

Flexible Use of Capital Receipts Strategy 2023/24 – Update

Since 2019/20, the Council has approved the flexibility to apply capital receipts to fund transformation projects as enabled by the Secretary of State’s Direction and outlined in the Government’s Statutory Guidance on the flexible use of capital receipts. The current extension of the flexibility will cease in March 2025 but in December 2023, Government launched a consultation to extend the flexibility to 2030 and broaden the definition of the flexibility. The details of the consultation are being considered by officers and a response will be submitted by the deadline of 31 January 2024.

The revised Statutory Guidance, published on 4th April 2022, details that authorities must update their Flexible Use of Capital Receipts Strategy during the given year if their initial plan changes and requires additional capitalisation of expenditure. Copies of each Flexible Use of Capital Receipts Strategy must also be sent to the Secretary of State.

The original Strategy agreed by Full Council in February 2023 proposed the use of flexibility of up to £10m. Following a review of the 2023/24 plan, it is now proposed that the Council uses flexibility of up to £4.6m of qualifying transformation expenditure. The table below has been updated to provide the latest estimated expenditure.

Updated Position - Projects To Be Funded Through The Flexible Use of Capital Receipts 2023/24

The Council intends to apply £4.6m of capital receipts in 2022/23 to fund the following transformation projects.

Project Description	Qualifying Expenditure	Budgeted Expenditure	Expected Savings *
Smartcore	Investment in transformational project that supports HR, Procurement and Finance processes to enable automation and improved efficiency	£4.048m	Efficiencies and savings through improved processes, automation and enabling more tasks to be undertaken via self-service
Insource and Procurement of IT Services	Investment in IT services and implementation of a new delivery model	£0.200m	Efficiencies and savings through delivering a new flexible service model
Waste Service Transformation	Continuation of initiatives with the district and boroughs to incentivise recycling (rephased due to Covid restrictions)	£0.303m	Reductions in demand pressure and contract efficiencies to achieve savings in 2023-2025
Total		£4.551m	

**In most instances the ongoing savings do not depend solely on this investment. Delivering the forecast savings will also require the focus of other, existing resources.*

Impact on affordability of Prudential Borrowing

The incremental impact on the County Council's Prudential Indicators of £4.6m Capital Expenditure in 2023/24 due to its Flexible use of Capital Receipts Strategy is as follows.

Prudential Indicators	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Capital Financing Requirement	+£4.6m	£0.0m	-£0.1m	-£0.1m	-£0.1m
Operational Boundary	£0.0m	£0.0m	+£4.5m	-£0.1m	-£0.1m
Authorised Borrowing Limit	£0.0m	+£4.5m	£0.0m	-£0.1m	-£0.1m