

# *Statistical Release*

July 2003

## LOCAL AUTHORITY CAPITAL EXPENDITURE AND RECEIPTS

### ENGLAND

#### 2002 - 03 Provisional Outturn

- Capital expenditure by local authorities in England continued to rise in 2002-03. Total capital expenditure is provisionally estimated to be £11.4 bn, an increase of 17% on the outturn for 2001-02.
- Capital receipts are estimated to be up by 35% at £4.8 bn.
- Capital spending is estimated to have risen most sharply in transport, where the increase was 31% and in housing which increased by 21%.

This Release provides provisional outturn estimates of local authority capital expenditure and receipts in the financial year April 2002 to March 2003.

The information is derived from Capital Payments and Receipts Returns (CPR4) submitted by local authorities in England and is based on returns from 99% of the 478 authorities that complete the return. All figures include a grossing estimate for the missing returns. The Release has been compiled by Local Government Finance Statistics division of ODPM.

This is the first time that estimates based on the CPR4 return have been issued as a National Statistics release.

**Total capital expenditure by local authorities in England during 2002-03 is estimated to be £11.4 bn and capital receipts to be £4.8 bn.**

1. Tables 1 and 2 provide a service breakdown of estimated expenditure and receipts for 2002-03. These figures are based on local authorities' own estimates of spending and receipts grossed up for a 1% non-response, but further adjusted by:

- increasing local authorities' own estimates of expenditure to reflect the historic difference between provisional and final estimates. A corresponding adjustment has not been made to receipts on this occasion;
- including some expected receipts from Large Scale Voluntary Transfers (LSVT) of housing stock which have not yet been included in the returns.

**TABLE 1: Local authority capital expenditure in England 2002-03 : provisional outturn by economic category and service**

	£ million				
	Total expenditure on fixed assets	Grants and advances	Acquisition of share or loan capital	Credit cover for credit arrangements	Total capital expenditure
Education	2,224	14	0	1	2,238
Personal social services	179	13	0	0	192
Transport	2,404	61	0	0	2,466
Housing	2,796	969	3	0	3,768
Agriculture & fisheries	14	0	0	0	14
Art & Libraries	170	10	0	0	180
Sport & recreation	288	11	0	0	299
Fire & civil defence	72	1	0	0	72
Police & probation	401	0	0	3	403
Magistrates' courts	34	0	0	0	34
Other	1,515	229	16	3	1,763
<b>TOTAL</b>	<b>10,097</b>	<b>1,308</b>	<b>19</b>	<b>6</b>	<b>11,429</b>

**TABLE 2: Local authority capital receipts in England 2002-03 : provisional outturn by economic category and service**

	£ million				
	Receipts from sale of fixed assets	Repayments of grants and advances	Disposal of investments inc. share or loan capital	Leasing disposals	Total capital receipts
Education	191	0	0	0	191
Personal social services	64	0	0	0	64
Transport	84	9	0	20	112
Housing	3,300	49	3	0	3,352
Agriculture & fisheries	40	0	0	0	40
Art & Libraries	20	0	0	0	20
Sport & recreation	21	0	2	0	22
Fire & civil defence	10	0	0	0	10
Police & probation	66	0	0	0	66
Magistrates' courts	6	0	0	0	6
Other	867	13	24	56	961
<b>TOTAL</b>	<b>4,668</b>	<b>72</b>	<b>29</b>	<b>76</b>	<b>4,845</b>

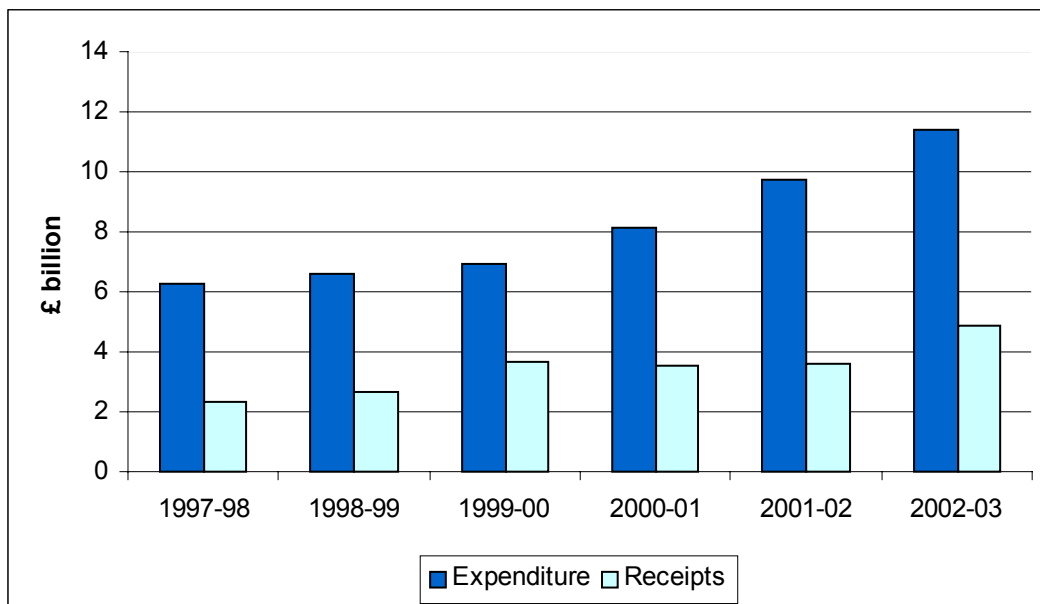
## Capital expenditure and receipts 1997-98 to 2002-03

2. **Chart A** illustrates the change in capital expenditure and receipts from 1997-98 to 2002-03.

Capital expenditure by English local authorities is estimated to have increased by 17% in 2002-03, so that spending will have nearly doubled in the last five years.

Capital receipts, mostly housing, rose sharply in 2002-03, an increase of 35% on 2001-02. This follows 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 has removed a disincentive for local authorities to generate and hold usable receipts.

**Chart A: Expenditure and receipts from 1997-98 to 2002-03**



**TABLE 3: Local authority capital expenditure and receipts in England**

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 (P)
<b>£ million</b>						
<b>Expenditure:</b>						
Expenditure on fixed assets	5,310	5,627	5,930	6,959	8,526	10,097
Other capital expenditure	988	1,003	982	1,150	1,215	1,333
<b>Total capital expenditure</b>	<b>6,298</b>	<b>6,630</b>	<b>6,912</b>	<b>8,109</b>	<b>9,741</b>	<b>11,429</b>
<b>Receipts</b>	<b>2,349</b>	<b>2,662</b>	<b>3,651</b>	<b>3,512</b>	<b>3,579</b>	<b>4,845</b>

(P) = Provisional

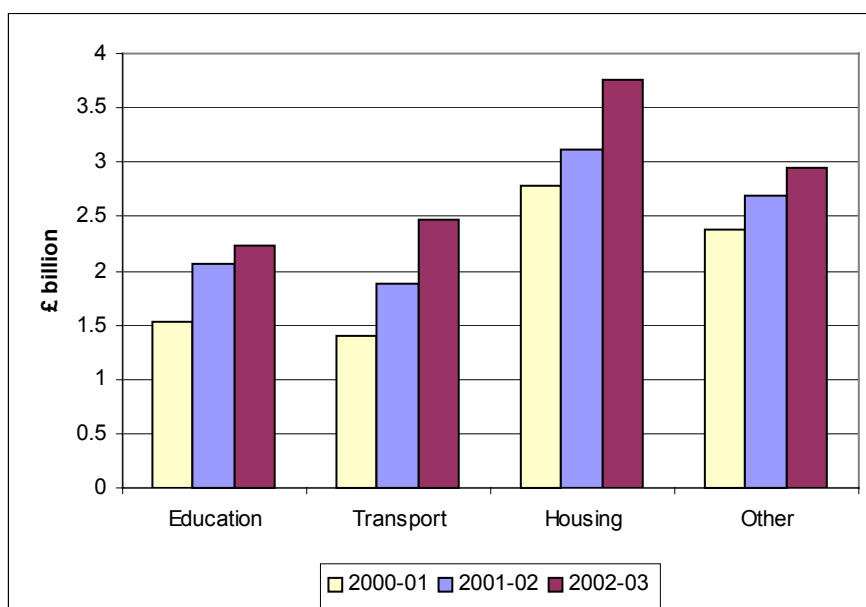
## Capital expenditure by service

Local authority capital spending is growing most rapidly in transport and housing. Transport spending is estimated to have risen by 31% in 2002-03 and housing by 21%.

Transport's share of capital spending has risen from 17% in 2000-01 to 22% in 2002-03. Housing remains the largest single sector at 33%.

3. **Chart B** below, illustrates the change in the pattern of expenditure for the major services between 2000-01 and 2002-03.

**Chart B: Capital expenditure in 2000-01 to 2002-03 by service**



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

	£ million					
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 (P)
Education	857	995	1,139	1,533	2,064	2,238
Transport	1,114	1,053	1,086	1,410	1,877	2,466
Housing	2,346	2,513	2,406	2,779	3,110	3,768
Other	1,982	2,067	2,281	2,386	2,690	2,957
<b>Total expenditure</b>	<b>6,298</b>	<b>6,630</b>	<b>6,912</b>	<b>8,109</b>	<b>9,741</b>	<b>11,429</b>

(P) = Provisional

## **Local authorities' own reported provisional estimates for 2002-03**

4. **Table 5**, given at the end of this report, provides a summary of local authorities' own provisional estimates of what they spent in 2002-03 and a breakdown of how they financed that expenditure. None of the figures in Table 5 have been adjusted for likely slippage between forecasts and outturn spending, but all include a grossing estimate for the 4 missing returns.

### **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 99% response from the 478 authorities which complete the return. Estimates include an allowance for the 4 missing 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 the most recent 4 years for which outturn data are available (i.e. 1998-99 through to 2001-02). The adjustment made for underestimation of capital expenditure was 1.025; a corresponding adjustment for underestimation of receipts was not made on this occasion. An additional adjustment was made for LSVT receipts not yet 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](mailto: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](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. 13 2002 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: [www.local.odpm.gov.uk/finance/stats/lgfs/lgfs2002.htm](http://www.local.odpm.gov.uk/finance/stats/lgfs/lgfs2002.htm)
8. Final outturn estimates of capital expenditure and receipts in 2002-03 will be published in a National Statistics Release in early 2004.

**TABLE 5 - Financing of Local Authority Capital Expenditure: Provisional Outturn 2002-03**

<b>Reported by local authorities</b>	
<b>England</b>	<b>£ million</b>
Acquisitions of land and existing buildings and works	496
New construction and conversion	8,488
Vehicles, plant equipment and machinery	866
Total expenditure on fixed assets	9,850
Grants and advances	1,203
Acquisition of share or loan capital	18
Credit cover required for credit arrangements	6
<b>TOTAL CAPITAL EXPENDITURE (accruals)</b>	<b>11,078</b>
Section 40(6) direction expenditure	147
Amounts set aside in respect of notional capital receipts and LSVT levy	4
<b>TOTAL EXPENDITURE AND OTHER TRANSACTIONS (cash)</b>	<b>11,228</b>
Sales of fixed assets	4,550
Repayments of grants and advances	72
Disposal of investments incl. share or loan capital	29
Leasing disposals	76
<b>TOTAL CAPITAL RECEIPTS</b>	<b>4,727</b>
Credit Approvals available	3,446
Net effect of credit approvals transferred to/from other authorities	7
Accumulated usable receipts as at 1 April 2002	1,995
Usable part of receipts in 2002-03	2,755
Accumulated grants from previous years (Police Authorities only)	152
Grants and contributions towards capital expenditure	3,489
PCL usable by debt-free authorities	1,003
<b>TOTAL RESOURCES AVAILABLE</b>	<b>12,847</b>
Basic Credit Approvals used	2,244
Supplementary Credit Approvals used	948
Grants from Central Government Departments	2,175
Grants from European Community Structural Funds	97
Grants and contributions from private developers	290
Grants and contributions from non-departmental public bodies	191
Funding from National Lottery	143
Use of usable capital receipts	2,246
Use of PCL monies	338
Capital expenditure financed from Housing Revenue Account	203
Capital expenditure financed by the Major Repairs Reserve	1,297
Capital expenditure financed from General Fund Revenue Account	1,055
<b>TOTAL RESOURCES USED TO FINANCE CAPITAL EXPENDITURE (CASH)</b>	<b>11,228</b>
Usable receipts that have been voluntarily set aside in 2002-03	70