

Flexible Use of Capital Receipts

Royal Borough of Greenwich 2019/20 – 2021/22

Background & Context

In December 2017, the Secretary of State announced the continuation of the capital receipts flexibility programme, which provides Local Authorities the freedom to use capital receipts generated from the disposal of property, plant and equipment (with the exception of Right to Buy disposals) to fund revenue costs arising from transformational revenue projects that deliver savings.

Ordinarily only expenditure qualifying as capital (as defined in the Councils Capitalisation Policy) may be funded from these resources. The additional flexibility therefore provides the Council with a potentially valuable resource to positively impact upon the cost of service delivery or management of service demand.

This document sets out the Councils outline policy on the flexible use of capital receipts and governance framework for the qualifying transformation projects.

Qualifying Expenditure

Any expenditure on a defined project that is designed to generate on-going revenue savings in the delivery of public services and/or the transformation of services in such a way that it reduces costs or demand for a service in future years.

Savings must be quantifiable against an existing budget or overspend projection.

Ongoing revenue savings should aim to provide a discounted payback of the initial investment.

Projects must commence in the period 1 April 2019 to 31 March 2022.

Ongoing revenue costs attributable to the new service or process will not qualify for capital funding and must therefore be resourced from identified revenue streams.

The types of qualifying schemes can be split broadly into three categories:

- Efficiencies
- Reconfiguration
- Sharing.

A non-exhaustive list of example qualifying schemes is set out in Annexe A.

Identification and Selection

Prior to the completion of the annual budget setting process departments will be offered the opportunity to put forward schemes for consideration (Annexe B). These will be reviewed by a corporate review panel and evaluated alongside any schemes identified as part of the Budget Recovery Board.

Selection criteria may include;

- Resource availability
- Set/up and implementation costs
- Saving and payback
- Non-financial implications
- Delivery and Sustainability
- Service impact

Selected schemes will be recommended for consideration in line with the Leaders scheme of delegation.

Funding

Projects must be funded from capital receipts generated within the period of the strategy, and cannot rely upon those secured in prior years. The Flexible Use of Capital Receipts programme is therefore dependent upon the disposals programme and reliable timing of the receipts. An assessment of the resource availability will be made following the submission of schemes by the Capital Board and monitored periodically. Any amendments to the programme will be reported via the Capital Programme monitoring process alongside any impact upon the Councils Prudential Indicators.

Governance

Successfully identified schemes will be governed by the processes established for the delivery of Capital projects and reported into the overarching Capital Board via the Transformation Board. Delivery and impact will also be overseen via the Budget Recovery Board to ensure service and revenue benefits and service implications are captured.

An annual report on the progress of each approved scheme and realisation of the target benefits will be reported as part of the wider Capital Programme.

Annexe A

The following examples of qualifying expenditure are extracted from the Statutory Guidance on the Flexible Use of Capital Receipts.

Efficiencies

- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations
- 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)

Reconfiguration

- 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
- Integrating public facing services across two or more public sector bodies (for example children's social care, trading standards) to generate savings or to transform service delivery

Sharing

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Collaboration between local authorities and central government departments to free up land for economic use and
- Sharing Chief-Executives, management teams or staffing structures.

Annexe B

Flexible Use of Capital Receipts – Outline Proposal Form

Description of Scheme:

Responsible Officer:		Ext:
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Chief Officer Sponsor		Ext:
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Service Impact:

Item	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Set-up / Enabling Expense						
Transformation Expense						
Baseline Service Costs						
Revised Service Costs						
Net Cost / (Saving)						
Discounted Cost / (Saving)						

Payback Period:

Budget Code: