hours only)

Email: CapitalData@communities.gov.uk

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

<https://www.statisticsauthority.gov.uk/about-the-authority/uk-statistical-system/types-of-official-statistics/>

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

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

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