

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 2021/22 in the 2018/19 Local Government Finance Settlement and further extended by 3 years to 2024/25 in 2021.
- 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 2021 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 MTFS for consultation (to which this Strategy is attached as an appendix) contains £8.8m 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 will be included within the General Fund Capital Programme presented to Council in February 2022 and is, under regulations, fully funded from the use of capital receipts.

3. Delivery Fund

- 3.1 A report to Council on 26 June 2018 established the Delivery Fund and set out in detail how the £13.6m then allocated for the 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 of each subsequent year have 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 2020/21 of £3.3m compared to the budgeted spend of £4.1m. 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 forecasts for 2021/22 and the proposed budget for 2022/23 to 2024/25 (the final year the extended capital receipts flexibility can be applied).
- 3.4 The table below summarises the forecast budgets and historic actual spend by the Delivery Fund from positions previously presented to members.

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

	Prior Years Actual/Bud (£,000's)	2021/22 Budget (£,000's)	2022/23 Budget (£,000's)	2023/24 Budget (£,000's)	2024/25 Budget (£,000's)	Total (£,000's)
<u>December 2020</u>						
Capital Receipts Strategy	12,200	1,236				13,436
Contingency/Unallocated	140	0				140
		1,236	0	0	0	13,576
<u>February 2021</u>						
Capital Receipts Strategy Supported by Revenue Funding	11,844	1,732				13,576
Contingency/Unallocated	0	1,213				1,213
	0	1,920	2,510	2,510		6,940
		4,865	2,510	2,510	0	21,729
<u>December 2021</u>						
Capital Receipts Strategy	11,044	4,460	417	16		15,937
Contingency/Unallocated		446	1,782	1,782	1,782	5,792
		4,906	2,199	1,798	1,782	21,729

- 3.5 The change in forecast spend between February 2021 and December 2021 includes the roll forward of underspends from 2020/21, and further re-phasing of 2021/22 budgets together with new spend proposals being approved and others being identified as no longer required.
- 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 February and June 2022 Policy Committee's (including requesting approval from Councillors at February Full Council).
- 3.7 If all the new bids listed in Table 2 are approved this will leave £5,792k left unallocated in the contingency.
- 3.8 Annexe A to this Strategy contains a list of all Delivery Fund projects illustrating the changes to Delivery Fund allocations since those agreed in February 2021 and the latest forecast projections and budget proposals.

Table 2 – New Delivery Fund Requests

Directorate	Project	Saving Identified (£'000's)	2021/22 (£'000's)	2022/23 (£'000's)	2023/24 (£'000's)	Total Spend (£'000's)
DOR	Digital Services Developer x2	858	80			80
DOR	Senior Project Manager, Business Analyst x3	920		337		337
DACHS	Transitions Top Up - Transitions Practitioner	947	31			31
DACHS	Outcome based Service Delivery - Locum Worker and OT	894	133			133
DACHS	PM for outcomes, decision making and outreach.	1,650	48	64	16	128
DACHS	PM for Front Door, Reading Services Guide and Digital Front Door.	50	48	16		64
DACHS	Reducing the number of overdue reviews	Transform	143			143
DACHS	Reduce people waiting for Mental Capacity Assessments to move from Appointee to Court Appointed Deputy	Transform	49			49
DACHS	Physiotherapist for community rehabilitation post rapid hospital discharge	Transform	57			57
DACHS	Relaunch & expand NHS Health Checks Programme	Transform	56			56
DACHS	CHC Resource	Transform	87			87
DACHS	Commissioning Quality Assurance	Transform	44			44
		5,319	776	417	16	1,209