



Statistical Release

20 December 2005

LOCAL AUTHORITY CAPITAL EXPENDITURE AND RECEIPTS

ENGLAND

2004-05 FINAL OUTTURN

- Capital expenditure by local authorities in England rose by 16% in 2004-05 to stand at £14.3 bn.
- Capital receipts fell by 12% in 2004-05 to stand at £4.7 bn.

This Release provides final outturn local authority capital expenditure and receipts in the financial year April 2004 to March 2005. The information is derived from Capital Outturn Returns (COR) submitted by local authorities in England.

Earlier 1st and 2nd provisional estimates were published in Statistical Releases in June and October. These were based on information from Capital Payments and Receipts Returns (CPR4) and a partial response of COR returns respectively.

The Release has been compiled by the Local Government Finance / Capital Finance & Analysis division of ODPM.

Capital expenditure and receipts 2000-01 to 2004-05

1. **Chart A** illustrates the change in capital expenditure and receipts from 2000-01 to 2004-05.

Capital expenditure by local authorities in England increased by 16% in 2004-05.

Capital receipts fell back by 12% in 2004-05 after several years of increases, but stand higher than they were in 2001-02. The higher levels of receipts after 2001-02 follow the abolition of the “Receipts Taken Into Account” (RTIA) mechanism previously used in the distribution of Basic Credit Approvals: receipts in 2001-02 were the last year’s figures to be used in the calculation. The abolition of RTIAs removed a disincentive for local authorities to generate and hold usable receipts.

Chart A: Expenditure and receipts from 2000-01 to 2004-05

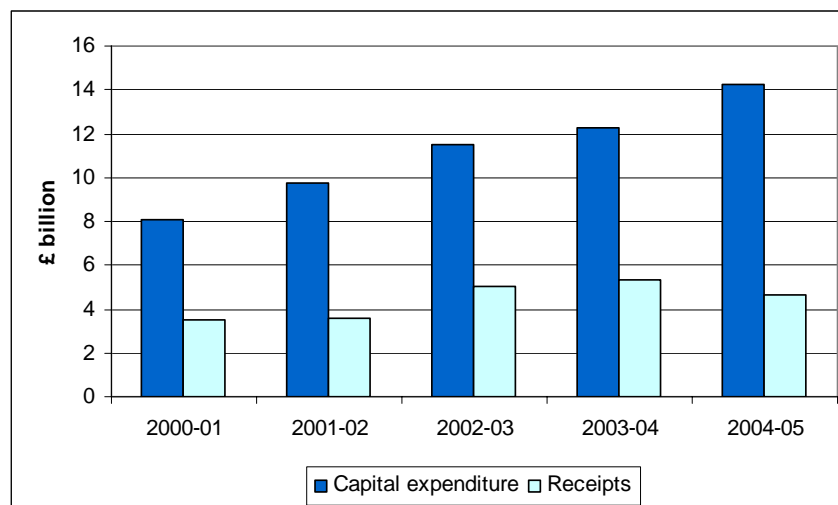


Table 1: Capital expenditure by economic category.

	2000-01	2001-02	2002-03	2003-04	2004-05
					£ million
Acquisitions of land and existing buildings and works	310	392	491	432	850
New construction and conversion	6,056	7,385	8,768	9,615	10,543
Vehicles, plant equipment and machinery ^(a)	608	786	1,038	1,222	1,363
Intangible fixed assets ^(b)	...	...	...	...	219
Total Expenditure on fixed assets	6,974	8,563	10,297	11,269	12,975
Grants, loans and other financial assistance	1,117	1,175	1,190	975	1,268
Acquisition of share or loan capital	17	22	21	39	33
Total capital expenditure	8,109	9,741	11,508	12,282	14,276
Net adjustment for changes in capital creditors ^(c)	-55	-6	-57	-84	...
Expenditure by virtue of a section 40(6) or 16(2)(b) direction ^(d)	202	245	181	116	119
Notional capital receipts set aside and LSVT levy	33	48	40	11	9
Total expenditure and other transactions	8,288	10,028	11,672	12,326	14,404
Receipts	3,512	3,579	5,040	5,322	4,661

- (a) Includes before 2004-05, 'Credit cover required for credit arrangements', which is no longer collected separately.
- (b) Intangible assets have been added as a heading to the balance sheet in the CIPFA/LASAAC 2004 Statement of Recommended Practice (SORP).
- (c) From 2004-05 local authorities are required to finance their expenditure on an accruals basis.
- (d) Expenditure which does not fall within the definition of expenditure for capital purposes, but is treated like capital expenditure by a direction under section 40(6) of the 1989 Act. From 2004-05 the direction is made under section 16(2)(b) of the 2003 Act.

Capital expenditure by service

Local authority capital spending continues to grow across all service categories.

2. **Chart B** below illustrates the change in the pattern of expenditure for the major services between 2002-03 and 2004-05.

Chart B: Capital expenditure in 2002-03 to 2004-05 by service



Table 2: Local authority capital expenditure by service : England

	2000-01	2001-02	2002-03	2003-04	£ million 2004-05
Education	1,533	2,064	2,287	2,780	3,087
Transport	1,410	1,877	2,461	2,552	2,904
Housing	2,779	3,110	3,828	3,485	3,987
Other	2,386	2,690	2,932	3,466	4,298
Total expenditure	8,109	9,741	11,508	12,282	14,276

Total capital expenditure by local authorities in England during 2004-05 was £14.3 bn and capital receipts were £4.7 bn.

**Table 3a : Local authority capital expenditure on fixed assets : England 2004-05 : final outturn
by economic category and service**

	£ million				
	Acquisition of land and existing buildings	New construction, conversion & renovation	Vehicles, plant machinery and equipment	Intangible fixed assets	Total expenditure on fixed assets
Education	58	2,788	190	22	3,058
Transport	44	2,489	122	12	2,668
Social services	9	197	50	10	265
Housing	276	2,989	56	16	3,337
Agriculture & fisheries	1	64	0	0	65
Libraries, culture & heritage	12	186	18	1	217
Sport & recreation	11	254	26	0	291
Police	29	199	304	19	551
Fire	2	34	42	3	81
Magistrates' courts	9	32	5	0	46
Other	401	1,311	549	136	2,396
TOTAL	851	10,543	1,363	219	12,975

**Table 3b : Local authority capital expenditure : England 2004-05 : final outturn
by economic category and service**

	£ million				
	Total expenditure on fixed assets	Grants	Loans & other financial assistance	Acquisition of share or loan capital	Total capital expenditure
Education	3,058	28	1	0	3,087
Transport	2,668	144	92	1	2,906
Personal social services	265	19	1	0	285
Housing	3,336	622	29	0	3,987
Agriculture & fisheries	65	1	0	0	66
Libraries, culture & heritage	217	10	0	0	227
Sport & recreation	291	13	1	0	305
Police	551	7	3	0	561
Fire	81	0	0	0	81
Magistrates' courts	46	0	0	0	46
Other	2,396	253	44	32	2,725
TOTAL	12,975	1,097	171	33	14,276

**Table 4: Local authority capital receipts : England 2004-05 : final outturn
by economic category and service**

	£ million				
	Sales of tangible fixed assets	Sales of intangible assets	Repayments of grants, loans & financial assistance	Disposals of investments inc. share or loan capital	Total capital receipts
Education	210	0	0	0	210
Transport	100	0	1	0	101
Personal social services	75	0	0	0	75
Housing	3,142	3	47	0	3,193
Agriculture & fisheries	45	0	0	0	45
Libraries, culture & heritage	10	0	0	0	10
Sport & recreation	10	0	0	0	11
Police	70	0	0	0	71
Fire	6	0	0	0	6
Magistrates' courts	8	0	0	0	8
Other	883	22	9	17	931
TOTAL	4,560	26	58	17	4,661

Financing of local authority capital expenditure

3. **Table 5** below sets out how total expenditure and other transactions have been financed in recent years.
4. In particular, the new prudential system took effect from 1 April 2004 allowing local authorities to raise finance for capital expenditure – without Government consent – where they can afford to service the debt without extra Government support. About £1 billion was financed in this way in 2004-05.

Table 5: Financing of local authority capital expenditure 2000-01 to 2004-05					
	£ million				
	2000-01	2001-02	2002-03	2003-04	2004-05
Central govt. grants	1,298	2,027	2,474	2,642	3,231
Use of capital receipts	1,592	1,975	2,426	1,988	2,647
Revenue financing:					
<i>Housing Revenue Account</i>	218	200	175	212	187
<i>Major Repairs Reserve</i>	...	1,305	1,465	1,388	1,440
<i>General Fund</i>	896	825	825	1,055	1,130
Credit approvals / SCE(R)	3,216	2,552	3,216	3,910	3,663
Other borrowing & credit arrangements not supported by central government	...	...	...	...	1,061
Use of other resources	1,066	1,144	1,091	1,130	1,044
Total	8,288	10,028	11,672	12,326	14,404

Information on prudential system : 2004-05

5. **Table 6** provides final outturn information about the new prudential system in 2004-05. This is the first final outturn information to become available since the prudential system was introduced in April 2004.
6. The Prudential Code for Capital Finance in Local Authorities was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities in taking their decisions. Its key objectives are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable. As part of this framework the Prudential Code sets out the indicators that must be used.
7. These indicators include forecasts of, and actual figures for:
 - capital expenditure;
 - capital financing requirement - a measure that reflects an authority's underlying need to borrow;
 - external debt - gross borrowing and other long-term liabilities;
 - operational boundary for external debt - based on an authority's working estimate of most likely (i.e. prudent), but not worst case scenario;
 - authorised limit for external debt - the intended absolute limit that has to be set by the full Council.

Table 6 - Local authority capital expenditure : prudential information : England : Final outturn 2004-05

Reported by local authorities	as at 1 April 2004	in 2004-05	£ million as at 31 March 2005
Capital Financing Requirement as at 1 April 2004	39,667		
Capital expenditure to be resourced by means of credit (+)		4,724	
Minimum Revenue Provision & voluntary contributions (-)		1,215	
Change in Capital Financing Requirement		2,593	
Capital Financing Requirement as at 31 March 2005			42,259
Investments	18,203		20,087
Gross borrowing	37,235		39,461
Other long-term liabilities	1,084		1,070
Total external debt	<u>38,319</u>		<u>40,531</u>
Operational boundary for external debt	47,073		48,526
Authorised limit for external debt	54,391		55,916

8. Table 7 provides greater detail for capital expenditure and receipts in 2004-05.

Table 7a: Capital outturn summary: all services (COR) 2004-05						
	£ thousand					
Service Block	Acquisition of land & existing buildings (1)	New construction conversion & renovation (2)	Vehicles (3)	Plant machinery & equipment (4)	Intangible fixed assets (5)	Total Payments on fixed assets (6) (1+2+3+4+5)
Pre-primary & Primary Education	30,950	1,317,717	1,320	79,761	5,630	1,435,380
Secondary Education	22,185	1,108,177	2,068	71,961	14,343	1,218,734
Special Education	1,017	173,534	494	6,398	103	181,546
Youth Service	1,288	25,679	1,411	1,248	282	29,907
Other Education Services & Continuing education	2,940	162,688	1,389	24,233	1,198	192,448
Education	58,380	2,787,795	6,681	183,603	21,556	3,058,016
Personal Social Services	8,508	196,523	4,134	45,744	9,718	264,626
Roads, Street Lights & Safety	29,205	2,041,436	10,544	15,885	3,383	2,100,454
Parking of Vehicles	3,404	90,395	170	5,491	565	100,026
Public Passenger Transport-Bus	2,606	119,927	10,397	21,600	1	154,531
Public Passenger Transport-Rail & Other	8,502	210,131	4,247	44,625	7,963	275,468
Tolled Road bridges,tunnels,ferries, public transport companies	0	18,654	8,090	631	7	27,382
Local Authority Ports and Piers	560	3,155	23	494	0	4,232
Airports	113	5,655	7	63	0	5,838
Transport	44,390	2,489,354	33,478	88,789	11,919	2,667,931
Housing	275,451	2,988,550	9,152	46,882	15,852	3,335,885
Library Services	2,216	49,679	1,727	11,140	483	65,245
Museums and Art Galleries	6,654	50,556	239	2,000	53	59,502
Arts activities and facilities	2,648	85,947	30	3,295	62	91,982
Libraries, culture & heritage	11,518	186,182	1,996	16,435	598	216,729
Land Drainage and Flood Prevention	587	7,251	106	26	30	8,000
Coast Protection	0	51,054	0	10	91	51,155
Other Agriculture & Fisheries (incl. Smallholdings & Trading)	151	5,914	17	64	0	6,146
Agriculture & fisheries	738	64,219	123	100	121	65,301
Consumer protection	0	544	56	274	50	924
Employment Services	0	157	0	33	34	224
Sports Facilities	10,659	218,363	453	13,796	293	243,564
Sports Development & Childrens play	472	35,401	618	10,991	150	47,632
Sport & recreation	11,131	253,765	1,071	24,787	443	291,196
Derelict Land Reclamation (grant aided)	3,796	41,047	0	69	3	44,915
Parks and Open Spaces	7,433	141,713	4,013	6,725	2,329	162,214
Waste Collection	8,384	14,130	37,897	45,197	1,067	106,675
Waste Disposal	8,226	61,964	2,892	12,137	0	85,220
General Administration	103,117	402,403	27,048	298,755	120,604	951,927
Planning and Development (inc gypsy sites)	200,578	346,458	715	15,436	2,891	566,077
Community Safety	2,966	32,062	303	12,400	135	47,865
Environmental Health (inc Clean Air Act and Port Health)	548	41,086	8,380	9,054	250	59,317
Miscellaneous	37,054	61,294	2,361	16,940	7,678	125,326
Industrial and Commercial	28,154	143,276	4,459	2,941	427	179,257
Other Trading Services	314	24,668	33,013	7,639	854	66,489
Other environmental services	400,570	1,310,100	121,081	427,293	136,238	2,395,283
Fire Service & Civil Defence	1,953	34,138	23,092	18,763	3,437	81,384
Police	28,584	199,159	94,719	209,424	18,975	550,861
Coroners Courts	0	37	0	0	0	37
Magistrates Courts	8,634	32,179	568	4,829	40	46,250
Total all services	849,858	10,542,702	296,152	1,066,956	218,981	12,974,649

Table 7b: Capital outturn summary: all services (COR) 2004-05

	£ thousand		
	Expenditure on grants (7)	Expenditure on loans & other financial (8)	Total Expenditure (9) (6+7+8)
Service Block			
Pre-primary & Primary Education	13,354	320	1,449,054
Secondary Education	9,611	339	1,228,684
Special Education	948	1	182,495
Youth Service	769	151	30,827
Other Education Services & Continuing education	3,505	0	195,953
Education	28,187	811	3,087,014
Personal Social Services	19,007	818	284,451
Roads, Street Lights & Safety	6,263	256	2,106,973
Parking of Vehicles	4,987	0	105,013
Public Passenger Transport-Bus	23,834	114	178,479
Public Passenger Transport-Rail & Other Tolled Road bridges,tunnels,ferries, public transport companies	108,597	91,531	475,596
Local Authority Ports and Piers	5	70	27,457
Airports	0	0	4,232
	713	0	6,551
Transport	144,399	91,971	2,904,301
Housing	622,076	28,547	3,986,508
Library Services	298	0	65,543
Museums and Art Galleries	3,717	32	63,251
Arts activities and facilities	5,930	419	98,331
Libraries, culture & heritage	9,945	451	227,125
Land Drainage and Flood Prevention	405	0	8,405
Coast Protection	270	0	51,425
Other Agriculture & Fisheries (incl. Smallholdings & Trading)	20	0	6,166
Agriculture & fisheries	695	0	65,996
Consumer protection	0	0	924
Employment Services	187	0	411
Sports Facilities	9,587	1,051	254,202
Sports Development & Childrens play	3,780	67	51,479
Sport & recreation	13,367	1,118	305,682
Derelict Land Reclamation (grant aided)	987	0	45,902
Parks and Open Spaces	3,650	48	165,913
Waste Collection	411	0	107,086
Waste Disposal	2,515	4,567	92,302
General Administration	15,593	5,922	973,442
Planning and Development (inc gypsy sites)	167,084	10,645	743,806
Community Safety	16,358	0	64,223
Environmental Health (inc Clean Air Act and Port Health)	1,482	6	60,805
Miscellaneous	31,660	21,721	178,707
Industrial and Commercial	11,898	546	191,702
Other Trading Services	1,187	75	67,751
Other environmental services	252,824	43,530	2,724,230
Fire Service & Civil Defence	165	135	81,684
Police	6,657	3,406	560,924
Coroners Courts	0	0	37
Magistrates Courts	103	2	46,355
Total all services	1,097,612	170,789	14,243,049

Table 7c: Capital outturn summary: all services (COR) 2004-05

Service Block	£ thousand			
	Sale & disposal of tangible fixed assets (10)	Sale of intangible assets (11)	Repayment s of grants loans & financial (12)	Total Receipts (13) (10+11+12)
Pre-primary & Primary Education	94,410	0	12	94,422
Secondary Education	57,554	0	21	57,575
Special Education	27,423	0	0	27,423
Youth Service	1,920	0	0	1,920
Other Education Services & Continuing education	29,044	0	29	29,073
Education	210,350	0	62	210,412
Personal Social Services	74,544	0	170	74,714
Roads, Street Lights & Safety	31,647	0	158	31,805
Parking of Vehicles	51,872	35	42	51,949
Public Passenger Transport-Bus	84	0	0	84
Public Passenger Transport-Rail & Other	7,288	0	0	7,288
Tolled Road bridges,tunnels,ferries, public transport companies	45	0	0	45
Local Authority Ports and Piers	0	0	311	311
Airports	9,290	0	0	9,290
Transport	100,226	35	511	100,772
Housing	3,141,855	3,486	47,207	3,192,548
Library Services	4,765	0	0	4,765
Museums and Art Galleries	542	0	41	583
Arts activities and facilities	4,581	0	79	4,660
Libraries, culture & heritage	9,888	0	120	10,008
Land Drainage and Flood Prevention	0	0	62	62
Coast Protection	0	0	4	4
Other Agriculture & Fisheries (incl. Smallholdings & Trading)	45,357	0	0	45,357
Agriculture & fisheries	45,357	0	66	45,423
Consumer protection	1,420	0	0	1,420
Employment Services	0	0	0	0
Sports Facilities	10,179	0	215	10,394
Sports Development & Childrens play	161	0	136	297
Sport & recreation	10,340	0	351	10,691
Derelict Land Reclamation (grant aided)	6,602	0	0	6,602
Parks and Open Spaces	18,667	2,251	534	21,452
Waste Collection	3,282	0	1,182	4,464
Waste Disposal	920	0	1,185	2,105
General Administration	254,439	18,590	3,255	276,284
Planning and Development (inc gypsy sites)	192,706	794	363	193,863
Community Safety	2,035	0	53	2,088
Environmental Health (inc Clean Air Act and Port Health)	1,069	0	0	1,069
Miscellaneous	96,392	62	2,230	98,684
Industrial and Commercial	295,523	620	158	296,301
Other Trading Services	9,870	0	363	10,233
Other environmental services	881,505	22,317	9,323	913,145
Fire Service & Civil Defence	6,188	0	0	6,188
Police	70,132	107	305	70,544
Coroners Courts	0	0	0	0
Magistrates Courts	7,970	0	0	7,970
Total all services	4,559,775	25,945	58,114	4,643,835

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 for 2004-05 in this Statistical Release is derived from Capital Outturn Returns (COR) submitted by local authorities in England.
3. Adjustments have been made to avoid double counting the GLA grants to other London authorities.
4. Enquiries about this Statistical Release should be addressed to Donna Obembe at donna.obembe@odpm.gsi.gov.uk (Tel. 020 7944 4068).
5. 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
6. For a fuller picture of recent trends in local government finance readers are directed to "Local Government Financial Statistics England" No. 16 2005 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:

<http://www.local.odpm.gov.uk/finance/stats/lgfs/2005/index.htm>