

Capital Forecast metadata

Terminology used in this release

A set of terms relating to local government finance is given in the glossary at Annex G to *Local Government Financial Statistics England No. 21 2011*. This is accessible at

<http://www.communities.gov.uk/publications/corporate/statistics/financialstatistics212011>

The most relevant terms for this release are explained below.

Capital expenditure – expenditure on the acquisition of fixed assets or expenditure which adds to and does not merely maintain the value of existing fixed assets.

Capital receipts – income from the sale of capital assets. Such income may only be used to repay loan debt or to finance new capital expenditure.

Minimum revenue provision – the minimum amount which must be charged to a revenue account each year and set aside as provision for repaying external loans and meeting other credit liabilities.

Prudential capital finance system – this is the informal name for the system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003. It allows local authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources.

The Prudential Code – a professional code of practice prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA), for the prudential system introduced on 1 April 2004. Local authorities are required by legislation to have regard to the code.

Supported Capital Expenditure – the term for most forms of central government support for local authority capital expenditure from 1 April 2004. Supported Capital Expenditure (Revenue) – SCE(R) – is the amount of expenditure towards which revenue support grant will be paid to a local authority on the cost of its borrowing. The revenue grant support is provided to help authorities with the costs of financing loans.

Data quality

Capital Forecast statistics are produced to a high professional standard. The information in this table is derived from Capital Forecast Returns (CFR) submitted to Communities and Local Government by English local authorities in January 2011 for the period 1 April 2011 to 31 March 2012 providing an early indication of expenditure, receipts and self-financed borrowing for the

forthcoming financial year. It is based on returns from 444 authorities that are expected to complete the return.

Figures are subjected to rigorous pre-defined validation tests both within the forms themselves, while the forms are being completed by the authority and also in Communities and Local Government itself as the data are received and stored.

Uses made of the data

The capital finance data shown in this table are important for a number of different purposes. Forecasts and outturn (quarterly and annual) estimates are provided to HM Treasury and the Office for National Statistics (ONS) so that they have the most up to date information available on local authority capital spending plans and how they are financed. The ONS use the information for National Accounts and public sector finances.

The results of this particular survey provide provisional information ahead of the start of the financial year to enable Government to decide whether it is necessary, for national economic reasons, to use the reserve power to set a national limit on the increase in borrowing. The information is also used to inform public expenditure planning and consideration of likely levels of public sector borrowing in 2011-12.

In addition, capital finance returns are important sources for evidence-based policy decisions, answering Parliamentary Questions and other requests for information by Ministers, local authorities and their associations and the general public.

Background Notes

1. For information on this dataset please telephone Runa Chatterjee on 0303 44 42115 or email capital.forecast@communities.gsi.gov.uk.
2. Further local government finance statistics can be found at the following weblink:
<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/> .
3. Further information is also available on the department's website www.communities.gov.uk/localgovernment/localgovernmentfinance/
4. For a fuller picture of recent trends in local government finance readers are directed to *Local Government Financial Statistics England No. 21 2011* which is available in hard copy from Wetherby Publications Centre at communities@twoten.com (Tel. 0300 123 1124) and electronically in PDF format via the Department's web site:

<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/localgovernmentfinance/statistics>

5. The statistics in this Release are for England only. Statistics for Wales and Scotland can be found at wales.gov.uk/topics/statistics/theme/local-government/?lang=en and www.scotland.gov.uk/topics/statistics/browse/local-government-finance respectively