

Annex 7

Flexible Use of Capital Receipts

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Introduction

The Government's 2016/20 Local Government financial settlement provided local authorities with the opportunity to use capital receipts to fund the revenue costs of transformation. This flexibility has since been extended for the period 2022/23 to 2024/25.

Statutory Guidance

The definition of transformation costs is as follows –

“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”

The Council's Strategy

The Council intends to make use of the flexibility for 2023/24 – 2024/25 and has been factored into the Capital Investment Programme and within asset disposal plans, as the Council can only use capital receipts from the disposal of property, plant and equipment received in the year in which this flexibility is offered..

Council approval of the use of this flexibility is required on an annual basis, with plans published on the Council's website and notification of planned use sent to The Department for Levelling Up, Housing and Communities (DLUHC).

Flexible Use of Capital Receipts

Summary of planned receipts

The Council is anticipating the following capital receipts over the strategy period.

	2023/24 £m	2024/25 £m	2025/26 £m
Anticipated Receipts	5.0	4.0	-

Summary of planned use and savings

The Council intends to use capital receipts to fund transformation within Children's Services across the following projects.

	2023/24 £m	2024/25 £m	2025/126 £m
ICT Investment and Digital Approach	1.1	0.5	-
Newly Qualified Social Worker Programme	0.6	0.6	-
Social Worker Academy	0.4	0.4	-
Overseas Social Worker Induction	0.9	-	-
Case Closure Team	0.8	-	-
Recruitment and Retention Campaign	0.2	0.2	-
High Intensity Support	0.6	0.6	-
Fostering and Children Support	0.4	0.4	-
Earmarked for Future Efficiency Programmes	-	1.3	-
Total Investment	5.0	4.0	-

Flexible Use of Capital Receipts

Summary of planned use and savings

The estimated savings from the transformational activity within Children's Services over this MTFP period and beyond is -

	2023/24 £m	2024/25 £m	2025/126 £m
Reduction in Agency Costs	2.5	4.3	4.3
Reduction in Placement Costs	1.8	1.8	1.8
Total Estimated Savings	4.3	6.1	6.1

Plans and actual spend and savings achieved will be reported to DLUHC and published in accordance with guidance.

Impact on prudential indicators

The prudential indicators impacted as a result of that will be impacted by this strategy are set out below:

- Estimates of capital expenditure indicator increased by £4.6m to £5.0m in 23/24 and by £3.6m to £4.0m in 24/25
- The Capital Financing Requirement is not directly increased beyond the previous MTFP, as there is now a plan to generate additional capital receipts to fund the transformational activity.
- Financing costs as a percentage of net revenue stream would also not increase beyond the previous MTFP due to the additional capital receipts to be generated to fund the activity. Further, the longer term revenue savings anticipated to be generated will help the Council achieve a balanced budget position
- The prudential indicators show that this strategy is affordable and will not impact on the Council's operational and authorised borrowing limits