

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 2023 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 £4.581m of savings and £1.417m 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 2024 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 2022/23 of £1.269m compared to the budgeted spend of £4.066m. 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 2023/24 and the proposed budget for 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 Actuals (£000's)	2022/23 Actuals (£000's)	2023/24 Budget (£000's)	2024/25 Budget (£000's)	Total (£000's)
<u>February 2023</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
	14,083	4,066	1,798	1,782	21,729
<u>December 2023</u>					
Capital Receipts Strategy	13,391	679	4,790	650	19,510
Supported by Revenue Funding	692	590	0	0	1,282
Contingency/Unallocated	0	0	0	937	937
	14,083	1,269	4,790	1,587	21,729

- 3.5 The change in forecast spend between February 2023 and December 2023 includes the roll forward of underspends from 2022/23, and further re-phasing of 2023/24 budgets together with new spend proposals being approved and others being identified as no longer required.
- 3.6 There is currently £0.937m of unallocated contingency available to fund future delivery fund bids in 2024/25. Any additional bids approved in 2023/24 will reduce the amount of unallocated contingency in 2024/25.
- 3.7 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 2023.