



Department for Levelling Up, Housing & Communities

Statistical release

Local Government Finance

Local authority capital expenditure and receipts, England: provisional outturn, April 2021 to March 2022 & forecast, April 2022 to March 2023

In this release:

- Capital expenditure by local authorities in England in 2021-22 totalled £25.6 billion, 1% higher in real terms than in 2020-21.
- Highways & transport and housing remained the service areas with the greatest expenditure, at £7.3 billion and £7.1 billion respectively in 2021-22.
- Capital expenditure is forecast to total £27.1 billion (2021-22 prices) in 2022-23. This is £1.4 billion higher than the 2021-22 provisional outturn.
- Capital expenditure on housing services is forecast to overtake highways & transport as the largest area of capital expenditure during 2022-23.
- Capital receipts received by England's local authorities in 2021-22 totalled £3.4 billion, £786 million (30%) higher in real terms than in 2020-21. Capital receipts are forecast to decrease by 32% to £2.3 billion in 2022-23.
- Capital grants were the largest source of financing in 2021-22 at £9.9 billion overtaking prudential borrowing which was £9.3 billion. Capital grants are forecast to continue as the largest source of financing during 2022-23 at £10.6 billion.

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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 2021 to March 2022 and forecast capital expenditure and receipts and capital financing for April 2022 to March 2023.

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 2021-22 provisional outturn data in this release are derived from [Capital Payments & Receipts 4 \(CPR4\) returns](#), while the 2022-23 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 Department for Levelling Up, Housing & Communities & Local Government (DLUHC).

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 2022-23 \(SeRCOP\) 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:

The 2021-22 provisional data in this publication is based on returns from 404 (95%) local authorities in England and 21 imputed records. The 21 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.

The 2022-23 forecast data is based on valid Capital Estimates Returns from 420 out of 425 local authorities. The national total includes imputed values for the 5 local authorities (Bromsgrove, Redditch, Gloucester city, Stratford-on-Avon, and Wealden) that had not submitted valid returns at the time of publication.

Note on forecast data

Each year, the upcoming year’s forecast is adjusted to factor in consistent over-forecasting by local authorities based on trends in recent years. In 2020-21 and 2021-22 the level of over-forecasting increased and this has been factored into forecast for 2022-23. Consequently, users should be cautious when comparing forecasts over time, and particularly between 2021-22 and 2022-23 as these will reflect changes in the adjustments used as well as changes in local authority forecasts.

Local Government Finance Data Review

DLUHC recently carried out a comprehensive review of local government finance statistics. The review considered 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)

Details of the outcome of the review were published on 11 April 2022 and can be found here:

[Review of local government finance statistics.](#)

Table 1a: Local authority capital expenditure & other transactions and capital receipts by category: forecast and final outturn, England, 2017-18 to 2022-23

Real terms table, all monetary figures in 2021-22 prices

Category	2017-18		2018-19		2019-20		2020-21 ^(a)		2021-22		2022-23
	Forecast <i>(adjusted)</i>	Outturn <i>(final)</i>	Forecast <i>(adjusted)</i>	Outturn <i>(final)</i>	Forecast <i>(adjusted)</i>	Outturn <i>(revised)</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	2,263	4,394	5,278	4,738	5,581	4,430	4,997	2,818	3,997	2,129	2,819
New construction, conversion & renovation	17,663	15,104	14,345	14,015	14,883	14,391	16,368	14,503	17,980	16,046	16,337
Vehicles, plant, furniture & equipment	1,649	1,473	1,497	1,395	1,339	1,727	1,582	1,530	1,644	1,539	1,757
Intangible fixed assets	282	284	384	314	418	286	303	285	357	257	371
Total expenditure on fixed assets	21,857	21,254	21,504	20,461	22,220	20,833	23,251	19,136	23,978	19,972	21,284
Grants, loans and other financial assistance	3,878	5,381	6,621	5,333	6,458	4,863	6,353	5,033	6,495	4,860	5,523
Acquisition of share and loan capital	226	880	607	1,905	562	1,786	430	1,037	251	790	246
Total financial expenditure	4,104	6,261	7,228	7,238	7,020	6,649	6,783	6,070	6,746	5,650	5,769
Total capital expenditure	25,961	27,516	28,732	27,699	29,240	27,482	30,034	25,206	30,724	25,621	27,053
<i>of which GLA ^(c)</i>	<i>3,200</i>	<i>3,181</i>	<i>4,216</i>	<i>4,366</i>	<i>4,360</i>	<i>3,626</i>	<i>4,289</i>	<i>3,399</i>	<i>3,148</i>	<i>3,144</i>	<i>3,550</i>
Payment of LSVT levy	0	0	0	0	0	0	0	0	0	4	0
Expenditure treated as capital by virtue of a Section 16(2)(b) Direction ^(b)	44	157	63	264	73	187	62	191	174	131	176
Total capital expenditure & other transactions	26,005	27,672	28,795	27,962	29,313	27,670	30,097	25,397	30,898	25,756	27,229
Total capital receipts	3,527	3,597	3,107	4,254	2,675	2,952	4,016	2,640	2,405	3,426	2,346

Footnotes:

□ Figures should avoid double counting due to any flow of grants, loans or other financial assistance or receipts between local authorities and between functional bodies of the Greater London Authority

(a) 2020-21 forecasts were made prior to the coronavirus outbreak (COVID-19) in March 2020.

- (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.
- (c) Unadjusted forecasts are used at the GLA level.

Source: COR 2020-21, CPR4 2021-2022, and CER 2022-23

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 2017-18 in real terms.

Provisional outturn 2021-22

Local authorities' provisional outturn capital expenditure for 2021-22 totalled £25.6 billion. This is £415 million (2%) higher in real terms than the 2020-21 outturn. New construction, conversion & renovation remained the largest type of capital expenditure, accounting for £16.0 billion (63%) in real terms of all capital expenditure in 2021-22.

- Total expenditure on fixed assets totalled £20.0 billion in 2021-22, up £836 million (4%) in real terms from 2020-21. This increase was driven primarily by a rise in expenditure on new construction, conversion & renovation. This was £16.0 billion in 2021-22, £1.5 billion (11%) higher in real terms than in 2020-21.
- Total financial expenditure totalled £5.7 billion in 2021-22, down £420 million (7%) in real terms from 2020-21. The main driver of this decrease was acquisition of share and loan capital, which was £247 million (24%) lower than in 2020-21.
- 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 £3.4 billion in 2021-22, £786 million (30%) higher in real terms than in 2020--21.

Forecast 2022-23

[Figure 1](#) shows the difference between unadjusted forecasts, adjusted forecasts and outturn data for total capital expenditure since 2017-18. Forecasts are adjusted to factor in consistent over-forecasting by local authorities. 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.

Capital expenditure is forecast to total £27.1 billion, in real terms, during 2022-23. This is £1.4 billion (6%) higher than the 2021-22 provisional outturn (£25.6 billion).

Please note, although the 2022-23 forecast of capital expenditure (£27.1 billion) is lower than the 2021-22 forecast, this is because of a change in the adjustment factors used as explained in the introduction and in more detail in the accompanying technical note. For this reason, no comparisons are made between the 2021-22 and 2022-23 forecasts.

New construction, conversion & renovation is forecast to continue as the largest area of capital expenditure during 2022-23. This is forecast to be £16.3 billion in real terms, which is a 2% increase on the 2021-22 provisional outturn.

Grants, loans and other financial assistance are forecast to remain the second largest area of capital expenditure, at £5.5 billion in real terms. This is an increase of £663 million (14%) compared to the 2021-22 provisional outturn.

Capital receipts are forecast to total £2.3 billion. This is £1.1 billion (32%) lower than the 2021-22 provisional outturn (£3.4 billion).

Figure 1: A comparison of forecast (adjusted and unadjusted), outturn for total capital expenditure and receipts in real terms, England, 2017-18 to 2022-23

(All trend-lines exclude double-counting caused by transfer of grants/loans between local authorities or between functional bodies of Greater London Authority)

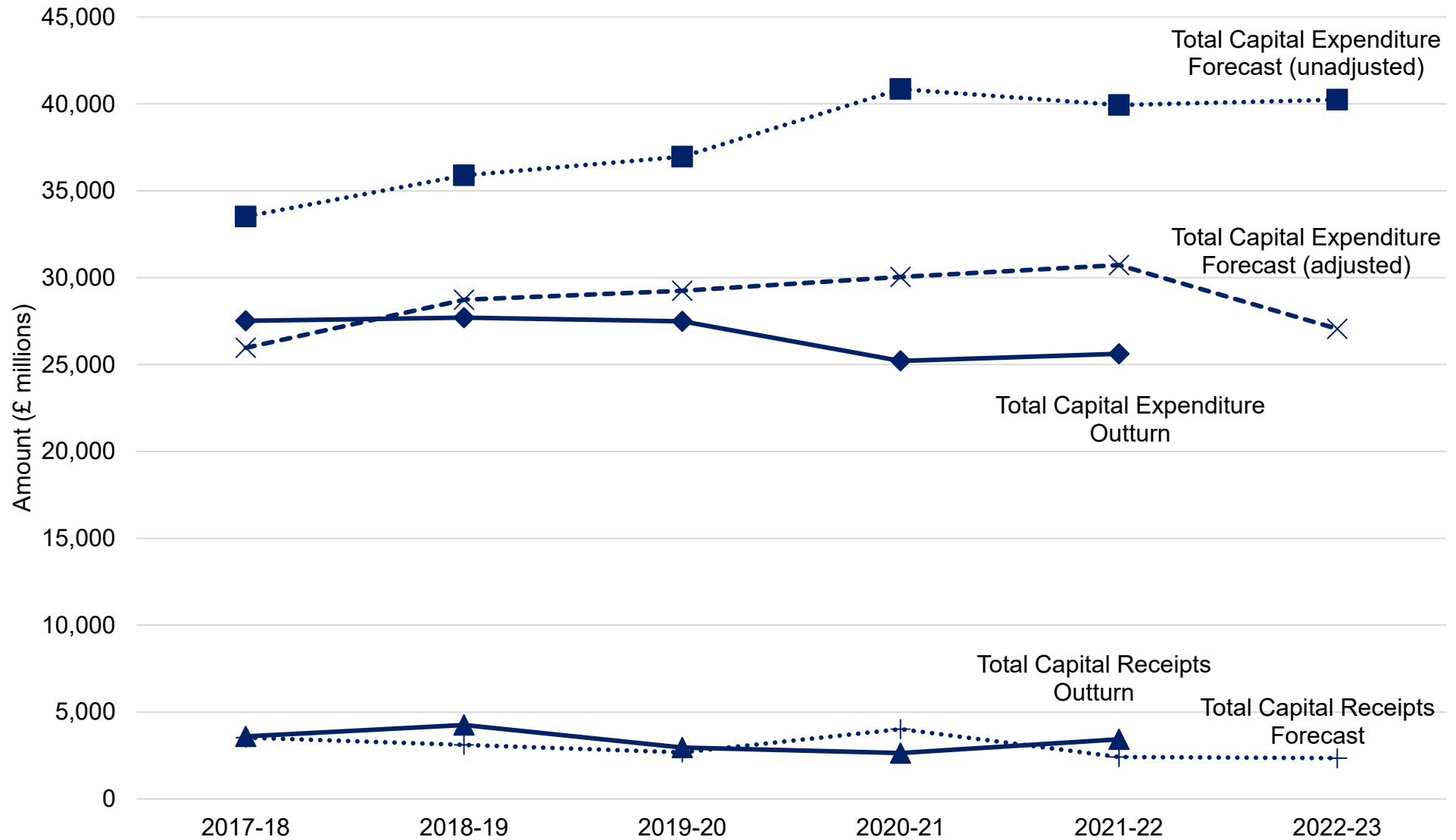


Table 2a: Local authority total capital expenditure by service: forecast, provisional and final outturn, England, 2017-18 to 2022-23

Real terms table. All monetary figures in 2021-22 prices

£ millions

Service	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Outturn (revised)	Outturn (final)	Outturn (final)	Outturn (final)	Outturn (provisional)	Forecast (adjusted)
Education ^(a)	3,108	2,592	2,415	2,136	2,138	2,025
Highways & Transport	7,202 ^(d)	8,290	7,815	7,949	7,338	6,303
of which GLA ^(f)	1,866	3,300	2,829	2,545	2,110	1,541
Social Care	318	360	388	292	325	362
Public Health	10	21	22	24	26	33
Housing	6,114	5,761	6,328	6,035	7,144	8,480
of which London Boroughs ^(f)	2,302	2,058	2,399	2,365	2,831	5,387
of which GLA ^(f)	793	969	821	535	873	1,206
Culture & Related Services	1,190	1,182	1,299	1,148	1,295	1,455
Environmental & Regulatory Services	1,296 ^(e)	651	745	740	999	1,158
Planning & Development Services	1,742	1,797	1,977	1,754	2,017	2,679
Digital Infrastructure	:	:	:	176	195	222
Police	995	727	794	845	706	600
Fire & Rescue Services	172	160	170	170	158	211
Central Services ^(b)	2,123	1,856	1,967	2,010	2,236	2,019
Trading ^(c)	3,244	4,302	3,418	1,929	1,045	1,507
Total Capital Expenditure	27,515	27,699	27,482	25,206	25,621	27,053

Footnotes:

- Figures should avoid double counting due to any flow of grants, loans or other financial assistance or receipts between local authorities and between functional bodies of the Greater London Authority
- (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 (£739m).
- (e) Includes Greater Manchester Waste Disposal Authority's PFI buy-out (£571m).
- (f) Unadjusted forecasts are used at the London Borough and GLA levels.

Source: COR 2020-21, CPR4 2021-22 and CER 2022-23

Capital expenditure by service area

[Table 2a](#) illustrates the pattern of expenditure for the broad categories of services since 2017-18 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.

Provisional outturn 2021-22

Expenditure on highways & transport and housing services accounted for 57% of all capital expenditure in 2021-22. The most notable changes in expenditure by service area compared with 2020-21 were:

- Expenditure on highways & transport services totalled £7.3 billion in 2021-22. This was £611 million (8%) lower, in real terms, than in 2020-21.
- Expenditure on housing services totalled £7.1 billion in 2021-22. This was £1.1 billion (18%) higher, in real terms, than in 2020-21. This increase is mostly driven by expenditure from London boroughs and the Greater London Authority.
- Expenditure on trading services fell by £883 million to £1.0 billion in 2021-22, continuing the fall from the height of £4.3 billion seen in 2018-19 .

Forecast 2022-23

The largest changes in expenditure forecast for 2022-23 compared to the 2021-22 provisional outturn are in the following service categories:

- Capital expenditure on housing services is forecast to overtake highways & transport as the largest area of capital expenditure during 2022-23. Expenditure on housing is forecast to total £8.5 billion during 2022-23. This is £1.3 billion (19%) more, in real terms, than the provisional outturn for 2021-22. This increase is driven by increased forecast expenditure by London boroughs.
- Capital expenditure on highways & transport services is forecast to total £6.3 billion during 2022-23. This is a decrease of £1.0 billion (14%), in real terms, compared to the 2021-22 provisional outturn.

From below, around two thirds of London boroughs have forecast expenditure of at least £100 million on housing services. Of these, the largest forecasted expenditure is by Southwark Council (£593 million) who, like last year, have a large capital programme which includes but is not limited to ongoing construction of 11,000 new homes, property acquisitions, Quality Homes Investment Programme, Heat Network and other regeneration projects. The second largest forecasted expenditure is by Barking & Dagenham (£451 million) as a result of more property development projects. The third largest forecasted expenditure is by Westminster (£320 million) who, like last year, have a large amount on housing acquisitions and regeneration.

Table 2b: Expenditure on housing services by level of authority spend, London boroughs, 2022-23

Real terms series, all monetary figures in 2021-22 prices

£ millions

Level of spend	Number of authorities		Expenditure on housing services	
	Number	Percentage	Amount	Percentage
More than £500 million	1	3%	569	11%
£400 to £499 million	1	3%	433	8%
£300 to £399 million	1	3%	308	6%
£200 to £299 million	8	24%	1,933	36%
£100 to £199 million	10	30%	1,597	30%
£30 to £99 million	8	24%	514	10%
Less than £30 million	4	12%	33	1%
Total	33	100%	5,387	100%

Table 2b footnotes:

- Unadjusted forecasts are used at the London Borough level.

Table 3a: Financing of local authority capital expenditure: England, 2017-18 to 2021-22 (outturn) and 2022-23 (forecast)

Real terms table, all monetary figures in 2021-22 prices

£ millions

Source	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Outturn (final)	Outturn (revised)	Outturn (final)	Outturn (final)	Outturn (provisional)	Forecast (adjusted)
Total capital grants	8,842	9,748	8,625	9,220	9,861	10,554
Grants from central government departments	6,616	7,589	6,307	6,878	7,852	8,801
Grants from European structural & investment funds	30	72	49	49	60	62
Grants from private developers & leaseholders, etc.	1,297	1,340	1,237	1,092	1,054	984
Grants from non-departmental public bodies ^(a)	293	315	466	518	516	618
Grants from the National Lottery	78	49	58	48	32	50
Grants from Local Enterprise Partnerships ^(b)	527	383	508	636	348	39
Total capital receipts	3,019	3,380	2,337	2,096	2,192	1,669
Total revenue resources	4,515	4,222	4,637	3,997	4,888	4,564
Housing Revenue Account (CERA)	685	655	539	417	658	429
Major Repairs Reserve	1,775	1,830	1,887	1,723	1,734	1,609
General Fund Revenue Account (CERA)	2,054	1,737	2,210	1,857	2,496	2,526
Total prudential borrowing ^(c)	10,970	10,606	12,018	10,552	9,313	10,230
Loans & other financial assistance from Local Enterprise Partnerships	:	36	28	12	7	57
Other borrowing & credit arrangements not supported by central government	10,966	10,570	11,990	10,540	9,306	10,173
Total resources used to finance capital expenditure ^(d)	27,346	27,956	27,618	25,865	26,254	27,018

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.

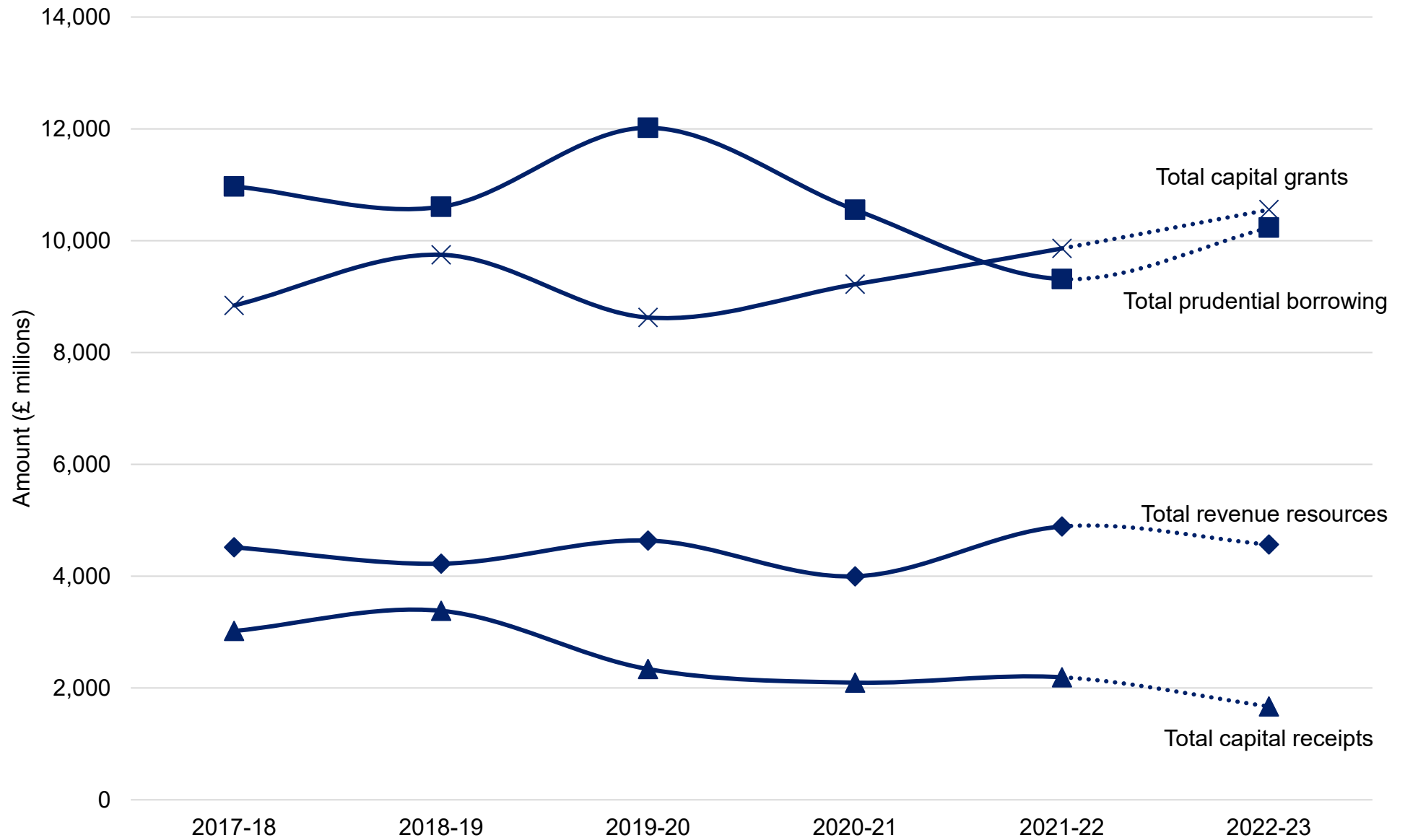
(c) The Prudential System, which came into effect on 1 April 2004, allows local authorities to raise finance for capital expenditure - without Government consent -

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 2020-21, CPR4 2021-22 and CER 2022-23

Figure 2: Financing of local authority capital expenditure in real terms: England, 2017-18 to 2021-22 (outturn) and 2022-23 (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 2021-22

As shown in [figure 2](#), capital grants became the largest source of financing of capital expenditure in 2021-22. This source of financing increased by 7%, in real terms, from £9.2 billion in 2020-21 to £9.9 billion in 2021-22.

Prudential borrowing was the second largest source of financing at £9.3 billion which is £1.2 billion (12%) less than 2020-21.

Forecast 2022-23

Capital grants are forecast to be the largest source of financing for capital expenditure during 2022-23. This source of finance is forecast to be £10.6 billion in 2022-23, compared to £9.9 billion in the provisional 2021-22 outturn.

Financing of capital expenditure by prudential borrowing is forecast to be £10.2 billion in 2022-23, compared to £9.3 billion in the provisional 2021-22 outturn.

[Figure 2](#) shows that revenue resources and capital receipts are forecast to decrease as sources of financing for capital expenditure during 2022-23.

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, 2017-18 to 2022-23 (Real terms table, all monetary figures in 2021-22 prices)
- Table 1b** Local authority capital expenditure & other transactions and capital receipts by category: forecast, provisional and final outturn, England, 2017-18 to 2022-23 (Cash terms table, all monetary figures as reported)
- Table 2a** Local authority total capital expenditure by service: forecast, provisional and final outturn, England, 2017-18 to 2022-23 (Real terms table, all monetary figures in 2021-22 prices)
- Table 2b** Local authority total capital expenditure by service: forecast, provisional and final outturn, England, 2017-18 to 2022-23 (Cash terms table, all monetary figures as reported)
- Table 3a** Financing of local authority capital expenditure by source: forecast, provisional and final outturn, England, 2017-18 to 2022-23 (Real terms table, all monetary figures in 2021-22 prices)
- Table 3b** Financing of local authority capital expenditure by source: forecast, provisional and final outturn, England, 2017-18 to 2022-23 (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, 2021-22 (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, 2022-23 (Cash terms table, all monetary figures as reported)
- Table 5a** Local authority prudential system information by category: provisional outturn, England, 2021-22 (Cash terms table, all monetary figures as reported)
- Table 5b** Local authority prudential system information by category: forecast, England, 2022-23 (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, 2022-23
- CER A2** Capital Estimates Return, section A, part 2: further details of local authority capital expenditure on grants & loans and on roads, England, 2022-23
- CER B** Capital Estimates Return, section B: financing of local authority capital expenditure & other transactions, England 2022-23
- CER C** Capital Estimates Return, section C: local authority prudential system information, England 2022-23

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), 2021-22, 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: 2021 to 2022 provisional outturn and 2022 to 2023 forecast](#)

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

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



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