

INTRODUCTION

This Strategy applies with effect from 1 April 2016 to 31 March 2019 – i.e. to the financial year 2016-17 and for each subsequent financial year to which the flexible use of capital receipts direction applies.

From 2016/17 Local authorities were given the power to use capital receipts from the disposal of property, plant and equipment assets received in the years in which this flexibility is offered, to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. Local Authorities may not use their existing stock of capital receipts to finance the revenue costs of reform.

The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authorities', or several authorities, and/or to another public sector body's net service expenditure.

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 and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.

EXAMPLES OF QUALIFYING PROJECTS

There are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects include:

- 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;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others).

RULES OF QUALIFICATION

Local authorities cannot borrow to finance the revenue costs of service reform.

For any financial year the Strategy ("the initial Strategy") should be prepared before the start of the year.

The authority should prepare an annual strategy that includes separate disclosure of the individual projects that will be funded or part funded through capital receipts flexibility and that the strategy is approved by full Council or the equivalent.

Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.

All services must ensure that they have adequate available resources to maintain the ongoing revenue requirement for all capital projects.

Where possible, the Council will be looking to fund the revenue costs from within revenue resources and therefore the use of capital receipts will only be utilised where all other funding streams have been exhausted.

STRATEGY FOR USE OF FUNDS

Where the Council is looking to capitalise pump priming costs, additional surplus assets may be identified and sold.

The council will have due regard to the requirements to the Prudential Code and the impact on the prudential indicators. Capital receipts from the sale of assets are not built into the Council's current capital programme and so the utilisation of receipts for capital receipts flexibility will not have a detrimental impact on the Council's prudential indicators, as set out in the Council's Treasury Management Strategy.

All schemes which are eventually deemed to qualify under this programme would have the required costs funded through capital receipts rather than revenue funding streams.

Approval of projects and allocation of funds arising from the use of flexible capital receipts will be at the discretion of the Section 151 Officer.

A short description of the expected benefits of each project is set out in the following table with an initial estimate of the qualifying costs and the potential future saving.

Capital Receipts Flexibility Strategy 2016/17 to 2018/19						
<p>Within the period of the Capital Receipts Flexibility 2016/17 to 2018/19, £6.1m worth of revenue expenditure could potentially be funded from this flexibility from capital receipts of the same value. Where possible, the Council will be looking to fund these revenue costs from within revenue resources and therefore the use of capital receipts will only be utilised where all other funding streams have been exhausted.</p>						
Directorate	Description	16/17	17/18	18/19	Total	comment
		£	£	£	£	
Human Resources	Shared HR Service with Buckinghamshire County Council - Business Case Under Development	0	(140,000)	(110,000)	(250,000)	16/17 MTFS savings sheet
Legal	Expansion of the Legal Practice	(144,000)	(144,000)	(144,000)	(432,000)	15/16 MTFS savings sheet
Legal	Expansion of the Legal Practice	(140,000)	(210,000)	(210,000)	(560,000)	16/17 MTFS savings sheet
Commercialisation and Procurement	Restructuring of the Commercial Contract and Procurement Division	0	(201,000)	(151,000)	(352,000)	15/16 MTFS savings sheet
Commercialisation and Procurement	Selling services through shared procurement arrangements.	(108,000)	19,000	(29,000)	(118,000)	16/17 MTFS savings sheet
Commercialisation	Commercial projects under project Phoenix	0	(520,000)	0	(520,000)	
Adults	My Community ePurse - commercialisation of My Community ePurse	0	0	(1,000,000)	(1,000,000)	16/17 MTFS savings sheet
Adults	Our Community ePurse - explore new commercialisation opportunities	0	0	(998,000)	(998,000)	16/17 MTFS savings sheet
Adults	Community Wrap - explore new commercialisation opportunities	0	0	(640,000)	(640,000)	16/17 MTFS savings sheet
Adults	Care Management Reviews - Bedford and Roxborough Park	(150,000)	(250,000)	0	(400,000)	
Adults	Kenmore, Nilman and New Bentley community project	(609,000)	(175,000)	(184,000)	(968,000)	
Regeneration	Indicative net income realised from a long term regeneration strategy for the borough.	0	(350,000)	(2,000,000)	(2,350,000)	15/16 MTFS savings sheet
	Saving / Benefit	(1,151,000)	(1,971,000)	(5,466,000)	(8,588,000)	
	Revenue implication	2,501,796	2,039,190	1,624,549	6,165,536	