

Statistical Release

June 2003

LOCAL AUTHORITY CAPITAL EXPENDITURE AND RECEIPTS

ENGLAND

2003 - 04 FORECAST

- **Capital expenditure by local authorities in England is forecast to continue rising in 2003-04. Total capital expenditure is expected to be £12.8 bn, an increase of 17% on the forecast for 2002-03.**
- **Capital receipts are forecast to be marginally higher than in recent years at £3.7 bn**
- **Capital spending is expected to grow most rapidly in education, where the increase is forecast at 30% and in other services which is set to increase by 23%.**

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

The information is derived from Capital Estimates Returns (CER) submitted by local authorities in England and is based on returns from all 478 authorities. It has been compiled by Local Government Finance Statistics division of ODPM.

This is the first time that estimates based on the CER return have been issued as a National Statistics release.

Total capital expenditure by local authorities in England during 2003-04 is forecast to be £12.8 bn and capital receipts to be £3.7 bn.

1. Tables 1 and 2 provide a service breakdown of forecast expenditure and receipts for 2003-04. These figures are based on local authorities' own estimates of planned spending and receipts, but further adjusted by:
- reducing local authorities' forecast expenditure to reflect the historic pattern of capital programme slippage;
 - increasing local authorities' forecasts of receipts to reflect the historic pattern of under recording receipts at the forecast stage and to include some forecast receipts from Large Scale Voluntary Transfers (LSVT) of housing stock which were not included in the returns.

TABLE 1: LOCAL AUTHORITY CAPITAL EXPENDITURE & RECEIPTS IN ENGLAND 2003-04 FORECAST by service

	£ million	
	Expenditure	Receipts
Education	2,795	213
Transport	2,363	119
Housing	3,518	2,173
Other	4,074	1,234
TOTAL	12,750	3,739

TABLE 2 : LOCAL AUTHORITY CAPITAL EXPENDITURE & RECEIPTS IN ENGLAND 2003-04 FORECAST by economic category

	£ million
Total expenditure on fixed assets	11,585
Grants and advances	1,145
Acquisition of share or loan capital	15
Credit cover for credit arrangements	5
Total capital expenditure	12,750
Receipts from sale of fixed assets	3,580
Repayments of grants and advances	62
Disposal of investments inc. share or loan capital	15
Leasing disposals	82
Total capital receipts	3,739

Capital expenditure and receipts 1998-99 to 2003-04

2. Chart A illustrates the change in capital expenditure and receipts from 1998-99 to 2003-04.

Capital expenditure by English local authorities is forecast to increase by 17% in 2003-04 so that spending will have nearly doubled in the last five years.

Capital receipts have stayed relatively constant since 1999-00.

Chart A: Expenditure and receipts from 1998-99 to 2003-04

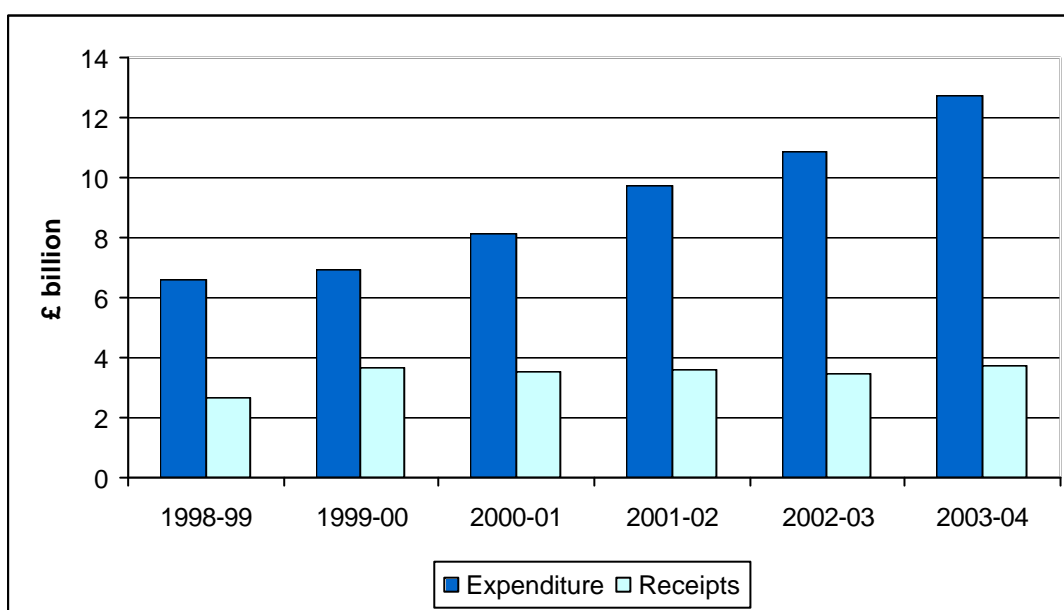


TABLE 3: Local authority capital expenditure and receipts

	1998-99	1999-00	2000-01	2001-02	2002-03 (F)	2003-04 (F)	£ million
Expenditure:							
Expenditure on fixed assets	5,627	5,930	6,959	8,526	9,488	11,585	
Other capital expenditure	1,003	982	1,150	1,215	1,371	1,165	
Total capital expenditure	6,630	6,912	8,109	9,741	10,859	12,750	
Receipts	2,662	3,651	3,512	3,579	3,473	3,739	

(F) = Forecast

Capital expenditure by service

Local authority capital spending is growing most rapidly in education and other services. Education spending is forecast to rise by 30% in 2003-04.

Education's share of capital spending is expected to stand at 22% by 2003-04. Although housing's share of the total has fallen in recent years, it will remain the largest single sector at 28%.

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

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

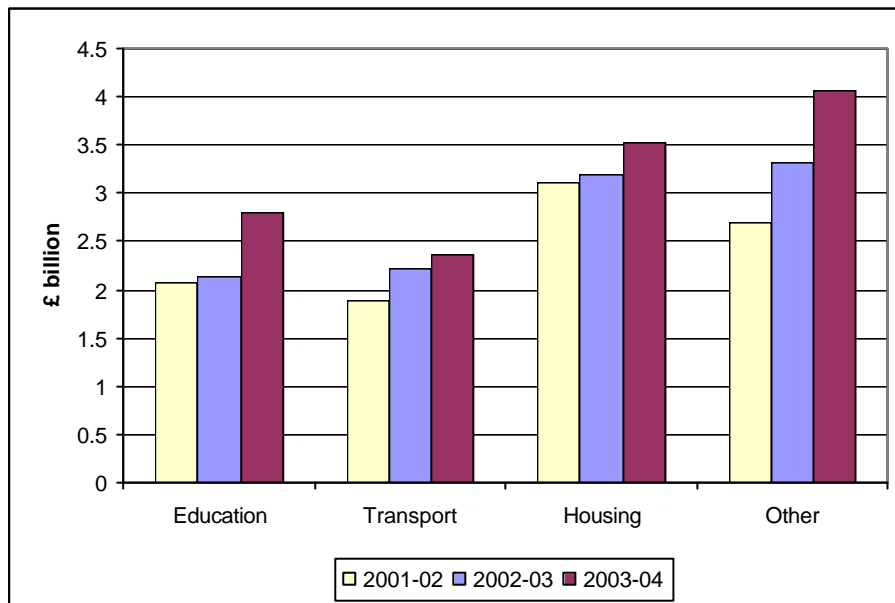


TABLE 4: Local authority capital expenditure by service

	1998-99	1999-00	2000-01	2001-02	2002-03 (F)	2003-04 (F)
Education	995	1,139	1,533	2,064	2,142	2,795
Transport	1,053	1,086	1,410	1,877	2,223	2,363
Housing	2,513	2,406	2,779	3,110	3,185	3,518
Other	2,067	2,281	2,386	2,690	3,309	4,075
Total expenditure	6,630	6,912	8,109	9,741	10,859	12,750

(F) = Forecast

Local authorities' own forecasts of capital expenditure and its financing

4. **Table 5**, given at the end of this report, provides a summary of local authorities' own estimates of what they plan to spend in 2003-04 and a breakdown of how they plan to finance that expenditure.
5. This breakdown has not been adjusted for likely slippage between forecasts and 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 Estimates Returns (CER) 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 forecasts (see para 1) include an assessment of the difference between CER estimates and final outturn information for the most recent 4 years for which outturn data are available (i.e. 1998-99 through to 2001-02). The adjustment made for overestimation of capital expenditure was 0.965; the corresponding adjustment for underestimation of receipts was 1.14. An additional adjustment was made for LSVT receipts not included in returns.
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 Paul S. Andrews at PaulS.Andrews@odpm.gsi.gov.uk (Tel. 020 7944 4072).
6. Timings of future Releases are regularly placed on the ODPM website, www.local.odpm.gov.uk and on the ONS National Statistics website, 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. 13 2002 which is available in hard copy from Wetherby Publications Centre at odpm@twoten.press.net (Tel. 0870 1226236) and electronically in PDF format via the Office of the Deputy Prime Minister's web site: www.local.odpm.gov.uk/finance/stats/lgfs/lgfs2002.htm
8. Provisional outturn estimates of capital expenditure and receipts in 2002-03 will be published in a National Statistics Release in late July.

TABLE 5 - Local Authority Capital Expenditure and Receipts : 2003-04

Forecasts reported by local authorities England	£ million
Acquisitions of land and existing buildings	405
New construction, conversion and renovation	10,557
Vehicles, plant equipment, and machinery	1,044
Total expenditure on fixed assets	<u>12,005</u>
Grants	742
Advances	444
Acquisition of share or loan capital	15
Credit cover required for credit arrangements	5
TOTAL CAPITAL EXPENDITURE	13,213
Section 40(6) direction expenditure	57
Amounts to be set aside in respect of notional in-year receipts	4
TOTAL EXPENDITURE AND OTHER TRANSACTIONS	13,274
Sales of fixed assets	3,034
Repayments of grants and advances	55
Disposal of investments including share or loan capital	13
Leasing disposals	72
TOTAL CAPITAL RECEIPTS	3,173
100% set aside receipts (not included above)	328
Credit Approvals available	3,943
Accumulated usable capital receipts as at 1 April 2003	2,025
Usable part of receipts received in 2003-04	2,139
Accumulated grants from previous years (Police Authorities)	202
Capital expenditure in 2003-04 reimbursed by grants and contributions	4,262
Other resources available to debt-free authorities	1,034
TOTAL RESOURCES AVAILABLE (excluding revenue contributions)	13,605
Basic Credit Approvals used	2,598
Supplementary Credit Approvals used	1,209
Capital grants from central government departments	3,075
Capital grants from European Community Structural Funds	148
Grants and contributions from private developers	388
Grants and contributions from non-departmental public bodies	241
Capital grants from the National Lottery	223
Use of usable capital receipts	2,395
Use of PCL monies	350
Capital expenditure financed from the Housing Revenue Account	272
Capital expenditure financed from the Major Repairs Reserve	1,383
Capital expenditure financed from the General Fund Revenue Account	993
TOTAL RESOURCES USED TO FINANCE CAPITAL EXPENDITURE	13,274