



# Capital Strategy 2019-20



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## 1. INTRODUCTION

- 1.1 The updated Prudential Code and Treasury Management Code of Practice (both issued by CIPFA in December 2017) include new requirements in relation to the setting of a Capital Strategy that covers specific subject areas. In line with the Prudential Code, the aim of this Capital Strategy is to demonstrate how the Council will make capital expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability. The capital strategy sets out the immediate to long term context in which capital expenditure and investment decisions are made, and ensures the Council will give due consideration to risk, reward, and impact on the achievement of priority outcomes.
- 1.2 The Capital Strategy sets out the key objectives and broad principles to be applied by the Council when considering capital investment and its funding. It provides the context for how the Council's medium term capital programme seeks to support the realisation of the Council's vision and corporate objectives.
- 1.3 The Council's vision is a county where we look after each other and take responsibility where the vulnerable are protected and supported, and where people who can help themselves receive the assistance they need to stay independent and healthy. The Council's budget commitment to support the vision is to deliver a balanced budget, optimise the use of assets so they have a positive impact on costs and help to address the pressures faced in the social care markets, helping to transform services so they are sustainable for the future.
- 1.4 In support of the Council's vision and the budget commitment the key objectives for the Capital Strategy are as follows:
- The delivery of a medium term capital programme which is affordable and sustainable, ensuring that the Council's internal resources and application of external borrowing are utilised to fund capital expenditure where it supports the delivery of the Council's financial sustainability and where there are statutory requirements such as health & safety;
  - New capital investment will only be permitted if it contributes to the achievement of the Council's strategic aims and objectives;
  - The use of external funding is prioritised against the areas of greatest need within the County, in the main supporting highways maintenance and the delivery of education places within the county. In the current financial climate priority will be given to schemes that also deliver transformation and/or revenue savings;
  - Maximise the use of the Council's assets, and where possible working with local partner organisations to maximise the efficiency of assets across the public sector and Northamptonshire.
- 1.5 The Council's capital programme represents significant investment over the medium term in the acquisition or improvement of long term assets such as land, buildings, infrastructure, and equipment and information technology and is a key financial planning tool.

## **2. GOVERNANCE**

Governance covers the policies and frameworks related to capital expenditure and the processes and structures by which decisions are made.

### **Committed Capital Programme Approval Process**

- 2.1 The Capital Strategy is approved by Full Council as part of the Council's annual budget (in February of each year). This sets the capital funding availability to the Council, the prioritisation of funding and the schemes receiving entry into the Capital Strategy.
- 2.2 Schemes are formally approved into the Council's Committed Capital Programme following Cabinet approval. Cabinet sign off is obtained through the Monthly Capital Report (MCR). If Schemes are 'new schemes' and were not captured in the Council's Capital Strategy these will require recommendation from Cabinet for Full Council approval, (subject to a lower limit of £100k).
- 2.3 Any agreements, e.g. Section 106, which contractually commit to procure capital schemes, (such as school builds), will need to follow the same approval process as other capital expenditure before they can formally be entered into the Council's Capital Programme.
- 2.4 A separate Cabinet report is also required for any capital scheme which has a capital expenditure value of £500k or above, no matter the funding source.
- 2.5 Each scheme must be under the control of a nominated budget/project manager and a nominated project sponsor, (senior responsible officer (SRO)).
- 2.6 Officers are not authorised to commit expenditure without prior formal approval for the scheme as outlined above.
- 2.7 All capital expenditure must be carried out in accordance with the Council's Constitution, Financial Procedure Rules and Contract Procedure Rules and must comply with the statutory definition of capital purposes as defined within Section 16 of the Local Government Act 2003.

### **Virements**

- 2.8 Virement of funding from one capital scheme is permitted within the Council's capital governance arrangements only with the relevant officer or Cabinet approval as laid down in the financial procedures. Cabinet approval is required for any virements over £500k.

### **Decision making**

The bodies and functions within the Council that make recommendations to Cabinet and Council in relation to capital expenditure are:

#### **The Place Shaping Board**

- 2.9 The Place Shaping Board is a strategic board which ensures that developments, land & property disposals, investments and acquisitions are taken forward in support of the financial strategy whilst also supporting strategic objectives for growth and regeneration across the county.

#### **The Transformation Board**

- 2.10 The Transformation Board approves and challenges business cases and the delivery of revenue and capital projects which deliver, or support the delivery of revenue savings and/or manage future demand.

- 2.11 A Transformation Strategy was approved by Full Council on 22nd November 2018. In order to support the Strategy and change programme the transformation function also leads on, with the support of finance, the Flexible Use of Capital Receipts in supporting the identification and agreement of costs that meet the requirements laid out in the guidance.
- 2.12 The Transformation Board approves schemes moving forward through gateways: Feasibility, Detailed Business Case and PID, Close (benefits realisation and lessons learnt), ensuring the Full Business Case identifies the funding mechanism for the scheme.
- 2.13 The Transformation Board is supported by the Project Management Office (PMO): The PMO acts as the central point for tracking, monitoring and governance of all the initiatives associated with delivering savings or income generation, ensuring adherence to the 'Statement of Required Practice' (SORP)5 – Project Management.
- 2.14 The SORP outlines the minimum standards to which the Council's Project Management operates and should be considered alongside the other SORPs within the Council.
- 2.15 Under SORP 5, initiatives must comply with the following four key standards:
- Must be registered with the PMO
  - Must be able to demonstrate continued business justification – Full Business Case developed and reviewed
  - Must be managed effectively and efficiently with mandatory documentation produced and available
  - Must be managed by stages and be monitored and approved through the stages by the PMO and the relevant Approval Board

#### **Northamptonshire Leadership Team**

- 2.16 Reviews and provides sign off for the use of general grants and for the Monthly Capital Report. It provides a final review and challenge.

#### **Capital Projects Board**

- 2.17 The Capital Projects Board monitor progress on schemes in delivery, ensuring all documentation has been submitted. It challenges delivery and contracts and updates the Leadership Team on any significant financial and delivery risks.

### 3. CAPITAL EXPENDITURE

- 3.1 In England and Wales, there are three routes by which expenditure can qualify as capital under the framework:

The expenditure results in the acquisition, construction or enhancement of fixed assets (tangible and intangible) in accordance with 'proper practices'. Fixed assets are defined as those that have an economic life of more than one year.

- The expenditure meets one of the definitions specified in regulations made under the 2003 Local Government Act.
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

- 3.2 The Council's capitalisation policy looks to capitalise expenditure on eligible items with a cost over £10,000 in relation to a single item or in relation to a large quantity of smaller value items. In Local Government this can also include spending on assets owned by other bodies as well as loans and grants paid over to other bodies that enable them to buy assets.

#### Committed Capital Programme

##### Committed Programme Expenditure

- 3.3 The Council's Medium Term Capital Programme (MTCP) shows the committed expenditure on schemes that have been approved by Cabinet/Full Council.

- 3.4 Reporting on the current Capital Programme and progress of schemes within the Development Pool into the Programme occurs through the Monthly Capital Report (MCR). The report includes latest projection for capital expenditure in the current financial year and risks of overspends or delivery in relation to key capital schemes.

- 3.5 The Development Pool comprises of the schemes that the Council would be prepared to take forward, subject to final negotiations, confirmation and evidencing of funding and submission of robust business cases to the Place Shaping Board and/or Transformation Board for approval by Cabinet.

Full detail of the Development Pool schemes for 2019-20 to 2022-23 are included at pages 23-27.

- 3.6 The Table below represents the future forecast expenditure as reported to February Cabinet (excluding the investment portfolio which is detailed in its own section).

Current Programme Expenditure	2018/19 Forecast £m (Reference only)	Forecast 2019-20 £m	Forecast 2020-21 £m	Forecast 2021-22 £m	Forecast 2022-23 £m	Total 2019-20 to 2022-23 £m
Environment, Development and Transport	57.7	42.4	3.0	3.5	1.8	50.7
Children, Families and Education	29.8	7.5	0.3	0	0	7.8
Adult Social Care Services	2.5	2.6	0	0	0	2.6

Public Health and Wellbeing	0.3	0.1	0	0	0	<b>0.1</b>
IT Infrastructure/ Development	0.1	0.3	0	0	0	<b>0.3</b>
Property Maintenance	2.4	1.6	0.3	0	0	<b>1.9</b>
NCC Chief Exec	0	0.2	0	0	0	<b>0.2</b>
<b>Total</b>	<b>92.8</b>	<b>54.7</b>	<b>3.6</b>	<b>3.5</b>	<b>1.8</b>	<b>63.6</b>

3.7 It can be noted from the above that there is a very small committed programme going forward after 2018-19. This will increase as schemes gain Cabinet approval and move from the Development Pool into the Capital Programme.

#### Selected Major Scheme Details (committed programme)

3.8 Below are the larger schemes (in excess of £10m) within the Council's current committed programme that are already in delivery and will complete over the course of the plan period:

- Superfast Broadband - £22.3m scheme delivered over a number of phases, contracts and years including contract 1 with BT completed in previous years. Current contracts in delivery through BT & Gigaclear, (includes £6m NCC discretionary funding and £2m repayable/innovative)
- A43 Northampton to Kettering phase 1b - £17.5m being delivered as part of a multi-phase project supporting housing infrastructure over 2018-19 and 2019-20, (includes £5.5m discretionary funding)
- Integrated Transport and Maintenance DFT Grants Programme 2018-19 - £14m
- Chester Farm – £11m heritage project being delivered with funding from the Heritage Lottery Fund and the Council (includes £6m NCC discretionary funding).

#### 3.9 Major Schemes completed or due to be completed in 2018-19

<b>Scheme</b>	<b>Funding</b>	<b>Project Type</b>	<b>Total Cost £m</b>
Northampton International Academy	EFA grant/Basic Needs Grant/S106	New School	46
Daventry Development Link Road	Local Growth Fund/S106, Highways England Grant/Daventry District Funding Agreement	Highways	45
Chester Farm	Heritage Lottery Grant/Borrowing	Heritage	11
Corby Red Kite Academy	EFA grant/Basic Needs Grant	Special Needs School	8
Broadband Contract 2	BDUK/NCC/Districts/SLGF	Infrastructure	8
Radstone Fields Primary	S106	School	8
Isebrook SEN	Basic Needs Grant/S106	School	5

#### Committed Programme Funding

3.10 Total Council investment, (discretionary funding, ringfenced capital receipts and innovative) accounts for £18.8m, (30%), of the overall committed Capital Programme over the plan period.

- 3.11 It should be noted the NCC discretionary funding figure above excludes the Property Investments scheme which is on hold and has a £16.4m uncommitted budget remaining (see section 6).
- 3.12 Annual DFT & DFE grants for future years are not currently included making the Council's contribution currently look a larger share than it will be once these grants are notified and added to the programme.
- 3.13 The summary table below shows the total expenditure across the Council for the current and future years and the funding source (excluding Investment Portfolio)

	<b>2018-19 Forecast (Reference only)</b>	<b>2019-20 Plan</b>	<b>2020-21 Plan</b>	<b>2021-22 Plan</b>	<b>2022-23 Plan</b>	<b>Total 2019-20 to 2022-23</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Capital Programme Spend</b>	92.8	54.7	3.6	3.5	1.8	63.6
Discretionary borrowing	(16.1)	(9.7)	-	-	-	(9.7)
Capital Receipts	-	(6.3)	-	-	(0.8)	(7.1)
S106	(10.0)	(9.5)	(3.0)	(3.0)	(1.0)	(16.5)
Grants (DFE/DFT/Other)	(54.5)	(22.7)	(0.6)	-	-	(22.9)
District Contributions	(3.5)	(4.5)	-	(0.5)	-	(5.0)
Innovative (repayable)	(8.7)	(2.0)	-	-	-	(2.0)

### Development Pool

- 3.14 The table below shows a summary of the Development Pool Schemes requiring discretionary funding which have now been through a prioritisation process with Leadership Team taking into consideration latest funding announcements. The scheme detail can be found in the appendices.

All figures £m's				
Service Area	2019-20	2020-21	2021-22/ 2022-23	<b>Total Discretionary Funding</b>
Environment, Development and Transport	0.2	0.1	0.1	0.4
Children, Families and Education	1.7	1.0	0	2.7
Adult Social Care Services	4.8	0	0	4.8
Public Health and Wellbeing	0.9	0	0	0.9
IT Infrastructure/ Development	0.8	0.4	2.1	3.3
Property Maintenance	1.5	1.0	2.0	4.5
NCC Chief Exec	2.0	2.0	4.0	8.0
<b>Total</b>	<b>11.8</b>	<b>4.5</b>	<b>8.3</b>	<b>24.5</b>



## 4. FUNDING

4.1 All capital expenditure must be financed. This could be from a single source or a combination of:

- external sources (government grants and other contributions);
- the Council's own resources (revenue, reserves and capital receipts);
- debt (borrowing, leasing and Private Finance Initiative)

### External Funding

#### 4.2 Section 106 (S106) and External Contributions

- Elements of the Capital Programme are funded by contributions from private sector developers and partners. Growth in Northamptonshire has resulted in S106 contributions from developers accounting for significant elements of funding. In 2017-18 £19.6m of S106 contributions was received by the Council and £13.5m spent in relation to schools, libraries, fire and highways schemes.
- In 2019-20 S106 contributions will specifically support the Libraries Transformation Programme.

### External Grant

4.3 The largest form of capital funding comes through as external grant allocations from central government departments (DFT & DFE). Although these grants are to support specific areas of investment the Government removed capital ring-fencing in 2010, enabling local authorities to prioritise grants to support local needs, pressures and statutory responsibilities. Although need and reporting requirements do limit the Council's ability to work to these more flexible rules.

There are some specific grants such as Local Growth Fund (LGF) that have to be bid for but a difficulty with this type of grant in the current climate can be the requirement to provide match funding.

#### 4.4 Department for Education – Capital Grant Settlements

All figures £m	2019-20	2020-21	2021-22	2022-23
Basic Need	18.85	0	TBC	TBC
School Condition Allocation (SCA)	3.50	TBC	TBC	TBC
SEND Capital Grant	0.94	0.94	TBC	TBC
Healthy Pupil Premium	TBC	TBC	TBA	TBC
<b>Total LA Direct Funding</b>	<b>23.29</b>	-	-	-
Devolved Formula Capital (DFC)	0.6	0.5	TBC	TBC

- DFC is passported directly to schools to enable them to invest in ICT, minor repairs, etc.

4.5 There is some uncertainty currently around funding allocations in relation to annual Basic Needs Grant. In recent years allocations have varied from nil to £23m and currently only allocations to 2020-21 have been confirmed. The nil allocation in 2020-21 reflect a DfE realignment based on a review of previous years allocations. Northamptonshire is not the only authority to receive a nil allocation in 2020.

4.6 One of the key drivers for the changes year on year is the Government’s Free School Programme which directly funds the building of new academies leading to reduced funding allocated to Local Authorities.

4.7 As an outcome of the above a there is a potential shortfall of £12.5m in funding the number of new schools required in the MTFP period based on the 2018 Schools Organisation Plan which will be presented to March 2019 Cabinet.

#### 4.8 Department of Transport Capital Grant Settlements

Department of Transport	Indicative			
<b>All figures £m</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Integrated Transport Block (ITB)	3.08	3.08	3.08	3.08
Highways Capital Maintenance – Needs Based	12.29	12.29	12.29	12.29
Incentive Fund	1.28	0.77	TBC	TBC
Pothole Fund	TBC	TBC	TBC	TBC
Maintenance Challenge Fund	TBC	TBC	TBC	TBC
HS2 Road Safety Fund	0.54	0.47	0.41	0.15
<b>Total LA Funding</b>	<b>17.19</b>	<b>16.61</b>	<b>15.78</b>	<b>15.52</b>

It is expected that allocations for 2021-22 and future years will be advised towards the end of 2020-21.

4.9 The allocation from the HS2 Road Safety Fund is to be spent by 2026 and drawdown of funding is on a scheme by scheme basis as agreed with HS2/DFT.

4.10 In recent years, the Government has allocated funding for a Pothole Action Fund, and while it is possible this may continue, no details are currently available.

#### Regional Growth Deals (including LGF)

4.11 Growth Deals bring together housing, infrastructure and other funding in a single pot put into local hands, via the LEPs, to realise growth, jobs and educational opportunities. The two schemes remaining in respect of completion of schemes with LGF rounds 1 and 2 funding are:

- The A43 Northampton to Kettering phase 1b Smart Commuters.
- A new bid has been submitted for £1.5m funding towards a £3m scheme in respect of North Northants A45 corridor – Smart growth, cycling and walking. The remainder being funded from S106.

#### Internal Funding (Discretionary Funding) - borrowing and capital receipts

##### 4.12 Prudential Borrowing

The introduction of the Prudential Code in 2004 allowed the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities.

##### 4.13 Revenue Funding

The Council can use revenue resources to fund capital projects on a direct basis. However given the current financial position no revenue contributions will be utilised to

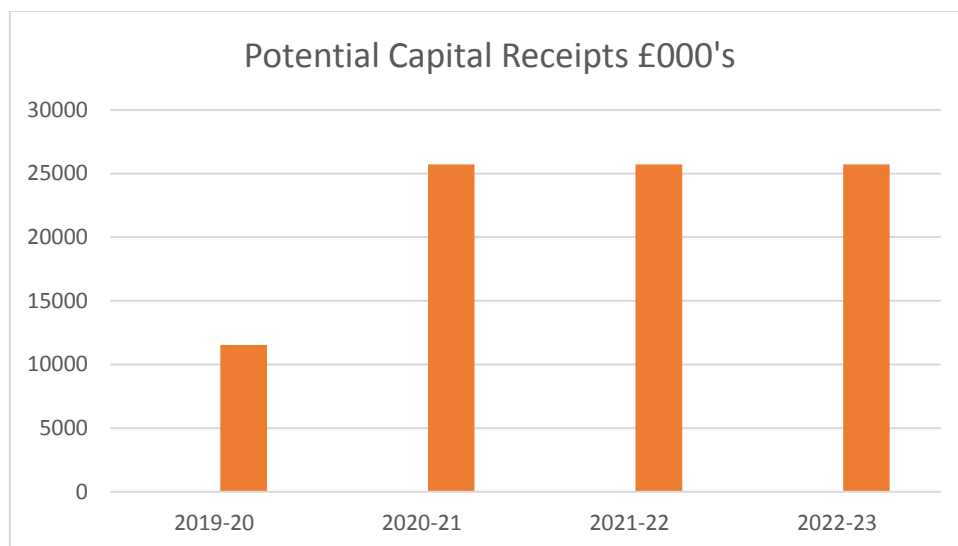
support capital expenditure. Savings generated directly as a consequence of capital investment (Invest to Save) will be reported through revenue monitoring.

#### 4.14 Capital Receipts

The Council is able to generate capital receipts through the sale of surplus assets such as land and buildings. These capital receipts can be used to reduce down the Council's borrowing liability and be reinvested in the Capital Programme. Alternatively, they can be utilised either within the rules for the current Flexible Use of Capital Receipts guidance to support transformation.

The capital direction issued on 28th November 2018, allows the use of up to £70m of the Council's capital receipts to fund its deficit brought forward from 2017-18, to create an unallocated revenue reserve of £20m, and to manage the risk associated with the delivery of the Stabilisation Plan.

4.15 From 2019-20 onwards, the Council is forecasting the following potential capital receipts:



4.16 The reason we refer to the receipts as potential is due to the fact that excluding the remainder of the Northampton Schools reorganisation sites, Strategic Land Holdings (SLH) remain the only area of sizeable asset ownership under the Council's control. However, predicting the timescales and values of receipts on these areas is problematic due to the complex nature of these sites and the multiple interests of partners, developers and local interest groups.

4.17 The potential optimal strategy in relation to reuse of property assets for service delivery, sale for development of housing and potential use by a wider public sector partners will be considered in relation to each individual site through the Place Shaping and One Public Estate strategies.

#### Golden Rules

4.18 The Council's Golden Rules lay out the framework and prudential indicators in relation to the amount of borrowing the Council undertakes and the impact of those decisions.

#### 4.19 Golden Rule One – Discretionary finance cost ceiling of 9%

Northamptonshire County Council's annual discretionary capital financing costs should not rise above the self-imposed ceiling of 9% of its annual net revenue budget over the

plan period. Based on the borrowing assumptions within this document the forecast % over the MTFP period is a maximum of 5.7% as shown at 9.15 table 4 in the Treasury section of this report (taken from the Treasury Strategy)

Impacts and outcomes:

- Financing costs include both interest and minimum revenue provision (MRP) costs.
- As revenue budget levels come under pressure this will ensure revenue funding is prioritised for direct service delivery. The level of revenue funding available may be less than the 9%.
- This rule results in a funding ceiling which the Council will seek to operate within to fund the Council's Capital Programme priorities over the plan period.
- The Council's use of the capitalisation flexibilities set out in the Local Government Finance Settlement will impact on the level of borrowing the Council needs to undertake due to the limited availability of capital receipts to support capital investment. However the 9% limit is still applicable.

#### **4.20 Golden Rule Two – Capital Receipts allocation**

Golden Rule Two states that all net capital receipts/disposals will be allocated in the first instance:

- 50% to repay Council borrowing, and
- 50% to re-invest in the funding of the Council's Capital Programme

This golden rule continues to be suspended in-line with the current capitalisation flexibilities relating to transformation expenditure, and in line with the Capital Dispensation approval awarded in November 2018.

### **Flexible Use of Capital Receipts**

4.21 The Spending Review 2015 and its extension announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts over the period 2016-17 to 2021-22 on the revenue costs of transformation projects. The Council intends to take advantage of this concession to use capital receipts in more innovative ways and target disposal receipts where need is greatest. This will see the Golden Rule relaxed to accommodate the transformation in the early years of the plan.

4.22 The Flexible Use of Capital Receipts Strategy links in with and is an integral part of the delivery of the Transformation Strategy which was published and agreed at November 2018 Cabinet.

4.23 Following the challenge to the approach and identification of eligible expenditure under the Flexible Use of Capital Receipts for 2016-17 and 2017-18 the Flexible Use of Capital Receipts strategy sets out the governance and planning process to ensure that the projects that the Council has identified to deliver its Transformation Strategy are fully compliant under the guidance.

4.24 The Council has developed a revised Flexible Use of Capital Receipts Strategy which along with its Transformation Strategy was approved by full Council in November 2018.

### **Golden Rule Three – Invest to Save funding**

4.25 The use of discretionary funding for invest to save purposes are subject to strict investment criteria and robust business cases.

4.26 This golden rule is still applicable in its purpose of good project management but is suspended in relation to the use of savings being returned to repay capital investment. Savings resulting from capital investment currently form part of the revenue budget and support the overall delivery of a balanced budget.

### **Long term funding challenges**

4.27 The Council faces a number of challenges in its future funding of the Capital Programme:

- Potential new unitary structure will give both benefits of bringing services together and challenges from a larger portfolio of responsibilities and challenges.
- The Council has limited levels of future capital receipts (excluding opportunities from the rationalisation and review from the unitary restructure).
- The fact that 50% of the Council's capital funding comes from Central Government grants.
- The fact that a further 25% of the Council's capital funding comes from external contributions, largely S106 which is dependent on development in the county and the economy.

4.28 The Council in itself only has limited influence over these external and grant funding sources and the Council's capital programme will continue to be largely influenced by central government policy.

### **Assessment of the revenue implications of capital investment**

4.29 In the interests of properly evaluating the affordability of a project, the revenue implications of capital bids are also included on the Business Case proforma which is submitted as part of the review and challenge process to the Place Shaping and Transformation Boards. This ensures that an evaluation can be made on the overall financial business case of the capital project (revenue and capital cost/savings). It also ensures capital and revenue budgeting is aligned for financial planning purposes.

### **Risk of overspends and additional resources needing to be applied**

4.30 As part of the business case, contingencies will be included as part of the budget costing exercise and expected costings for similar schemes will be considered as a benchmark. These will cover ordinary, but not extraordinary, risks/changes to the cost of delivering the project. Pressures outside of this will be reported through the monthly reporting to Cabinet and project closure reports will be utilised to provide learning for future schemes.

### Funding Summary for the Development Pool (future Capital Programme)

4.31 The summary below shows the total funding confirmed or assumed to be secured to fund the Development Pool shown in section 11.2, (NB: this is based on when funding will be received rather than when expenditure will be incurred)

<b>Funding Source</b>	<b>2019-20 £m</b>	<b>2020-21 £m</b>	<b>2021-22/ 2022-23 £m</b>	<b>Total MTP £m</b>
Discretionary	11.8	4.5	8.3	24.6
DfE Grant Settlements/funding requirements	23.3	3.9	31.9	59.1
DfT Grant Settlements/forecast	17.2	16.6	31.3	65.1
External Contributions, Specific Scheme Grants, S106 (excluding schools S106)	17.7	26.7	87.2	131.6
S106 Schools	5.5	15.1	8.3	28.9
<b>TOTAL</b>	<b>75.4</b>	<b>66.8</b>	<b>167.0</b>	<b>309.3</b>

## 5. CAPITAL INVESTMENT

### Discretionary Funding Availability

5.2 Prioritisation and an affordability review have taken place since the Final Capital Strategy 2018-19 was published in February 2018. As a result, the Discretionary Funding Pot is now confirmed as:

<b>Discretionary Funding</b>	<b>£m</b>
Capital Strategy 2018-19 to 2022-23	75.018
Less, approvals to date and forecast to end of 2018-19	14.957
Balance remaining/approved in 2018-19 Strategy for 2019-20 onwards	59.991
Reduction in Discretionary funding	(35.434)
<b>Total Revised Discretionary Funding Requirement (see 3.14)</b>	<b>24.557</b>

5.3 The Capital Financing requirement shows a reduction in borrowing of £35m in relation to the 2018 strategy following a review of schemes and requirements taking into consideration the 'Key Strategy Guidelines' on page 3.

### Gap funding through discretionary borrowing

5.4 These type of schemes require short term funding from the Council to invest in infrastructure that will unlock development which then releases the payment of CIL/S106/Business rates etc. to the County/District Councils, which can then repay the investment. The developments enabled will also provide wider economic benefits such as jobs and housing.

5.5 This investment increases the Council's short term financing costs but the Council and Northamptonshire are compensated by the long term financial and non-cashable future benefits.

5.6 Where these arrangements form part of a business case the level of gap funding in relation to the overall scheme need and benefits will be considered as part of the risk evaluation.

## 6. INVESTMENTS

6.1 The practice of investing in property in order to create an additional revenue stream to support service delivery and financial sustainability during a time of reducing settlements from central government has been widely adopted by local authorities.

6.2 At its meeting on 13th June 2017 Cabinet agreed to 'confirm that commercial investments are taken forward in line with the budgets of £20m set out for 2017-18'. A further update report was presented to Cabinet in September 2017 on the latest opportunities, requesting delegated authority to the Investments Board and providing a more detailed list of Investment Strategy guidelines.

6.3 The Council has a total approved fund of £20m with only one property costing £3.6m including fees being purchased to date and currently no forecast for expenditure in 2018-19.

6.4 The decision to approve the £3.6m investment was taken after considering the following criteria/tests that any investment should meet:

- It should limit the Council's exposure to specific market sectors.
- To continue to monitor to ensure a diverse portfolio.
- The target portfolio will be required to generate an average 3% net yield once fully invested, but accept a variation from this yield when considering individual properties so as to allow for a spread of risks.
- No Investments in speculative development
- No Investments in areas within Flood Zone 3 or high land contamination risk.

6.5 The Council utilised local professional advisors to identify potential investment opportunities and carry out financial checks in relation to the business currently renting the property, the length of the remaining agreements, review/break points and the return and favourability of properties in the area as part of its risk management.

6.6 Currently the Council's Investment Strategy is on hold, given the current financial position and the need to reduce risk and focus resources on the core business. If the Council considers reinstating its investment strategy any investments would still need to meet the criteria/tests.

6.7 The Council would also need to consider the latest guidance and comments from government and CIPFA to ensure it is considering all the risks attached to these type of investments and can answer the questions/challenges raised including:

- The Ministry of Housing, Communities and Local Government (MHCLG) Statutory Guidance on Local Government Investments (3rd Edition) (Statutory Investment Guidance) February 2018. Local authorities in England are required to 'have regard' to the Statutory Investment Guidance.
- CIPFA recent comments drawing attention to the practice within some local government plans of borrowing to invest in commercial property stating it will 'issue more guidance and make it clear that these investment approaches are not consistent with the requirements of fiscal sustainability, prudence and affordability.' In light of this

NCC would need to be very clear that any investment is directly linked to supporting service delivery.

### **Investment Estate Development Update for 2019-20**

- 6.8 Property Services continues to demonstrate its ability to manage its small investment estate effectively, achieving substantial capital growth from the development of its Strategic Landholdings and managing its industrial units to give very low vacancy levels, steady rental income and good tenant management.
- 6.9 In order to meet the financial challenges faced by the authority, which require both a steady supply of capital receipts and a self-generating revenue stream, a proactive approach to the management and growth of this area of the estate continues to be a high priority.
- 6.10 This is clearly a very competitive market led in part, at least, by the increased activity by Local Authorities in this form of investment.  
The 2018-19 Strategy for the County Property Estate indicated that the likely target for a suitable portfolio would be distribution warehousing within the County, but within a mixed portfolio, likely to include small retail schemes offices or leisure. It has become clear that it will be challenging to meet the required yield levels for investments that meet a suitable risk profile to justify prudential borrowing to fund acquisitions.
- 6.11 One property of this type has been purchased - Unit 14 Orion Way. The purchase price of £3.45 million reflects a 6.07% yield which falls within the blended yield targets set out in the 2018-19 Strategy for the County Property Estate. Income performance is as expected.
- 6.12 For the next financial year, if the project is resumed, further acquisitions will not be pursued unless there are clear potential benefits, over and above the pure investment return. These may be:
- Economic development benefits.
  - Adding value through/to existing assets held by the County.
  - Pursuance of other Council objectives.
- 6.13 The wider investment policy, going forward will concentrate on actions to:
- Continue to bring forward strategic landholdings and surplus properties to generate capital receipts and further explore the potential for generation of revenue or cost avoidance.
  - Develop a programme of capital investment in existing/new properties for best value income or cost reduction, fully aligned to corporate outcomes

## **7. PROPERTY ASSET MANAGEMENT PLAN**

- 7.1 The 2018 Strategy for the County Property Estate was approved by Cabinet in December 2017. It recognised the need to move on from 2017 achievements and respond to the changing landscape of service provision, where delivery is commissioned through a range of contractual and partnership arrangements, and recognise the importance of the property portfolio in minimising revenue expenditure and generating both revenue and capital opportunities.



- 7.2 Since this time One Angel Square has been sold and leased back providing a cash injection in relation to the capital receipt but a long term (35year) lease payment commitment.
- 7.3 A new Place Shaping Board is now in place to consider opportunities and requirements within NCC and wider Northamptonshire public sector partners linking with the One Public Estate agenda.
- 7.4 The Place Shaping Board is chaired by the Chief Executive and comprises the Executive Directors and senior officers from both the County Council and District and Borough Councils, together with representatives from Police and Health.
- 7.5 The Property Asset Management Plan is currently being updated to take into consideration:
- The potential unitary authority changes
  - The impact of bringing back in house Olympus Services and First for Wellbeing and the overall change in direction in relation to outsourcing.
  - The review of the impact of the core services offer.
  - Links with the Transformation Strategy and the challenge to maximise occupancy levels and/or income opportunities and/or reduce costs through capital investment or best use of assets.

## 8. TRANSFORMATION STRATEGY

- 8.1 The Strategy sets out the Council's future approach to transforming services and bringing down costs to a sustainable level so that the Council can live within its financial means and prepare for a lower cost base.
- 8.2 It states that capital expenditure must focus on reducing revenue costs or creating new income streams that can be invested in key priorities.
- 8.3 There are capital investment opportunities to create internal capacity through building and buying children's homes and bringing children back into the county at considerably less cost than current placements.
- 8.4 It identifies the significant and urgent need for investment in the back office systems for social care that caseworkers use and which is approaching end of life. This is the Carefirst system which can be seen as a significant investment line in the appendices.
- 8.4 It recognises the inherent risk in any capital investment schemes and subsequently aborted work meaning costs would revert to revenue creating a budget pressure.
- 8.5 The full strategy was approved as a report to November Cabinet and a full copy of the strategy can be found with the Cabinet reports.

## 9. DEBT AND BORROWING AND TREASURY MANAGEMENT

- 9.1 The tables on page 8 show the Council's funding commitment and sources in relation to the current capital programme as well as the £25m NCC discretionary funding for the Development Pool. This includes invest to save schemes which would in the past have been only temporarily funded, but which now are permanently funded in order to release savings to support the revenue position. The discretionary funding of £25m (see appendices 11.1) represents 8% of the total Development Pool schemes of £309m (see appendices 11.2).
- 9.2 Discretionary funding commitments are either financed through capital receipts or borrowing. Any borrowing undertaken must eventually be repaid and this can come from a single source or a combination of the following sources:
- Annual set aside provision of revenue resources (known as Minimum Revenue Provision [MRP]) This represents the repayment of the original debt over the assessed life of the asset;
  - Capital receipts from sale of assets
- 9.3 The Council last updated its MRP Policy on 22nd March 2018 and a copy of the Policy can be found with the Full Council papers from this date.
- 9.4 The Council's cumulative amount of debt financing outstanding is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces as MRP and capital receipts are used to replace it. Based on the current Committed Capital Programme and Development Pool borrowing requirement the Council's estimated CFR is as follows:

9.5 Table 1 - Prudential Indicator: Estimates of Capital Financing Requirement

	2018-19	2019-20	2020-21	2021-22	2022-23
	Projected	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Total CFR (net of LT Liabilities)	715.7	740.4	742.4	744.0	738.4
Movement in CFR	19.3	24.7	2.0	1.6	(5.6)

### Treasury Management Strategy

- 9.6 The purpose of the Treasury Management Strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, including the Council's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.
- 9.7 The Treasury Management Strategy incorporates:
- The Council's capital financing and borrowing strategy for the coming year;
  - The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008;

- The Affordable Borrowing Limit as required by the Local Government Act 2003;
- The Annual Investment Strategy for the coming year as required by the MHCLG revised Guidance on Local Government Investments issued in 2018.

9.8 The strategy takes into account the impact of the Council's Medium Term Financial Plan (MTFP), its revenue budget and capital programme, the balance sheet position and the outlook for interest rates.

9.9 The Council takes advice from its external treasury partners/advisors in making decisions on the current financial climate and markets in relation to whether to undertake short term or long term borrowing and in considering the management of its financial balances.

### **BORROWING**

9.10 The Council's primary objective when borrowing money is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting and the Council therefore seeks to strike a balance between:

- Lower cost short-term loans
- Higher cost long-term loans
- Fixed but certain interest rates
- Variable but reactive interest rates

9.11 Table 2 - Forecast Borrowing and Investment Balances

	2018-19 Forecast £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
Borrowing at 1 April b/f	600.8	600.0	630.0	645.0	655.0
Net Borrowing Requirement to fund capital programme (see Table 2 below)	19.4	24.8	3.0	3.5	(2.7)
MRP	(0.1)	(0.1)	(1.0)	(1.9)	(2.7)
Internal borrowing (increase)/reduction	(20.1)	5.3	13.0	8.4	5.4
(1) Actual borrowing at 31 March c/f	600.0	630.0	645.0	655.0	655.0
Capital Borrowing	578.8	610.1	627.3	638.7	640.2
Third Party Loans	21.2	19.9	17.7	16.3	14.8
Borrowing at 31 March c/f	600.0	630.0	645.0	655.0	655.0
(2) CFR – the borrowing need	715.7	740.4	742.4	744.0	738.4
(3) Internal Borrowing (2)-(1)	115.7	110.4	97.4	89.0	83.4

9.11 Statutory guidance states that debt should remain below the Capital Financing Requirement except in the short-term. As demonstrated above, the Council expects to comply with this requirement over the medium term horizon.

9.12 Table 3 – Operational Boundary Prudential Indicator. This is the limit which external borrowing is not normally expected to exceed. All things being equal, this could be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing undertaken as impacted by the level of current and future cash resources and the shape of the interest rate yield curve.

Operational Boundary	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m
Total Borrowing	750.0	775.0	780.0	780.0	775.0

9.13 Each year, the Council is legally obliged to set an Affordable Borrowing Limit (also termed the Authorised Limit for External Debt). The Council also sets a lower Operational Boundary Limit beneath this to act as a warning indicator should debt approach the legal limit. The Operational Boundary Limit is a management tool and may be breached temporarily during the year as a result of abnormal cash movements which would be investigated and understood. The Authorised Limit should not be breached.

#### FINANCING COSTS

9.14 Although capital expenditure is not charged directly to the revenue budget, the consequential impact is. Interest payments to service loans borrowed and MRP contributions are charged to revenue, offset by any investment income receivable. This net annual charge is known as a financing cost, which can be compared to the Net Revenue Stream (the cost of Council services funded by Council Tax, Business Rates and Government Grants) and, when expressed as a percentage, effectively illustrates the Council's debt gearing ratio.

9.15 Table 4 – Prudential Indicator: Proportion of Financing costs to Net Revenue Stream

	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
	£m	£m	£m	£m
Net Financing Costs (£m)	21.2	21.9	23.7	26.3
Net Revenue Stream (£m)	411.1	430.8	449.9	467
PROPORTION OF FINANCING COSTS TO NET REVENUE STREAM (%) *	5.1%	5.1%	5.4%	5.7%

\*This is in line with the Council's Golden Rule One (page 11) which states financing costs should be less than 9% and are decreased from the 7.6% maximum shown in the 2018 Strategy. This is partly due to a change in the MRP calculations.

9.16 Due to the very long-term nature of capital expenditure and financing decisions, the revenue impact is felt for years into the future.

9.17 The full Treasury Strategy can be found at appendix J to the main MTFP report.

## 10. KNOWLEDGE & SKILLS

- 10.1 The Council aims to ensure that all staff have the appropriate skills and knowledge to perform their roles. Where the necessary expertise is not available in house the Council will procure the skills and knowledge it requires from advisors or consultants.
- 10.2 The Council will work in collaboration with its external auditors in relation to changes to technical accounting requirements and/or treatment.
- 10.3 The Council contracts with LGSS Law to deliver its legal services. Where a particular legal speciality is required external legal advice may be procured.
- 10.4 The Council has a list of 'Approved Contractors' who it will utilise to support capital projects to ensure preliminary surveys & works identify risks around costs and delivery in relation to the land, building etc. elements for each project before main contracts are procured.
- 10.5 The Council will undertake background checks to ensure all contractors are suitably qualified, have a proven delivery background in similar projects before awarding contracts.
- 10.6 The Council takes advice from its external treasury partners/advisors in making decisions related to its treasury strategy.

## 11. APPENDICES

### 11.1 DEVELOPMENT POOL DISCRETIONARY FUNDING DETAIL OVER MTFP PERIOD

The table below shows the Development Pool Schemes requiring discretionary funding, which have been through a prioritisation process, and the rationale for funding approval.

All figures £000's							
Schemes	Service Area	2019-20 £000's	2020-21 £000's	2021-22/ 2022-23 £000's	Total Discretionary Funding £000's	Reason for funding	
1	Community Equipment	ASC	4,000	0	0	4,000	Revenue saving
2	Beech Close Elderly Care	ASC	310	0	0	310	Revenue saving
3	Single Handed/ Assistive Tech. Project	ASC	500	0	0	500	Revenue saving
4	Schools Capital	CFE	427	0	0	427	Revenue saving
5	Emergency Placement Provision	CFE	245	0	0	245	Revenue saving
6	Housing for children with complex needs	CFE	1,000	1,000	0	2,000	Revenue saving
7	Highways Depot Winter Maintenance	PLACE	100	0	0	100	Revenue saving
8	Angel Square Optimisation	PLACE	500	0	0	500	Income generation
9	Household Waste Recycling Sinking Fund	PLACE	65	65	130	260	Revenue saving
10	Property Asset Management Minor Works	PLACE	1,000	1,000	2,000	4,000	Statutory H&S and Service Provision
11	Carefirst Replacement	CEx	2,000	2,000	4,000	8,000	Statutory Service support
12	Tablet Refresh	LGSS	200	200	400	800	Operational Efficiency
13	PC Refresh	LGSS	0	0	400	400	Operational Efficiency
14	Security Solutions to meet new standards	LGSS	70	100	0	170	Statutory Requirements/ Standards
15	SAN Replacement	LGSS	0	0	1,000	1,000	Statutory Service support
16	Netscaler Replacement	LGSS	0	0	200	200	Statutory Service support
17	Ncloud Server	LGSS	140	130	130	400	Statutory Service support
18	Office 365 implementation resources	LGSS	170	0	0	170	Statutory Service support
19	Compute' capacity disaster recovery	LGSS	200	0	0	200	Statutory Service support
20	Community Libraries Programme	PHWB	250	0	0	250	Revenue saving
21	Library Self-Service Terminals renewal	PHWB	350	0	0	350	Revenue saving
22	Additional Mortuary Capacity	PHWB	75	0	0	75	Statutory Service Support
23	Modernisation of Court Facilities	PHWB	120	0	0	120	Statutory Service support
24	Coroners IT system	PHWB	80	0	0	80	Statutory Service support
	Total Discretionary Requirement		11,802	4,495	8,260	24,557	

## 11.2 DEVELOPMENT POOL 2019-20 TO 2022-23

All figures £000's								
Schemes	Service Area	2019-20	2020-21	2021-22	2022-23	Total	Funding Source	
		£000's	£000's	£000's	£000's	MTP		
								£000'S
1	Community Equipment	ASC	4,000	0	0	0	4,000	Discretionary
2	Extra care scheme in the North (assume 80 units)	ASC	4,200	4,200	0	0	8,400	External
3	Nursing Facility North (build cost exc. land)	ASC	5,000	0	0	0	5,000	External
4	LD Complex Needs Assessment and Residential Unit (build cost exc. Land)	ASC	2,250	0	0	0	2,250	External Grant
5	Beech Close Elderly refurbishment	ASC	310	0	0	0	310	Discretionary
6	Single Handed & Assistive Technology Project	ASC	500	0	0	0	500	Discretionary
<b>ASC Service</b>			<b>16,260</b>	<b>4,200</b>	<b>0</b>	<b>0</b>	<b>20,460</b>	

All figures £000's								
Schemes	Service Area	2019-20	2020-21	2021-22	2022-23	Total	Funding Source	
		£000's	£000's	£000's	£000's	MTP £000'S		
7	Stanton Cross New Primary		3,000	4,000	1,000	0	8,000	S106
8	Towcester South New Primary		2,000	4,000	300	0	6,300	S106
9	Upton Park New Primary		3,000	3,000	300	0	6,300	S106/DFE
10	Primary School extensions	CFE	1,500	5,000	4,000	0	10,500	DFE & S106
11	New Secondary School to support housing growth	CFE	0	12,500	12,500	0	25,000	DFE
12	Secondary Schools: extensions for new pupil places	CFE	13,168	4,500	0	0	17,668	DFE
13	Devolved Formula Capital	CFE	TBA	TBA	TBA	TBA	0	DFE
14	S106 'non-essential' Schools Schemes	CFE	500	4,100	4,200	0	8,800	S106
15	Schools Strategic Repairs and Maintenance	CFE	750	750	750	750	3,000	DFE
16	Schools Temporary	CFE	125	125	125	125	500	DFE

	Accom. /Mobile Classrooms							
17	Children's Special Need Grant	CFE	900	900	0	0	1,800	DFE
18	Schools Capital Refinancing	CFE	427	0	0	0	427	Discretionary
19	Emergency Placement Provision	CFE	245	0	0	0	245	Discretionary
20	Housing for children with complex needs	CFE	1,000	1,000	0	0	2,000	Discretionary
21	Development of Secure Unit	CFE	1,000				1,000	External Grant
	<b>CFE Service</b>		<b>27,615</b>	<b>39,875</b>	<b>23,175</b>	<b>875</b>	<b>91,540</b>	

All figures £000's								
	Development Pool Schemes	Service Area	2019-20 £000's	2020-21 £000's	2021-22 £000's	2022-23 £000's	Total MTP £000'S	Funding Source
22	LTP Maintenance	PLACE	11,542	11,542	11,542	11,542	46,168	DfT
23	Highways Asset Management	PLACE	750	750	750	750	3,000	DfT
24	LTP Integrated Transport	PLACE	3,078	3,078	3,078	3,078	12,312	DfT
25	Incentive fund	PLACE	1,280	768	-	TBC	2,048	DfT
26	Pothole Fund	PLACE	TBC	TBC	TBC	TBC	-	DfT
27	Highway Maintenance Challenge Fund	PLACE	TBA	TBA	TBA	TBA	-	DfT
28	S106 Developers Contribution Schemes	PLACE	-	3,083	4,091	2,113	9,287	S106
29	Smart Corridor	PLACE	2,000	2,000	2,000	-	6,000	S106
30	Northampton North West Relief Road - Grange Farm A5199	PLACE	-	13,688	9,026	-	22,714	S106, CIL, and SEMLEP
31	A509 Wellingborough Development Link Phase 1 (Isham Bypass)	PLACE	-	-	-	45,000	45,000	External
32	A43 Northampton to Kettering Phase 3 (Overstone Grange to Holcot/Sywell)	PLACE	-	-	-	22,100	22,100	Grant & Developer
33	Northampton Northern Orbital Preliminary Works	PLACE	600	1,400	1,400	-	3,400	Grant/S106
34	HS2 Road Safety Fund	PLACE	536	474	408	150	1,568	DFT Grant
35	North Northants A45 Corridor -	PLACE	662	2,296	-	-	2,958	Grant & S106



	Smart Growth, Cycling & Walking							
36	Flood Alleviation	PLACE	391	30	437	1,060	1,918	External Grant and Funding
37	Property Asset Minor Works	PLACE	1,000	1,000	1,000	1,000	4,000	Discretionary
38	Angel Square Optimisation	PLACE	500	0	0	0	500	Discretionary
39	Household Waste Recycling (HWRC) Sinking Fund	PLACE	65	65	65	65	260	Discretionary
40	Highway Depot Winter Maintenance	PLACE	100	0	0	0	100	Discretionary
	<b>EDT Service</b>		<b>22,504</b>	<b>40,174</b>	<b>33,797</b>	<b>86,858</b>	<b>183,333</b>	

All figures £000's								
	Development Pool Schemes	Service Area	2019-20 £000's	2020-21 £000's	2021-22 £000's	2022-23 £000's	Total MTP £000'S	Funding Source
41	SharePoint Upgrade or Replacement	CEx	108	0	0	0	108	Unutilised balances
42	Carefirst Replacement	CEx	2,000	2,000	2,000	2,000	8,000	Discretionary
	<b>CEx Service</b>		<b>2,108</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>8,108</b>	

All figures £000's								
	Development Pool Schemes	Service Area	2019-20 £000's	2020-21 £000's	2021-22 £000's	2022-23 £000's	Total MTP £000'S	Funding Source
43	Tablet Refresh	LGSS	200	200	200	200	800	Discretionary
44	PC Refresh	LGSS	0	0	400	0	400	Discretionary
45	Security Solutions to meet new standards(Cyber Essentials)	LGSS	70	100	0	0	170	Discretionary
46	SAN Replacement	LGSS	0	0	1,000	0	1,000	Discretionary
47	Netscaler Replacement	LGSS	0	0	200	0	200	Discretionary
48	Ncloud Server	LGSS	140	130	130	0	400	Discretionary
49	Office 365 implementation resources	LGSS	170	0	0	0	170	Discretionary
50	Compute' capacity disaster recovery	LGSS	200	0	0	0	200	Discretionary
	<b>LGSS</b>		<b>780</b>	<b>430</b>	<b>1,930</b>	<b>200</b>	<b>3,340</b>	

All figures £000's								
	Development Pool Schemes	Service Area	2019-20 £000's	2020-21 £000's	2021-22 £000's	2022-23 £000's	Total MTP £000'S	Funding Source
51	Digital Wellbeing Tools	PH	250	0	0	0	250	Grant
52	Registration CRM system	PH	150	0	0	0	150	Invest to Save
53	Library Self-Service Terminals renewal	PHWB	350	0	0	0	350	Discretionary
54	Additional Mortuary Capacity	PHWB	75	0	0	0	75	Discretionary
55	Community Libraries programme	PHWB	1,250	0	0	0	1,250	S106/ Discretionary
56	Alcohol Treatment Centre	PHWB	300	0	0	0	300	Grant PH
57	Modernisation of Court Facilities	PHWB	120	0	0	0	120	Discretionary
58	Coroners IT system	PHWB	80	0	0	0	80	Discretionary
	<b>PH Service</b>		<b>2,575</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,575</b>	
	<b>Total Development Pool</b>		<b>71,842</b>	<b>86,679</b>	<b>60,902</b>	<b>89,933</b>	<b>309,356</b>	

**11.3 COMMITTED CAPITAL PROGRAMME  
2019-20 ONWARDS**

Scheme	Area	Status	Remaining Forecast Spend				Funding			Comment
			2019-20	2020-21	2021-22	2022-23	Borrowing	Grant/S106	External Contrib.	
			£m	£m	£m	£m	£m	£m	£m	
Moray Lodge Care Provision	ASC	Business case	2.6				-1.6	-1.0		Scheme enables delivery of revenue savings in MTFP.
Latimer Arts College	CFE	In delivery	2.4					-2.4		S106 funded
Isebrook SEN School Expansion	CFE	In delivery	1.2					-1.2		Funded S106/Basic Needs Grant
Radstone Fields School	CFE	In delivery	0.6					-0.6		£8m scheme, final payments. Contractor issues risk
Sir Christopher Hatton School	CFE	In delivery	0.4					-0.4		Basic Needs Grant contribution alongside CIF grant received by School to expand the school.
PFI Lifecycle	CFE	In delivery	0.3	0.3			-0.6			A revenue savings scheme over 5 years
Other Schools Schemes	CFE	Various	2.6					-2.6		Includes reported underspend on East Northants Schools Project.
Broadband	Place	Contracts in delivery	7.8				-6.3	-1.5		£22m scheme joint funded (NCC £6m, NCC £2m repayable, LGF £2m, Districts £2m, BDUK £10.5m)
A43 Northampton to Kettering Phase 1B	Place	In delivery	9.5			1.5	-5.5	-5.5		£17m scheme of which £7.9m LGF, £4m S106, £5.5m borrowing
Property Minor works	Place	Planned	1.0				-1.0			Achievement if Health & Safety/Property Asset Management Plan
Corby Link Road	Place	Committed	1.0	0.3			-1.3			Road complete, land compensation payments
North West Relief Road prep	Place	In delivery	1.7						-1.7	Preliminary works - main works £20m+ to be financed from S106/CIL.

Scheme	Area	Status	Remaining Forecast Spend				Funding			Comment
			2019-20	2020-21	2021-22	2022-23	Borrowing	Grant/S106	External Contrib.	
			£m	£m	£m	£m	£m	£m	£m	
Highways Structural	Place	On hold	2.1				-2.1			Final stage of a 5yr plan related to revenue savings.
Northampton Growth Management - Queen Eleanor	Place	Planned	1.6						-1.6	Work needs to fit with Highways England works.
Smart Commuters	Place	In delivery	1.7					-1.7		Local Growth Fund
National Productivity Fund - Cliftonville road	Place	Planned	2.6					-2.6		s106, NBC, DFT Scheme grant & DFT general allocations £0.3m
N Energy Saving School	Place	In delivery	0.4	0.4				-0.8		Delivery from 2018-19 to 2020-21. Grant funded.
ERDF Digital and Growth schemes	Place	In delivery	0.6					-0.6		European Grant Funded and delivered in conjunction with University of Northampton
S106 Highways Schemes	Place	Committed	3.5	3.0	3.5			-10.0		Funding received from various developments in the county
Chipping Warden Relief Rd	Place	Planned	2.0				-1.0	-1.0		Contribution to government HS2 impact scheme
Local Highways Maintenance - additional grant 2018-19	Place	In delivery	2.8					-2.8		Grant announced in Autumn 2018 budget from government.
Chester Farm	Place	In delivery	0.8					-0.8		Final payments.
Homes & Communities Agency Upton Works	Place	Planned	1.1						-1.1	Works will be undertaken when needed and in-line with other developments.
Other Highways Schemes	Place	Various	3.0			0.3		-3.3		
Other service schemes		Various	1.4				-0.4	-1.0		
<b>TOTALS</b>			<b>54.7</b>	<b>4.0</b>	<b>3.5</b>	<b>1.8</b>	<b>-19.8</b>	<b>-39.8</b>	<b>-4.4</b>	