

**West  
Northamptonshire  
Council**

**Flexible Use of  
Capital Receipts  
Strategy 2021-2022**

## **1. Background and Rules of Qualification**

- 1.1. The Secretary of State, through Section 15 (1) of the Local Government Act 2003, gave local authorities the power to spend up to 100% of capital receipts from the disposal of property, plant and equipment assets on the revenue costs of reform projects. This flexibility is limited to the application of those capital receipts received in the years to which this direction applies and does not allow borrowing to finance the revenue costs of service reform
- 1.2. The Secretary of State's current direction covers the period from 1 April 2016 to 31 March 2022.
- 1.3. Qualifying revenue expenditure is time-limited expenditure incurred by the Council on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery in order to reduce costs or demand for services in future years.
- 1.4. Although 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 are excluded.
- 1.5. An important feature of this flexibility requires the Council to demonstrate the highest standards of accountability and transparency and each individual project that will be funded or part-funded in this way must be disclosed and approved by a meeting of the Council in the financial year preceding when the expenditure will be incurred.

## **2. Transformation Strategy**

- 2.1. The Council's Transformation Strategy builds upon the transformation planning and activity that is currently being delivered through the Future Northants Programme to ensure the two new unitary councils in Northamptonshire are not only safe and legal on day one, but also reflect the future aspirations of West Northamptonshire Council in shaping its new identity.
- 2.2. This strategy sets out the priority objectives for major change, which will shape the effective, and efficient delivery of demand led services to improve outcomes for residents at an optimum cost. These priorities are listed below;
  - Providing services that have a clear cost avoidance impact;
  - Increasing delivery of services that generate an income for the council whilst meeting a need of our residents
  - Development of prevention and early projects and services that improve the independence of our residents and reduce the need for high level support

- Development of digital & other infrastructure for the council that improves the pathways for our residents and reduces the level of process needed.
  - Development of system wide projects and services that improves service quality & accessibility for users, improves efficiency and reduces cost across the system.
- 2.3. The delivery of these priorities will be structured through a series of projects and work streams under one new governance framework and central Transformation Team to ensure that progress is co-ordinated, regularly reviewed and to ensure that the outcomes of these projects feed into the delivery of corporate objectives.
- 2.4. A number of measures have been applied in order to ensure that the qualifying criteria are met. These include a robust approval process that is applied whenever the use of capital receipts is considered, to ensure that this funding source is only applied to qualifying expenditure. Additionally, detailed monitoring will be undertaken to provide assurance over the value of qualifying spend, benefits realisation and the delivery of anticipated outcomes.
- 2.5. This strategy seeks to allow the flexible use of capital receipts but does not determine they have to be used for the purpose set out. It provides flexibility to use capital receipts to fund the expenditure detailed if it is determined that is the best funding stream to use. Within the the budget plans for 2021-22 there is no reliance on the FUCR to fund the vast majority of the expenditure detailed below.

### **3. Financial Overview**

- 3.1. The Secretary of State's direction requires that details of the actual and proposed application of capital receipts are published within this strategy, including updates from the previous financial year to the Strategy.
- 3.2. As this is the first Flexible Use of Capital Receipts Strategy for West Northamptonshire Council, there are no prior year transformation projects funded by the Flexible Use of Capital Receipts to report progress on from this sovereign Council.
- 3.3. Moving forward into 2021/22, the forecast transformation spend is £7.8m, with in year, and future years on-going benefit realisation of £24.7m, the details are set out in the below table.

Table 2: Planned Transformation Projects 2021/22 to be funded by the Flexible Use of Capital Receipts

Transformation Project and Description	Forecast Spend 2021/22 £000	Forecast Saving 2021/22 £000	Total Savings (over a four year period) £000
<b>Strengths Based Working</b> - An overhaul of Adults pathways and processes to ensure focus on client outcomes, increased focus on independence, better decision making and best practice approaches to avoid delays, increase outcomes focus and make the service sustainable going forward.	West £400,000	£2.467m	£9.868m
<b>Transformation costs</b>  <ul style="list-style-type: none"> <li>- The transformation team has been set up to deliver on going transformation and savings. The estimated cost of the team is £2.9m in 2021-22 and there is also an additional funding stream of £500,000 contained within the budget proposals to provide seed funding for further transformation projects subject to a business case. The team will support all transformation projects.</li> <li>- Redundancy costs of £4m are anticipated in moving from four Councils across the West to one Council</li> </ul>	£7.4m	At least £3.7m per year	£14.8m
<b>Total</b>	£7.8m	£6.167m	£24.668m

3.4. There are no impacts on the Council's Prudential Indicators as capital receipts have not been earmarked to pay down debt repayments.

#### 4 Capital Receipts

4.1. The application of this strategy relies on the availability of sufficient capital receipts to fund the qualifying transformation expenditure. The latest capital receipt forecast indicates the following:

	<b>£000</b>
Unused capital receipts brought forward from 2020-21	6,386
Estimated minimum receipts from sales 2021-22*	7,776
<b>Forecast of Total Available Capital Receipts</b>	<b>14,162</b>

\*Note – These are minimum receipts as they currently include only the anticipated receipts from land and asset sales that the County Council previously had responsibility for.