



Ministry of Housing,  
Communities &  
Local Government



*Statistical release*  
Local Government Finance

# Local authority capital expenditure and receipts, England: provisional outturn, April 2020 to March 2021 & forecast, April 2021 to March 2022

**This version updates the 2020-21 provisional outturn figures.** It is based on returns from 419 (97%) local authorities in England and 12 imputed records. This compares to returns from 395 (92%) local authorities in England and 36 imputed records in the release of 17<sup>th</sup> June.

## In this release:

- Capital expenditure by local authorities in England in 2020-21 totalled £23.8 billion, 11% lower in real terms than in 2019-20.
- Highways & transport and housing remained the service areas with the greatest expenditure, at £7.6 billion and £5.4 billion respectively in 2020-21.
- Capital expenditure is forecast to total £30.4 billion in 2021-22 (in 2020-21 prices), 3% higher in real terms than was forecast for 2020-21.
- Capital receipts received by England's local authorities in 2020-21 totalled £2.9 billion, £24 million (0.8%) lower in real terms than in 2019-20. Total capital receipts are forecast to be £2.4 billion in 2021-22.
- The largest source of financing continues to be prudential borrowing. This was £11.7 billion in 2019-20, £9.4 billion in 2020-21 and is forecast to be £13.1 billion in 2021-22.

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# Table of contents

In this release.....	1
Table of contents .....	2
Introduction .....	2
Capital expenditure and receipts by economic category.....	6
Capital expenditure by service area.....	10
Financing of capital expenditure .....	14
Accompanying tables.....	15
Technical Notes .....	16

## Introduction

This Statistical Release presents National Statistics on capital expenditure and receipts and capital financing for local authorities in England for April 2020 to March 2021 and forecast capital expenditure and receipts and capital financing for April 2021 to March 2022.

Capital expenditure comprises the buying, constructing or improving of 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 2020-21 provisional outturn data in this release are derived from [Capital Payments & Receipts 4 \(CPR4\) returns](#), while the 2021-22 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 2021-22](#) (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. Please see the accompanying technical notes document for further details on the adjustments:

## 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 were based on local authority estimates made prior to the impact of coronavirus (COVID-19) outbreak in early 2020.

## Note on revised provisional outturn 2020-21

Due to the exceptional circumstances this year, a number of local authorities were unable to submit their returns in time for publication. As a result, this revised publication is based on returns from 419 (97%) local authorities in England and 12 imputed records. This compares to the June release which was based on returns from 395 (92%) local authorities in England and 36 imputed records. These authorities can be identified where the data source column states “no data” in the local authority data worksheets of [Capital payments and receipts](#). The data for these imputed records were estimated using forecast data from each of these local authorities. Please see the accompanying technical notes document for further details on grossing and imputation.

## Local Government Finance Data Review

MHCLG is carrying out a comprehensive review into local government finance statistics. The review will consider the following groups of statistical collections:

- local authority borrowing and investments
- local authority capital expenditure, receipts and financing
- local authority revenue expenditure and financing (Revenue Account Budget, Revenue Outturn and Quarterly Revenue Outturn)

We are launching a [survey](#) to help identify users of local government finance statistics, to assess how well the statistics meet their needs, and to seek views on how the statistics could be improved.

This survey will remain live until Friday 30th July 2021.

**Table 1a: Local authority capital expenditure & other transactions and capital receipts by category: forecast and final outturn, England, 2016-17 to 2020-21**

<i>Real terms series, all monetary figures in 2020-21 prices</i>											£ millions
Category	2016-17		2017-18		2018-19		2019-20		2020-21		2021-22
	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>(provisional)</i>	Forecast <i>(adjusted)</i>
Acquisition of land & existing buildings	994	3,046	2,208	4,288	5,133	4,607	5,428	4,309	4,887	2,493	3,930
New construction, conversion & renovation	17,880	14,306	17,239	14,741	13,949	13,628	14,475	13,996	16,007	14,195	17,679
Vehicles, plant, furniture & equipment	1,409	1,336	1,609	1,438	1,455	1,356	1,302	1,679	1,547	1,500	1,617
Intangible fixed assets	231	249	275	277	374	306	406	278	296	299	351
<b>Total expenditure on fixed assets</b>	<b>20,514</b>	<b>18,937</b>	<b>21,332</b>	<b>20,743</b>	<b>20,910</b>	<b>19,897</b>	<b>21,611</b>	<b>20,262</b>	<b>22,737</b>	<b>18,487</b>	<b>23,577</b>
Grants, loans and other financial assistance	4,103	4,603	3,785	5,252	6,438	5,186	6,281	4,730	6,213	4,386	6,386
Acquisition of share and loan capital <sup>(a)</sup>	888	1,666	221	858	590	1,852	547	1,737	421	906	247
<b>Total financial expenditure</b>	<b>4,991</b>	<b>6,268</b>	<b>4,005</b>	<b>6,111</b>	<b>7,028</b>	<b>7,038</b>	<b>6,827</b>	<b>6,467</b>	<b>6,634</b>	<b>5,292</b>	<b>6,633</b>
<b>Total capital expenditure</b>	<b>25,505</b>	<b>25,205</b>	<b>25,337</b>	<b>26,854</b>	<b>27,939</b>	<b>26,935</b>	<b>28,438</b>	<b>26,729</b>	<b>29,371</b>	<b>23,779</b>	<b>30,210</b>
<i>of which GLA:</i>	<i>4,797</i>	<i>4,494</i>	<i>3,136</i>	<i>3,495</i>	<i>4,244</i>	<i>5,158</i>	<i>5,548</i>	<i>5,244</i>	<i>4,792</i>	<i>3,309</i>	<i>4,829</i>
Expenditure treated as capital by virtue of a Section 16(2)(b) Direction <sup>(b)</sup>	19	35	43	153	62	257	71	182	61	160	171
<b>Total capital expenditure &amp; other transactions</b>	<b>25,523</b>	<b>25,240</b>	<b>25,380</b>	<b>27,007</b>	<b>28,000</b>	<b>27,191</b>	<b>28,509</b>	<b>26,911</b>	<b>29,432</b>	<b>23,939</b>	<b>30,381</b>
<b>Total capital receipts</b>	<b>3,532</b>	<b>3,877</b>	<b>3,442</b>	<b>3,510</b>	<b>3,021</b>	<b>4,137</b>	<b>2,601</b>	<b>2,871</b>	<b>3,928</b>	<b>2,896</b>	<b>2,365</b>

Footnotes:

- (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 2019-20, CPR4 2020-21, and CER 2021-22

**Table 1b: Local authority capital expenditure & other transactions and capital receipts by category: forecast and final outturn, England, 2016-17 to 2020-21**

<i>Cash terms table, all monetary figures as reported</i>											£ millions
Category	2016-17		2017-18		2018-19		2019-20		2020-21		2021-22
	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (final)	Forecast (adjusted)	Outturn (provisional)	Forecast (adjusted)
Acquisition of land & existing buildings	918	2,813	2,075	4,030	4,936	4,430	5,337	4,237	4,887	2,493	3,997
New construction, conversion & renovation	16,512	13,212	16,200	13,853	13,413	13,105	14,233	13,763	16,007	14,195	17,980
Vehicles, plant, furniture & equipment	1,301	1,234	1,512	1,351	1,399	1,304	1,280	1,651	1,547	1,500	1,644
Intangible fixed assets	213	230	259	260	359	294	399	273	296	299	357
<b>Total expenditure on fixed assets</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>19,923</b>	<b>22,737</b>	<b>18,487</b>	<b>23,978</b>
Grants, loans and other financial assistance	3,789	4,251	3,557	4,936	6,191	4,987	6,176	4,651	6,213	4,386	6,495
Acquisition of share and loan capital <sup>(a)</sup>	820	1,538	207	807	567	1,781	538	1,708	421	906	251
<b>Total financial expenditure</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>6,359</b>	<b>6,634</b>	<b>5,292</b>	<b>6,746</b>
<b>Total capital expenditure</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>26,282</b>	<b>29,371</b>	<b>23,779</b>	<b>30,724</b>
<i>of which GLA:</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>	<i>4,792</i>	<i>3,309</i>	<i>4,911</i>
Expenditure treated as capital by virtue of a Section 16(2)(b) Direction <sup>(b)</sup>	17	32	40	144	59	247	70	179	61	160	174
<b>Total capital expenditure &amp; other transactions</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>26,461</b>	<b>29,432</b>	<b>23,939</b>	<b>30,898</b>
<b>Total capital receipts</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>2,823</b>	<b>3,928</b>	<b>2,896</b>	<b>2,405</b>

Footnotes:

- (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 2019-20, CPR4 2020-21, and CER 2021-22

# 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.

Capital expenditure is divided into expenditure on fixed assets, which includes spending on tangible and intangible fixed assets, and financial expenditure, which includes the following payments funding capital expenditure: grants, loans, and the acquisitions of share or loan capital

[Table 1a](#) illustrates the change in the pattern of expenditure for the by economic category of expenditure since 2016-17 in real terms.

## Provisional outturn 2020-21

Local authorities' provisional outturn capital expenditure for 2020-21 totalled £23.8 billion. This is £3.0 billion (11%) lower in real terms than the 2019-20 outturn. New construction, conversion & renovation remained by far the largest type of capital expenditure, accounting for £14.2 billion (60%) in real terms of all capital expenditure in 2020-21.

- Total financial expenditure totalled £5.3 billion in 2020-21, down £1.2 billion (18%) in real terms from 2019-20. The driver of this decrease was acquisition of share and loan capital, which was £831 million (48%) lower than in 2019-20. This was largely driven by a decrease of £570 million in cash terms for the Greater London Authority. Total expenditure on fixed assets totalled £18.5 billion in 2020-21, down £1.8 billion (9%) in real terms from 2019-20. This decrease was driven by a sharp fall in expenditure on the acquisition of land & existing buildings. This was £2.5 billion in 2020-21, £1.8 billion (42%) lower in real terms than in 2019-20. This decrease is in part due to the impact of COVID-19 which has resulted in interruptions to planned purchases and generally a lower level of activity to what was seen in previous years.
- Expenditure may also have been impacted by more stringent controls applied to PWLB lending. New rules on borrowing from PWLB came into force on 26 November 2020. Local authorities are no longer allowed access to this borrowing to fund investments (i.e. commercial properties) that are primarily intended to generate a return on that investment.

Capital receipts totalled £2.9 billion in 2020-21, £24 million (0.8%) lower in real terms than in 2019-20.

## Forecast 2021-22

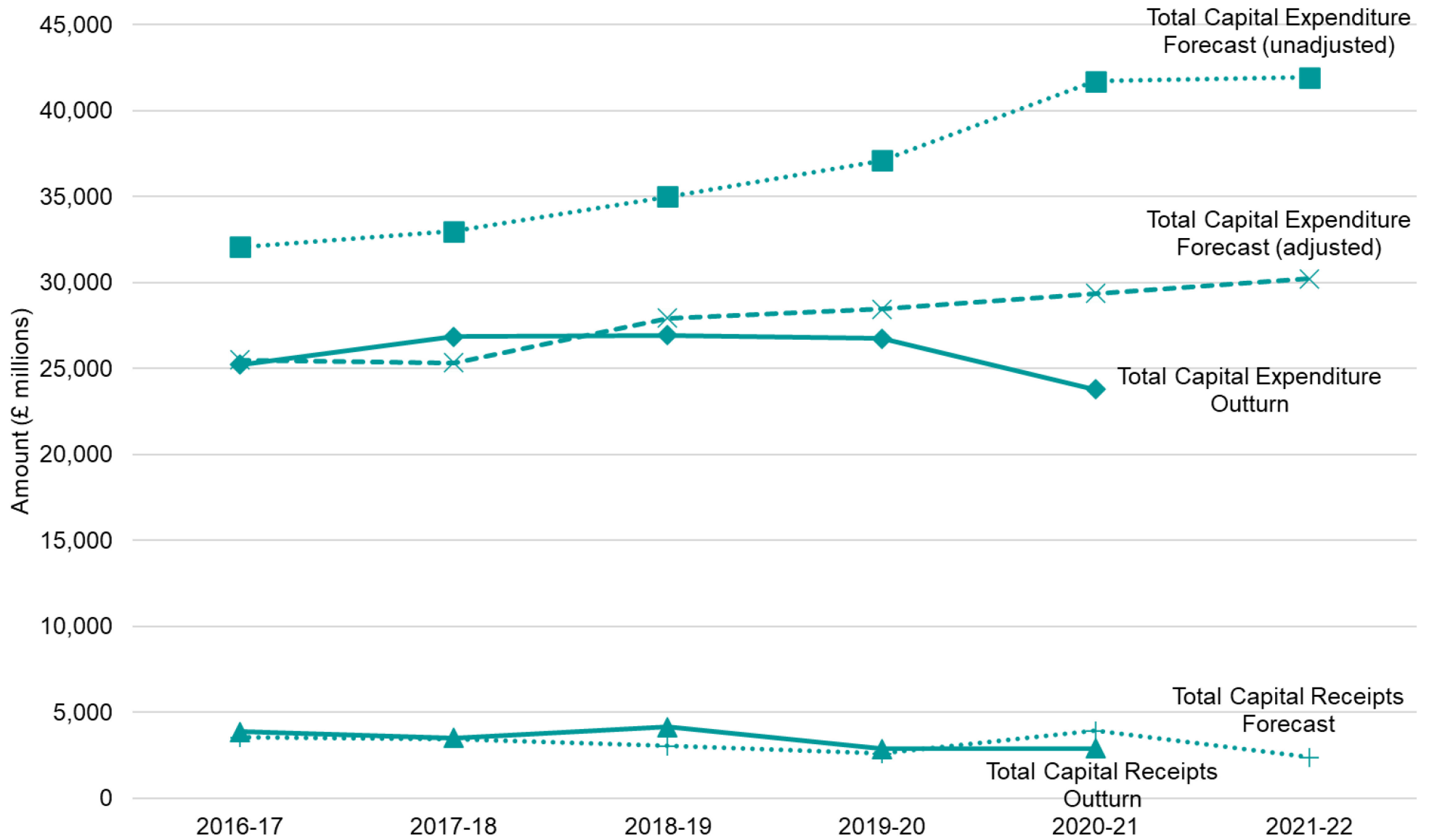
[Figure 1](#) shows the difference between unadjusted forecasts, adjusted forecasts and outturn data for total capital expenditure since 2016-17. Forecasts are adjusted as local authority forecasts are consistently higher than subsequent outturn. Differences between them can be caused by slippage in timings of projects, changes in service priorities or in financial capabilities of an authority throughout the year.

In cash terms, capital expenditure is forecast to be £30.9 billion in 2021-22. This is £1.5 billion (+5%) higher than the forecast set for 2020-21 and £7.0 billion higher than the 2020-21 outturn.

It is worth noting that new construction, conversion and renovation alone is forecast to increase by £1.7 billion (10%) in real terms in 2021-22. Spending in this category is forecast to increase by over £100 million in cash terms for North London Waste Authority (+£162 million), Newham (+£159 million), Sheffield City Region Combined Authority (+£126 million), Enfield (+£121m) and West Midlands Combined Authority (just over +£100 million).

Local authorities forecast that capital receipts would total £2.4 billion in 2021-22, a decrease of £531 million (18%) on 2020-21 outturn and £1.6 billion (40%) lower in real terms than was forecast for 2020-21.

**Figure 1: A comparison of forecast (adjusted and unadjusted), outturn for total capital expenditure and receipts in real terms, England, 2016-17 to 2021-22**





**Table 2a: Local authority total capital expenditure by service: forecast, provisional and final outturn, England, 2016-17 to 2021-22**

<i>Real terms series, all monetary figures in 2020-21 prices</i>							£ millions
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
<b>Service</b>	<b>Outturn</b>	<b>Outturn</b>	<b>Outturn</b>	<b>Outturn</b>	<b>Outturn</b>	<b>Forecast</b>	
	<i>(final)</i>	<i>(final)</i>	<i>(final)</i>	<i>(final)</i>	<i>(provisional)</i>	<i>(adjusted)</i>	
Education <sup>(a)</sup>	3,327	3,033	2,520	2,349	2,205	2,081	
Highways & Transport	8,463	7,029 <sup>(d)</sup>	8,061	7,600	7,623	8,339	
<i>of which GLA</i>	3,867	2,123	3,765	3,942	2,488	2,182	
Social Care	338	311	350	378	312	437	
Public Health	20	10	21	21	21	21	
Housing	5,088	5,967	5,602	6,155	5,402	9,006	
<i>of which London Boroughs</i>	1,910	2,247	2,001	2,334	2,072	5,408	
<i>of which GLA</i>	180	774	943	798	288	1,017	
Culture & Related Services	1,087	1,162	1,149	1,263	1,135	1,220	
Environmental & Regulatory Services	670	1,265 <sup>(e)</sup>	633	725	736	1,011	
Planning & Development Services	1,805	1,700	1,748	1,923	1,662	2,049	
Digital Infrastructure	:	:	:	141	166	275	
Police	680	971	707	772	819	709	
Fire & Rescue Services	198	168	155	166	163	173	
Central Services <sup>(b)</sup>	2,410	2,072	1,805	1,913	2,157	1,961	
Trading <sup>(c)</sup>	1,293	3,166	4,183	3,324	1,378	3,097	
<b>Total Capital Expenditure</b>	<b>25,205</b>	<b>26,853</b>	<b>26,935</b>	<b>26,729</b>	<b>23,779</b>	<b>30,381</b>	

Footnotes:

- (a) Expenditure on education services from 2010-11 onwards is not comparable to previous years due to a number of schools changing their status to become academies, which are centrally funded rather than funded by local authorities.
- (b) Central services include court costs, local tax collection, and other core council services costs (such as IT). Some local authorities report commercial activity within this category. New categories and guidance were issued in Spring 2018 encouraging such expenditure to be recorded under Trading Services.
- (c) Trading services include the maintenance of direct labour and service organisations, such as civic halls, retail markets and industrial estates, and commercial activity.
- (d) Includes Halton's capitalisation of future unitary charge payments made towards the Mersey Gateway Bridge (£721m).
- (e) Includes Greater Manchester Waste Disposal Authority's PFI buy-out (£557m).

Source: COR 2019-20, CPR4 2020-21 and CER 2021-22

# Capital expenditure by service area

[Table 2a](#) illustrates the pattern of expenditure for the broad categories of services since 2016-17 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

### 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.

### 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 2020-21

Highways & transport, housing, education and central services account for 73% of all capital expenditure in 2020-21. Their patterns compared with 2019-20 were:

- Expenditure on highways & transport services totalled £7.6 billion in 2020-21. This was £23 million (0.3%) more, in real terms, than in 2019-20.
- Expenditure on housing services totalled £5.4 billion in 2020-21. This was £753 million (12%) lower in real terms than in 2019-20.
- Expenditure on education services totalled £2.2 billion in 2020-21. This was £144 million (6%) lower in real terms than in 2019-20.
- Expenditure on central services totalled £2.2 billion in 2020-21. This was £244 million (13%) more, in real terms, than in 2019-20.

## Forecast 2021-22

The England total of local authorities' outturn capital expenditure is perennially lower than their capital estimates (budget) figures. Therefore England forecast figures are adjusted downwards based on comparisons of budget and outturn data of recent years.

In reviewing the adjusted 2020-21 forecast, we observed that the methodology has underestimated expenditure on highways and transport services and over-estimated expenditure on

housing and planning & development services. We have developed a new method for use - the 2021-22 forecast. Please see the accompanying technical notes document for further details on the adjustments: [Technical Notes](#)

The largest changes in forecast expenditure compared to provisional outturn 2020-21 are in the following service categories:

- Local authorities in England have forecasted £9.0 billion of capital expenditure on housing services in 2021-22, £3.6 billion (67%) more, in real terms, than the provisional outturn for 2020-21.
- Highways & transport services are the largest area of local authority spending, which is forecast to increase by £0.7 billion (9%) in real terms to £8.3 billion in 2021-22.
- Local authorities in England have forecast £3.1 billion of capital expenditure on trading services in 2021-22, £1.7 billion (125%) more, in real terms, than in 2020-21.
- Over half of the forecast total on housing services has been reported by London boroughs, which have forecast expenditure of £5.4 billion in 2021-22, £3.3 billion (161%) more, in real terms, than their 2020-21 outturn. From [table 2b](#) below, two thirds of London boroughs have forecasted at least £100 million on housing services in 2021-22: Southwark Council (£599 million) has a large capital programme which includes but is not limited to the construction of 11,000 new homes, property acquisitions, Quality Homes Investment Programme, Heat Network and other regeneration projects. Enfield (£430 million) has the Meridian Water development and other regeneration schemes. Westminster (£313 million) has a large amount on housing acquisitions and regeneration.

**Table 2b: Expenditure on housing services by level of authority spend, London boroughs, 2021-22**

Level of spend	£ millions			
	Number of authorities		Expenditure on housing services	
	Number	Percentage	Amount	Percentage
More than £500 million	1	3%	599	11%
£400 to £499 million	1	3%	430	8%
£300 to £399 million	1	3%	313	6%
£200 to £299 million	5	15%	1,343	25%
£100 to £199 million	14	42%	2,223	41%
£30 to £99 million	7	21%	485	9%
Less than £5 million	4	12%	15	0%
<b>Total</b>	<b>33</b>	<b>100%</b>	<b>5,407</b>	<b>100%</b>

**Table 3a: Financing of local authority capital expenditure: England, 2016-17 to 2020-21 (outturn) and 2021-22 (forecast)**

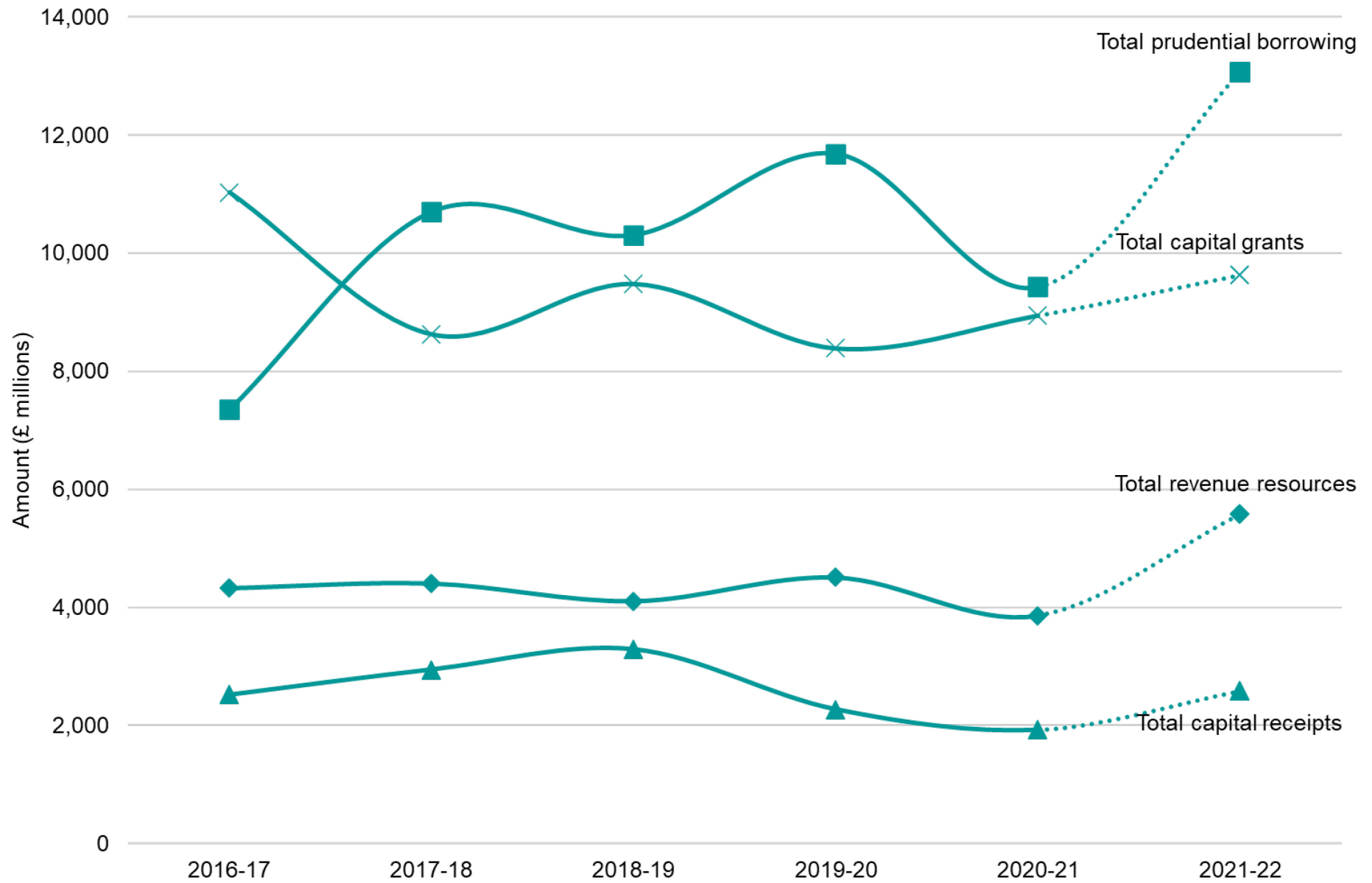
<i>Real terms series, all monetary figures in 2020-21 prices</i>							£ millions
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
Source	Outturn (final)	Outturn (final)	Outturn (revised)	Outturn (final)	Outturn (provisional)	Forecast (adjusted)	
<b>Total capital grants</b>	<b>11,028</b>	<b>8,629</b>	<b>9,479</b>	<b>8,389</b>	<b>8,945</b>	<b>9,633</b>	
Grants from central government departments	8,613	6,457	7,380	6,134	6,783	7,406	
Grants from European structural & investment funds	14	29	70	48	46	59	
Grants from private developers & leaseholders, etc.	1,204	1,266	1,303	1,203	977	1,325	
Grants from non-departmental public bodies <sup>(a)</sup>	510	286	306	454	469	482	
Grants from the National Lottery	64	77	48	56	50	44	
Grants from Local Enterprise Partnerships <sup>(b)</sup>	622	515	373	494	620	317	
<b>Total capital receipts</b>	<b>2,520</b>	<b>2,947</b>	<b>3,287</b>	<b>2,273</b>	<b>1,927</b>	<b>2,576</b>	
<b>Total revenue resources</b>	<b>4,328</b>	<b>4,407</b>	<b>4,106</b>	<b>4,510</b>	<b>3,859</b>	<b>5,583</b>	
Housing Revenue Account	822	669	637	525	502	834	
Major Repairs Reserve	1,778	1,733	1,780	1,836	1,544	2,069	
General Fund (CERA)	1,727	2,005	1,689	2,149	1,813	2,681	
<b>Total prudential borrowing <sup>(c)</sup></b>	<b>7,354</b>	<b>10,706</b>	<b>10,313</b>	<b>11,688</b>	<b>9,428</b>	<b>13,068</b>	
Loans & other financial assistance from Local Enterprise <sup>(b)</sup>	:	3	35	28	155	49	
Other borrowing & credit arrangements not supported by central government	7,354	10,703	10,279	11,661	9,273	13,019	
<b>Total resources used to finance capital expenditure <sup>(d)</sup></b>	<b>25,230</b>	<b>26,688</b>	<b>27,185</b>	<b>26,860</b>	<b>24,159</b>	<b>30,860</b>	

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) 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 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. Over the last three years, the amount of intra local authority payments in forecast data has been notably lower in the financing table than across the expenditure data. This results in the financing total (adjusted and excluding double counting) being higher than the corresponding total in the expenditure tables. It is likely that the amount being recorded in the categories "from other local authorities" in the financing table of the forecast data is under-reported.

Sources: COR 2019-20, CPR4 2020-21 and CER 2021-22

**Figure 2: Financing of local authority capital expenditure in real terms: England, 2016-17 to 2020-21 (outturn) and 2021-22 (forecast)**



# 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.

## Provisional outturn 2020-21

As shown in [figure 2](#), prudential borrowing remained the largest source of financing of capital expenditure in 2020-21, however financing from this source decreased by 19% from £11.7 billion in 2019-20 to £9.4 billion in 2020-21.

The second largest source of finance is capital grants. Financing from capital grants was 7% (£556 million) higher in 2020-21 at £8.9 billion, compared to 2019-20.

## Forecast 2021-22

The largest sources of financing continues to be prudential borrowing. This was £11.7 billion in 2019-20, £9.4 billion in 2020-21 and is forecast to be £13.1 billion in 2021-22.

Capital grants are again forecast to be the second largest source of financing in 2020-21, 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 2020-21, £687 million (8%) more in real terms than in 2018-19.

[Figure 2](#) also shows the two other sources of financing are predicted to rise in 2021-22.

# 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, provisional and final outturn, England, 2016-17 to 2021-22 (Real terms table, all monetary figures in 2020-21 prices)
- Table 1b** Local authority capital expenditure & other transactions and capital receipts by category: forecast, provisional and final outturn, England, 2016-17 to 2021-22 (Cash terms table, all monetary figures as reported)
- Table 2a** Local authority total capital expenditure by service: forecast, provisional and final outturn, England, 2016-17 to 2021-22 (Real terms table, all monetary figures in 2020-21 prices)
- Table 2b** Local authority total capital expenditure by service: forecast, provisional and final outturn, England, 2016-17 to 2021-22 (Cash terms table, all monetary figures as reported)
- Table 3a** Financing of local authority capital expenditure by source: forecast, provisional and final outturn, England, 2016-17 to 2021-22 (Real terms table, all monetary figures in 2020-21 prices)
- Table 3b** Financing of local authority capital expenditure by source: forecast, provisional and final outturn, England, 2016-17 to 2021-22 (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, 2020-21 (Cash terms table, all monetary figures as reported)

**Table 4b** Local authority total capital expenditure and total capital receipts by service and category: forecast, England, 2021-22 (Cash terms table, all monetary figures as reported)

**Table 5a** Local authority prudential system information by category: provisional outturn, England, 2020-21 (Cash terms table, all monetary figures as reported)

**Table 5b** Local authority prudential system information by category: forecast, England, 2021-22 (Cash terms table, all monetary figures as reported)

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

**CER A1** Capital Estimates Return, section A, part 1: local authority expenditure, other transactions & receipts, England, 2021-22

**CER A2** Capital Estimates Return, section A, part 2: further details of local authority capital expenditure on grants & loans and on roads, England, 2021-22

**CER B** Capital Estimates Return, section B: financing of local authority capital expenditure & other transactions, England 2021-22

**CER C** Capital Estimates Return, section C: local authority prudential system information, England 2021-22

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

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

**CPR4** Live Table: Capital Payments and Receipts 4 (CPR4), 2020-21, England

This table can be accessed at:

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

## 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: 2020 to 2021 provisional outturn and 2021 to 2022 forecast](#)

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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