



Department for Levelling Up,
Housing & Communities

Local authority capital expenditure and
receipts, England:

provisional outturn, April 2021 to March 2022
and forecast, April 2022 to March 2023

Technical Notes



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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' 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](#)

Note on provisional outturn 2021-22

The provisional statistics in this release are based on the capital expenditure and receipts data that local authorities in England supplied to DLUHC by mid-June 2022. Final outturn figures of local authority capital expenditure and receipts are due to be published in November 2022. Some figures will change between the two releases, these will be highlighted in November publication where relevant. See [revision policy](#) section for more information.

Coverage and response rate

DLUHC capital returns collect data from local authorities in England as defined by [Section 23 of the Local Government Act 2003](#).

Provisional outturn 2021-22

The 2021-22 provisional outturn data in this release are derived from valid Capital Payments and Receipts Q4 (CPR4) returns which had been submitted by 404 of 425 local authorities in England. The national totals include grossing for the 21 authorities that had not yet provided their data.

The number of local authorities in England is lower than the 431 a year ago because of the following local government changes:

- On 1 April 2021, Northamptonshire County Council and the seven district councils within Northamptonshire ceased to exist. These were replaced by the following two unitary authorities:
 - North Northamptonshire council, covering the area of these former district councils: Corby, East Northamptonshire, Kettering and Wellingborough.
 - West Northamptonshire council, covering the area of these former district councils: Daventry, Northampton and South Northamptonshire.
- On 1 April 2021, the Hampshire and Isle of Wight Fire and Rescue Authority was created. Isle of Wight's fire service has merged with Hampshire Combined Fire and Rescue Authority.

Forecast 2022-23

The 2022-23 forecast data are derived from valid Capital Estimates Returns submitted by 420 of 425 eligible local authorities in England. The national total includes imputed values for the 5 local authorities that had not submitted valid returns at the time of publication.

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 while they are being completed by local authorities and after they have been submitted to Department for Levelling, Housing and Communities (DLUHC). The CPR4 and CER 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 \(SeRCOP\) 2021/22](#)

Grossing and Imputation

Provisional outturn 2021-22

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 2021-22 for those authorities which have not made a valid return for provisional outturn 2021-22. These figures are then multiplied by adjustment factors. The adjustment factors are calculated by comparing capital estimates (forecast) figures for 2021-22 with provisional outturn figures for 2021-22.

Forecast 2022-23

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

Adjustments

The England totals used in this release are adjusted by DLUHC 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.

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 March 2022 \(Quarterly National Accounts\)](#) and are shown in 2021-22 prices.

The implied GDP deflator is a widely used general-purpose deflator. However the effects of covid on GDP volume measures means that the implied deflator data has not been representative of general inflation since Spring 2020. Following advice from statisticians in the Office for National Statistics and HM Treasury, we established that we should average

the fluctuation in implied inflation percentage change figures, whose cause was a measurement issue as a result of COVID-19. Thus we have averaged the figures across 2020-21 and 2021-22, giving an estimated increase of +2.26% in each of these years.

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. 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

Forecast expenditure figures have been adjusted to take account of the overestimation of capital expenditure. This is calculated at the England level only.

Since the 2021-22 forecast, data for economic categories are examined separately for each of the twelve broad service categories. An adjustment factor was calculated for each combination of economic category and service grouping wherever there had been consistent over- or under-forecasting during 2019-20 and 2021-22. (2020-21 data are excluded as estimates were made prior to the coronavirus outbreak in March 2020).

To calculate adjustment factors for CER 2022-23, ratios of unadjusted forecast to subsequent outturn were calculated for 2019-20 and 2021-22. The adjustment factor is the weighted average of the two ratios, with the 2021-22 ratio given 2/3 weighting and the 2019-20 ratio given 1/3 weighting. Finally, tapering is applied to scale down very large adjustments. This has negligible effect in most cases e.g. even when outturn was as much as three times larger than budget. The tapering impacted the ratio of one category, reducing the adjustment factor from x8.2 to x4.3. This works well given the ratios since 2016-17 for that category were x15, x5, x17, x2.6. The justification for tapering very large positive ratios, is that it seems likely that the ratio between subsequent outturn and

unadjusted forecast (budgeted) amount will not be so very large again. If we did not make this tapering adjustment, we would be assuming that latest budget figures would turn out to be similarly under-reported; i.e. The method would be otherwise be prone to making occasional very large over-adjustments.

For CER 2022-23, adjustments were made to the following types of forecasted capital expenditure:

- Acquisition of land & existing buildings
- New construction, conversion & renovation
- Vehicles
- Plant machinery & equipment
- Intangible fixed assets
- Expenditure on grants
- Expenditure on loans & other financial assistance

NB Of those categories, forecasts of '*Expenditure on grants*' and '*Expenditure on loans & other financial assistance*' had not been adjusted in previous years.

Note there is a sizeable drop in the adjusted forecast of total capital expenditure compared to previous years. This is partially because the adjustment factors are 2/3 weighted on 2021-22 data, where the difference between unadjusted forecasts and outturn was much greater than in 2019-20 and earlier and partly because expenditure on grants and expenditure on loans & other financial assistance had not previously been adjusted.

Finally, we need to apportion the same net over-forecasting adjustment across the components of financing. Forecasted financing categories were adjusted down based on the weighted average of differences between unadjusted forecast and subsequent outturn during 2021-22 and 2019-20, with weightings of 2/3 and 1/3 respectively. The following eight financing categories were adjusted, as they were identified to have systematically lower outturn than unadjusted budget figures:

- Grants from central government departments
- Grants and contributions from private developers
- Grants and contributions from non-departmental public bodies
- Grants from Local Enterprise Partnerships

- Use of capital receipts
- Capital expenditure financed from Housing Revenue Account
- Capital expenditure financed by the Major Repairs Reserve (MRR)
- Other borrowing and credit arrangements not supported by central government

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. Led 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

This release contained provisional outturn figures for 2021-22. These will be superseded by the more detailed Capital (final) Outturn figures that are published each Autumn. 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](#)