

APPENDIX I

North 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 North 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;
 - Prevention / Demand Management – supporting the most vulnerable service users
 - Partnerships – greater collaboration across the public sector
 - Transformation – delivering services more efficiently and effectively
- 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.

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 North Northamptonshire Council, there are no prior year transformation projects funded by the Flexible Use of Capital Receipts to report progress on from this Council.
- 3.3. Northamptonshire County Council's strategy for the Flexible Use of Capital Receipts included Strength Based Working this focused on client outcomes, increased focus on independence, better decision making and best practice approaches to avoid delays, and making the service more sustainable going forward. The investment into Strength Based Working will continue under North Northants Council.
- 3.4. The forecast transformation spend for Strength Based Working in 2021/22 is £0.424m this a continuation of the strategy enacted by NCC and future year on-going benefit realisation. The total cost of this scheme across Northamptonshire is estimated to be £7.1m and the estimated annual savings amount to £14m.
- 3.5. 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 that the estimated unused capital receipts brought forward from 2020/21 will be around £20m – the capital programme for 2021/22 assumes that the use of capital receipts will be £6m – after allowing for the use of Flexible Capital Receipts during 2021/22 the balance is estimated to be around £14m.