



Department for Levelling Up,  
Housing & Communities

# Local Authority Capital Expenditure and Receipts, England: 2020-21 Final Outturn

Technical Notes



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# Contents

|                                    |           |
|------------------------------------|-----------|
| <b>National Statistics Status</b>  | <b>4</b>  |
| <b>Coverage and response rate</b>  | <b>4</b>  |
| Adjustments                        | 5         |
| Grossing                           | 6         |
| Rounding                           | 6         |
| <b>Definitions</b>                 | <b>7</b>  |
| <b>Revisions policy</b>            | <b>9</b>  |
| Non-Scheduled Revisions            | 9         |
| Scheduled Revisions                | 10        |
| <b>Other information</b>           | <b>10</b> |
| Uses of the data                   | 10        |
| Background Notes                   | 10        |
| Devolved administration statistics | 11        |
| User engagement                    | 11        |

# National Statistics Status

National Statistics status means that our statistics meet the highest standards of trustworthiness, quality and public value as set out in the [Code of Practice for Statistics](#). It is the Department for Levelling Up, Housing and Communities'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](#)

## Coverage and response rate

This release is derived from Capital Outturn Returns (COR) submitted by 426 local authorities in England. These individual local authority data are also available on the departmental website.

The number of local authorities in England decreased from 435 to 431 on 1 April 2020 because of the following local government changes:

- On 1<sup>st</sup> April 2020, The existing Buckinghamshire County council and the 4 non-metropolitan districts of Aylesbury Vale, Chiltern, South Bucks, and Wycombe were replaced by a single unitary authority, Buckinghamshire council.

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 while they are being completed by local authorities and after they have been submitted to Department for Levelling Up, Housing and Communities (DLUHC). The COR forms from which these

data are derived can be found here: [Local government finance: forms to be completed by local authorities](#)

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](#)

## Adjustments

The national level statistics used in this release are adjusted by DLUHC in the ways outlined below.

### **Adjustment for inflation**

This release includes both real and cash terms series. The real terms series have been adjusted for inflation using HM Treasury's [GDP deflators at market prices, and money GDP September 2020 \(Quarterly National Accounts\) and are shown in 2020-21 prices.](#)

This is a widely used deflator which is derived by the Office for National Statistics by combining volume and value measures of Gross Domestic Product. The exceptional circumstances arising from COVID-19 particularly affected these volume measures and resulted in extraordinary values for the implied deflator after 2019-20. Fortunately, the GDP deflator forecast from the Office for Budget Responsibility returns the GDP deflator time series to a credible level from 2022-23. Having discussed options with the Office for National Statistics and HM Treasury, we are able to calculate real terms figures for 2020-21 using the average annual increase over the period from 2019-20 to 2022-23. This gives a credible value of +1.58% for 2020-21.

### **Forecasting adjustments**

Forecast expenditure figures have been adjusted to take account of the overestimation of capital expenditure. This is calculated at the England level only. Weighted averages using data from past years are used to determine how much local authorities overestimate their capital forecast. Further details on this methodology can be found in the provisional

version of this release: [Local authority capital expenditure and receipts in England: 2020 to 2021 provisional outturn and 2021 to 2022 forecast](#)

## Double-counting adjustments

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

## Grossing

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

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

## Rounding

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

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

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

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

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

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

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

**Credit arrangements** – forms of credit that do not involve the borrowing of money by a local authority. For example, leases of land (including buildings) or other property and

contracts that provide for external credit (in the sense that there is more than a full financial year gap between the giving of value to the authority and the payment for that value).

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

**Metropolitan District** – Metropolitan districts are responsible for all services in their area, although certain conurbation wide services such as fire and civil defence, police, waste



disposal and passenger transport are provided through joint authorities (the districts acting jointly).

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

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

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

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

## Revisions policy

This policy has been developed in accordance with the UK Statistics Authority's Code of Practice for Statistics and the Department for Levelling Up, Housing and Communities Revisions Policy and can be found at [Statistical notice: DLUHC revisions policy](#).

It covers two types of revisions that the policy covers, as follow:

### Non-Scheduled Revisions

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

## Scheduled Revisions

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

## Other information

### Uses of the data

Data in this Statistical Release are essential for providing the Secretary of State for the Department for Levelling Up, Housing and Communities, other ministers, and HM Treasury with the most up to date and comprehensive information available on local authority capital spending for decision making.

Data are also used by the Office for National Statistics in compiling Public Sector Finances and National Accounts, which are used to set fiscal and monetary policy.

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

The release allows for trends in funding for different local authority services and types to be identified over a period of years when compared with previous releases. Local authorities can also compare their own spending with the aggregated figures presented here or with the equivalent data for individual local authorities.

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

### Background Notes

This Statistical Release can be found at the following web address: [Local authority capital expenditure, receipts and financing](#)

Timings of future releases are regularly placed on the Department's website and on the National Statistics website. Planned publication dates can be found here: [Statistics at DLUHC](#)

For a fuller picture of recent trends in local government finance, readers are directed to [Local Government Financial Statistics England 2021](#).

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](#)

## 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 contact given in the first page of the release.

The Department's engagement strategy to meet the needs of statistics users is published here: [Engagement strategy to meet the needs of statistics users](#)