

Capital Receipts Flexibilities update

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Cabinet Member: Mandy Chilcott, Cabinet Member for Resources

Division and Local Member: All

1. Summary

- 1.1.** In March 2016 the Department for Communities and Local Government (DCLG) issued statutory guidance on the Flexible Use of Capital Receipts. This directive gave Local Authorities the ability to use Capital Receipts received in the year to fund expenditure incurred on projects that are 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 the future years for any of the public sector delivery partners. This directive has been issued and can be used up to and including the financial year 2021/22.
- 1.2.** Up to 31/03/2018 the Council made use of this flexibility to fund the transformation costs of the Learning Disabilities service and back office support services, IT and Business Change, totalling £6.389m.
- 1.3.** During 2018/19 the Council has continued to undergo significant transformation. To ensure expenditure qualifies as transformational against capital receipts funding in accordance with the legislation, a full review of business cases was carried out in March 2018. This review consisted of, a run through panel of officers that was chaired by an SLT member, and a final review panel made up of the Chief Finance Officer and the Chief Executive. As a result, £8.598m of expenditure was funded under this flexibility. The business areas where capital receipts flexibility funding has been used are detailed in the below table.

1.4.

Service		Value £m	Description
Adult Services	Learning Disabilities	3.638	Contractual transformation costs
Children & Families - Operations		0.050	Moving Adoption services to an agency arrangement
		0.047	Supporting the Family Support Service model
Children & Learning - Commissioning		0.066	Supporting the Family Support Service model
ECI Services	Property	0.206	Costs associated with property rationalisation and transforming the use of assets
	Economic Development	0.087	Supporting the roll-out of Broadband, underpinning how services can be delivered to the public
	Commissioning	0.025	Commissioning development and working towards integrated commissioning solutions
	Libraries	0.277	Costs associated with the activity supporting the Library transformation
Key Services		4.396	
Corporate & Support Services	Core Council Programme	1.756	Costs within the Core Council Programme team who support transformational projects across the Council
	ICT and related costs	1.000	Costs associated with supporting the digital transformational changes across the Council
	Customers and Communities	0.154	Costs supporting the transformation of the customer "front door" service delivery
Non-Service	Central Redundancies	1.292	Redundancy costs as a result of restructures supporting service transformation
Support Services and Corporate		4.202	
SCC Total		8.598	

1.5. The amount of capital receipts held as at 31 March 2019 (end of financial year 2018/19) was £6.066m, of which £3.971m is committed to fund the capital programme, the majority are economic development projects, leaving available unearmarked capital receipts of £2.095m.

1.6. The March 2018 review of business cases also included potential costs of future transformational work, totalling £3.656m over the years 2019/20 and 2020/21. Due to the continuing and ever evolving nature of the programmes included, the officer review panel required any future business case to be determined on a year by year basis, including consideration such as available capital receipts and dependencies on the sale of assets, continuing transformation costs and associated financial benefits. In year 2019/20 and any future year requests will

undergo a further review.

2. Issues for consideration / Recommendations

- 2.1.** The Committee is asked to note the update on Capital Receipts Flexibilities for 2018/19 and the review process that was undertaken.
- 2.2.** The Committee is asked to consider and comment on the approach set out for 2019/20 and future years.

3. Background

- 3.1.** As stated in section 1.2 and 1.3 above the Council has used the Capital Receipts flexibilities to fund a total of £14.987m of revenue transformational activity within services across 3 years from 2016/17 to 2018/19.

4. Consultations undertaken

- 4.1.** Any specific consultations required will have been undertaken as part of the transformation projects before implementation.

5. Implications

- 5.1.** The financial implications are identified within this report. Where Capital Receipts are used for funding revenue transformational activity they will not be available to fund the Capital Programme.
- 5.2.** There are no specific legal implications arising from this report.

6. Background papers

- 6.1.** 2018/19 Revenue Budget Outturn Report and 2018/19 Capital outturn Report both reported to Cabinet 10th June 2019.

Note; For sight of individual background papers please contact the report author