



Office of the
Deputy Prime Minister

Creating sustainable communities



Statistical Release

February 2004

LOCAL AUTHORITY CAPITAL EXPENDITURE AND RECEIPTS

ENGLAND

2002- 03 FINAL OUTTURN

- Capital expenditure by local authorities in England continued to rise in 2002-03. Total capital expenditure was £11.5 bn, an increase of 18% on the outturn for 2001-02.
- Capital receipts were up by 41% at £5.0 bn.
- Capital spending is estimated to have risen most sharply in transport, where the increase was 31% and in housing which increased by 23%.

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

The information is derived from Capital Outturn Returns (COR) 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.

1. Total capital expenditure by local authorities in England during 2002-03 was **£11,508 m** and capital receipts were **£5,040 m**.
2. Tables 1 and 2 summarise local authorities reported capital expenditure and receipts for 2002-03. A more detailed service breakdown is given in Tables 6 and 7 but this excludes acquisition of share or loan capital and disposal of investments for which such service detail is not provided.

TABLE 1: Local authority capital expenditure in England 2002-03 : Final 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	2,256	30	0	1	2,287
Personal social services	185	14	0	1	199
Transport	2,453	8	0	1	2,461
Housing	2,869	959	0	0	3,828
Art & Libraries	200	8	0	0	208
Agriculture & fisheries	64	1	0	0	65
Sport & recreation	297	10	0	0	307
Fire & civil defence	72	0	0	0	72
Police	406	0	0	3	408
Magistrates' courts	40	0	0	0	40
Other	1,446	160	20	4	1,631
TOTAL	10,288	1,190	21	9	11,508

TABLE 2: Local authority capital receipts in England 2002-03 : Final 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	225	8	0	0	233
Personal social services	74	1	0	0	75
Transport	68	13	26	1	107
Housing	3,382	88	1	3	3,474
Art & Libraries	21	0	0	0	22
Agriculture & fisheries	49	0	0	0	49
Sport & recreation	19	0	0	2	21
Fire & civil defence	10	0	0	0	10
Police	69	0	0	0	70
Magistrates' courts	4	0	0	0	4
Other	823	44	42	66	975
TOTAL	4,745	154	69	72	5,040

Capital expenditure and receipts 1997-98 to 2002-03

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

Capital expenditure by English local authorities was £11.5 bn in 2002-03, an increase of 18% on the previous year. Spending has now risen by over 66% in the last three years.

Capital receipts increased by 41% in 2002-03 up to £5.0bn after having stayed relatively constant for three years at just over £3.5 bn. 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

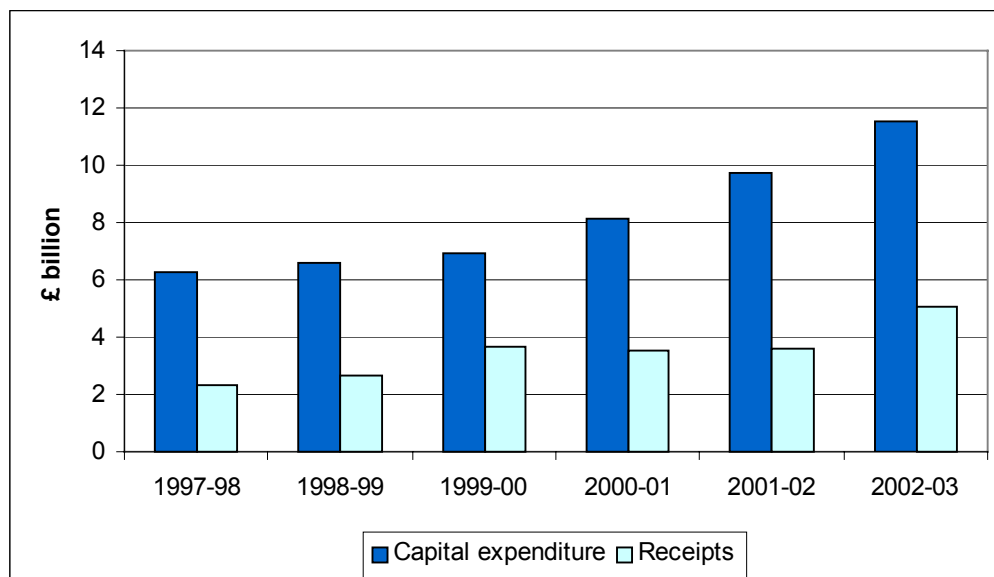


TABLE 3: Local authority capital expenditure and receipts in England

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
						£ million
Expenditure:						
New construction & conversion	4,465	4,795	4,992	6,056	7,385	8,768
Other fixed assets	845	832	938	903	1,141	1,519
Other capital expenditure	988	1,003	982	1,150	1,215	1,220
Total capital expenditure	6,298	6,630	6,912	8,109	9,741	11,508
Other expenditure that has been capitalised	214	81	87	180	287	164
Total expenditure & other transactions met from capital resources	6,512	6,710	6,998	8,288	10,028	11,672
Receipts	2,349	2,662	3,651	3,512	3,579	5,040

Capital expenditure by service

Local authority capital spending is growing most rapidly in transport and housing. Transport spending rose by 31% in 2002-03 while housing spending rose by 23%.

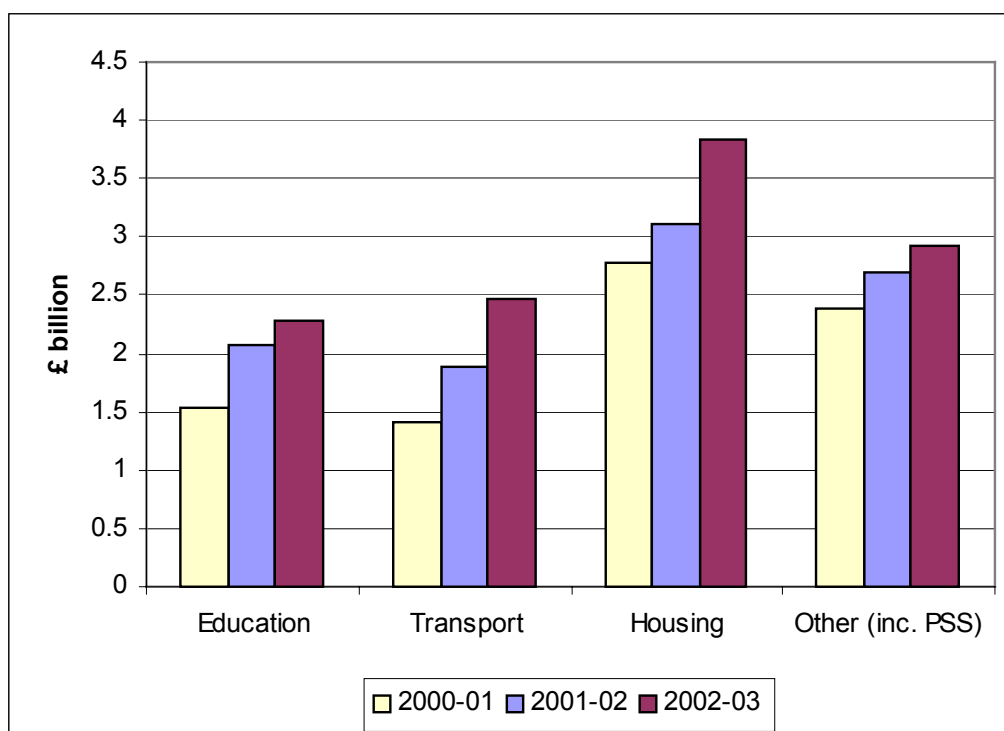
Transport's share of capital spending has risen from 17% in 2000-01 to 21% in 2002-03. Housing remains the largest single sector at 33%.

TABLE 4: Local authority capital expenditure by service

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Education	857	995	1,139	1,533	2,064	2,287
Personal social services	150	140	134	156	158	199
Transport	1,114	1,053	1,086	1,410	1,877	2,461
Housing	2,346	2,513	2,406	2,779	3,110	3,828
Other services	1,833	1,927	2,147	2,230	2,532	2,732
Total expenditure	6,298	6,630	6,912	8,109	9,741	11,508

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

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



Financing of local authority capital expenditure

5. **Table 5** sets out how total expenditure and other transactions has been financed in recent years. A further breakdown of the financing of capital expenditure for 2002-03 is given in **Table 8** at the end of this report.

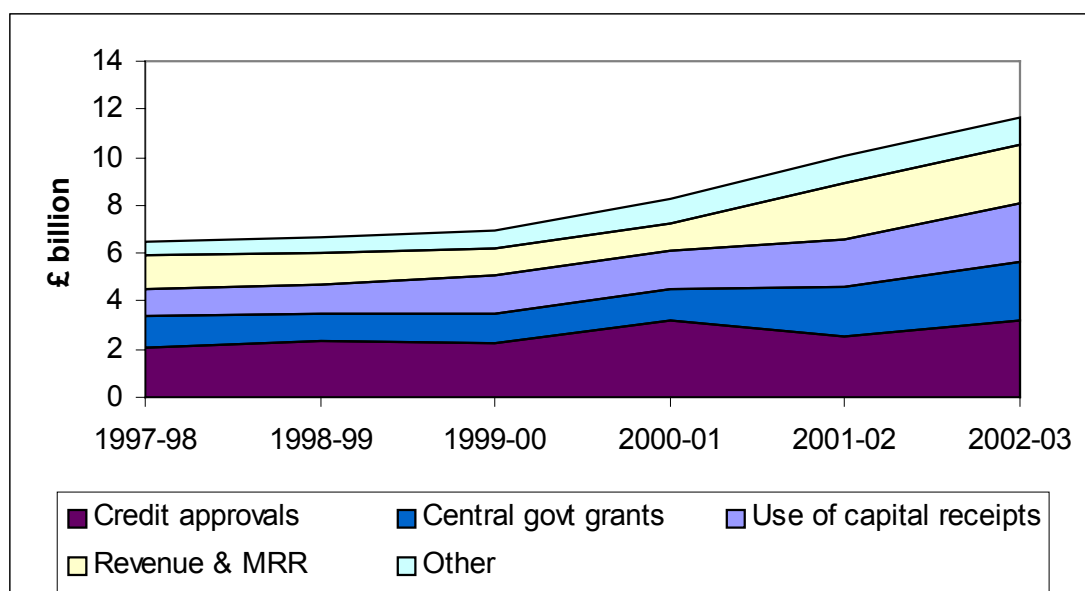
TABLE 5: Financing of local authority capital expenditure 1997-98 to 2002-03

	£ million					
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Credit approvals	2,099	2,334	2,301	3,216	2,552	3,216
Central govt. grants	1,262	1,160	1,161	1,298	2,027	2,432
Use of capital receipts	1,184	1,223	1,599	1,592	1,975	2,426
Revenue and MRR (1)	1,382	1,255	1,135	1,114	2,330	2,465
Other	585	738	802	1,066	1,144	1,134
Total	6,512	6,710	6,998	8,288	10,028	11,672

(1) Includes capital expenditure financed from Housing Revenue Account and General Fund Revenue Account. From 2001-02 it also includes expenditure financed from the Major Repairs Reserve on ongoing capital works to maintain council housing which had been financed through credit approvals in 2000-01.

6. **Chart C** illustrates the changes in the pattern of the financing of capital expenditure since 1997-98. Central government grants have continued to increase in 2002-03. The use of revenue resources to support capital expenditure decreased each year until 2000-01. Since then this line has included housing expenditure financed by the Major Repairs Reserve in 2001-02.

Chart C: Financing of local authority capital expenditure, 1997-98 to 2002-03



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 Outturn Returns (COR) submitted by local authorities in England and is based on a full response from all 478 authorities.
3. Data for housing expenditure and receipts have been checked against related information supplied separately to the Department on the Housing Investment Programme Annual Plan (previously the HIP2 return). The final housing totals from the COR form are close to, but not identical to the HIP totals.
4. 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 (Tel. 020 7944 4074).
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. 14 2003 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/lqfs/2003/index.htm>

TABLE 6a: Capital outturn (COR) summary : Expenditure : 2002-03

Unadjusted figures, accruals basis

£ million

These figures do not include acquisition of share or loan capital as this information is not collected at this level

	Acquisition of land and existing buildings (1)	New construction & renovation (2)	Vehicles (3)	Plant machinery and equipment (4)	Total payments on fixed assets (5)
Service Block	(1)+(2)+(3)+(4)				
Pre-primary & primary education	18.004	964.882	0.400	45.678	1,028.964
Secondary education	11.521	881.049	0.521	46.874	939.964
Special education	0.673	116.346	0.150	3.385	120.555
Youth service	0	18.403	0.300	1.325	20.028
Other education services & continuing education	1.339	118.286	0.609	26.454	146.688
Total education	31.537	2,098.965	1.980	123.717	2,256.198
Personal social services	10.599	134.331	2.438	37.720	185.087
Roads (inc. struct. maint.), street lighting & road safety	33.644	1,983.468	6.749	22.327	2,046.187
Parking of vehicles (inc. car parks)	3.291	57.022	0.100	7.268	67.681
Public passenger transport (GFRA) - bus	0.342	68.549	5.704	29.688	104.282
Public passenger transport (GFRA) - other	14.107	173.807	1.651	22.980	212.545
Tolled road bridges , tunnels & ferries, public transport companies	0.099	9.262	0.708	0.921	10.990
Local authority ports and piers	0.133	7.446	0.006	0.561	8.146
Airports	0.006	2.831	0.032	0.213	3.082
Total transport	51.622	2,302.385	14.950	83.958	2,452.914
Housing	141.495	2,673.036	4.897	49.139	2,868.567
Library services	7.869	49.690	0.650	18.386	76.594
Museums and galleries	2.100	40.052	0.037	3.458	45.646
Art activities and facilities	3.150	69.675	0.042	4.760	77.626
Total libraries, culture & heritage	13.119	159.416	0.729	26.603	199.867
Land drainage and flood prevention	0.290	8.475	0.147	0.094	9.006
Coast protection	1.129	47.518	0	0.005	48.652
Other agriculture & fisheries (inc. smallholdings & trading)	0.270	6.097	0.345	0.019	6.731
Total agriculture & fisheries	1.689	62.090	0.492	0.118	64.389
Consumer protection	0	0.563	0.030	0.232	0.825
Employment services	0	0.095	0	0.307	0.402
Sports facilities	20.842	238.123	0.104	8.574	267.642
Sports development & children's play	0.363	22.600	0.190	6.208	29.361
Total sport & recreation	21.205	260.723	0.294	14.782	297.003
Derelict land reclamation (grant aided)	1.432	29.484	0	0.070	30.986
Parks and open spaces	5.061	94.187	2.031	2.716	103.995
Waste collection	0.650	7.222	10.721	12.578	31.171
Waste disposal	5.855	24.459	0.766	2.070	33.149
General administration	24.168	255.275	11.313	233.609	524.365
Planning and development (inc. gypsy sites)	60.822	274.386	0.402	14.466	350.077
Community safety	0.733	35.848	0.479	33.274	70.334
Environmental health (inc. Clean Air Act and port health)	0.356	27.835	1.733	4.672	34.596
Miscellaneous	1.677	49.075	0.815	8.626	60.194
Industrial and commercial	99.386	58.944	0.736	1.616	160.682
Other trading services	3.350	25.575	12.390	4.214	45.529
Total other environmental services	203.490	882.290	41.386	317.912	1,445.079
Fire service & civil defence	2.208	37.649	16.042	16.354	72.253
Police	10.980	127.119	82.646	184.471	405.215
Coroners courts	0.000	0.410	0.026	0.000	0.436
Magistrates' courts	3.012	29.391	0.566	6.737	39.706
Total all services	490.956	8,768.462	166.475	862.048	10,287.943

TABLE 6b: Capital outturn (COR) summary : Expenditure : 2002-03

Unadjusted figures, accruals basis				£ million
These figures do not include acquisition of share or loan capital as this information is not collected at this level				
	Capital grants	Capital advances	Credit cover for credit arrangements (incl. Leases)	TOTAL EXPENDITURE
	(6)	(7)	(8)	(9)
Service Block	(5)+(6)+(7)+(8)			
Pre-primary & primary education	12.729	0.019	0.277	1,041.989
Secondary education	5.981	0.192	0.462	946.599
Special education	0.043	0	0	120.598
Youth service	0.485	0	0.115	20.628
Other education services & continuing education	10.598	0	0	157.286
Total education	29.836	0.211	0.854	2,287.099
Personal social services	13.381	0.276	0.532	199.276
Roads (inc. struct. maint.), street lighting & road safety	3.515	0	0.651	2,050.353
Parking of vehicles (inc. car parks)	0.111	0	0	67.792
Public passenger transport (GFRA) - bus	0.350	0	0	104.632
Public passenger transport (GFRA) - other	2.896	0	0	215.441
Tolled road bridges , tunnels & ferries, public transport companies	0	0	0	10.990
Local authority ports and piers	0.356	0	0	8.502
Airports	0.337	0	0	3.419
Total transport	7.565	0	0.651	2,461.130
Housing	553.324	405.789	0.480	3,828.160
Library services	0.570	0	0	77.164
Museums and galleries	2.650	0.025	0.132	48.453
Art activities and facilities	4.215	0.066	0	81.907
Total libraries, culture & heritage	7.435	0.091	0.132	207.525
Land drainage and flood prevention	0.503	0	0	9.509
Coast protection	0.280	0	0	48.932
Other agriculture & fisheries (inc. smallholdings & trading)	0	0	0	6.731
Total agriculture & fisheries	0.783	0	0	65.172
Consumer protection	0.043	0	0	0.868
Employment services	0.172	0	0	0.574
Sports facilities	6.536	0.428	0.092	274.698
Sports development & children's play	3.357	0.043	0	32.761
Total sport & recreation	9.893	0.471	0.092	307.460
Derelict land reclamation (grant aided)	0.082	0	0	31.068
Parks and open spaces	2.545	0	0.007	106.547
Waste collection	0.099	0	0	31.270
Waste disposal	0.879	0	0.024	34.052
General administration	7.994	13.992	2.021	548.372
Planning and development (inc. gypsy sites)	107.826	0.193	0.092	458.188
Community safety	2.567	0	0	72.901
Environmental health (inc. Clean Air Act and port health)	0.597	0	0	35.193
Miscellaneous	12.008	0.436	0.005	72.643
Industrial and commercial	9.222	0.048	0.249	170.201
Other trading services	1.488	0	1.521	48.538
Total other environmental services	145.307	14.669	3.919	1,608.972
Fire service & civil defence	0	0	0	72.253
Police	0	0	2.773	407.988
Coroners courts	0	0	0	0.436
Magistrates' courts	0.491	0	0.029	40.226
Total all services	768.230	421.507	9.462	11,487.143

TABLE 7: Capital outturn (COR) summary : Receipts : 2002-03

Unadjusted figures, accruals basis

£ million

These figures do not include disposals of investments inc share or loan capital as this information is not collected at this level

	Sale of fixed assets	Repayments of capital grants and Advances	Leasing Disposals	TOTAL RECEIPTS
Service Block	(1)	(2)	(3)	(1+2+3)
Pre-primary & primary education	94.904	7.898	0	102.802
Secondary education	89.987	0.020	0	90.007
Special education	6.874	0	0	6.874
Youth service	1.489	0	0	1.489
Other education services & continuing education	31.759	0.035	0	31.794
Total education	225.013	7.953	0	232.966
Personal social services	74.183	0.786	0.027	74.995
Roads (inc. struct. maint.), street lighting & road safety	22.997	8.335	0	31.332
Parking of vehicles (inc. car parks)	4.710	0.097	0.500	5.307
Public passenger transport (GFRA) - bus	2.766	0.022	0	2.788
Public passenger transport (GFRA) - other	4.206	3.936	0	8.142
Tolled road bridges , tunnels & ferries, public transport companies	0.021	0	0	0.021
Local authority ports and piers	0.131	0	0	0.131
Airports	32.851	0.166	0	33.017
Total transport	67.682	12.556	0.500	80.738
Housing	3,382.421	87.695	3.054	3,473.170
Library services	5.646	0	0	5.646
Museums and galleries	0.006	0.220	0	0.226
Art activities and facilities	15.125	0.136	0.367	15.628
Total libraries, culture & heritage	20.777	0.356	0.367	21.500
Land drainage and flood prevention	0.013	0.006	0	0.019
Coast protection	0	0.016	0	0.016
Other agriculture & fisheries (inc. smallholdings & trading)	49.326	0	0	49.326
Total agriculture & fisheries	49.339	0.022	0	49.361
Consumer protection	0	0	0	0
Employment services	0	0	0	0
Sports facilities	19.277	0.285	1.538	21.100
Sports development & children's play	0	0.120	0	0.120
Total sport & recreation	19.277	0.405	1.538	21.220
Derelict land reclamation (grant aided)	3.659	0.042	0	3.701
Parks and open spaces	43.221	0.455	0.064	43.740
Waste collection	0.017	0.220	0	0.237
Waste disposal	2.403	0	0	2.403
General administration	272.337	25.491	3.146	300.974
Planning and development (inc. gypsy sites)	220.695	6.534	5.523	232.752
Community safety	0.065	0.021	0	0.086
Environmental health (inc. Clean Air Act and port health)	4.481	0.021	0	4.502
Miscellaneous	42.596	10.949	0.010	53.556
Industrial and commercial	206.859	0.304	57.015	264.178
Other trading services	26.904	0.103	0.118	27.125
Total other environmental services	823.236	44.141	65.876	933.253
Fire service & civil defence	10.265	0	0	10.265
Police	69.482	0.029	0.202	69.713
Coroners courts	0	0	0	0
Magistrates' courts	3.660	0.251	0	3.911
Total all services	4,745.334	154.194	71.564	4,971.093

TABLE 8: Financing of local authority capital expenditure : COR 2002-03

unadjusted figures	£ million
Payments on fixed assets	10,288
Grants and advances	1,190
Acquisition of share or loan capital	21
Credit cover required for credit arrangements	9
TOTAL CAPITAL EXPENDITURE (accruals)	11,508
Section 40(6) direction expenditure ^(a)	181
Amounts set aside in respect of notional capital receipts and LSVT levy	40
Changes in capital creditors	-57
TOTAL EXPENDITURE AND OTHER TRANSACTIONS (cash)	11,672
Disposal of fixed assets	4,745
Leasing disposals	72
Repayments of grants and advances	154
Disposal of investments incl. share or loan capital	69
TOTAL CAPITAL RECEIPTS	5,040
Basic Credit Approvals issued	2,325
Reduction in BCA on account of credit cover provided for regulated companies	-2
Increase in BCA on account of reduction of liabilities of regulated companies	24
Reduction in BCA on account of receipts of specified capital grant	-40
BASIC CREDIT APPROVALS AVAILABLE	2,307
Supplementary Credit Approvals issued	993
Unused 2 year SCAs from previous year	250
Reduction in SCA on account of receipt of specified capital grants	-38
SUPPLEMENTARY CREDIT APPROVALS AVAILABLE	1,206
TOTAL CREDIT APPROVALS AVAILABLE	3,513
Net effect of credit approvals transferred to/from other authorities	15
Accumulated usable receipts as at 1 April 2002	166
Usable part of receipts in 2002-03	2,057
Accumulated grants from previous years (Police authorities only)	3,061
Grants and contributions towards capital expenditure	1,042
PCL usable by debt-free authorities ^(b)	3,734
TOTAL RESOURCES AVAILABLE	13,588
Basic Credit Approvals used	2,281
Supplementary Credit Approvals used	935
Grants from Central Government departments	2,474
Grants from European Community Structural Funds	86
Grants and contributions from private developers	297
Grants and contributions from non-departmental public bodies	183
Funding from National Lottery	150
Use of usable capital receipts	2,426
Use of PCL monies	375
Capital expenditure financed from Housing Revenue Account and Major Repairs Reserve	1,640
Capital expenditure financed from General Fund Revenue Account	825
TOTAL RESOURCES USED TO FINANCE CAPITAL EXPENDITURE (CASH)	11,672

^(a) Expenditure which does not fall within the definition of expenditure for capital purposes, but it is treated like capital expenditure by a direction under section 40 (6) of the 1989 Act.

^(b) Provision for Credit Liabilities – amounts set aside from revenue or capital receipts to repay loans and credit arrangements