

Capital Strategy

2021/22 – 2023/24

1. Introduction and Strategic Priorities and Principles

- 1.1 The Capital Strategy (Asset Investment Strategy) outlines how Peterborough City Council (PCC) will look to make asset investment and manage its asset investment resources to help achieve the strategic priorities of the Council. It is good practice that the Capital Strategy and Asset Management Plans are regularly reviewed and revised to meet the changing priorities and circumstances. The Council's Capital Strategy is reviewed on an annual basis to reflect the changing needs and priorities of the residents.
- 1.2 The CIPFA Prudential Code 2017 states that in order to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, the Council is required to produce an annual Capital Strategy.
- 1.3 The Capital Strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of services along with an overview of how associated risk is managed and the implications for future financial stability.
- 1.4 The Strategy is an integral part of the Medium-Term Financial Strategy (MTFS) and intrinsically linked with the Asset Management Plan (AMP) (Appendix L) and the Treasury Management Strategy (TMS) (Appendix J) of the Council and should be read in conjunction with these documents.
- 1.5 Over the period of the MTFS, the Council needs Asset Investment to deliver its priorities. In order to achieve this, it recognises the need to deliver efficiencies, seek additional funding and periodically review both the consumption of the Asset Investment resources and stated priorities. It ensures this happens through the four core principles below:

Principle 1 – Managing the impact of investment decisions on revenue budgets

- Ensuring asset investment decisions do not place any unnecessary pressure on the MTFS or Council Tax, and they are also within the Council's Prudential Indicators (see the Prudential Code and Treasury Management Strategy and Minimum Revenue Provision Policy).
- Promoting asset investment which enables invest to save outcomes.(the councils definition of Invest to Save is outlined in 5.12 below
- Making sure assets yield maximum return by ensuring that as much use as possible is gained from the asset, through effective ongoing asset management.

Principle 2 – Optimise the availability of Asset Investment funding where that funding supports the priorities for Peterborough

- Disposal of surplus assets (including asset transfer to community organisations where appropriate) and reinvestment.
- Effective working relationships with potential funders.
- Listening to and supporting effective partnering arrangements.
- Having clear policies for the consumption of any reserves.

Principle 3 – Ensure effective pre and post project appraisal

- Ensuring a system of competition exists for project approval.
- Building into project appraisal recognition of environmental sustainability.
- Fully considering project risk.
- Carefully considering value for money and efficiency of every project.

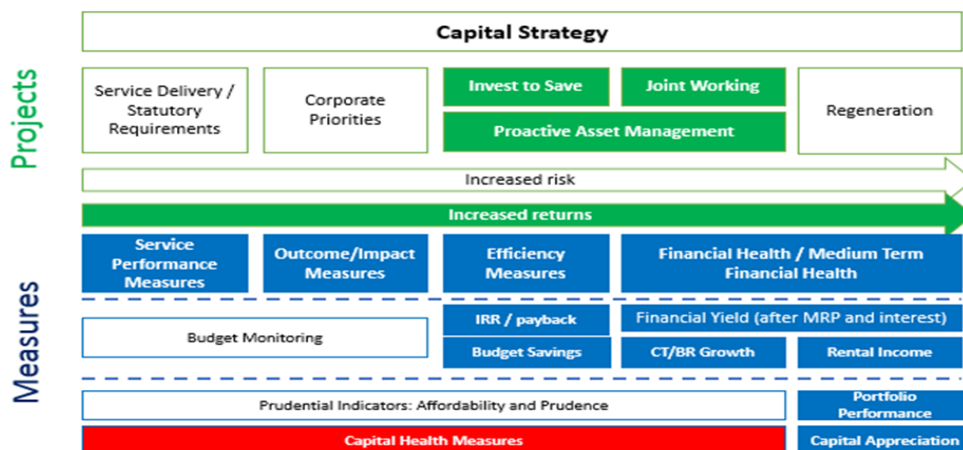
Principle 4 – Performance manage the Asset Investment programme

- Integrating the Asset Investment programme with the Power BI project management system, Infrastructure Planning systems/processes e.g. Infrastructure Delivery Schedule (IDS) and other service plans.
- Ensuring the Asset Investment schemes use appropriate project management tools.
- Ensuring responsibility for the delivery of the Asset Investment programme is clearly defined.

2. Aims of the Strategy

2.1 The specific aims of this strategy are to ensure:

- Physical assets and related resources are efficiently and effectively used to support the Council’s priorities. (See the Asset Management Plan (AMP) at Appendix L of the Medium Term Financial Plan (MTFS)). These inputs when reviewed against the outputs from asset investment schemes will demonstrate value for money;
- Issues related to property and other assets are fully reflected in the Council’s planning, for example, ensuring adequate funds for maintenance are available;
- Stakeholders can understand the Council’s Asset Investment decisions and the management of its asset investment projects;
- Adequate provision is made for delivering corporate priorities and demonstrated through effective resource allocation;
- Invest to save projects are encouraged;
- The Council works within the Prudential Code framework and demonstrates robust and linked asset investment and treasury management; (see the Prudential Code and Treasury Management Strategy and Minimum Revenue Provision Policy at Appendix J of the MTFS);
- Asset management plans are reviewed to identify surplus assets which can move through a disposal process to generate new Asset Investment and/or revenue resources; (see AMP);
- Asset investment spending plans are affordable, financially prudent, sustainable and integrated with the MTFS;
- Support for our partners by maximising the potential for joint working and match funding, where this secures better outcomes than could be achieved in isolation.



Source: LG Improve

3. Strategic Context

3.1 Covid-19

- The pandemic has been the most challenging emergency that the UK has responded to in living memory. The nature of this saw the Council respond at speed to implement Government policy to limit the spread of the virus, protect the health of all our residents and ensure the most vulnerable in our communities are safe and cared for. The effects of this on Council's finances and provision of public services will be significant and long lasting.
- Although there are still many unknowns around the medium- and long-term impacts of C-19, The Council has established a recovery group to start modelling the future demand based on what we do know about the population of Peterborough, historic demand and a growing bank of national and international evidence and data. It is evident that the impact of Covid will be felt across many of our service areas for a long time and we will need to respond to these
- Green Recovery Plan - The Cambridgeshire & Peterborough Local Resilience Forum (CPLRF) have developed a Covid-19 Green Recovery Plan that recognises the positive and negative impacts brought on through lockdown and plans for a better (more sustainable and more resilient) future using the learning from this experience. This looks to capture a range of actions in national policies that apply locally and also reflect the achievement of businesses and organisations adjusting so quickly to working fully on-line due to lockdown whilst also improving air quality. The recovery plan assists all partners across, the public, private and voluntary sectors on how and where to collaborate to build on the ambitions of sustainable economic development.

3.2 Climate Emergency

- On the 24 of July 2019⁽¹⁾, at a meeting of Peterborough City Council's Full Council, members unanimously declared a climate emergency and agreed to make the Council's activities net-zero carbon by 2030. This commits the Council to achieving 100 per cent clean energy across its buildings and services by 2030 and ensuring that all strategic decisions, budgets and approaches to planning decisions are in line with a shift to zero carbon across the entire city by 2030. This significantly influences the type, scale and timeliness of investment needed across the city not only to support further growth but to ensure this can be delivered in a sustainable way whilst ensuring that the city is able to adapt to the inevitable changes that Climate Change will bring.
- Since the Climate Emergency declaration, the Council has produced a Carbon Management Action Plan which is the first major step that the Council is taking to deliver its commitment to achieving net-zero carbon emissions across the Council's operations. The plan details where the Council's current emissions come from, existing plans to reduce emissions and the areas the Council will focus on to achieve reductions over the next two years. Through implementing this plan the Council commits to working at a local level to demonstrate leadership to the business and residential community and directly support the UK Government's delivery of its commitments within the Climate Change Act.
- The Council is also in the process of updating its own Carbon Management Action Plan and producing a draft citywide plan. Both documents are due to be considered by Full Council in the Spring and the Council will then seek to commence a period of public engagement to identify further action that could be undertaken at a city scale.

3.3 Peterborough Planning Policy Framework

- To facilitate and coordinate growth, the City Council has a fully adopted Local Plan² (adopted 24 July 2019) which sets out the council's long-term vision and objectives for the city and surrounding villages. It sets out the policies and proposals for growth and regeneration until 2036.

¹ <https://www.peterborough.gov.uk/council/campaigns/climate-change>

² <https://www.peterborough.gov.uk/council/planning-and-development/planning-policies/local-development-plan>

Having an up to date plan in place puts the Council in a good position to encourage and guide public and private investment decisions.

- The major growth identified in the Local Plan will require substantial funding for the infrastructure requirements which such growth generates (on top of funding required to maintain our existing infrastructure). The sources of such funding are wide ranging, including government grants, private sector investment and our own corporate resources. It should also be noted that this growth will also in turn generate additional funding which will offset some of the investment cost, such as increases in Council Tax revenues from additional homes built, New Homes Bonus grant from government, and through the funding arrangements surrounding Business Rates where local authorities are able to keep an element relating to growth.
- To coordinate the infrastructure requirements associated with growth, the Council prepares an Infrastructure Delivery Schedule (IDS)³. The IDS is a 'live' schedule of the entire infrastructure needed to support sustainable growth in Peterborough, with an indication of when such infrastructure is needed and how much it might cost. A variety of funding sources will then be used to pay for the items on the IDS, in a prioritised way, including from:
 - Developer Contributions received from S106 Planning Obligations and Community Infrastructure Levy (CIL) Charging Schedule. CIL has now replaced Section 106 planning obligations for many forms of infrastructure funding, although Section 106 agreements can still be used for site-specific mitigation measures and for affordable housing provision. The Developer Contributions already accumulated by the Council from Section 106 Planning Obligations will continue to be allocated through the IDS.
 - Government and Other Grants.
 - City Council's own Asset Investment.

3.4 Commercial activities

Ministry of Housing and Local Government (MHCLG) has stipulated that there is now a complete prohibition on council borrowing from Public Work Loans Board (PWLB) to invest in commercial property for yield only. Given that the Council relies on the PWLB to fund its existing Capital Programme this means that the previous Investment Acquisition strategy is no longer applicable.

Borrowing via the PWLB will still be permissible for regeneration projects. Over the next ten years it is important for the Council to focus on regeneration which will improve the city, create local jobs and encourage private sector investment.

See section 5.7 for further detail.

3.5 Commissioning Led Council and Principles

3.5.1 What is a commissioning led council?

- This means that the Council will deliver better outcomes for customers through identifying the most efficient, effective and economic models of service delivery.
- This may mean the Council continuing to deliver services on its own, or directly through other agencies and organisations or as a partnership between the Council and other organisations. This will provide a range of different abilities, skills and knowledge to enable targeted services to be delivered in the right place at the right time.
- A commissioning approach offers significant benefits to local residents and businesses alike. Services will be delivered in more efficient ways, stimulating local enterprise by creating new markets in the provision of local services, and an increased emphasis on the scrutiny of those services.

3.5.2 Commissioning Principles

- Demand management - to prioritise the commissioning of services and solutions that will prevent or delay escalating support and service needs.
- Efficient and effective - undertake an evidence based approach to commissioning services and solutions that demonstrate efficient and effective use of resources. Services and solutions will be commissioned on the basis of best value.
- Return on investment - to commission on the basis of a clear, whole-life costed benefits realisation for service users, PCC and other stakeholders. This will include analysis of the value of social and environmental outcomes of commissioning activities as well as financial outcomes.
- Market Development - to develop the market with providers and partners to ensure that strategic commissioning activity across health and social care is coordinated and best value and outcomes are delivered.
- Statutory duties - ensure PCC complies with its legal duties within the statutory legislative and policy framework.
- Political - Commissioning activity will take account of and be sensitive to the national and local political context. Engagement with elected members will be carried out throughout the commissioning process.
- Collaborative commissioning - We will work to commission services and co-produce solutions with strategic partners where this best delivers PCC outcomes and objectives.

3.6 Housing Revenue Account (HRA)

The Regulator of Social Housing confirmed the Council as a Registered Provider on 2nd November 2020. This follows the Cabinet decision of September 2019 to explore the viability of opening an HRA and engaging in the supply of affordable housing. Discussions have taken place with Homes England to explore potential funding opportunities. An outline business case and project timetable are due to be presented at the March Cabinet where the strategic direction of this area will be decided. As detailed plans for its mobilisation will be dependent on this strategic decision, these plans have not been included in the current capital strategy.

4. Capital Programme Governance and Project Management

The Council has a Capital Review Group (CRG)

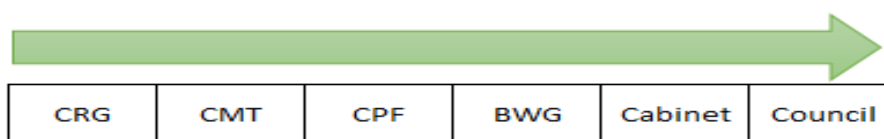
4.1 Objective

- A Capital Review Group (CRG), led by officers to review the councils capital programme with a view to recommending new projects and amendments to the programme to the Corporate Management Team (CMT). This will include consideration for the financial implications, the impact and requirement for the recommendations.
- These will be recommended and considered as part of the budget process for setting the Medium Term Financial Strategy (MTFS).

4.2 Purpose

To Review the Councils Capital Programme, including the following:

- Review new Capital Programme Project Proposals submitted to the CRG by project leads, ensuring:
 - strategic fit
 - holistic impact to the Council
 - fulfilment of service requirement
 - acceptable financial implications
 - Review the regular progress monitoring of the Capital Programme. Including reviewing any change in the scope of projects, timescales and financial implication.
 - To ensure all projects are input and monitored through Power BI
 - To ensure the correct governance approval route is recognised and completed
 - To monitor the progress against the capital receipts target included within the MTFS
 - To advise CMT, Cabinet Policy Forum (CPF), Budget Working Group (BWG), Cabinet and Council on the capital Programme
 - To review all virements
- 4.3 All new proposed capital projects have to go through the following governance structure or reported through the monthly budgetary control process with a specific recommendation to Cabinet and Council for approval, before it can be included in the Capital Programme. This will ensure that the governance is adhered to and all risks and rewards are addressed at all governance levels.



- 4.4 To manage the capital programme the Council operates a project management system (Power BI). Option appraisals and feasibility studies are required to support and justify a business case for projects. The longer term property and revenue implications (i.e. whole-life considerations) are part of this process which is consistent with the principles set down in the Prudential Code for Asset Investment Finance in Local Authorities.
- 4.5 Project officers monitor the implementation of the Capital Programme on a regular basis with reports being submitted monthly to Power BI. Heads of Service or project leads offer regular updates which are reported to Department Management Teams.
- 4.6 The Capital Programme as a whole (both expenditure and income) is reported to CMT at least on a quarterly basis. These reports sent to CMT contains an overview of the current position and provides CMT with the information required to ensure that the capital programme is sustainable in the long term through revenue support by the Council or its partners and that use of capital programme resources reflects what was agreed in the production of the Council's MTFS.

5 Key Areas of Council Asset Investment

- 5.1 The Council's Capital Programme for 2021/22 to 2023/24 totals £292.1m and is summarised in 10.4. Individual schemes are itemised in Appendix G.
- 5.2 The following is a summary of the key elements of the strategy by service area.

People and Communities Directorate

5.3 School Places

- The Council is responsible for ensuring there are sufficient early years, childcare and school places within its area to meet the needs of the population. The Education and Inspections Act (2006) placed additional duties on local authorities to ensure fair access to educational opportunity, to promote choice for parents and secure diversity in the provision of schools. The Act also placed an explicit duty on LAs for the first time to respond formally to parents seeking changes to the provision of schools in their area, including new schools. In addition, the Council is responsible for providing transport where children have to access schools which are some distance from their home.
- There has been increased growth in the number of children living in Peterborough in recent years for two main reasons:
- Firstly, Peterborough has one of the highest birth rates in the country. Using the actual number of births per year and a forecast of future birth numbers helps provide an overview of the demand for school places. Across the Peterborough Unitary Authority area the number of births increased every year between 2006 and 2012, when it reached its peak. Since 2012, the number of births per year has fluctuated, but within a tight range of just over 3,200 births in 2013 and just over 3,000 births in 2017. The number of births is forecast to continue at similar levels to those seen in recent years, fluctuating at around 3,000 per year to 2026.
- Secondly, in terms of house building, Peterborough remains one of the fastest growing cities in the UK. The new Local Plan, adopted on 24th July 2019, makes provision for 19,440 new homes in the period 2016 to 2036. During the first 5 years (2016 to 2021) the annual requirement is for 942 dwellings per year, and this then increases to 982 per year between 2021 and 2036. The greater proportion of new dwelling provision is planned within urban extensions. In addition to the sites rolled forward from the previous Local Plan, there are allocations at Great Haddon (5,300 dwellings), Norwood (2,000 dwellings) further development around the East of England Showground (650 dwellings) and an extension to Eye village (280 dwellings).
- It is clear that the earlier increase in the birth rate, which is being sustained at a level close to its 2012 peak, and continued housing building across Peterborough has had, and will continue to have, a significant impact on the number of school places required. The Council will continue to monitor very closely the demographic trends in the city along with the growth in housing developments to ensure that it can continue to fulfil its statutory duty to provide sufficient school places.
- The Education Organisation Plan is updated on an annual basis and includes a description of all projects presently under consideration, in feasibility, in various stages of pre-construction design and on site under construction. The list of projects taken from the Plan is below.

5.3.1 Early Years

- Due to the uncertainty in the sector created by the Covid-19 pandemic, the local authority will not seek to create additional capacity at this time. This is to ensure sustainability of existing provision.
- Future opportunities in new housing developments: There is still significant growth expected in some areas of Peterborough due to continued housing development. Pre-school provision for two, three and four-year-olds will be located in all new primary schools. Full day care will be required for all ages. More details about these schemes and potential tender opportunities will be announced in due course.

5.3.2 Primary Schools

- Manor Drive Primary is a proposed new 2FE (420 place) school and 26 place nursery on the Paston Reserve site to serve the needs of the development. A free school bid was submitted and approved as part of Wave 12 of the government's central free school programme. Planning permission for the school has now been secured and early works have started on site. The target opening date is September 2022. The school will be run by the 4Cs Trust.
- Negotiations are underway to secure land and developer contributions for the 3FE (630 place) primary school to serve the proposed Norwood development.
- Hampton Lakes is a new 420 place/2FE free school academy and 26 place nursery, opened to 30 Reception children in September 2019 in temporary accommodation on the site of Hampton College (Primary phase). The school moved into its permanent accommodation in October 2020. The school is run by Hampton Academies Trust.
- St John Henry Newman is a Voluntary Aided Roman Catholic 3FE (630 places) primary school due to open in September 2022. Having been successful in gaining funding from the government's Voluntary Aided Capital Fund the Roman Catholic Diocese of East Anglia submitted proposals to open the school, which were approved by the Council in February 2020. The design of the school is currently underway and a planning application will be submitted early in 2021.. The school is planned to open with a Nursery, Reception and mixed Year 1 and 2 class. A project at Barnack Primary School covering essential condition works with minor extensions and a new Multi Use Games Area that will create 60 additional places. The project is due to be completed in 2021.
- Officers are currently consulting with Members, local developers and other key stakeholders to identify next steps to increase the number of places at Eye Primary. A further expansion of the school is linked to an adjacent housing development which has yet to secure a planning consent
- Officers are currently working with local schools, Members and other key stakeholders on mitigation of the proposed development at the East of England Showground.

5.3.3 Secondary Schools

- Manor Drive Secondary Academy is a new planned 6FE (900 place) free school academy to be built on the Paston Reserve development. This school was approved through Wave 13 of the DfE's Free School bid process. Planning permission for the school has now been secured and early works have commenced on site. The target opening date is September 2022. The school will be run by the 4C's Trust.
- S106 developer contributions for a secondary school on the Great Haddon development have been secured. The first houses on this development are forecast to be built in 2022. The opening of this school will be linked to the pace of development.
- The Greater Peterborough University Technical College is currently in the process of submitting a business case to the Secretary of State to reduce their year of entry to Year 7. The Capital Review Group has agreed to commit £200k towards a scheme to provide a new sports hall and outdoor play space in order to enable this extension of the age range to take place.

5.3.4 Places for children and young people with Special Educational Needs and Disabilities (SEND)

- The Government has committed £215 million of capital funding to help local authorities create new school places and improve existing facilities for children and young people with SEND. This funding can be invested in mainstream schools and academies, special units, special schools, early years settings and further education colleges, or to make other provision for children and young people aged from 0 to 25.
- We have established a network of hubs to grow resilience and expertise in Peterborough mainstream schools. Every hub has an area of SEN specialism and their principle duty is to provide a centre of expertise that can be accessed by all schools in Peterborough to provide training, advice

and modelling of best SEN practice. Some hubs have specialist places for children with EHCPs but the majority do not. Our hub numbers continue to grow and in conjunction with the SENCO network they are proving to be powerful forces for driving change and improvement.

- A project is underway to provide a separate specially designed early years SEN building at Heltwater school with outdoor play areas, parking and drop off. The new building, which will replace two large temporary mobiles, will be able to accommodate 40 children of pre-school age with SEND. The planning application was approved recently and the project is forecast to be completed by September 2022.
- An expansion and refurbishment of Marshfield school. This project will increase the number and type of specialist classrooms. The project started in July 2020 and is due to be completed in April 2021.

5.4 Culture and Leisure

Leisure and Culture assets were managed by Vivacity up to the 1st October 2020 when Leisure assets transferred to Peterborough Limited and Cultural Assets transferred to City Culture Peterborough initially on a 1-year contract. The AMP highlights £500k of immediate work that is required following their initial reviews. The majority of facilities have been closed due to COVID-19, and additional capital investment is required to ensure all can reopen and operate safely. The Council, PL, and CCP continue to liaise with Sport England and the Arts Council for additional funding for these facilities.

Place and Economy Directorate

5.5 Delivery of Growth Schemes

- Through its Local Plan, the City Council is translating the Sustainable Community Strategy into a series of land allocations and planning policies to guide public and private investment decisions. The Local Plan identifies the spatial distribution and broad areas of growth in Peterborough and identifies the sites required to deliver the future growth requirements which will require funding for the infrastructure requirements it generates. This sits alongside developer contributions and community infrastructure levy mechanisms for securing the necessary contributions towards funding and maintaining this infrastructure.
- The Local Plan is a key driver in helping the city centre become more vibrant, dynamic and diverse. Offering a high quality built environment, employment, and learning and leisure opportunities by encouraging new investment into the city.
- The directly-elected Mayor and the Cambridgeshire and Peterborough Combined Authority hold strategic transport powers and are the Local Transport Authority for the Cambridgeshire and Peterborough area. They are responsible for allocating local transport funding to the most important transport needs to help improve traffic flow, reduce congestion, improve road safety, increase walking and cycling and improve accessibility amongst other things. The Combined Authority sets the overall transport strategy for Cambridgeshire and Peterborough, called the Local Transport Plan. Peterborough City Council previously had these powers and produced its own Local Transport Plan (LTP) but this is now a function of the Combined Authority.
- The Council is increasingly working with partners in joint ventures to actively drive the delivery of growth and regeneration in the city. Building on the success of the Peterborough Investment Partnership (which in its first year of operation obtained planning consent for a landmark scheme on Fletton Quays), the Council created a new joint venture with Cross Keys Homes to drive the delivery of housing.
- The Council's increasingly commercial and active role in delivery (which includes a willingness to leverage its own assets and covenant as appropriate) is a key facilitator for bringing sites forward, and remains a pillar-stone for delivering Peterborough's growth agenda. It will take this active role

in bringing North Westgate forward, using its unique position to support land assembly on this historically challenging site that the market has failed to bring forward. The Council is working with the principal landowner, Hawksworth Securities, on land assembly plans that would see the Council facilitating the purchase of the land ownerships that will need to be acquired to complete the scheme. This will involve ensuring title checks through a land referencing agent and completing market valuation checks prior to private treaty negotiations with owners.

5.6 Transport

- Transport incorporates new roads, bus and railway stations, street lighting, structures, drainage, footways/cycle ways and other transport related infrastructure items.
- To provide context, the directly-elected Mayor and the Cambridgeshire and Peterborough Combined Authority hold strategic transport powers and are the Local Transport Authority for the Cambridgeshire and Peterborough area. They are responsible for allocating local transport funding to the most important transport needs to help improve traffic flow, reduce congestion, improve road safety, increase walking and cycling and improve accessibility for all highway users amongst other things. The Combined Authority sets the overall transport strategy for Cambridgeshire and Peterborough, called the Local Transport Plan (LTP). Historically Peterborough City Council held these powers and produced its own LTP but this is now a function of the Combined Authority.
- The Council works with the Combined Authority to develop a programme of highway infrastructure improvements which is set out in the transport element of the IDS. The transport Asset Investment programme, as reflected in the IDS, takes account of the following goals:
 - Drive growth, regeneration and economic development
 - Improve educational attainment and skills
 - Safeguard vulnerable children and adults
 - Implement the Environment Capital agenda and Climate Emergency commitment
 - Support Peterborough's culture and leisure trust Vivacity
 - Keep all our communities safe, cohesive and healthy
 - Achieve the best health and wellbeing for the city
- The LTP sets out how the forecast increased demand to travel will be met by a combination of increased use of sustainable travel and a programme of targeted highway infrastructure improvement and Asset Investment maintenance works.
- The Council awarded as of 1st October 2013 a 10 Year Highway Services contract to Skanska, which can be extendable by a further 10 years (5+5yrs). This contract gives the authority more flexibility in meeting its strategic objectives and goals in an efficient and effective manner.
- The Council is progressing with the Department for Transport's incentive fund requirements to ensure it maximises the LTP maintenance block allocation to maintain the existing highway infrastructure. In order to determine the level of funding, each local highway authority in England (excluding London) is required on an annual basis to compile a report answering 22 questions with 3 assessment bands. Currently, Peterborough City Council has successfully reached band 3 (the highest) receiving the maximum allocation.

5.7 Regeneration

- Peterborough is the 5th fastest growing city in England. The city expanded rapidly as a 'New Town' during the 1970s and continues to grow to the present day. Research undertaken for the Local Plan which was adopted in July 2019 suggests that Peterborough's population will rise from its current level of 201,000 to over 230,000 by 2036. This rate of growth will create challenges as well as opportunities: for example, despite the fourth highest housing stock growth nation-wide,

housing demand increasingly outstrips supply. (Last year, the average time for a house to sell in the city was 13 days – the fastest in the country.)

- It is against this background that the Council is evolving its role in driving growth: a change that has accelerated as the benefits of its approach have become clear. This change in approach is guided by series of core principles:
 - The Council should not just be a facilitator of growth but should take an active role in promoting and delivering growth wherever necessary
 - Times of financial constraint mean the Council will need to tap into new sources of income beyond government grant finance to drive regeneration and economic development
 - The Council should extend its existing partner arrangements and enter new ones where both parties have synergies that can drive growth effectively and at pace and there is an opportunity to do so in way that can deliver best value.
 - The Council together with partners such as CPCA and Opportunity Peterborough has a vision for how we want the city centre to look in the future, this is called the City Centre Development Framework⁴.

Each of the eight elements of the city centre framework will be rolled out at different times over the coming years:

1. Station Quarter

To reinvigorate the gateway to the city, transform visitor impressions, and boost the city as a business location. Over 5 million passengers use the station each year with annual growth originally forecast to grow 3% over the next 5 years. The partnership involves Cambridgeshire & Peterborough Combined Authority, Network Rail, LNER and Peterborough City Council.

2. North Westgate

The Council is reviewing its approach to its land and property assets, both current and future. Where it can identify assets of strategic growth importance - such as some parts of North Westgate - it will make efforts to assemble such assets to help secure Peterborough's future economic strength; where assets offer strong investment returns, the Council will, in addition, actively examine acquisitions that can help diversify its income streams and support service delivery. Outline consent has been granted for a mixed-use scheme including commercial, leisure, and residential uses. North Westgate will offer excellent access to retail, cultural and leisure amenities.

3. Northminster

The Council has also entered an agreement with PIP to drive forward the regeneration of Northminster with a residential led scheme that will revitalise that part of the City Centre and act as a catalyst for other potential development in the future. In parallel the Council is actively looking at options for the Market.

4. Rivergate

Rivergate provides the opportunity for a new and enhanced gateway into the city centre and to the Embankment and Fletton Quays. New apartments with ground floor restaurant and retail uses have been part of the discussions between the owners of the Rivergate shopping arcade and the Council.

5. University

The new University for Peterborough is now under construction on the old Wirrina Car Park following the granting of planning approval for Phase 1 and the conclusion of legal agreements between the Council, the Combined Authority and Anglia Ruskin University.

⁴ <https://www.peterborough.gov.uk/council/planning-and-development/regeneration/city-centre-development-framework>

Phase 1 is due for completion in time for opening to students in September 2022. Phase 2 which will quickly follow, will bring a focus on research and development facilities with incubator space for start up businesses linked to the University and to businesses across the City. The Phase 2 planning application is due for submission in Feb/March 2021.

Cabinet at its meeting on 21 September 2020, received a report on changes to the planned implementation of the University of Peterborough project.

Council at its meeting on 21 October 2020 approved the amendment of the Capital Strategy and Asset Management plan to take account of the proposed transfer of this land to the special purpose joint venture vehicle

6. **Embankment**

Peterborough United Football Club have begun a feasibility study, as it explores the chance to develop a new £50 million, 20,000 capacity-stadium incorporating conference and events centre facilities that could complement the university curriculum and the city's cultural offer.

7. **Middleholme**

This 40-acre site to the east of the Embankment has scope for residential development and sports and leisure uses. The Council is working with its co-owner, Milton Estates, to bring this site to the development market.

8. **Fletton Quays**

Over recent years the Council has taken an increasingly hands-on approach to regeneration. Its work on Fletton Quays, following the establishment of the Peterborough Investment Partnership in January 2015, has seen a long-term underused and derelict brownfield site taken successfully through the planning process to the point where physical transformation is now well underway. Over the next two years this site will be transformed further, with a new Government Hub and a hotel being completed alongside new offices and residential developments along a revitalised riverside promenade.

- Alongside the regeneration sites the Council was successful in securing £22.9m from the Government for its Towns Fund Investment Plan in October 2020 followed by signing heads of terms in January 2021 for Peterborough Town Deal:

Peterborough was identified by the Government as one of the Towns eligible to bid for investment through the Towns Fund which was launched in November 2019. The Towns Fund aims to help towns deal to overcome constraints to growth and productivity.

Towns Fund investment will be focused on three broad areas:

- Urban regeneration, planning and land use;
- Skills and Enterprise infrastructure;
- Connectivity (transport networks and digital connectivity).

Peterborough's Town Investment Plans was submitted to MHCLG on 31st July 2020. The Plan sets out investment priorities for that driving economic growth with evidence linked directly to the Towns Fund objectives and aims to complement existing plans and strategies including the Local Industrial Strategy, the Local Plan and the Local Transport Plan, as well as wider regional economic initiatives such as the Oxford-Cambridge Arc.

Governance Arrangements

In January 2020 a Town Deal Board was established with representatives from key sectors of business and the local community in Peterborough. The chair is Matthew Bradbury. The Board's initial role was to:

- Develop and agree an evidenced-based Investment Plan;
- Develop a clear programme of interventions; and,

- Co-ordinate resources and influence stakeholders.

The next phase for the board is to support and guide the development of business cases, project plans and stakeholder engagement plans for the projects forming part of the Heads of Terms, when agreed.

Steering Groups were established in December 2020 to support and guide the projects in detail.

Steering Group	Project name:
Regeneration & Infrastructure	1. Embankment Masterplan across university, embankment and MiddleHolme opportunity areas. 2. Public realm Embankment 3. Design and delivery of new Pedestrian Bridge 4. Station Quarter 5. Public realm Lincoln Road
Visitor Attractions	6. The Vine: New Library and Cultural hub; 7. National Bronze Age Museum 8. Lakeside Activity Centre
Skills & Enterprise	9. Enterprise Incubation hub feasibility study 10. Green Technology skills: construction and automotive

Before funding is released by the Government, Councils are required to produce business cases which follow the three stage, Treasury Green Book guidance: Stage One – Strategic Outline Case; Stage 2 - Outline Business Case; and Stage 3 - Final Business Case. Each business case needs to set out the Strategic, Economic, Commercial, Financial and Management rationale for the project and options for proceeding, assessing the anticipated costs and benefits, and the planned outputs and outcomes. Each business case needs to follow Peterborough City Council assurance process and signed off by S151 officer.

Next steps

The Town Deal Board approved the project confirmation tables for £22.9m on the 22nd January 2021 to be taken forward.

Now starts the process to work on the business cases for submission at the latest December 2021.

The projects will be delivered over a 5-year programme to the end of the 25/26 financial year. Projects are different stages of business readiness.

- In November 2016 the Council set up a housing joint venture company with Cross Keys Homes called Medesham Homes that is working to deliver affordable homes to meet the needs of a growing population. The Council has also earmarked funds over the next three years to support land assembly for the delivery of regeneration in the North Westgate area, and has signed a Collaboration Agreement with Hawksworth, the principal landowner that is driving for the regeneration ambition.
- The Gladstone, Millfield and New England neighbourhoods that make up the CAN-Do area feature in the 20% most deprived communities in the UK. These neighbourhoods experience a range of challenges and also contain some of the oldest housing stock in the city. In order to address such challenges, Operation CAN-Do was set up in 2013 as a 10-year programme of local improvement and following the initial success of the community-based interventions, it was recognised that capital investment was needed to truly regenerate the area. In the Council's 2017/2018 budget funding was allocated to support investment in physical regeneration, £663k of which has been spent or committed to date. The Council has allocated a further £2m from the 2020/21 financial year which will be matched by £2m from the successful Towns Fund bid.
- The Regional Pool was built in 1976 and is reaching the end of its effective operational life as a leisure centre. Despite the age and condition the facility remains well used and plays a role in providing publicly accessible swimming pool space for Peterborough residents, local schools, colleges and community groups and is home to the city's swimming club. A replacement Regional Pool facility is under review and is subject to the development of a business case to

demonstrate that the net operating income of a new facility will cover the Council's capital cost and risk profile of such a capital investment is acceptable. The detailed work on the business case will be developed during the forthcoming financial year.

5.8 Community Infrastructure

- Community Infrastructure incorporates community centres, sports facilities, open space, affordable housing, and other community infrastructure related items. Funding for community infrastructure needs primarily come forward via new developments as part of the Developer Contributions received from S106 Planning Obligations and Community Infrastructure Levy (CIL) Charging Schedule.
- During the first 30 years of the contract governing the Large Scale Voluntary Transfer of the Council's housing stock to Cross Keys Homes (CKH) in October 2004, the Council receives part of the sale proceeds under the Preserved Right to Buy (Council tenants transferred to CKH retain the right-to-buy) on an agreed basis. As part of a budget approval decision by Full Council for 2016/17 that agreed to the creation of a housing Joint Venture - Medesham Homes LLP, it was also agreed that the funds accumulated from these Right to Buy receipts would be directed to the housing joint Venture to build new affordable homes in Peterborough.
- A significant percentage of new affordable housing provision will continue to come forward via developers as part of S106 planning agreements. The Council's current planning policy aims to secure 30% of all new housing (on eligible sites) to be affordable homes, subject to negotiation with developers. The delivery of affordable housing varies each year according to national funding allocations, local funding and planning permissions approved.
 - Affordable Houses completed over the last few years are as follows:
 - 2015/16 - 168 Homes
 - 2016/17 - 129 Homes
 - 2017/18 - 120 Homes
 - 2018/19 - 150 Homes
 - 2019/20 - 281 Homes
- For 2020/21, current projections indicate that 300 new affordable homes should be completed.
- The Green Open Space Strategy is jointly led by Aragon Direct Services Ltd and PCC through joint working. Any improvements and developments are delivered through input from the statutory planning document and an annual external H&S assessment of our play provision.

5.9 Local Authority Trading Company (LATCo)

- The council has a wholly owned trading company, Aragon Direct Services, which performs the delivery of key services, including bin collections and street cleaning, previously operated by Amey. Within these services there is a range of equipment and facilities used. To ensure this equipment is kept fit for purpose and complies with legislative requirements, the capital programme includes investment to (i) replace fleet vehicles and capital assets which have now reached the end of their economic viability (ii) invest capital to reduce revenue expenditure on leased vehicles (iii) expand the recycling and waste collection fleet to meet the growing demands of Peterborough. The expenditure blends the purchase of brand-new vehicles with those purchased out of lease, to extract the maximum amount of life out of the remaining fleet and allowing the adoption of new technologies gradually over time.

5.10 Information and Communication Technology – ICT

- IT and Digital services are critical to the efficient delivery of Council Services. The Joint IT and Digital Strategy for Peterborough City Council and Cambridgeshire County Council is centred on building a shared IT infrastructure and shared IT, Business and Digital systems.
- Infrastructure projects include converging the storage and networking environments of the Councils (building on the current work to co-locate all IT Systems in the Sand Martin House Data Centre) as well as looking at converging and simplifying the end user devices (laptops & mobiles) and productivity systems (Microsoft Office 365) to remove duplication and allow for economies of scale within IT and maximise the efficiency of staff.
- Work continues on delivering projects which support the review and alignment of Business Systems including a wide ranging review of Education systems and a continuing programme of work to align the adult social care systems
- All this will be done whilst ensuring the reliability and security of all IT systems through the ongoing programme of up-grades and system improvements.
- Future projects will also look at areas of automation across services, building on the work that has already started in this area within the IT Service

Resources Directorate

5.11 Strategic Property

- The Council keeps its property portfolio under constant review; ensuring assets are held only for identified operational, growth or investment purposes, see Appendix L Asset Management Plan for more detail. Co-location and further portfolio rationalisation are expected to improve overall efficiency of the operational portfolio and will be used to contribute to the overall growth of Peterborough.
- Overall the Council aims to dispose of surplus assets and use the capital receipts raised to support other initiatives. A ‘best consideration’ approach may be applied where the site is in a key growth area. Work is ongoing to identify further sites that are suitable for disposal, recommendations take into account issues such as holding costs, fitness for purpose, alternative use and financial returns. Annex 1 of this report has more detail about the assets that have been identified and suitable for disposal.

5.12 Invest to Save

- The Capital Programme contains funding for Invest to Save schemes. This budget is included on the basis that any projects funded via this budget will deliver savings to the Council, for example renewable energy schemes. Business cases for future proposals are required to demonstrate how the cost of borrowing will be covered, e.g. through income generation, etc. Therefore, each scheme will be self-financing so that Invest to Save schemes will have no overall impact against the Council’s bottom line.
- The following set of principles are applied in assessment of such schemes:
 - Each project needs to complete the Council’s standard full business case. This includes the required officer evaluation and approvals as for all business cases.
 - Schemes should deliver savings that improve the financial position of the Council as presented in this MTFS.

- Schemes will also be considered that maintain the MTFS position (ie neither improve nor worsen the position), but contribute towards delivery of service improvements, or contribute to achievement of Council priorities.
- The MTFS assumes that payback from schemes commence in the same year the project starts. If this is not the case, proposals will need the following additional analysis in the business case:
 - A full net present value (NPV) analysis
 - An outline of how the finance will be covered across financial years if schemes are not cost neutral within each financial year
- Proposals will need to be subject to the Council's decision making requirements, e.g. any schemes above £500k will be subject to a Cabinet Member Decision Notice (CMDN) approved by the Cabinet Member for Resources and relevant portfolio holder. With updates on schemes is included in future financial reports to Cabinet during the year. Schemes are not approved and budget is not allocated until all of the above are in place.

Invest to Save Current Schemes:

- The Council is continuing to investigate further ways it can support the development of housing and other projects - further details of this will be brought forward should the option be financially beneficial to the council. Any projects will comply with the terms and conditions outlined to obtain invest to save funding. Planned schemes are itemised in Appendix G.

5.13 Loans Made to Third Parties

- **Treatment of Loan as Capital Expenditure**

Within the definition of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (the "**Regulations**") section 25 states that expenditure of a local authority will be treated as capital expenditure if:

the giving of a loan, grant or other financial assistance to any person, whether for use by that person or by a third party, towards expenditure which would, if incurred by the authority, be capital expenditure

- The Council makes loans to third parties to advance the Council's strategic interests. Loans are only made after the Council's formal decision making process has been followed. This includes formal approval by the Chief Finance Officer (S151).
- Although these loans fall outside the Treasury Management Strategy consideration is still given to the principles of Security, Liquidity and Yield and these risks are weighed against the strategic benefits of making the loans.
- As part of the formal decision to make the loan, the security for the loan will be assessed as to its adequacy in the event of the third party defaulting on repayment. The expected loss model is applied throughout the life of the loan in line with the requirements of IFRS9 Financial Instruments and disclosed in the annual Statement of Accounts.
- When loans are made to third parties, in order to comply with State Aid regulations and from the 1 January 2020 the Subsidy Regime, a commercial rate of interest must be charged. The interest received by the Council is not the primary purpose of the loan but will be used to offset the costs incurred by the Council for financing the project.

Third Party Details	Reason for loan	Current Loan Advanced	Maximum Exposure	Repayment date
ECS Peterborough 1 LLP	The alleviation of fuel poverty and to contribute towards the Council's ambition in 2014 of becoming the UK Environmental Capital	Capital Loan £23.5m	£23.5m	Final repayment date June 2035
Hotel Loan	Growth, Development and Regeneration Purposes	£2.3m	£15.0m	Refinance of the loan is due by June 2022
Peterborough Limited	Teckal – delivery of contract/work services for PCC	Revenue Loan £1.6m Capital Loan £0.2m	£1.8m	

6 Sources of Asset Investment Funding

- 6.1 A summary of the sources of Asset Investment funding is shown in 10.4.
- 6.2 External sources arise from the Council's aims, together with partners, to maximise opportunities for funding from any source, including Government Grants and applications for National Lottery funding for schemes. Corporate resources can consist of Asset Investment receipts and borrowing. Under the Prudential Code for Asset Investment Finance, the Council has the ability to borrow money. To do this, the Council must be able to show that any borrowing is affordable, prudent and sustainable, see the Treasury Management, Prudential Code and Minimum Revenue Provision Strategy.
- 6.3 The Council is required to pay the Homes England (HE) a percentage of gross Asset Investment receipts from sales of Community Related Assets (CRA) transferred to it from the Peterborough Development Corporation. From August 2021, this is 32% (diminishing annually by 2%). Although this represents a significant loss of opportunity for the Council, HE is encouraged to reinvest the receipt back into Peterborough. The Council is currently awaiting consultation from HE regarding the policy surrounding these arrangements.
- 6.4 Developers are required to contribute resources to ensure appropriate infrastructure comes forward alongside growth. Some of this contribution is made directly by the developer, such as the provision of new community facilities as part of a development scheme. Developers also commonly contribute financially to the Council, so that the Council can pool contributions to deliver infrastructure. This process is through the Council's adopted Community Infrastructure Levy. Legislation requires the Council to hand over a proportion of any CIL money it receives to the parish council (the neighbourhood proportion) in which the development is located (if it is in a parished area) or to discuss with the local community how to spend that proportion locally (if the development is in an un-parished area). The proportion to be handed over depends upon whether there is or is not a statutory neighbourhood development plan in place. The Council will also retain a proportion of CIL receipts for administration of the charge. Provisionally, the Council has agreed that the remaining CIL receipts are to be split via the thematic areas outlined below (though it is important to note that such thematic areas will receive other funding via other sources in addition to the CIL)
- 6.5 **Neighbourhood Proportion**

	Proportion of CIL to be allocated where development has taken place
<i>Administration</i>	5%
<i>Parishes / neighbourhoods without a neighbourhood plan</i>	15% - capped at £100 per Council tax dwelling
<i>Parishes / neighbourhoods with an adopted neighbourhood plan</i>	25% - uncapped

Remaining CIL receipts - Proposed funding split by infrastructure theme

Transport and Communications	30%
Education and Learning	40%
Community and Leisure	10%
Health & Adult Social Care and Emergency services	10%
Environment	10%

6.6 Alternative Financing Arrangements

- The Council has actively investigated public/private partnerships (PPP) and other innovative financing arrangements in relation to a range of Asset Investment projects. Examples include:-
 - Close collaborative working with our private sector contractor within the Environment, Transport and Engineering service to investigate ways of making significant savings and providing increased value for money. A new contract, contracts or contract extensions has been procured to cover these work areas and commenced in October 2013.
 - Partnership arrangements with various Registered Social Landlords for the provision of affordable housing.
 - Alternative structures for the development of key sites within Peterborough including the establishment of joint ventures.

7 Capital Receipts

A capital receipt is an amount of money exceeding £10,000, which is generated from the sale of an asset. The need to generate capital receipts is a fundamental part of the Asset Management Plan. The rationalisation of the asset portfolio has benefits such as reducing revenue costs that relate to surplus assets and also releases assets for disposal. Capital receipts are an important funding source for the Council.

The Council takes a holistic approach to funding its Asset Investment programme and will adapt its approach based on overall financial circumstances and the needs of particular services. An outcome of this approach is to treat all capital receipts as a corporate resource; enabling investment to be directed towards those schemes or projects with the highest corporate priority and to ensure the Council achieves value for money from its capital receipts. This means that individual services are not reliant on their ability to generate capital receipts.

The timing and value of asset sales is the most volatile element of funding, especially in the current financial climate. As a result, the Corporate Director of Resources closely monitors progress on asset disposal. Any in year shortfalls could potentially need to be met from increased corporate resources.

The Council uses capital receipts to:

- fund capital expenditure
- redeem debt - see TMS MRP policy section 3.
- fund the revenue costs of transformation projects and release savings - this is known as the Flexible Use of Capital Receipts.

It will be at the discretion of the S151 officer and their judgements as to which option provides better value for money for the Council's financial strategy.

The statutory guidance on Flexible use of Capital Receipts recommends that, if planning to use this flexibility, a Flexible use of Capital Receipts Strategy is approved by Council.

As a minimum, the Strategy should list each project that plans to make use of the capital receipts flexibility and that on a project by project basis details of the expected savings/service transformation are provided.

The Strategy should report the impact on the Council's Prudential Indicators for the forthcoming year and subsequent years.

The Strategy should contain details on any projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.

An outline Flexible use of Capital Receipts Strategy is included as Annex Two.

8 Procurement Strategy

Delivery of the majority of the Capital Programme is commissioned from external providers. The Council will either use a tender process, existing contracted suppliers such as Skanska for Highways Works, or an appropriate framework.

A new Procurement Strategy has been approved by the Joint Procurement Board in June 2020, for the next five year period commencing April 2021.

The Council's approach is governed by its Procurement Strategy. This five year strategy sets out how the Council intends to purchase goods, works or services from third parties that:

- contribute towards achieving the Council's priorities (para 1) and aligns to the seven commissioning principles the Council has adopted to become a Commissioning Led Council (para 3.5);
- supports Peterborough's Sustainable Community Strategy and ambition to become the UK's Environment Capital, to substantially improve the quality of life of the people of Peterborough and to raise the profile and reputation of the City as a leading city in environmental matters and a great place in which to live, visit and work;
- complies with the legislative requirements for procurement; and
- meets the challenge within local government and the wider public sector to spend within its means.

The Council spends in excess of £230 million per year on procuring works, goods and services through a variety of procurement and contracting arrangements covering a wide and diverse spectrum of council functions. For example, this includes buying stationery, energy, insurance, home to school transport for eligible pupils, care packages for eligible adults and children in social care, services from our strategic partners such as building maintenance and highway maintenance, to major IT systems and construction projects. The majority of the Asset Investment Expenditure incurred is undertaken by the Council's partner organisations.

This strategy will align to the Council's Customer Strategy^[1] which is fundamental in the understanding of our customer and business needs that will shape the way we deliver our services as a Commissioning Led Council.

The outcomes of this strategy will be to:

- Undertake procurement that helps to achieve the Council's Strategic Priorities and being a Commissioning Led Council;
- Achieve agreed efficiencies, effectiveness and economies of scale that demonstrates value for money for the residents, partner organisations, businesses and other interested parties, taking into account environmental, social and economic impacts and whole life costs when procuring products and services;
- Achieve improved business processes that streamline how the council interacts with its supply chain including through maximising digital technology; and
- Promote and supports small medium enterprises including community groups and local businesses

Monitoring arrangements - Progress and monitoring of the procurement strategy outcomes will be done in the following ways:

- Regular monitoring as part of a programme of works through the council’s Joint Procurement Board, a cross representative group of officers that are involved in procurement, legal, finance and commissioning activity.
- The corporate management team to receive monitoring reports of the Joint Procurement Board
- An annual performance report will be provided for Cabinet members.

9 IFRS 16

A new International Financial Reporting Standard (IFRS) on leases is due to be adopted by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) with effect from 1st April 2022. IFRS 16 defines a lease as a contract or part of a contract, which conveys the right to use as asset (the underlying asset) for a period of time in exchange for a consideration. The CIPFA/LASAAC Local Authority Accounting Code Board has agreed to defer the implementation of IFRS 16 *Leases* until the 2022/23 financial year, CIPFA/LASAAC has taken this decision in response to pressures on council finance teams as a result of the COVID-19 pandemic.

The £22m for IFRS16 transition is excluded as this is not new capital spend, but a change in accounting treatment. Under the previous accounting rules leases that did not account for substantially all of an assets useful economic life were treated as off balance sheet and charged to revenue. The new accounting brings these leases (unless under a year in duration or for assets below a de minimum value) onto the balance sheet as capital expenditure. On transition, the remaining value of these existing leases is treated as capital expenditure incurred on 1 April 2022.

^[1]<https://www.peterborough.gov.uk/council/strategies-policies-and-plans/council-strategies/customer-service-strategy>

10 Conclusion

10.2 The Capital Strategy demonstrates and sets the framework for how the Councils capital programme supports its strategic priorities. The Capital Strategy is subject to continuous review and has been prepared in collaboration with other services to ensure it’s consistent with the MTFS, which itself has been reviewed and updated. Any revenue implications from the Capital Strategy have been built into the MTFS.

10.3 The Council has implemented and continues to implement changes to its core business and culture to ensure that limited funding is prioritised and effectively targeted to deliver the objectives, through reviewing the current programme for efficiencies in procurement and rationalisation of programmes.

10.4 Summary Capital Programme

Capital Expenditure	2019/20 Actual £m	2020/21 Est £m	2021/22 Est £m	2022/23 Est £m	2023/24 Est £m
Customer & Digital Services	3.0	4.6	2.5	3.0	3.0
People & Communities	21.0	20.6	46.1	13.1	16.5
Place & Economy	18.1	33.0	46.6	53.3	13.8
Resources	16.6	13.8	18.2	12.1	2.0
Capitalisation Direction	5.6	6.0	20.0	-	-
Invest to Save	-	5.9	13.5	6.6	-
Total	64.3	83.9	146.9	88.1	35.3
Financed by:					
Capital receipts (repayment of capital loans)	-	1.4	1.1	15.5	1.2
Capital grants & contributions	36.2	32.0	67.8	62.0	20.6
Net financing requirement	28.1	50.5	78.0	10.6	13.5
Total	64.3	83.9	146.9	88.1	35.3
IFRS16 Transition adjustment	-	-	-	22.0	-

10.5 Summary of Fixed Asset Values as at 31 March 2020

Fixed Asset Values	Gross book value £000	Depreciation £000	Net book value £000
Land & buildings	371,700	(14,278)	357,422
Vehicles, plant & equipment	36,227	(16,985)	19,242
Infrastructure assets	326,374	(145,201)	181,173
Community assets	901	-	901
Heritage assets	683	-	683
Surplus assets	1,135	(104)	1,031
Assets Under Construction	7,738	-	7,738
Investment properties*	23,551	-	23,551
Intangible assets	25,120	(16,715)	8,405
Assets Held for Sale	2,015	-	2,015
Total	795,444	(193,283)	602,161

**Existing historic investment property portfolio*

Note -These values follow recommended practice for presenting accounts and are not indicative values for insurance purposes nor do they reflect potential disposal values

Disposals Schedule

The following properties are scheduled for disposal or under consideration for disposal:

Substations
Garage Sites
Caretakers House in Barnack
POSH (including Allia Centre and small piece of additional land adjacent to Hawksbill Way)
Orton Bowling Green (Orton Gate)
Land at Whitworth Mill - Plot 7 / Plot 8
Church Street Thorney Assets - Library and Community rooms
Land at Fengate South
North Bank East (Land at Bishops road CP)
Wellington St Car Park
North Bank development
London Road Gravel Car Park
Alma Road
Dicken Street Car Park
Land at Angus Court
Eye Road, Peterborough
SteamHouse Farm / Yard and Buildings at Alkramian
Northminster site (former Multi Storey Car Park)
City Market
Barn Conversions – Fletchers Farm
The Barn
49 Lincoln Road
The Cresset
Fletton PRU
St Georges Hydrotherapy Pool
Central library
Chauffeurs Cottage

Outline Flexible Use of Capital Receipts Strategy

1.0 Flexible Use of Capital Receipts

- 1.1 In December 2017, the Secretary of State [announced](#), alongside the provisional local government finance settlement, the continuation of the capital receipts flexibility programme first announced in December 2015.
- 1.2 Initially this flexibility on the use of capital receipts was limited to those receipts received between 1 April 2016 and 31 March 2022, however, this has now been extended by three years to March 2025.
- 1.3 The direction to gives local authorities the freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings.
- 1.4 Under this direction the Council is permitted to treat as capital expenditure, expenditure which:
- is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners;
 - is properly incurred by the Authorities for the financial years that begin on 1 April 2016, 1 April 2017, 1 April 2018, 1 April 2019, 1 April 2020, 1 April 2021, 1 April 2022, 1 April 2023, and 1 April 2024;
 - is to be funded by capital receipts which have been received in the years to which the direction applies.
- 1.5 In applying this flexibility the Council must have regard to the Statutory Guidance on Flexible Use of Capital Receipts.
- 1.6 The Statutory Guidance includes a list of some example projects that may apply including:
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
 - Sharing Chief-Executives, management teams or staffing structures;
 - Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible
 - Integrating public facing services across two or more public sector bodies (for example children's social care, trading standards) to generate savings or to transform service delivery.
- 1.7 However the list is not designed to be prescriptive or exhaustive, it is for individual local authorities to decide whether or not a project qualifies within the definition in 1.3.
- 1.8 To apply the flexibility the Council should prepare a Flexible Use of Capital Receipts Strategy before that start of the year, which does not need to be a separate document, and should be approved by Council.
- 1.9 The initial Strategy may be replaced during the year with Council's approval.

2.0 Projects to make use of the Flexible use of Capital Receipts

2.1 The Council plans to apply the capital receipts to fund the costs of the following projects:

Project Name	Description of Project	Estimated Qualifying Expenditure £000	Estimated Annual Savings £000
<i>Project 1</i>	<i>xxx</i>	<i>xxx</i>	<i>xxx</i>
<i>Project 2</i>	<i>xxx</i>	<i>xxx</i>	<i>xxx</i>
<i>Project 3</i>	<i>xxx</i>	<i>xxx</i>	<i>xxx</i>
.....			

3.0 Impact on the Council's Prudential Indicators

3.1 The planned flexible use of capital receipts outlined above will impact on the Council's Prudential Indicators for the forthcoming year and subsequent years as follows:

3.2 <<Detail to be provided as appropriate once strategy implemented>>

4.0 Update on previously approved Flexible Use of Capital Receipts

4.1 If the application of the Flexible Use of Capital Receipts have been approved to projects in previous years an update will be provided here, including a commentary on whether the planned savings or service transformation have been or are being realised in line with the initial analysis.

5.0 Changes to the Strategy

5.1 If in the judgement of the S151 officer an alternative use of the capital receipts provides better value for money for the Council's financial strategy then a revised Strategy will be produced for Council's approval and communicated to MHCLG.

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