

North Northamptonshire Council

Flexible Use of Capital Receipts Strategy 2023-24 to 2024-25

1. Background and Rules of Qualification

- 1.1. In December 202, as part of the provisional Local Government Finance Settlement the following was announced:

Extension of the flexibility to use capital receipts to fund transformation projects

We are announcing a 3 year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long term savings or reduce the costs of service delivery.

- 1.2 On 4th April 2022, the Department of Levelling Up, Housing and Communities confirmed this extension and published guidance and a direction.
- 1.3 This strategy has been updated and produced for the period 2023/24 to 2024/25 in light of the extension and revised guidance.

2. Objective and Purpose

- 2.1. The strategy is intended to enable the Council to potentially take advantage of this flexibility if appropriate.
- 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 through the 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.

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. North Northamptonshire Council's strategy for the Flexible Use of Capital Receipts in previous years was estimated to be around £9m with in-year and future years savings amounting to an ongoing benefit of around £20m, part of these costs has now been funded by the use of a capitalisation direction awarded for 2 years during 2021-22. The on-going projects are reflected in section 5 of this report, which are now estimated to be £6.5m.
- 3.4. There is no impact 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 2022-23 will be around £20m – the capital programme for 2023-24 assumes that the use of capital receipts will be around £1m – after allowing for the use of Capital Direction and Flexible Capital Receipts the balance is estimated to be around £9.5m.

5. Eligible Projects

- 5.1. Projects that have been identified as being potentially eligible for capital receipt funding are summarised below, with an outline of the project and potential planned use of receipts. This list is not definitive list and further potential eligible projects could be identified during the course of the year, if this is the case, further revisions will be made to the strategy.

Project	Description	Service Transformation/Savings	Service Area	Planned use of receipts
				£'000
Transformation Support	Staff costs to support council wide transformation projects	Reflected in projects detailed below	Council wide	£2,500
Valuing Care	To deliver additional resources in reducing placement costs with children's services	Savings of £3.8m for Northamptonshire, 44% to NNC £1.67m	Children's Trust	£572
Case Management System	Delivery of new case	Potential to reduce ongoing service costs	Children's Trust	£1,276

	management system			
Specialist Care Centre	Phase 1 of provider service transformation	Reduction in demand due to provider transformation for specialist care centres £1.189m	Adults Social Care	Include in transformation above
Revenue's & Benefits	Consolidation of operating 4 separate revenues and benefit teams and integration on to a single operating system	Potential to reduce ongoing service costs c£275k	Enabling Services	Include in transformation above
IT	Review of IT infrastructure platforms across NNC and future ways of working	Potential to reduce ongoing service costs across NNC c£0.6m	Assistant Chief Exec	£1,100