



Flexible Use of Capital Receipts Strategy 2021/22

Harborough District Council

Legal Framework for Flexible Use of Capital Receipts



- LA Act 2003 requires a local authority to have regard to guidance issued by the Secretary of State.
- Capital receipts flexibility guidance is under Part 2, Section 15(1)(a) of the LA Act 2003.
- Guidance applies from 1 April 2016 for the period for which the flexible use of capital receipts will apply.
- Only Non-Right to buy Capital Receipts can be used and only those receipts received during the period the guidance covers.

Background



- The Medium-Term Financial Strategy shows that by 2024/25 the Council can finance its services each year, but it can only do this by the use of general reserves. Such reserves will have reduced from £10.8m (April 2021) to £2.8m (March 2025).
- The Council is facing a considerable budget gap; Council approved the use of General Reserves of £1.9m in 2021/22, rising to £2.6m by 2024/25.
- Council has committed to an ambition of “financial sustainability” over the medium-term. This means that net service expenditure is only financed by Business Rates, Council Tax and specific grants – not the use of General Reserves.

Budget Challenge 2025



- To help tackle the current financial situation, the Council has undertaken a fundamental review of all service budgets – Budget Challenge 2025 (BC25).
- BC25 is requiring all services to use the principles of Zero-Based Budgeting to identify expenditure savings or income generation measures to reduce net expenditure.
- It is expected that this programme will entail significant service transformation; in respect of both new staffing structures and the digitalisation of services, as well as the setting of new service standards.

Capital Programme



- The Councils Capital Programme for 2021/22 and until 2024/25 is significantly smaller than previous years.
- Over the capital programming period, £530k is directly related to ICT & Transformation

Capital Receipts



- As at 31 March 2021, estimated that the Council will have Capital Receipts of £4.6m.
- Of this, it is estimated that £2.4m will have been received between 2016 and March 2021. Of this £1.2m (48%) will be Non-Right to Buy capital receipts and available for this Flexibility.
- Delegation by given to the Director: Finance and Assets, following consultation with the Portfolio Holder for Resources of the use of up to £500k of potential 2021/22 Non-Right to Buy receipt to provide additional flexibility.

Projects to be Funded from this Flexibility



| | Estimated Revenue to be Funded £000 | Reasons for Application of Flexibility | Saving |
|---|-------------------------------------|--|---|
| Currently approved revenue and capital programme | | | |
| BC25 Service Transformation | 120 | To fund the management of the BC25 programme. A dedicated “project-lead” resource will allow the programme to be completed more quickly and provide direct “critical friend” support to service managers in their reviews. | It is expected that the BC25 programme will save somewhere between 60% and 70% of reserves |
| ICT Related Transformation | 475 | To fund the implementation costs of the Netcall and customers services transformation programmes. | the savings expected are expected to be more than £200k per annum from 2023/24. |
| Project detail yet to be determined | | | |
| BC25 and Post-BC25 Service Transformation | 520 | To support the delivery of the development management transformation, undertake feasibility reviews for the corporate IT systems for IDOX and eFinancials (finance system) and potential staff transition costs. | The service savings expected to be achieved will vary across the different services but will be somewhere between 15% and 30% of a services annual net expenditure. |
| ICT Related Transformation | 400 | Extended digitalisation of services and associated processes; the development of new ICT delivery platforms, redesign of ICT provision and transformation management. | The service savings expected to be achieved will vary across the different services but will be somewhere between 15% and 30% of a services annual net expenditure. |
| 1,515 | | | |