

What is capital expenditure?

Local authorities need to ensure that there is a clear separation between capital and revenue expenditure in their financial activities and reporting.

Accountants usually define capital expenditure as **expenditure that creates benefits lasting more than one year**.

If a local authority spends money on its assets, then this is generally considered capital expenditure. This would include **purchasing new assets**, such as land and buildings, but also **refurbishing and improving existing assets**. Maintaining assets in their existing state would not be considered capital expenditure.

Grants and Contributions

£157m as at 30th June 2025

TVCA	
TVCA	29,641,866
Department for Transport - City Region Sustainable Transport Settlements (CRSTS)	15,666,728
Government Departments	
MHCLG	77,281,495
Department for Education	15,442,436
DEFRA	1,441,210
Environment Agency	7,598,710
Developer Agreements	6,178,982
National Lottery Heritage Fund	1,943,672
Other	3,952,346
	159,147,445

Ash Trees at Billingham South 2022-2024

Part 1 - Process

- Need identified for additional provision at Ash Trees Academy to meet needs of increasing number of students with Severe Learning Difficulties.
- Unable to expand on the current site so alternatives considered.
- Satellite site model explored, hoping to build on previous piece of work creating Abbey Hill at Northshore.
- Discussions with various stakeholders including both schools (Ash Trees and Billingham South), Cabinet member for Children's Services, Parent Carer forum through SEN Strategic Governance Board.
- Report taken to Cabinet as part of School's Investment Strategy report in October 2022.
- Design work in 2023 and construction completed in Summer 2024.

Ash Trees at Billingham South 2022-2024

Part 2 – Funding and Governance

- Range of funding for schools investment (Basic Need Grant <BNG>, High Needs Provision Capital Allocations <HNPCA> and S106, developer contributions). The Local Authority aim to use these funding sources as flexibly as possible to deliver interventions.
- Following feasibility report, £1m allocated at October 2022 cabinet as part of refreshed School Investment Strategy.
- The scheme was managed through the Council's governance processes and monitored quarterly from a financial perspective and reported to the Director of Childrens Services.
- Local Authority submits annual grant returns to the Department for Education on spend and deliverables (E.g. number of places created and need met) for BNG and HNPCA.