

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

<u>TVCA</u>	
TVCA	29,641,866
Department for Transport - City Region Sustainable Transport Settlements (CRSTS)	15,666,728
<u>Government Departments</u>	
M H C L G	77,281,495
Department for Education	15,442,436
DEFRA	1,441,210
Environment Agency	7,598,710
<u>Developer Agreements</u>	6,178,982
<u>National Lottery Heritage Fund</u>	1,943,672
<u>Other</u>	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.