



**Ministry of Housing,
Communities &
Local Government**

Ian Duncan
Executive Director of Finance & Section
151 Officer,
Northamptonshire County Council,
One Angel Square,
Angel Street,
Northampton,
NN1 1ED

28 November 2018

Dear Mr Duncan

LOCAL GOVERNMENT ACT 2003 SECTIONS 16(2)(b) AND 20: TREATMENT OF COSTS AS CAPITAL EXPENDITURE

1. I refer to the email of 1 November 2019 sent on behalf of the Commissioners (“the application”) applying for a capitalisation direction to manage the challenges to restoring financial equilibrium in Northamptonshire. I can now confirm that the application is given approval at a total not exceeding £70,000,000.
2. Accordingly, the Secretary of State directs, in exercise of his powers under sections 16(2)(b) and 20 of the Local Government Act 2003 (“the Act”), that Northamptonshire County Council (“the Authority”) treat as capital expenditure, expenditure which:
 - i. is incurred by the Authority to recover the deficit on revenue reserves recognised in the 2017-18 financial accounts; to create an unallocated revenue reserve of £20,000,000; and to manage the risk that the financial savings identified in the Stabilisation Plan presented to the Secretary of State on 2 November are not realised in full during the financial year that began on 1 April 2018.
 - ii. does not exceed a total of £70,000,000; and
 - iii. is properly incurred by the Authority during the financial year that began on 1 April 2018.
3. In further exercise of the Secretary of State’s powers under section 20 of the Act, it is a condition of this direction that the Authority may only use capital receipts to fund the expenditure incurred under paragraph 2 of this Direction.

4. This direction is given for the purposes of Chapter 1 of Part 1 of the Act only. It does not convey any other consent that may be required or any view as to the propriety of the expenditure. It is for the Authority to be satisfied that any amount to which this direction is applied is properly incurred in the financial year concerned.
5. Approval of the total not exceeding £70,000,000 takes into account the Secretary of State's consideration of the effect on the national economy of granting capitalisation directions to local authorities in England for expenditure incurred in the financial year that began on 1 April 2018. It ensures that the total amount of expenditure which may be treated as capital expenditure by virtue of such capitalisation directions does not exceed a limit which the Secretary of State considers prudent.
6. If you have any queries in connection with the above, please do not hesitate to contact Gareth Caller at Ministry of Housing, Communities and Local Government in the first instance: 0303 444 4300 or gareth.caller@communities.gov.uk.

Yours sincerely,



Gareth Caller

Authorised to sign this direction by the Secretary of State for Housing, Communities and Local Government