
Updated Strategy for Use of Capital Receipts 2018/19

Committee considering report:	Council on 8 May 2018
Portfolio Member:	Councillor Anthony Chadley
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1. Purpose of the Report

- 1.1 To update the Council's Strategy for flexible use of capital receipts taking into account actual receipts in 2016/17 and 2017/18 and the actual and forecast costs of projects planned to be funded from capital receipts.

2. Recommendations

- 2.1 That £3.06m spend on activities and projects to transform Council services set out in this report should be funded from the total capital receipts available for this purpose.
- 2.2 That the balance of £561,000 available capital receipts be transferred to the Council's Transformation Reserve to be allocated to future eligible projects by Budget Board.

3. Implications

- 3.1 **Financial:** £3.62m capital receipts from 2016/17 and 2017/18 are available for the purpose of transforming Council services. £2.69m of this sum has been spent on projects covered by the strategy and a further £369k is committed, leaving £561k available to fund additional projects in 2018/19.
- 3.2 **Policy:** The initial strategy for flexible use of capital receipts was approved by the Council in March 2016 as part of the 2016/17 revenue budget proposal. This report provides an update to that strategy, taking into account the latest level of capital receipts available
- 3.3 **Personnel:** There are no new personnel implications of this strategy for Council staff, but the personnel implications of any future projects will be considered by Budget Board.
- 3.4 **Legal:** The power to use capital receipts to fund revenue spend associated with the transformation of Council services in order to achieve efficiency savings was set out by the Department for Communities and Local Government in the guidance notes accompanying the 2015 Local Government

funding settlement. The 2018/19 settlement extended this power for a further three years 2021/22.

3.5 **Risk Management:** There are no significant risks associated with this strategy

3.6 **Property:** No direct property implications arise from this strategy.

4. Other options considered

4.1 Capital receipts could alternatively be used to fund capital spend in order to increase the amount of capital funding available and/or to reduce the revenue cost of borrowing. However, the annual revenue savings expected to be achieved from the projects proposed to be funded as proposed in this report are greater than the annual savings in borrowing costs which could be likely to be achieved if these funds were used to fund capital spending (up to a maximum of £752,000 per year, if used to replace borrowing over five years).

4.2 Alternative uses for the assets which have been sold to generate these capital receipts were considered by the Council's Asset Management Group prior to their disposal. The group concluded that the best value course of action for the Council was to dispose of these assets.

5. Executive Summary

Proposals

- 5.1 Capital receipts of £3.62m are available from the sale in 2016/17 and 2017/18 of Council assets including the former Pound Lane depot, the Starting Gate Pub and from the Council's interest in formerly Council owned shared ownership properties. Receipts have also been generated from an overage payment for the re-development of a former Council property at Greenham Park and from considerations for the release of covenants on other formerly Council owned properties.
- 5.2 £3.06m of this sum has been spent or committed to date on projects to help transform Council services in order to achieve revenue savings. This includes £994k for the cost of redundancies as a result of restructuring of Council services in 2016/17 and 2017/18; £1.6m in connection with the conversion of John O' Gaunt to academy status; £245k on the Digital Transformation project to improve online access to Council Services and £200k to reduce the cost of street cleansing.
- 5.3 £561,000 remains from the capital receipts currently available for this purpose. This can be used to fund additional transformation projects, subject to approval by Budget Board.

Equalities Impact Assessment Outcomes

- 5.4 The strategy does not have a direct equalities impact, but more detailed equalities assessments will be carried out for new projects to be funded from this source.

6. Conclusion

- 6.1 Projects already funded under this strategy have achieved annual revenue savings of £2.89m which has been built into the 2016/17 and 2017/18 revenue budgets. Further savings of £664k per year are expected to be achieved in 2018/19 and 2019/20 through the digital transformation project, and changes to the street cleaning service. These additional savings will help to meet revenue savings targets for 2018/19 and 2019/20. The likely savings to be achieved from any future transformation projects will be assessed by Budget Board prior to their approval.

7. Appendices

- 7.1 Appendix A – Supporting Information
- 7.2 Appendix B – Equality Impact Assessment