



# Ministry of Housing, Communities & Local Government

## Local authority capital expenditure and receipts, England: provisional outturn, April 2019 to March 2020 & forecast, April 2020 to March 2021

- Capital expenditure by local authorities in England in 2019-20 totalled £25.9 billion, 2% lower in real terms than in 2018-19.
- Highways & transport and housing remain the service areas with the greatest expenditure, at £7.2 billion and £5.8 billion respectively.
- Total capital expenditure was forecast\*\* to total £28.8 billion in 2020-21 (in 2019-20 prices), 3% higher in real terms than was forecast for 2019-20.
- Total capital receipts were £2.5 billion in 2019-20, lower than in 2015-16 to 2018-19 when capital receipts were between £3.4 billion and £4.1 billion. Capital receipts are forecast to be £3.9 billion in 2020-21.
- The largest sources of financing are prudential borrowing and capital grants.
- Prudential borrowing increased by 11% from £10.1 billion in 2018-19 to £11.3 billion in 2019-20.
- Capital grants totalled £8.1 billion in 2019-20. This was 13% lower than the £9.3 billion total in 2018-19.

\*\* Please note that figures for 2020-21 are based on estimates provided by local authorities of their budgets as set by early 2020. Therefore the impacts of COVID-19 are likely to result in more differences between budget and the subsequent outturn for 2020-21 than in a typical year.



## Local Government Finance *Statistical Release*

02 July 2020

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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 2019 to March 2020 and forecast capital expenditure and receipts and capital financing for April 2020 to March 2021.

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.

The 2019-20 provisional outturn data in this release are derived from [Capital Payments & Receipts 4 \(CPR4\) returns](#), while the 2020-21 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 based on the [Service Reporting Code of Practice for Local Authorities 2020-21](#) (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 and between functional bodies of the Greater London Authority (GLA). In addition, England totals of forecasted capital expenditure include adjustments to remedy perennial over 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.

## Adjustment for inflation

This release includes for the first time both real terms 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 March 2020 \(Quarterly National Accounts\)](#) and are shown in 2019-20 prices.

## COVID-19

Users should be cautious when comparing outturn and forecast data over time in this release. This is especially true for 2020-21 since these forecasts are based on local authority estimates prior to the coronavirus (COVID-19) outbreak and may no longer reflect latest plans.

### Note on provisional outturn 2019-20

The provisional statistics in this release are based on the capital expenditure and receipts data that local authorities in England supplied to the department by mid-June 2020. Subsequent amendments will be incorporated into the statistics on the final outturn figures of local authority capital expenditure and receipts which is due to be published in November 2020: [Local authority capital expenditure and receipts in England: 2019 to 2020 outturn](#). Some figures will change between the two releases, these will be highlighted in November publication where relevant. See [revision policy](#) section for more information.

### 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](#).

### Provisional outturn 2019-20

The 2019-20 provisional outturn data in this release are derived from valid CPR4 returns submitted by 413 of 435 local authorities in England. The national total includes grossing for the 22 authorities that did not complete a valid return.

The number of local authorities in England decreased from 443 to 435 on 1 April 2019 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.

### **Forecast 2020-21**

The 2020-21 forecast data are derived from valid CER returns submitted by 429 of 431 eligible local authorities in England. The national total includes imputed values for the two authorities that did not complete a valid return.

The number of local authorities in England is lower than the 435 a year ago because of the following local government change:

- On 1 January 2020, the single unitary Buckinghamshire Council was created. This is to replace Buckinghamshire County Council and Aylesbury Vale, Chiltern, South Bucks and Wycombe District Councils.

# 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.

[Table 1a](#) illustrates the change in the pattern of expenditure for the by economic category of expenditure since 2015-16 in real terms.

## Provisional outturn 2019-20

Capital expenditure for local authorities in England decreased by 2% (£460 million) in real terms, from £26.4 billion in 2018-19 to £25.9 billion in 2019-20. The driver of this decrease was financial expenditure<sup>1</sup>, which was 13% (£865 million) lower than in 2018-19. Meanwhile expenditure on fixed assets was 2% (£405 million) higher than in 2018-19.

- Within expenditure on fixed assets, expenditure on vehicles, plant, furniture & equipment was £179 million (14%) higher than in 2018-19, and expenditure on new construction, conversion and renovation was £326 million (2%) higher than in 2018-19.
- New construction, conversion & renovation remained by far the largest type of capital expenditure, accounting for £13.7 billion (53%) of all capital expenditure in 2019-20.
- Expenditure on acquisition of land & existing buildings was slightly lower in 2019-20 at £4.4 billion, around 2% (£91 million) less than in 2018-19.

## Forecast 2020-21

Capital expenditure was forecast to be £28.8 billion in 2020-21. This is 11% (£2.9 billion) and 3% (£841 million) higher than in 2019-20 provisional outturn and forecast 2019-20 respectively.

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<sup>1</sup> 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.

## Capital receipts

Capital receipts totalled £2.5 billion in 2019-20, compared to between £3.4 billion and £4.1 billion between 2015-16 and 2018-19.

Local authorities forecast that capital receipts would total £3.9 billion in 2020-21.

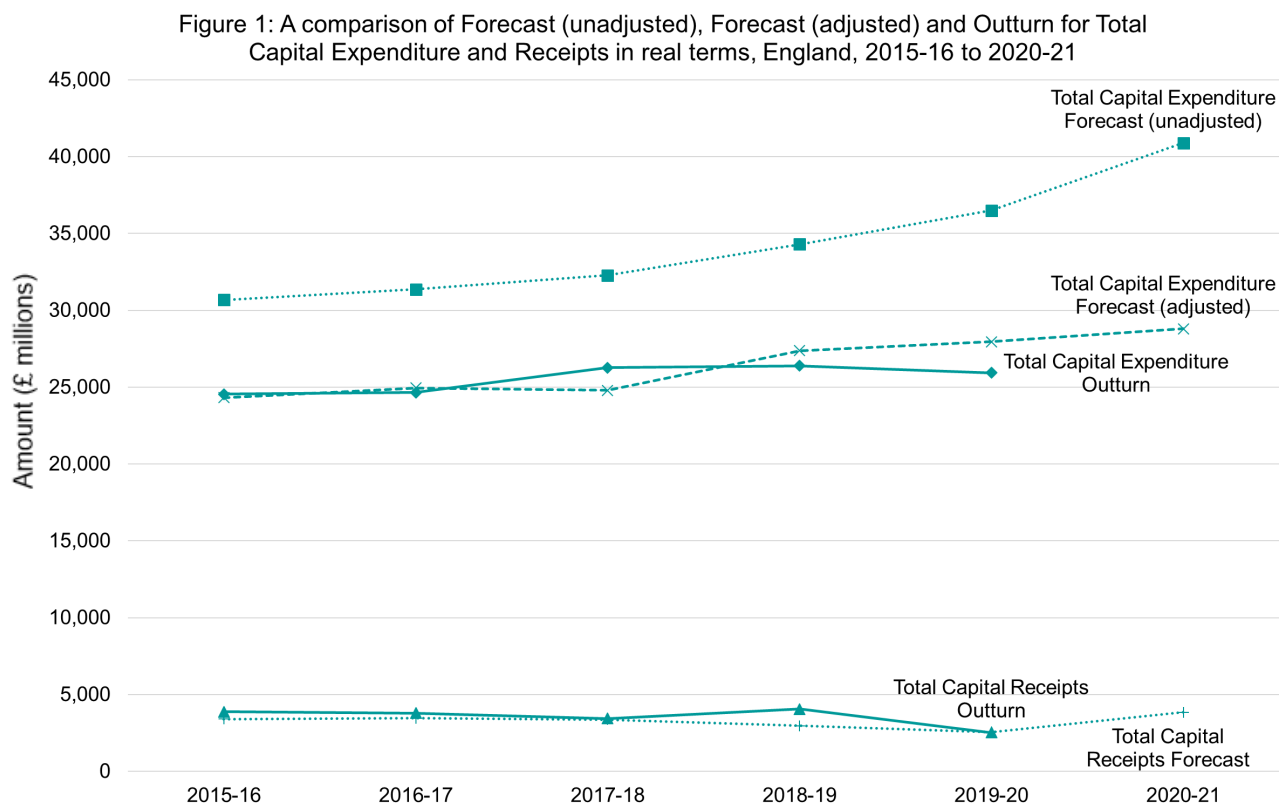


Table 1a: Local authority capital expenditure & other transactions and capital receipts by category: forecast, provisional and final outturn, England, 2015-16 to 2020-21

Real terms table, all monetary figures in 2019-20 prices											£ millions
Category	2015-16		2016-17		2017-18		2018-19		2019-20		2020-21
	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (revised)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (provisional)	Forecast (adjusted)
Acquisition of land & existing buildings	940	1,276	972	2,979	2,160	4,195	5,030	4,515	5,337	4,424	4,793
New construction, conversion & renovation	16,259	14,662	17,485	13,990	16,863	14,420	13,670	13,356	14,233	13,682	15,698
Vehicles, plant, furniture & equipment	1,395	1,312	1,378	1,306	1,574	1,406	1,426	1,329	1,280	1,508	1,517
Intangible fixed assets	233	261	226	243	269	271	366	300	399	290	291
<b>Total expenditure on fixed assets</b>	<b>18,826</b>	<b>17,510</b>	<b>20,061</b>	<b>18,518</b>	<b>20,867</b>	<b>20,292</b>	<b>20,493</b>	<b>19,500</b>	<b>21,250</b>	<b>19,904</b>	<b>22,298</b>
Grants, loans and other financial assistance	5,439	4,870	4,012	4,501	3,702	5,138	6,310	5,083	6,176	4,355	6,093
Acquisition of share and loan capital <sup>(a)</sup>	47	2,170	868	1,629	216	840	578	1,815	538	1,678	413
<b>Total financial expenditure</b>	<b>5,486</b>	<b>7,040</b>	<b>4,880</b>	<b>6,130</b>	<b>3,918</b>	<b>5,978</b>	<b>6,888</b>	<b>6,898</b>	<b>6,713</b>	<b>6,033</b>	<b>6,505</b>
<b>Total capital expenditure</b>	<b>24,312</b>	<b>24,549</b>	<b>24,941</b>	<b>24,648</b>	<b>24,785</b>	<b>26,269</b>	<b>27,381</b>	<b>26,397</b>	<b>27,963</b>	<b>25,937</b>	<b>28,803</b>
<i>of which GLA:</i>	<i>5,719</i>	<i>5,515</i>	<i>4,691</i>	<i>4,394</i>	<i>3,068</i>	<i>3,419</i>	<i>4,159</i>	<i>5,055</i>	<i>5,456</i>	<i>3,644</i>	<i>4,699</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 <sup>(b)</sup>	7	-1	18	34	42	150	60	252	70	177	60
<b>Total capital expenditure &amp; other transactions</b>	<b>24,319</b>	<b>24,548</b>	<b>24,959</b>	<b>24,682</b>	<b>24,827</b>	<b>26,419</b>	<b>27,442</b>	<b>26,648</b>	<b>28,033</b>	<b>26,115</b>	<b>28,863</b>
<b>Total capital receipts</b>	<b>3,399</b>	<b>3,876</b>	<b>3,454</b>	<b>3,791</b>	<b>3,367</b>	<b>3,434</b>	<b>2,961</b>	<b>4,054</b>	<b>2,558</b>	<b>2,532</b>	<b>3,852</b>

(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.

Source: COR 2018-19, CPR4 2019-20, and CER 2020-21

Table 1b: Local authority capital expenditure & other transactions and capital receipts by category: forecast, provisional and final outturn, England, 2015-16 to 2020-21

Category	£ millions										
	2015-16		2016-17		2017-18		2018-19		2019-20		2020-21
	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (revised)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (provisional)	Forecast (adjusted)
Acquisition of land & existing buildings	867	1,177	918	2,813	2,075	4,030	4,936	4,430	5,337	4,424	4,887
New construction, conversion & renovation	14,999	13,526	16,512	13,212	16,200	13,853	13,413	13,105	14,233	13,682	16,007
Vehicles, plant, furniture & equipment	1,287	1,210	1,301	1,234	1,512	1,351	1,399	1,304	1,280	1,508	1,547
Intangible fixed assets	215	240	213	230	259	260	359	294	399	290	296
<b>Total expenditure on fixed assets</b>	<b>17,368</b>	<b>16,153</b>	<b>18,945</b>	<b>17,488</b>	<b>20,047</b>	<b>19,494</b>	<b>20,108</b>	<b>19,133</b>	<b>21,250</b>	<b>19,904</b>	<b>22,737</b>
Grants, loans and other financial assistance	5,018	4,492	3,789	4,251	3,557	4,936	6,191	4,987	6,176	4,355	6,213
Acquisition of share and loan capital <sup>(a)</sup>	43	2,002	820	1,538	207	807	567	1,781	538	1,678	421
<b>Total financial expenditure</b>	<b>5,061</b>	<b>6,494</b>	<b>4,609</b>	<b>5,789</b>	<b>3,764</b>	<b>5,743</b>	<b>6,758</b>	<b>6,768</b>	<b>6,713</b>	<b>6,033</b>	<b>6,634</b>
<b>Total capital expenditure</b>	<b>22,429</b>	<b>22,647</b>	<b>23,554</b>	<b>23,277</b>	<b>23,811</b>	<b>25,237</b>	<b>26,866</b>	<b>25,901</b>	<b>27,963</b>	<b>25,937</b>	<b>29,371</b>
<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>3,644</i>	<i>4,792</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 <sup>(b)</sup>	6	-1	17	32	40	144	59	247	70	177	61
<b>Total capital expenditure &amp; other transactions</b>	<b>22,435</b>	<b>22,646</b>	<b>23,571</b>	<b>23,309</b>	<b>23,851</b>	<b>25,381</b>	<b>26,926</b>	<b>26,147</b>	<b>28,033</b>	<b>26,115</b>	<b>29,432</b>
<b>Total capital receipts</b>	<b>3,136</b>	<b>3,576</b>	<b>3,262</b>	<b>3,580</b>	<b>3,235</b>	<b>3,299</b>	<b>2,905</b>	<b>3,978</b>	<b>2,558</b>	<b>2,532</b>	<b>3,928</b>

(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.

Source: COR 2018-19, CPR4 2019-20, and CER 2020-21



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

[Table 2a](#) illustrates the pattern of expenditure for the broad categories of services since 2015-16 in real terms. The level of capital spending can have large variation year-on-year due to large projects, such as housing expenditure by the Greater London Authority and major projects like Crossrail.

### **Caveats regarding expenditure data by local authority service area categories**

a) Trends since 2016-17

The annual level of local authority expenditure on commercial acquisitions rose substantially in 2016-17 and 2017-18. Whereas spend on commercial acquisitions ought generally to be recorded as trading services, in 2016-17 a significant amount of this was reported under central services, and some appeared to be reported in planning and development. Reporting under the correct categories improved from 2017-18.

b) Provisional outturn data

It is still possible that some expenditure will be reclassified to a different service area for final outturn later in the year. This happens because provisional outturn data needs to be provided and published rapidly.

### **Provisional outturn 2019-20**

The service areas with the largest changes compared with 2018-19 were:

- Expenditure on highways & transport services totalled £7.2 billion in 2019-20. This was £670 million (9%) lower than in 2018-19.
- Local authorities reported expenditure on trading services totalling £2.9 billion in 2019-20, compared to £4.1 billion in 2018-19 and £3.1 billion in 2017-18.

Meanwhile local authorities reported increases in expenditure under central services (£392 million), planning and development services (£327 million) and housing (£292 million). The latter of which was driven by increases in expenditure across London Boroughs.

## Forecast 2020-21

The England total of local authorities' outturn capital expenditure is perennially lower than their capital estimates (budget) figures. Therefore England forecast figures (for 2020-21 in this publication) are adjusted downwards based on comparisons of budget and outturn data of recent years. The methodology for this adjustment is described in the [forecasting adjustments](#) section toward the end of this publication.

In reviewing the adjusted 2020-21 forecast shortly before publication, we observed a pattern that the methodology has under-estimated expenditure on highways and transport and over-estimated expenditure on housing. The methodology adjusts equally across all service areas across economic categories where overall there has been repeated under or over forecasting. We will seek to develop a method that would also vary across service areas, where appropriate, in time for use with the 2021-22 forecast.

Particular care is therefore required in interpreting the adjusted forecast data in [table 2a](#) for this reason, and because of the impact of COVID-19.

**Table 2a: Local authority total capital expenditure by service: forecast, provisional and final outturn, England, 2015-16 to 2020-21**

Real terms table, all monetary figures in 2019-20 prices

£ millions

Service	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Outturn (final)	Outturn (final)	Outturn (revised)	Outturn (final)	Outturn (provisional)	Forecast (adjusted)
Education <sup>(a)</sup>	3,464	3,253	2,967	2,470	2,446	2,124
Highways & Transport	9,004	8,276	6,876	7,900	7,230	6,206
of which GLA	4,671	3,781	2,077	3,690	3,859	2,512
Social Care	282	331	304	343	374	445
Public Health	11	20	10	20	29	33
Housing	4,991	4,975	5,837	5,490	5,782	7,504
of which London Boroughs	1,839	1,868	2,198	1,961	2,254	4,495
of which GLA	281	176	757	924	728	1,218
Culture & Related Services	1,158	1,063	1,136	1,126	1,170	1,228
Environmental & Regulatory Services	787	655	1,238 <sup>(d)</sup>	620	749	869
Planning & Development Services	1,828	1,765	1,663	1,713	2,040	2,432
Digital Infrastructure	:	:	:	:	167	180
Police	663	665	950	693	769	758
Fire & Rescue Services	187	194	164	152	165	211
Central Services <sup>(b)</sup>	1,614	2,357	2,027	1,769	2,160	2,204
Trading <sup>(c)</sup>	561	1,264	3,097	4,100	2,856	4,608
<b>Total Capital Expenditure</b>	<b>24,549</b>	<b>24,648 <sup>(e)</sup></b>	<b>26,269</b>	<b>26,397</b>	<b>25,937</b>	<b>28,803</b>

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

(e) Total capital expenditure excludes £170,412 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 2018-19, CPR4 2019-20 and CER 2020-21

### 3. Financing of local authority capital expenditure

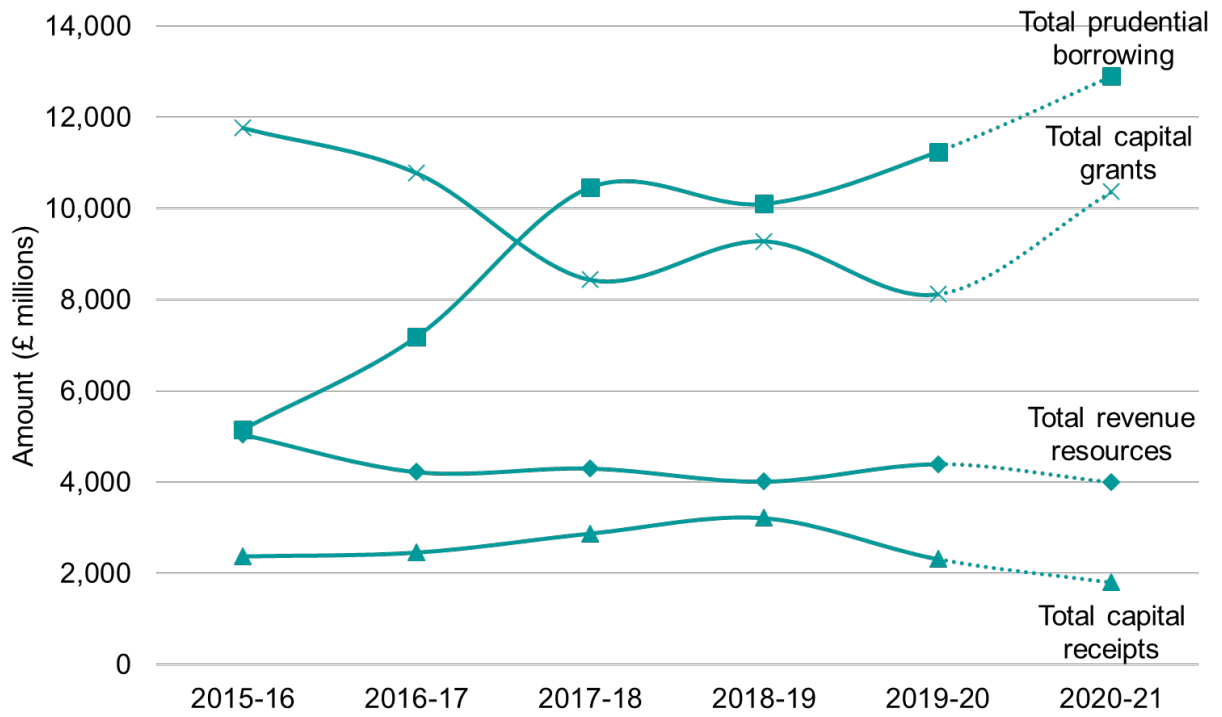
Authorities finance their capital spending in a number of ways. A breakdown of the main elements of local authority capital funding is given below:

- 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.

As shown in [figure 2](#), prudential borrowing was again the largest source of financing of capital expenditure in 2019-20. Prudential borrowing increased by 11% from £10.1 billion in 2018-19 to £11.3 billion in 2019-20, and was forecast to increase a further 15% to £12.9 billion in 2020-21.

The second largest type of finance is capital grants. Capital grants totalled £8.1 billion in 2019-20. This was 13% lower than the £9.3 billion total in 2018-19. This was forecast to total £10.4 billion in 2020-21.

Figure 2: Financing of local authority capital expenditure in real terms by source: forecast, provisional and final outturn, England, 2015-16 to 2020-21



**Table 3a: Financing of local authority capital expenditure by source: forecast, provisional and final outturn, England, 2015-16 to 2020-21**

<i>Real terms table, all monetary figures in 2019-20 prices</i>							£ millions
Source	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
	<b>Outturn (final)</b>	<b>Outturn (final)</b>	<b>Outturn (revised)</b>	<b>Outturn (final)</b>	<b>Outturn (provisional)</b>	<b>Forecast (adjusted)</b>	
<b>Total capital grants</b>	<b>11,775</b>	<b>10,784</b>	<b>8,441</b>	<b>9,290</b>	<b>8,125</b>	<b>10,369</b>	
Grants from central government departments	9,895	8,422	6,316	7,232	6,068	8,412	
Grants from European structural & investment funds	123	14	28	69	56	67	
Grants from private developers & leaseholders, etc.	1,159	1,178	1,239	1,277	1,088	1,037	
Grants from non-departmental public bodies <sup>(a)</sup>	548	499	280	300	398	342	
Grants from the National Lottery	51	63	75	47	54	101	
Grants from Local Enterprise Partnerships <sup>(b)</sup>	:	608	504	365	463	410	
<b>Total capital receipts</b>	<b>2,380</b>	<b>2,464</b>	<b>2,882</b>	<b>3,221</b>	<b>2,318</b>	<b>1,802</b>	
<b>Total revenue resources</b>	<b>5,045</b>	<b>4,232</b>	<b>4,311</b>	<b>4,024</b>	<b>4,402</b>	<b>4,006</b>	
Housing Revenue Account (CERA)	840	804	654	625	590	194	
Major Repairs Reserve	1,967	1,739	1,695	1,744	1,714	1,770	
General Fund Revenue Account (CERA)	2,238	1,689	1,961	1,655	2,098	2,041	
<b>Total prudential borrowing <sup>(c)</sup></b>	<b>5,159</b>	<b>7,192</b>	<b>10,473</b>	<b>10,107</b>	<b>11,253</b>	<b>12,908</b>	
Loans & other financial assistance from Local Enterprise Partnerships	:	:	3	34	15	43	
Other borrowing & credit arrangements not supported by central government	5,159	7,192	10,470	10,074	11,238	12,864	
<b>Total resources used to finance capital expenditure <sup>(d)</sup></b>	<b>24,359</b>	<b>24,672</b>	<b>26,107</b>	<b>26,643</b>	<b>26,099</b>	<b>29,085</b>	

(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.

Sources: COR 2018-19, CPR4 2019-20 and CER 2020-21

# Accompanying 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, provisional and final outturn, England, 2015-16 to 2020-21 (Real terms table, all monetary figures in 2019-20 prices)
- Table 1b** Local authority capital expenditure & other transactions and capital receipts by category: forecast, provisional and final outturn, England, 2015-16 to 2020-21 (Cash terms table, all monetary figures as reported)
- Table 2a** Local authority total capital expenditure by service: forecast, provisional and final outturn, England, 2015-16 to 2020-21 (Real terms table, all monetary figures in 2019-20 prices)
- Table 2b** Local authority total capital expenditure by service: forecast, provisional and final outturn, England, 2015-16 to 2020-21 (Cash terms table, all monetary figures as reported)
- Table 3a** Financing of local authority capital expenditure by source: forecast, provisional and final outturn, England, 2015-16 to 2020-21 (Real terms table, all monetary figures in 2019-20 prices)
- Table 3b** Financing of local authority capital expenditure by source: forecast, provisional and final outturn, England, 2015-16 to 2020-21 (Cash terms table, all monetary figures as reported)
- Table 4a** Local authority total capital expenditure and total capital receipts by service and category: provisional outturn, England, 2019-20
- Table 4b** Local authority total capital expenditure and total capital receipts by service and category: forecast, England, 2020-21
- Table 5a** Local authority prudential system information by category: provisional outturn, England, 2019-20
- Table 5b** Local authority prudential system information by category: forecast, England, 2020-21

These tables can be accessed at:

[Local authority capital expenditure and receipts in England: 2019 to 2020 provisional outturn and 2020 to 2021 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, 2020-21
- CER A2** Capital Estimates Return, section A, part 2: further details of local authority capital expenditure on grants & loans and on roads, England, 2020-21
- CER B** Capital Estimates Return, section B: financing of local authority capital expenditure & other transactions, England 2020-21
- CER C** Capital Estimates Return, section C: local authority prudential system information, England 2020-21

These tables can be accessed at:

[Local authority capital expenditure and financing in England: 2020 to 2021 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), 2019-20, England

This table can be accessed at:

[Live tables on local government finance - Capital payments and receipts](#)

Related MHCLG statistical releases are available at:

[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 Financial Statistics England no.24 2014](#). More recent Local Government Financial Statistics publications are accessible at [Local Government Finance Statistics – England \(compendium\)](#). 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](#).

## **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:  
[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.

The 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:  
[Service Reporting Code of Practice \(SeRCOP\) 2020/21](#)

## Grossing and imputation

### Provisional outturn 2019-20

Only data for authorities that have completed a valid form is used in the computation of national figures for the statistical release. We use a grossing methodology to compensate for missing returns in order to compute valid national figures. This method draws on the capital estimates (forecast) values for 2019-20 for those authorities which have not made a valid return for provisional outturn 2019-20. These figures are then multiplied by adjustment factors. The adjustment factors are calculated by comparing capital estimates (forecast) figures for 2019-20 with Provisional outturn figures for 2019-20 for all those authorities that did make both returns.

### Forecast 2020-21

Where a return is missing the values from the most recent previous year's figures are assumed, in order to derive valid England totals.

## Adjustments

The England total 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.

### 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 GLA. 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](#).

## 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 £3.0 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 to forecast 2018-19

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:

Capital expenditure from the Housing Revenue Account	11.9%
Capital expenditure from the general fund revenue account	7.4%
Usable capital receipts	16.1%
Grants and contributions from private developers	6.7%
Other borrowing	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 forecast 2019-20**

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%

## Adjustments to forecast 2020-21

The same approach was used to review the latest ratio of forecast to outturn (for 2019-20) alongside the data for previous years. This led to adjustments across the expenditure below, with the following ratios:

New construction conversion & renovation	0.619
Vehicles	0.676
Plant machinery & equipment	0.729
Intangible fixed assets	0.752

The data of recent years supported adjusting the same categories of financing as for 2019-20, and thus the 2020-21 adjustment was distributed across the following financing components in the following proportions:

From Housing Revenue Account	9.3%
From General Fund Revenue Account	3.6%
Usable capital receipts	17.0%
Grants and contributions from private developers	6.9%
Other borrowing	58.9%
Grants and contributions from non-departmental public bodies	1.8%
Grants from Local Enterprise Partnerships	2.5%

## 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 [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

This release contained provisional outturn figures for 2019-20. 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.

## 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: [Engagement strategy to meet the needs of statistics users](#)

## Notes

Timings of future releases can be found at [Research and statistics](#)

For a fuller picture of recent trends in local government finance, readers are directed to [Local Government Financial Statistics England No.29 2019](#).

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): [Knowledge Hub - 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**                    [Capital](#)

**Scotland**                [Local government finance statistics](#)

**Northern Ireland**    [Local government](#)



## 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: [English Local Authority Capital Expenditure and Receipts, and Revenue Expenditure and Financing: Letter of Confirmation as National Statistics](#)

Since the latest review by the UK Statistics Authority, we have continued to comply with the Code of Practice for Official 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 [capital 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).
- Introduction of a further service category of 'digital infrastructure'.

# Enquiries

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

[Types of official statistics](#)

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

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