

SOUTH SOMERSET DISTRICT COUNCIL

FLEXIBLE USE OF CAPITAL RECEIPTS

SSDC has embarked on an ambitious Transformation Programme. The capital costs have been estimated at £1.3 million and the revenue costs at £3.1 million including redundancy. Currently only £1.6 million of the revenue costs have been funded leaving almost £1.5 million that has temporarily been offset against the Revenue Support Reserve. Utilising up to £0.5 million in new Capital Receipts would ease the pressure on the General Fund over the next three years. Only capital receipts from the sale of property, plant, and equipment can be utilised.

The Future Model approach to Transformation and its key principles reflect SSDC's own ambitions to be an organisation consistently delivering improving quality of life in South Somerset. It will do that by providing well managed cost effective services valued by its residents.

The headline business case clearly illustrates a significant range of benefits for the council, the community and staff through taking a 'whole council' approach and by leading and resourcing a significant change programme.

The key design principles of the Future Model include:

- Managing and reducing customer demand
- Delivering as much customer service as possible through a universal contact method
- Drawing on expert skills and knowledge only where appropriate
- Managing the organisation in an efficient and streamlined way.

The Future Model provides an approach to thinking about the way the Council operates, with a focus on:

- The relationship with customers and the wider community
- Staff roles and structures
- Technology and processes
- Culture and ways of working
- Costs
- Outcomes

The overall estimated savings are expected to be £2 million.

The expected payback is 2 years and 4 months.

The table below shows a breakdown of estimated costs and savings:-

Capital

Item	2016/17 £	2017/18 £	2018/19 £	Totals £
Software and software implementation	228,250	456,500	228,250	913,000
Provision for API connectors	25,000	50,000	25,000	100,000
Internal Project Team/ backfilling	50,000	100,000	50,000	200,000
Contingency 10%	25,325	50,650	25,325	101,300
Total Capital Costs	328,575	657,150	328,575	1,314,300
Funded from:				
Capital Receipts	328,575	657,150	328,575	1,314,300

Revenue Once off

Item	2016/17 £	2017/18 £	2018/19 £	Totals £
Training	5,000	10,000	5,000	20,000
Organisational change management consultancy	125,000	250,000	125,000	500,000
Internal Project Team/ backfilling	40,000	80,000	40,000	160,000
Contingency 10%	17,000	34,000	17,000	68,000
Project Revenue Costs	187,000	374,000	187,000	748,000

Allowance for redundancy costs	600,000	1,200,000	600,000	2,400,000
Total Revenue Costs	787,000	1,574,000	787,000	3,148,000

Funded from:

Transformation Reserve	687,000	1,374,000	587,000	2,648,000
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Target for Flexible Capital Receipts

	100,000	200,000	200,000	500,000
Total Funding	787,000	1,574,000	787,000	3,148,000

Salary Savings	250,000	1,750,000	-	2,000,000
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OTHER OPPORTUNITIES

In addition Members are exploring different commercial options that will require some revenue set up costs. This Strategy will be updated to reflect those projects as they come forward.

The Government has outlined that authorities may use new capital receipts to fund revenue costs for these purposes with approval at Full Council. A cost benefit analysis needs to be shown as part of that approval. Only receipts received within the three-year time horizon may be utilised. Right- to-Buy receipts must be excluded from this. It is very difficult to pinpoint exact receipts that will be received over the next three years and therefore members are asked to approve the principle that all applicable receipts received over the appropriate time period can be utilised up to the value of £0.5 million. To date £93k in receipts have been or are expected to be received in 2016/17 for sales of a workshop and some public conveniences.

An update of the strategy will be made to full Council each February as part of budget setting.

IMPACT ON SSDC'S PRUDENTIAL INDICATORS

New receipts are normally put forward each year to fund new capital schemes. If members approve the use of some of those receipts for capital it can decide to either approve fewer new schemes or release a higher level of retained receipts. Only utilising a higher level of retained capital receipts will affect the Council's Prudential Indicators. This can be demonstrated as follows:-

Prudential Indicator 12 - Incremental Impact of Capital Investment Decisions:

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
Increase in Band D Council Tax	0.29	0.01	0.05

And if members approve the flexible use of capital receipts:-

Incremental Impact of Capital Investment Decisions	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
Increase in Band D Council Tax	0.30	0.02	0.06