

Appendix 6 Flexible Capital Receipts Strategy

1. Purpose

- 1.1. This paper sets out and updates the Council's Strategy for the use of flexible capital receipts (the "Strategy") to deliver savings and transformation through the Delivery Fund created for this purpose. The Strategy:
 - 1.1.1. Describes how the Delivery Fund is being spent in line with Government Guidance for the use of flexible capital receipts
 - 1.1.2. Sets out a revised profile for the Delivery Fund taking account of additional funds allocated in 2018/19, the creation of Brighter Futures for Children and extension of the scheme into 2021/22 aligned with the revised MTFS.

2. Background

- 2.1. The Council's Medium Term Financial Strategy (MTFS) agreed in February 2018 set challenging savings targets for the three years (2018/19 to 2020/21) amounting to £40.6m.
- 2.2. The scale and front end loading of these cost reductions, as identified in the report to Council, required significant investment up front in order to facilitate their implementation and generate the required savings and service improvement.
- 2.3. The MTFS set out the Council's intention to continue to use freedoms for the flexible use of capital receipts to create a Delivery Fund to provide the investment in change needed to achieve the savings.
- 2.4. A report to Council on 26 June 2018 set out in detail how the Delivery Fund would be invested to deliver the agreed savings and transformation.

3. Use of Capital Receipts

- 3.1. Ordinarily much of the cost of delivering these savings and service improvements would not be eligible to be capitalised. However, to assist local authorities in investing in long term efficiency and improvement initiatives, the Minister for Housing Communities & Local Government issued Guidance in March 2016 (subsequently updated in February 2018) gave local authorities the freedom to use qualifying capital receipts from the sale of their own assets to help fund the revenue costs of transformation projects and savings delivery. Specifically the Guidance requires that expenditure:

- is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners;
- is properly incurred for the financial years that begin on 1 April 2016, 1 April 2017, 1 April 2018, 1 April 2019, 1 April 2020 and 1 April 2021; and
- that expenditure treated as capital expenditure in accordance with it only be met from capital receipts.

3.2. 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. Failure to comply with the conditions of the Direction could result in such expenditure having to be charged back to the revenue budget.

3.3. 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 through capital receipts flexibility must be disclosed and approved by full Council.

4. Use of Delivery Fund

4.1. During 2017/18 a number of requests for use of capital receipts to support transformation and savings delivery (the Delivery Fund) were agreed. These included:

4.1.1. Core capacity to set up and deliver the Council's programme of change and transformation; and

4.1.2. Resources to deliver specific savings.

4.2. The Full Council Meeting of 26 June 2018 agreed use of a total of £13.6m of capital receipts and the individual projects that would be supported (including projects supported in 2017/18).

4.3. The report also noted the Gateway Review process in place to ensure that all expenditure against the Delivery Fund is validated and approved.

4.4. Regular monitoring and administration of the Gateway Review process takes place through the Council's Corporate Programme governance arrangements. Where there is a variation to the proposed use of Delivery Fund or additional requests consistent with the Strategy have arisen these are managed through the Corporate Programme Board and included in Table C below.

4.5. It should be noted that the Schedule includes some unallocated and provisional sums.

5. Spend to date and changes since June 2018

5.1. Expenditure to date is £3.2m (total for each year below):

5.1.1. 2017/18: £1.3m

5.1.2. 2018/19: £1.9m

5.2. The June 2018 Full Council Report noted that there may be some in year changes required to projects funded by the Delivery Fund. Details of changes to Delivery Fund use are summarised in Table A below, with further explanation in the text beneath (details are also included in Table C). In total, the requests total a further £2.6m.

Table A: Changes to Delivery Fund since June 2018

Name of project	Total agreed (June 2018 Report) £000	Total proposed (February 2019 Report) £000	Additional Proposed £000
Children's Transformation Workstream (see 5.2.1)	3,235 (2017-21)	3,832 (2017-20)	597
Transport and Parking (see 5.2.2)	n/a	1,368	1,368
Public Conveniences (see 5.2.2)	n/a	50	50
Assets Workstream (see 5.2.3)	n/a	169	169
Improvements to Electronic Social Care Record and Reporting (MOSAIC) (see 5.2.4)	115	156	41
I-Trent - improvements (see 5.2.4)	200	268	68
Commissioning Capacity at Senior Level - DACHS (see 5.2.4)	240	307	67
Revenue and Benefits legal and project management capacity (see 5.2.4)	145	366	221
TOTAL	3,935	6,516	2,581

5.2.1. Children's Transformation Workstream: A total of £3.2m was originally allocated for Children's Transformation (2017-21). Following the establishment of Brighter Futures for Children (BFFC) as the Council's provider of Children's and Education services in December 2018 a review of the savings and transformation plans has resulted in an update to the proposed use of the Delivery Fund agreed in June 2018. This amount has now been increased to £3.8m and now comprises spend against four projects agreed in June 2018 totalling £366k, revised plans for the remaining £1.37m allocated for 2018/19 and £2.1m in 2019/20. Projects for 2018-20 are contained in Table C.

5.2.2. Transport and Parking Workstream/Public Conveniences: A total of five requests to provide support from the Delivery Fund to Transport and Parking projects totalling £498k (supporting £600k of ongoing savings) and a request for £50k (resulting in £80k recurring savings) related to closure of public conveniences that were not included in the report to the June Council meeting were received. In addition, £870k was requested to develop and implement a new borough-wide car parking strategy and associated action plan.

5.2.3. Assets Workstream: A Strategic Project Manager was requested to manage the delivery of the former Civic Site and other key sites achieving capital receipts (£169k).

5.2.4. Additional spend against existing projects: A further £397k has been allocated to four existing Delivery Fund projects to extend their scope and associated impact. Details can be found in Table A above and Table C below.

6. Future spend

6.1. As part of the process of developing the business cases for the new savings and income-generation proposals included in the revised MTFs the requirement for investment from the Delivery Fund was considered. A total requirement of £500k (four requests) has been identified and included in the Strategy. In addition, a request for £41k for one off initial investment in the town hall project to deliver additional savings has been included. Also included is a request for £61k to recover single person discount Council Tax. The total of these six requests is £602k.

6.2. The balance of the Delivery Fund agreed in June 2018 that has not yet been allocated against specific projects is included in the Strategy as contingency (unallocated) and in order to make provision for funding of new or additional savings/transformation projects. This will be managed through the Corporate Programme Board with commitments reported back to Council in the next revision to the Strategy.

6.3. Detailed forecasting will be completed to establish expected spend across all projects. This will be fed into discussions at year end with the lead for each project to establish carry forward. Any underspend not carried forward will be returned to the unallocated funding envelope.

6.4. Based on the assumptions included in this report the £13.6m Delivery Fund spend would need to increase by £861k over the remaining four years of the programme 2018/19 - 2021/22 if all requests were funded in full. It is anticipated potential underspends against allocations and the application of a strict gateway review process by the Programme Board will enable the requirement to fund transformation limited to that level previously approved. A summary of this position is shown in Table B and in detail in Table C.

Table B: Summary of Delivery Fund Allocation for 2017/18 - 2021/22

Proposal type	2017/18 (£000's)	2018/19 allocation (£000's)	2019/20 allocation (£000's)	2020/21 allocation (£000's)	2021/22 allocation (£000's)	Total (£000's)
June 2018						
Capital Receipts Strategy (June 2018)	2,095	5,661	3,734	836	0	12,326
Unallocated (June 2018)	0	250	500	500	0	1,250
TOTAL	2,095	5,911	4,234	1,336	0	13,576
February 2019						
Capital Receipts Strategy Total Requests	1,319	6,405	6,098	615	0	14,437
Programme Board Re-Prioritisation	0	(494)	(1,864)	1,497	0	(861)
TOTAL	1,319	5,911	4,234	2,112	0	13,576

Table C: Updated Delivery Fund Schedule

Description of saving / transformation	Total Saving identified (£000's) OR Transformation	Delivery Fund Resource	2017-21 Total Delivery Fund allocation (June 2018) (£000's)	2017/18 Delivery Fund spend ACTUAL (£000's)	2018/19 Delivery Fund allocation (inc. 17/18 carry forward) (£000's)	2019/20 Delivery Fund allocation (£000's)	2020/21 Delivery Fund allocation (£000's)	2021/22 Delivery Fund allocation - NEW (£000's)	2017-22 Total Delivery Fund allocation (Feb 2019) (£000's)
DOR Projects									
Housing Benefit Overpayment Recovery	345	Housing Benefit Overpayment Recovery Officer	122	12	54	56	0	0	122
Capacity and leadership to deliver change and savings across programme, as well as delivery of specific savings, incl: Christmas Closure; Increased use of Apprenticeship Levy to fund training	500	Head of HR	366	-	n/a	n/a	n/a	-	0*
Contract Management Savings	1,050	Head of Procurement	366	-	n/a	n/a	n/a	-	0*

Service restructure and reconfiguration	Transform	Recruitment Costs	42	42	0	0	0	0	42
Supporting delivery of directorate savings and improving Accounts Payable processes	Transform	Strategic Business Partner - CSS	103	-	n/a	n/a	-	-	0*
Supporting delivery of directorate savings and improving Accounts Payable processes	Transform	Accounts Payable Assistant Improving efficiency of AP process to deliver ongoing efficiency and savings	54	27	27	0	0	0	54
Process improvements and more efficient accounts production	Transform	CIPFA Big Red Button	19	16	3	0	0	0	19
Improve Corporate Debt Collection - centralisation of invoices and transformation of service delivery	Transform	Improve Corporate Debt Collection - centralisation of invoices	96	-	64	32	0	0	96
Digitisation - cross cutting savings and redesign of Council-wide services	490	Firmstep developer X2	92	-	92	0	0	0	92
Service restructure and reconfiguration	Transform	SOLACE Recruitment Fees For Future Finance Function	32	17	15	0	0	0	32

Engagement of transformation partner to drive process efficiency and cost reduction in parallel with market testing of service	954	External Support to undertake Market Testing (outsourcing) of the Revenue and Benefits Services	115	-	116	50	0	0	166
Additional legal and TUPE advice		20	-	90	100	0	0	190	
Associated project costs, supplies and services		10	-	10	0	0	0	10	
Revenues and Benefits market testing									
Charging Financial Analysts to transformation pot for two years to support commercialisation work	Transform	One Finance Analyst (plus one interim for 4 months in 18/19)	306	-	69	47	48	0	164
Corporate Approach to Reducing Fraud	196	IT Costs	25	-	25	0	0	0	25
		Contingency	20	-	20	0	0	0	20
Management and Staffing Review	592	Change Management	50	-	50	0	0	0	50
Capacity and leadership to deliver change and savings across programme	Transform	Corporate Programme Manager	275	130	72	73	0	0	275
Working across Corporate Programme. Capacity and leadership to deliver change	Transform	NMT - Corporate Support	87	18	34	35	0	0	87

and savings across programme									
Legal support to deliver Corporate Programme and associated savings	Transform	Contracts Solicitor	55	-	28	27	0	0	55
		Employment Solicitor	26	-	13	13	0	0	26
		Conveyancing/Contracts Solicitor	47	-	23	24	0	0	47
HR support to deliver Corporate Programme and associated savings. Supporting recruitment and retention of social workers as part of improvement and to deliver savings	Transform	HR Support 1	20	14	6	0	0	0	20
Interim post to ensure delivery of savings in 2017/18 and construction of budget (inc. savings) for 2018/19 and 3 year MTFS	Transform	Finance Director	100	n/a	0	0	0	0	0*
Contract Management Savings	3,050	V4S Procurement Consultancy Support. Payments due as percentage of savings delivered	400	88	162	150	0	0	400
Improvements to Electronic Social Care Record and Reporting (MOSAIC) and provision for	Transform	Reporting and Performance	225	76	149	0	0	0	225
		Senior Consultant to act as System Owner	91	91	0	0	0	0	91
		Process review and MOSAIC improvement	23	23	0	0	0	0	23

improvement of other IT systems over term of Programme		for Children's Services							
		Programme Management funding to complete current phase (16/17 Programme)	20	-	20	0	0	0	20
		Early Help Implementation	5	-	5	0	0	0	5
		Interim reporting post in Children's Services	43	43	0	0	0	0	43
		Corporate Systems Owner	107	84	23	0	0	0	107
		Finance Specialist	115	74	82	0	0	0	156
		Project Manager on Business Objects Implementation	16	-	16	0	0	0	16
		Adult's Business Objects Implementation	34	-	34	0	0	0	34
		MOSAIC & FUSION Commitments Interface - implementation costs	11	-	11	0	0	0	11
		Business Objects Developer	35	-	35	0	0	0	35
		Provision for application management improvements in other systems (includes. 18/19 i-trent review)	200	-	122	146	0	0	268
Capacity to support delivery of change and savings across programme	Transform	Programme Officers X2	276	-	92	92	92	0	276
Capacity to manage and support HR and	Transform	HR Capacity	450	-	150	150	150	0	450

workforce change associated with Corporate Programme									
DCEEH Projects									
Working across workstream of Corporate Programme to deliver savings and transformation	Transform	Programme Manager	188	52	n/a	n/a	n/a	n/a	52**
Creation of Access to Resources Team	1,000	Senior Commissioner	98	-	n/a	n/a	n/a	n/a	0**
Increase capacity of local 'under 20 mile' placements for Looked After Children (LAC) Revise under 5 offer. Generate income or reduction in staff	3,576	Project Manager	55	-	n/a	n/a	n/a	n/a	0**
Current level of additional	500	Recruitment and Workforce &	500	-	n/a	n/a	n/a	n/a	0**

investment will no longer be required following delivery of Improvement Plan		Management Training (Investment to secure ongoing savings)							
Balance of original Children's Transformation allocation	-	Various	2,393	n/a	n/a	n/a	n/a	n/a	0
DACHS Projects									
Resources used for the facilitation of the delivery of the Programme wide savings	979	Strategic Lead for Transformation	245	32	115	98	0	0	245
		Project Support	17	16	1	0	0	0	17
		Programme Officer	75	19	26	30	0	0	75
Changes to Adult Social Care Front Door; Group Home Rental Increase. Also supports delivery of CSS Digitisation savings and Review and Right Sizing Care Packages & Stretch Targets	432	Transformation Project Manager	192	63	64	65	0	0	192
Transformation of wellbeing; ASC Restructure	1,101	Transformation Project Manager 2	159	-	105	54	0	0	159
Effective Utilisation of Extra Care; Learning	837	Transformation Project Manager 3	169	27	88	54	0	0	169

Disabilities (Operations Team); Development of Home Care; VCS Development and Commissioning. Also supports wider digitisation & efficiency and Changes to the Adult Social Care Front Door									
Deputies - Review the charging policy; FAB Team Fees & Charges & Stretch Target; Increased usage of Assistive Technology and Equipment; Increased usage of Direct Payments	1,370	Transformation Project Manager 4	162	20	88	54	0	0	162
Review and Right Sizing Care Packages & Stretch Targets	1,300	Social Workers X6 (S117, LDX2, MH, OP, PD) Investment to secure ongoing savings	818	236	582	0	0	0	818
Reducing Adult Social Care contracts spend	1,200	Commissioning Capacity at Senior Level	240	49	174	84	0	0	307
ASC Mobile Working	Transform	Adult Social Care mobile working (Underpins the ability to achieve process efficiency and	80	-	80	0	0	0	80

		staffing restructures)							
Review of alternative delivery models for Public Health	430	Public Health Specialist	30	-	30	0	0	0	30
Delivery Models for Commissioning, Prevention & Quality Services	800	Contingency for consultancy advice for service shaping	200	-	100	50	50	0	200
Informs all commissioning projects to ensure demand is understood and markets are shaped accordingly	Transform	Specialist Needs Analysis	30	-	30	0	0	0	30
The resource supports restructures, wider remodelling of the workforce, and learning & development. Associated savings: Commissioning Team Realignment; Implementation of Business Support restructure; Locality Team Realignment	562	Workforce consultancy & Training Programmes (Including £100k of Partners for change)	500	-	300	100	100	0	500
To review the	1,545	Market shaping	275	-	75	100	100	0	275

operation of the Willows; Charles Clore Court (Commissioning); Undertake a commissioning exercise with the VCS; Continuation of review of Public Health (Mandated Services) contracts; Review of the Performance Function; Development of Maples Day Service; Review of alternative delivery models for Public Health; Adult Social Care Provider Services		consultancy, Project Management staff (Investment to secure ongoing savings)							
DENS Projects									
Working across workstream of Corporate Change Programme to deliver savings and transformation	Transform	Project Officer 1	51	8	21	22	0	0	51
Review of waste collection delivery models. Also	1,544	Specialist advice and support, administration resource, Contract	200	22	127	51	0	0	200

connected to Waste Operations-optimising collection routes; Increase Trade Waste Collection and Disposal service turn over by 100% (£650,000pa to £1.3m)		manager costs, Procurement of IT systems, Introduction of revised collection schedule							
Review option of trust model for Arts	250	Consultancy costs	300	-	150	150	0	0	300
Maximising Income from the Town Hall & Museum	220	Consultancy support to provide commercial advice on business plan and associated staffing structures	30	-	30	0	0	0	30
Review existing Parking Permit Charges	309	Comms Support, IT Support	50	-	50	0	0	0	50
Extend residents parking permit areas	300	Consultant support	300	-	150	150	0	0	300
Introduce Bus Lane Enforcement on Kings Road and Forbury Road bus lanes	100	DLO support to introduce new parking schemes	70	-	70	0	0	0	70
Make theatres break even through working with other operators	150	Independent consultants to market test (establish feasibility / business case)	25	-	25	0	0	0	25
		Project management (consultant) of	50	-	0	50	0	0	50

		procurement process (if it goes ahead based on 1st stage)							
Alternative delivery models - identify and prioritise those services that are most likely to yield a significant saving with the 3-year MTFS period	1,200	Specific requirements and resources to be confirmed (£42k for project manager 18/19) 31 July 2018	250	20	180	50	0	0	250
Extend houses in multiple occupation (HMO)/private rented sector (PRS) Licensing	40	New IT system required & ongoing software maintenance	75	-	75	0	0	0	75
Unallocated Funds									
Capacity to manage and support Corporate Programme of Change as delivery vehicle for £40m savings and projects to ensure transformation to underpin financial sustainability of the Council	n/a	Managing Change - unallocated funding	1250	-	0	0	0	0	0
NEW Projects 2018/19									

DENS: Develop and implement a new borough-wide Car Parking Strategy and associated action plan	1,400	Project Manager	0	n/a	68	56	0	0	124
		Communications Officer	0	n/a	11	10	0	0	21
		Consultant Support	0	n/a	37	33	0	0	70
		Consultant Support (Car park surveys / database set-up)	0	n/a	52	56	0	0	108
		Technical Support Officers x5	0	n/a	0	175	0	0	175
		Project Delivery	0	n/a	120	750	0	0	870
DENS: The project will focus on delivery of the former Civic Site and other key sites achieving capital receipts	11,695	Strategic Project Manger	0	n/a	19	75	75	0	169
DENS: Close half of public conveniences - costs related to carrying out a review of the provision	80	Consultancy costs and costs to improve remaining facilities	0	n/a	50	0	0	0	50
DENS: Undertake a review of existing provision to inform the closure of a number of public conveniences			0	n/a		0	0	0	
BFFC: Workstream A: Improving Practice Standards	n/a***	Practice Improvement leadership. 18/19 start up	0	n/a	80	0	n/a	n/a	80
BFFC: Work stream B: Developing	500	Achieve a stable workforce by recruiting more permanent staff in	0	n/a	85	10	n/a	n/a	95

Workforce Excellence		Social Care							
	Transform	Training for Safety Standards Model. 18/9 project start up training	0	n/a	10	0	n/a	n/a	10
BFFC: Work stream C: Building Community Capacity	n/a***	Pre Birth Support Team. 18/19 start up	0	n/a	40	0	n/a	n/a	40
	n/a***	Family Reunification Team. 18/19 start up	0	n/a	40	0	n/a	n/a	40
	n/a***	Edge of Care Team, Adolescents. 18/19 start up	0	n/a	40	0	n/a	n/a	40
	350	Revised under 5 offer to make best use of Early Years and Children's Centre provision	0	n/a	0	10	n/a	n/a	10
BFFC: Work stream D: Stronger Stability for Children	n/a***	Re-imagining Foster Care. 18/19 start up	0	n/a	20	0	n/a	n/a	20
	n/a***	Placement Solutions Team. 19/20 start up	0	n/a	50	0	n/a	n/a	50
	n/a***	Education, therapeutic & support to ensure placement stability for YP moving within 20 miles. Linked to D12 - solutions team savings of £1.8M. 18/19 start up	0	n/a	30	255	n/a	n/a	285
BFFC: Work stream E: Consolidating Corporate Resilience	1,025	Strengthen Commissioning Function (provide senior Commissioning and Contract Management capacity) 18/19 start up. Savings linked to Improved Contract Management	0	n/a	55	239	n/a	n/a	294
	390	Design &	0	n/a	50	50	n/a	n/a	100

		implementation of supported lodgings for 16+							
	250	Review of Continued Health Contribution (CHC). 18/19 start up	0	n/a	15	60	n/a	n/a	75
	500	Enhanced utilisation of capacity at Pinecroft & Cressingham Children's Homes. 18/19 capital equipment	0	n/a	175	50	n/a	n/a	225
	300	Potential use of RBC property for additional childrens home or respite care. Funding for feasibility study if required	0	n/a	40	150	n/a	n/a	190
	500	SEND Commissioner. 18/19 start up	0	n/a	25	100	n/a	n/a	125
	Transform	Development of traded services	0	n/a	145	350	n/a	n/a	495
	Transform	Transformation Programme Team	0	n/a	300	550	n/a	n/a	850
	Transform	Contingency for restructure if required	0	n/a	400	0	n/a	n/a	400
	Transform	Funds to be allocated to projects in April 2019 post further diagnostics and completion of detailed business planning process	0	n/a	0	360	n/a	n/a	360
NEW Projects 2019/20									
DENS: Introduction of discretionary	260	Resource to scope out/take discretionary	0	n/a	0	50	0	0	50

HMO Licensing		scheme forward							
DENS: Car Park management processes through IT improvements and staff reductions	150	Car parking equipment and capital	0	n/a	0	350	0	0	350
DENS: Increase public parking charges	400	Change systems to reflect changes (including signs)	0	n/a	0	50	0	0	50
DENS: Review Enforcement Contracts	133	Consultancy support	0	n/a	0	50	0	0	50
DENS: Maximising Income from the Town Hall & Museum	220	One-off investment - equipment, marketing, consultancy	0	n/a	0	41	0	0	41
DOR: Single Person Discount Council Tax Recovery	170	Specialist Officer and provision for data matching	0	n/a	0	61	0	0	61
TOTAL	-	-	13,576	1,319	6,405	6,098	615	0	14,437
Description of saving / transformation	Total Saving identified (£000's) OR Transformation	Delivery Fund Resource	2017-21 Total Delivery Fund allocation (June 2018) (£000's)	2017/18 Delivery Fund spend ACTUAL (£000's)	2018/19 Delivery Fund allocation (inc. 17/18 carry forward) (£000's)	2019/20 Delivery Fund allocation (£000's)	2020/21 Delivery Fund allocation (£000's)	2021/22 Delivery Fund allocation - NEW (£000's)	2017-22 Total Delivery Fund allocation (Feb 2019) (£000's)

* These projects have been removed from the Delivery Fund and are to be funded from the revenue budget

** These projects are now included in the NEW Projects 2018/19 section

*** These projects are mainly funded by DfE and as such make a contribution to a total saving of £6.2m

