



# *Statistical Release*

July 2004

## LOCAL AUTHORITY CAPITAL EXPENDITURE AND RECEIPTS

### ENGLAND

#### 2003 - 04 Provisional Outturn

- **Capital expenditure by local authorities in England continued to rise in 2003-04 but at a slower rate. Total capital expenditure is provisionally estimated to be £12.2 bn, an increase of 6% on the outturn for 2002-03.**
- **Capital receipts have risen 11% above the high level recorded in 2002-03, and are estimated at £5.6 bn.**
- **Capital spending is estimated to have risen most sharply in Education.**

This Release provides provisional outturn estimates of local authority capital expenditure and receipts in the financial year April 2003 to March 2004.

The information is derived from Capital Payments and Receipts Returns (CPR4) submitted by local authorities in England and is based on returns from all 478 authorities that complete the return.

The Release has been compiled by Local Government Finance Statistics division of ODPM.

**Total capital expenditure by local authorities in England during 2003-04 is estimated to be £12.2 bn and capital receipts to be £5.6 bn.**

1. Tables 1 and 2 provide a service breakdown of estimated expenditure and receipts for 2003-04. These figures are based on local authorities' own estimates of spending and receipts, but further adjusted by:

- increasing local authorities' own estimates of expenditure to reflect the historic difference between provisional and final estimates;
- increasing local authorities' own estimates of receipts to reflect the historic difference between provisional and final estimates.

**Table 1: Local authority capital expenditure in England 2003-04 : provisional outturn by economic category and service**

	Total expenditure on fixed assets	Grants and advances	Acquisition of share or loan capital	Credit cover for credit arrangements	£ million Total capital expenditure
Education	2,718	30	0	1	2,749
Transport	2,364	35	0	0	2,400
Personal social services	240	23	0	0	263
Housing	2,808	653	0	0	3,461
Agriculture & fisheries	19	0	0	0	19
Libraries, culture & heritage	169	9	0	0	178
Sport & recreation	297	40	0	0	337
Fire & civil defence	63	1	0	1	65
Police	507	0	0	0	508
Magistrates' courts	33	0	0	0	33
Other	1,922	174	48	6	2,149
<b>TOTAL</b>	<b>11,142</b>	<b>963</b>	<b>48</b>	<b>9</b>	<b>12,162</b>

**Table 2: Local authority capital receipts in England 2003-04 : provisional outturn by economic category and service**

	Receipts from sale of fixed assets	Repayments of grants and advances	Disposal of investments inc. share or loan capital	Leasing disposals	£ million Total capital receipts
Education	224	0	0	0	224
Transport	117	8	10	0	135
Personal social services	88	1	0	0	89
Housing	3,571	69	0	66	3,706
Agriculture & fisheries	55	0	0	0	56
Libraries, culture & heritage	3	0	0	0	3
Sport & recreation	12	0	0	0	12
Fire & civil defence	18	0	0	0	18
Police	81	0	0	0	81
Magistrates' courts	6	0	0	0	6
Other	1,091	20	49	80	1,239
<b>TOTAL</b>	<b>5,267</b>	<b>98</b>	<b>59</b>	<b>147</b>	<b>5,571</b>

## Capital expenditure and receipts 1999-00 to 2003-04

2. Chart A illustrates the change in capital expenditure and receipts from 1999-00 to 2003-04.

Capital expenditure by English local authorities is estimated to have increased by 6% in 2003-04, so that spending has nearly doubled in the last five years.

Capital receipts, mostly housing, have risen by 11% following the 41% increase in 2002-03. These higher levels follow the abolition of the "Receipts Taken Into Account" (RTIA) mechanism previously used in the distribution of Basic Credit Approvals, where receipts in 2001-02 were the last year's figures to be used in the calculation. Its abolition removed a disincentive for local authorities to generate and hold usable receipts.

Chart A: Expenditure and receipts from 1999-00 to 2003-04

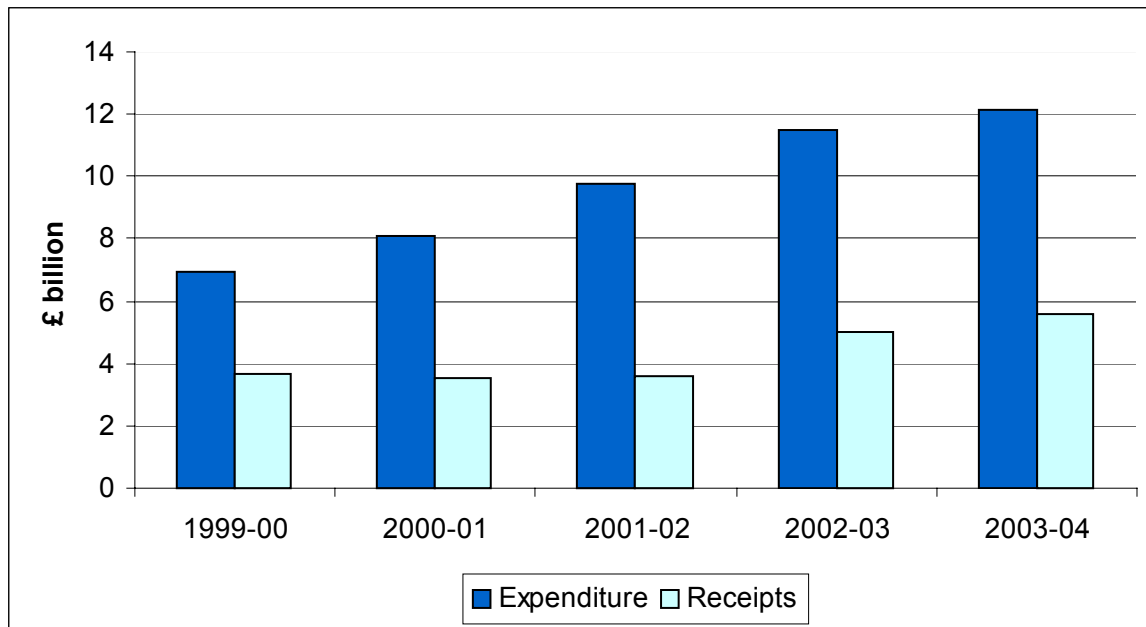


Table 3: Local authority capital expenditure and receipts in England

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04 (P)
<b>£ million</b>						
<b>Expenditure:</b>						
Expenditure on fixed assets	5,627	5,930	6,959	8,526	10,288	11,142
Other capital expenditure	1,003	982	1,150	1,215	1,220	1,020
<b>Total capital expenditure</b>	<b>6,630</b>	<b>6,912</b>	<b>8,109</b>	<b>9,741</b>	<b>11,508</b>	<b>12,162</b>
<b>Receipts</b>	<b>2,662</b>	<b>3,651</b>	<b>3,512</b>	<b>3,579</b>	<b>5,040</b>	<b>5,571</b>

(P) = Provisional

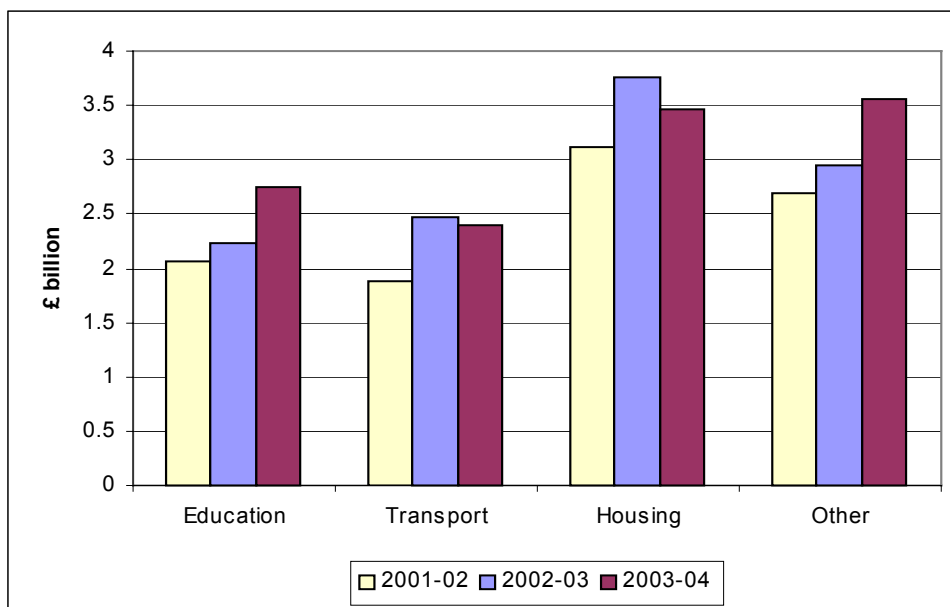
## Capital expenditure by service

Local authority capital spending is growing most rapidly in the education sector, where it increased by 23% in 2003-04. Its share of capital spending now stands at 23%.

Housing remains the largest single sector at 28%.

3. **Chart B** below, illustrates the change in the pattern of expenditure for the major services between 2001-02 and 2003-04.

**Chart B: Capital expenditure in 2001-02 to 2003-04 by service**



**Table 4: Local authority capital expenditure by service in England**

	£ million					
	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04 (P)
Education	995	1,139	1,533	2,064	2,287	2,749
Transport	1,053	1,086	1,410	1,877	2,461	2,400
Housing	2,513	2,406	2,779	3,110	3,828	3,461
Other	2,067	2,281	2,386	2,690	2,932	3,552
<b>Total expenditure</b>	<b>6,630</b>	<b>6,912</b>	<b>8,109</b>	<b>9,741</b>	<b>11,508</b>	<b>12,162</b>

(P) = Provisional

4. **Table 5**, given at the end of this report, provides a summary of local authorities' own provisional estimates of what they spent in 2003-04 and a breakdown of how they financed that expenditure. None of the figures in Table 5 have been adjusted for likely differences between provisional and final outturn spending.

### **Background Notes**

1. National Statistics are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer demands.
2. The information in this Statistical Release is derived from Capital Payments and Receipts Returns (CPR4) submitted by local authorities in England and is based this time on a full response from all 478 authorities.
3. The adjustments made to local authorities' own estimates in order to calculate the main estimates (see para 1) include an assessment of the difference between CPR4 estimates and final outturn information for recent years where outturn data are available. The adjustment made for underestimation of capital expenditure was 1.04; the corresponding adjustment for underestimation of receipts was 1.06.
4. Further adjustments have been made to avoid double counting the GLA grants to other London authorities.
5. Enquiries about this Statistical Release should be addressed to Karl Schunmann at [karl.schunmann@odpm.gsi.gov.uk](mailto:karl.schunmann@odpm.gsi.gov.uk) (Tel. 020 7944 4074).
6. Timings of future Releases are regularly placed on the ODPM website, [www.local.odpm.gov.uk](http://www.local.odpm.gov.uk) and on the ONS National Statistics website, [www.statistics.gov.uk](http://www.statistics.gov.uk)
7. For a fuller picture of recent trends in local government finance readers are directed to "Local Government Financial Statistics England" No. 14 2003 which is available in hard copy from Wetherby Publications Centre at [odpm@twoten.press.net](mailto:odpm@twoten.press.net) (Tel. 0870 1226236) and electronically in PDF format via the Office of the Deputy Prime Minister's web site:  
  
<http://www.local.odpm.gov.uk/finance/stats/lgfs/2003/index.htm>
8. Final outturn estimates of capital expenditure and receipts in 2003-04 will be published in a National Statistics Release in early 2005.

**Table 5 - Local authority capital expenditure: provisional outturn 2003-04**

<b>Reported by local authorities</b>	<b>£ million</b>
<b>England</b>	
Acquisitions of land and existing buildings and works	490
New construction and conversion	9,139
Vehicles, plant equipment and machinery	1,084
<b>Total expenditure on fixed assets</b>	<b>10,713</b>
Grants and advances	926
Acquisition of share or loan capital	46
Credit cover required for credit arrangements	8
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>11,694</b>
Section 40(6) direction expenditure	91
Amounts set aside in respect of notional capital receipts and LSVT levy	9
<b>TOTAL EXPENDITURE AND OTHER TRANSACTIONS</b>	<b>11,794</b>
Sales of fixed assets	4,969
Repayments of grants and advances	92
Disposal of investments incl. share or loan capital	56
Leasing disposals	138
<b>TOTAL CAPITAL RECEIPTS</b>	<b>5,255</b>
Credit Approvals available	4,116
Net effect of credit approvals transferred to/from other authorities	-16
Accumulated usable receipts as at 1 April 2003	2,463
Usable part of receipts in 2003-04	3,012
Accumulated grants from previous years (Police Authorities only)	229
Grants and contributions towards capital expenditure	4,378
PCL usable by debt-free authorities	1,106
<b>TOTAL RESOURCES AVAILABLE</b>	<b>15,289</b>
Basic Credit Approvals used	2,565
Supplementary Credit Approvals used	1,259
Grants from Central Government Departments	2,733
Grants from European Community Structural Funds	153
Grants and contributions from private developers	281
Grants and contributions from non-departmental public bodies	262
Funding from National Lottery	163
Use of usable capital receipts	1,907
Use of PCL monies	265
Capital expenditure financed from Housing Revenue Account	205
Capital expenditure financed by the Major Repairs Reserve	1,373
Capital expenditure financed from General Fund Revenue Account	626
<b>TOTAL RESOURCES USED TO FINANCE CAPITAL EXPENDITURE</b>	<b>11,794</b>
Usable receipts that have been voluntarily set aside in 2003-04	31