

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 2022 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 £6.7m of savings and £3.0m of additional income 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 2023 and is, under regulations, 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 2021/22 of £3.0m 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. Annex A sets out the latest forecasts for 2022/23 and the proposed budget for 2023/24 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)	2022/23 Budget (£,000's)	2023/24 Budget (£,000's)	2024/25 Budget (£,000's)	Total (£,000's)
<u>December 2021</u>					
Capital Receipts Strategy	15,504	417	16	0	15,937
Contingency/Unallocated	446	1,782	1,782	1,782	5,792
	<u>15,950</u>	<u>2,199</u>	<u>1,798</u>	<u>1,782</u>	<u>21,729</u>
<u>February 2022</u>					
Capital Receipts Strategy	14,981	818	16	0	15,815
Supported by Revenue Funding	692	0	0	0	692
Contingency/Unallocated	350	1,308	1,782	1,782	5,222
	<u>16,023</u>	<u>2,126</u>	<u>1,798</u>	<u>1,782</u>	<u>21,729</u>
<u>December 2022</u>					
Capital Receipts Strategy	13,391	2,674	1,462	368	17,895
Supported by Revenue Funding	692	590	0	0	1,282
Contingency/Unallocated	0	802	336	1,414	2,552
	<u>14,083</u>	<u>4,066</u>	<u>1,798</u>	<u>1,782</u>	<u>21,729</u>

- 3.5 The change in forecast spend between February 2022 and December 2022 includes the roll forward of underspends from 2021/22, and further re-phasing of 2022/23 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 2023 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 £2,552k 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 2022 and the latest forecast projections and budget proposals.

Table 2 – New Delivery Fund Requests

Directorate	Project	Saving Identified (£'000's)	2022/23 (£'000's)	2023/24 (£'000's)	2024/25 (£'000's)	Total Spend (£'000's)
DOR	Procurement Training & Support	Transform	207	68		275
DACHS	Increase in Reviews completed in DACHS	Transform	338			338
DACHS	Increase in number of CHC Joint Funded cases	Transform	73			73
DACHS	Social Care Reform	Transform	248	-	-	248
DACHS	CQC Assurance	Transform	342		-	342
DACHS	DACHS VCS Front Door and Online Signposting/Self-Serve Tool	2,721	117	285	-	402
DACHS	Mosaic Development	Transform		390		390
DACHS	Maximising DACHS Income	1,294	63	253	23	339
DOR	PMO Team	Transform		300	300	600
DOR	Strengthen Financial Support	Transform	15	60	45	120
DOR	Traded Services within HR&OD	14	5			5
DEGNS	Parking Asset Review	Transform	130			130
DACHS	Adult LD/MH Reablement	466	70	60	-	130
		4,495	1,608	1,416	368	3,392