

Somerset County Council - Efficiency Strategy

1. Flexible Use of Capital Receipts

Central Government outlined in December 2015 that local authorities would be able under certain circumstances to utilise capital receipts for revenue expenditure for certain purposes. These include for example:

- Sharing back-office and administrative services with one or more other council or public sector bodies.
- Investment in service reform feasibility work, e.g. setting up pilot schemes.
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation.
- Collaboration between local authorities and central government departments to free up land for economic use.
- Sharing Chief-Executives, management teams or staffing structures.
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or regional procurement hubs.
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible.
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, selling services to others).
- Integrating public facing services across two or more public sector bodies to generate savings or to transform service delivery.
- Improving systems and processes to tackle fraud and corruption.

Further guidance was released in March 2016 which outlined a simpler approach to allow authorities to utilise receipts if the spend resulted in an ongoing saving. The guidance is clear however that expenditure should be once-off and the flexibility cannot be utilised for ongoing expenditure.

The Government announced as part of the 2018/19 Finance Settlement that the flexibility would extend to 2021/22 (a further three years). A further extension was announced in 2021 but the details have yet to be published regarding whether there will be any changes in criteria.

The current requirement states that the strategy should list each project that plans to make use of the capital receipts flexibility (in this case implementation of Local Government Reorganisation). All use of flexible receipts will therefore be linked to the on-going savings plans of £18.5m outlined in the Local Government Reorganisation Business Case, The Strategy should report the impact on the local authority's Prudential Indicators for the

forthcoming and subsequent years. The strategy in future years will monitor the performance of the savings delivered. The Strategy must be approved by Full Council. A revised strategy may be replaced by another during the year.

2. Savings Which Meet the Criteria

The Business case for Local Government Reorganisation in Somerset outlined ongoing savings of £18.5m with once-off implementation costs of £16.5m. The budget for 2022/23 does not forecast the use of this flexibility at present but approval of this Strategy would enable the Director of Finance and Governance to utilise the flexibility as the Council transitions to the new Unitary in 2023. Any use of the flexibility will be reported through either budget monitoring or in the annual outturn report.

3. The Capital Receipts to be Used this Purpose

Capital receipts from the disposal of property, plant, and equipment received in the years in which the flexibility is offered can be used for this purpose. This may impact on the amount of borrowing required and the impact will be outlined if the flexibility is utilised. It is recommended that the decision for the use of each receipt is delegated to the Director of Finance and Governance unless it results in an unplanned impact on the Council's debt or Prudential Indicators which would require approval by Cabinet on the basis that any additional financial impact could be found within existing budgets.