

## 1. Background

- 1.1 Local authorities are limited in their ability to utilise capital receipts (the disposal proceeds from the sale of fixed assets or repayment of loans for capital purposes). Statutory guidance issued under s15(1) of the Local Government Act 2003 by the Ministry of Housing, Communities and Local Government (as amended) generally precludes capital receipts being used to fund revenue expenditure and requires them to be applied to either fund capital expenditure or repay debt. The Act also requires local authorities to have regard to other guidance as directed by the Secretary of State – this currently includes the following guidance issued by the Chartered Institute of Public Finance and Accountancy [CIPFA]:
- The Prudential Code for Capital Finance in Local Authorities; and
  - The Code of Practice on Local Authority Accounting.
- 1.2 The Spending Review 2015 included a relaxation to the above regulations allowing the use of capital receipts for a limited period; between 2016/17 and 2018/19, to fund revenue expenditure “*that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or improve the quality of service delivery in future years*”. This announcement was implemented by the issuing of regulations in March 2016. The period over which these amended regulations applied was extended to 2024/25 in the 2021/22 Local Government Finance Settlement.
- 1.3 In order for revenue expenditure to be funded from the flexible use of capital receipts, a strategy is required for each financial year that:
- Lists each project that plans to make use of the capital receipts flexibility, listing any element of funding towards the project that is funded from other sources;
  - Contains details on projects approved in previous years, including commentary on whether the planned savings or service transformation have been /are being realised in line with the initial cost-benefit analysis;
  - Be approved by Full Council prior to the start of the relevant financial year; and
  - Identify any subsequent changes during the year subject to approval by Full Council.
- 1.4 This document sets out the Council’s Flexible Capital Receipts Strategy, updating the plan since last considered by Council in February 2020 and details the individual projects which have and are planned to be funded from the flexible use of capital receipts in accordance with the above requirements.

## **2. Savings**

- 2.1. The draft budget for consultation (to which this Strategy is attached as an appendix) contains details of the £28.0m of savings proposed to be delivered over the forthcoming three years and readers should refer to that document for full details of these.
- 2.2. This strategy and investment proposals support the delivery of those savings or mitigate future additional spending pressures that would otherwise materialise. The cost of investing in making these savings supported by the flexible use of capital receipts is included within the General Fund Capital Programme set out in Appendix 5 of the main report. However, the Council has a continuing need to deliver savings and transform the way it operates and as a result, the latest revenue budget proposals now include additional funding to support the Delivery Fund.

## **3. Delivery Fund**

- 3.1 A report to Council on 26 June 2018 set out in detail how the £13.6m Delivery Fund would be invested. It included:
  - Capacity to set up and deliver the Council's programme of change and transformation; and
  - Resources to deliver specific savings.
- 3.2 Further reports to Council in February 2019 and 2020 described how the Delivery Fund had been invested to date, and provided a summary of Delivery Fund allocation from its inception in 2017/18 until the end of the planning period covered at the time.
- 3.3 Slippage in calls on the Delivery Fund saw an outturn for 2019/20 of £3.3m compared to the budgeted spend of £4.5m. This report updates latest projected project budgets to include that slippage together with further proposals being brought forward as well as changes in estimated future costs. Annexe A sets out the latest proposals for 2020/21 to 2023/24, whilst Annexe B shows the budgets agreed in February 2020 and the changes proposed since that date that lead to the current proposals.
- 3.4 The table below summarises the forecast budgets and historic actual spend by the Delivery Fund from positions previously presented to members in June 2018, February 2019 and February 2020.

- 3.5 The change in forecast spend between February 2020 and February 2021 includes the roll forward of underspends from 2019/20, and further re-phasing of 2020/21 budgets together with new spend proposals being approved and others being identified as no longer required. Annexe B shows changes against all projects between last February and now and colour-coding highlights those budgets where funding requirements are proposed to be completely removed or added.
- 3.6 A number of new Delivery Fund Requests have been received as part of the MTFs refresh to meet new income/savings, see Table 2 below. These are subject to more detailed business case requests and sign off by the Council's S151 Officer. Requests approved by the S151 Officer will be reported to the June 2021 Policy Committee.

**Table 1: Summary of Delivery Fund Spend to Date/Future Spend**

	2017/18 Actual (£,000's)	2018/19 Actual (£,000's)	2019/20 Actual (£,000's)	2020/21 Budget (£,000's)	2021/22 Budget (£,000's)	2022/23 Budget (£,000's)	2023/24 Budget (£,000's)	Total (£,000's)
<u>June 2018</u>								
Capital Receipts Strategy	2,095	5,661	3,734	836				12,326
Contingency/Unallocated		250	500	500				1,250
	2,095	5,911	4,234	1,336	0	0	0	13,576
<u>February 2019</u>								
Capital Receipts Strategy	1,319	6,405	6,098	615				14,437
Contingency/Unallocated		(494)	(1,864)	1,497				(861)
	1,319	5,911	4,234	2,112	0	0	0	13,576
<u>December 2019</u>								
Capital Receipts Strategy	1,319	3,182	7,070	1,012	377			12,960
Contingency/Unallocated				308	308			616
	1,319	3,182	7,070	1,320	685	0	0	13,576
<u>February 2020</u>								
Capital Receipts Strategy	1,319	3,182	4,539	3,226	467			12,733
Contingency/Unallocated				843				843
	1,319	3,182	4,539	4,069	467	0	0	13,576
<u>December 2020</u>								
Capital Receipts Strategy	1,319	3,182	3,287	4,412	1,236			13,436
Contingency/Unallocated				140	0			140
	1,319	3,182	3,287	4,552	1,236	0	0	13,576
<u>February 2021</u>								
Capital Receipts Strategy	1,319	3,182	3,287	4,056	1,732			13,576
Supported by Revenue Funding					1,213			1,213
Contingency/Unallocated				0	1,920	2,510	2,510	6,940
	1,319	3,182	3,287	4,056	4,865	2,510	2,510	21,729



Actuals



Budget

**Table 2: New Delivery Fund Requests**

Directorate	Project	Saving Identified (£'000's)	2020/21 (£'000's)	2021/22 (£'000's)	Total Spend (£'000's)
DOR	Management and Staffing Review - OD Upskilling	Transform	12		12
DOR	<i>Implementation costs for making Customer Service and Corporate Improvement more efficient.</i>	(396)	250	250	500
DOR	Business Analysts x2	(396)	30	112	142
DOR	Psychometric Assessment Training	(56)	20		20
DOR	Finance system implementation lead and support	(324)	55	140	195
DOR	ICT Accelerator	(500)	250		250
DOR	Modern Workplace Project	Transform	73		73
DOR	Finance Transformation	Transform	174		174
DOR	PMO Training	Transform	14		14
DACHS	Transitions - operational consultant	(1,730)	21		21
DACHS	Direct Payments - 2x PA Officers	(668)	15	79	94
DACHS	Locum Social Workers x4 Reviewing Team Project	(1,220)	64	188	252
DACHS	<i>Technology Enabled Care at Home team</i>	(1,129)	35	104	139
DACHS	<i>Transformation Partner of enhanced reablement services</i>	(500)	60		60
DEGNS	Consultant support for Transport and Parking review	(1,800)	156		156
BffC	Placement Solutions Team.	(6,118)		550	550
BffC	Children in Need Team	as above		350	350
BffC	End to end mapping and digitisation of processes	as above		120	120
BffC	End to end demand management	as above		125	125
BffC	SEND Transport Review	as above		100	100
BffC	Improve Traded Services	as above		75	75
BffC	Use AI for referral triage	as above		250	250
		(14,837)	1,229	2,443	3,672

- 3.7 The list of new bids in Table 2 above does include some projects that were presented to Council for approval in February 2020, but where, as a result of the Covid-19 pandemic, it has not been possible to progress them and/or values have now changed.
- 3.8 If all the new bids listed in Table 2 are approved this will exceed the available resources identified from the flexible use of capital receipts. It would therefore be necessary to support the Delivery Fund with additional resources from elsewhere. The budget proposals include additional revenue funding to achieve this if supported by Members.
- 3.9 Annexe A to this Strategy contains a list of all Delivery Fund projects and Annexe B illustrates the changes to Delivery Fund allocations between those agreed in February 2020 and the latest projections.