

Addendum: Flexible Use of Capital Receipts Strategy (Revised)

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. The flexibility was originally announced for 2016-17 to 2018-19, however this was extended by a further 3 years as part of the 2018-19 provisional Local Government Finance Settlement.

This flexibility is afforded to any Council listed in Annex A of the direction, including Cambridgeshire County Council, as long as it complies with the following:

- The 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; and
- The expenditure is properly incurred for the financial years that begin on 1 April 2016 to 1 April 2021, and can only be met from capital receipts which have been received in the years to which this direction applies.

The Council has decided to use this direction to fund the transformation resources that have been brought together to support the Transformation Programme, as well as the cost of redundancies required in order to deliver transformation of services. As a result of using this direction (using capital receipts partly to fund transformation rather than the capital programme), prudential borrowing undertaken by the Council for the years 2017-18 to 2021-22 is budgeted to be between £2.3m and £3.0m higher in each respective year. This will affect the Council's Prudential Indicators as follows:

Table 1.1: Effect of using Capital Receipts on Prudential Indicators

Prudential Indicator	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m
Capital Financing Requirement	+3.0	+5.3	+7.6	+9.9	+12.2
Operational Boundary (Total Borrowing)	-	-	-	-	-
Authorised Limit (Total Borrowing)	-	-	-	-	-

This is expected to create additional Financing costs in the revenue budget of £150k-£200k in each of 2017-18 to 2021-22.

The Council originally budgeted to fund £2.3m using this direction in 2017-18, but it actually funded £3.0m of 2017-18 expenditure, and intends to fund a further £2.3m in 2018-19. This expenditure will help to deliver the following savings (all savings are ongoing):

Table 2.2: Transformation Spend to be funded by Capital Receipts, and associated savings

Scheme	2017-18 £k			2018-19 £k	
	ACTUAL COST	ANNUAL BUDGETED SAVING	ANNUAL RECURRING SAVING	BUDGETED COST	ANNUAL BUDGETED SAVING
Adult Social Care Transformation	420	-2,135	-1,271	367	-10,206
Learning Disability Transformation	99	-430	-430	29	-50
Children's Change Programme	594	-2,214	-1,878	75	-594
Children's Centres & Children's Health Services Transformation	17	-	-	304	-1,544
Commissioning Enhanced Services Transformation	214	-107	-107	37	-94
Learning Transformation	41	-395	-395	167	-748
Transport Transformation	61	-1,333	-1,257	15	-666
Assets / Facilities work stream / Property projects	302	-194	-56	173	-700
Automation	62	-247	-191	150	-350
Organisational Structure Review	783	-1,389	-1,374	261	-704
Commercialisation	294	-	-	388	-5,900
Waste Transformation	8	-25	-	2	-1,000
Libraries Transformation	88	-	-	135	-230
To be confirmed	-	-	-	190	-
TOTAL	2,984	-8,469	-6,872	-2,293	-22,786

These workstreams are focused on delivering the following outcomes:

Transformation Scheme	Activity
Adult Social Care Transformation	<p>Review of Adult Social Care practice and structure to ensure that the service is sustainable for the future, capacity is maximised, and that services are targeted to the right people.</p> <p>A care home project – a significant land and building project to support demand management in the health, social care and housing systems for older people by increasing choice, capacity and affordability.</p> <p>Ensuring that homecare for adults with mental health is outcome focused, incorporating review of long-term care packages and facilitated by support from Peer Support Workers and Recovery Coaches from the Recovery College.</p>
Learning Disability Transformation	<p>Major programme to implement the revised model of care – meeting people’s needs through a strengths-based approach to social care. Programme also includes delivery of strategic commissioning activity, including the development of new care capacity to allow service users to return to live in-county – and converting residential provision to supported living to promote independence for people with learning disabilities as well as providing cost savings to the Council.</p>
Children's Change Programme	<p>Identifying additional opportunities within the children’s service to ensure services are targeted to those in greatest need. The programme has created a single front door for children’s services, and development of a new residential model for children on the edge of care.</p>
Children's Centres & Children's Health Services Transformation	<p>A large amount of work has been completed, such as: new models of delivery, associated finance, the governance of the children’s centre and engagement. This has included a major review of the structure of provision, the development of an enhanced outreach offer and the development of service hubs within communities.</p>
Commissioning Enhanced Services Transformation	<p>Supporting the creation of a dedicated commissioning function, driving a complete review of all strategic commissioning activity – delivering multi-million pound savings and a market-shaping programme.</p>
Learning Transformation	<p>Involving a review of the local authority role in education in the context of expansion of the academy sector, diminishing local authority funding and the need to shift from provision and commissioning to a system leadership role.</p>
Transport Transformation	<p>Through the Total Transport transformation programme we are scrutinising contract services to ensure the Council delivers the most efficient mainstream school transport services whilst ensuring all eligible pupils receive free transport in line with the Council's policy on journey times.</p>

Scheme	
Assets / Facilities work stream / Property projects	Completion of an outcome focussed review regarding our approach to the Council's asset and property portfolio – leading to the establishment of shared property services with our partners, generating income through commercialising property assets and re-shaping the property portfolio to support business outcomes.
Automation	Reduction in staff costs in service teams and Contact Centre from review of services that can be delivered by automation.
Organisational Structure Review	Identifying areas to reduce spend on staffing budgets e.g. looking in detail at management structures and reduced team mileage through flexible working.
Commercialisation	Development of a Strategic Investments model for the authority and creation of a dedicated investment vehicle to deploy multi-million pound investments for a commercial return.
Waste Transformation	Renegotiation of the Waste PFI contract and sharing services for minerals and waste planning applications with other Councils.
Libraries Transformation	Changing the service to make it financially sustainable and allow reinvestment in the book fund, including income generation and service redesign.

This strategy will be reviewed again as part of the 2019-20 Medium Term Financial Strategy.