

Policy for Flexible use of Capital Receipts

Purpose

1. This paper reviews the statutory guidance on the flexible use of Capital Receipts and its application within this authority.

Background

2. Capital receipts can only be used for specific purposes, and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure and the use of capital receipts to support revenue expenditure is not permitted by the regulations.
3. The Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.
4. The Secretary of State for Communities and Local Government has issued guidance in March 2016, giving local authorities greater freedoms with how capital receipts can be used to finance expenditure. This Direction allows for the following expenditure to be treated as capital,

“Expenditure on any project that 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.”
5. In order to comply with this Direction, the Council must consider the Statutory Guidance issued by the Secretary of State. This Guidance requires authorities to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy with the initial strategy being effective from 1st April 2016 with future Strategies included within future Annual Budget documents.
6. There is no prescribed format for the Strategy, the underlying principle is to support local authorities to deliver more efficient and sustainable services by extending the use of capital receipts to support the revenue costs of reform projects.

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7. The Statutory Guidance for the Flexible Use of Capital Receipts Strategy states that the Strategy should include a list of each project which plans to make use of the capital receipts flexibility, together with the expected savings that the project will realise. The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators.
8. The Flexible Use of Capital Receipts Strategy is set out below.

Flexible Use of Capital Receipts Strategy

9. Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

“Qualifying expenditure is expenditure on any project that 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. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”

10. The Council intends to use the following capital receipts to fund the following:

	22/23 £m	23/24 £m	24/25 £m	Total £m
Major Service and Council Wide cross cutting transformational schemes (as detailed below at para 12).	5.0	5.5	5.0	15.5
Total	5.0	5.5	5.0	15.0

11. It is anticipated that further allocations may be made during the above years in response to the identification of transformational service developments and the potential need to meet increasing service demands. Any further updates will be reported to Committee as necessary.

12. In support of the table above additional information is provided below which details the key elements of the major service and Council wide cross service transformational schemes currently running across the Council. The delivery and funding of these schemes and in order to drive the required efficiency savings and transform the service provision is supported by capital receipts in line with this Policy.

Adult Social Care

Project	Description	Impact
Localities Redesign	To conduct a full review and redesign of the Localities Teams, with the main project split into three phases; <ul style="list-style-type: none"> - Mapping and Streamlining of Long-Term duties and functions. - Redesign of the Long-Term Service. - Implementation of the redesigned Long-Term Service. 	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Reduced Costs ▪ Improvement for the Service user
PAMMS	Implementation of the Provider Assessment and Market Management Solution (PAMMS) is an online assessment tool, designed to help us assess the quality of care delivered by providers of adult social services. <ul style="list-style-type: none"> - Enabling the LA to obtain a regional view of Social Care providers Quality of provision. - Improved data insights to support and deliver data driven decisions at a regional level. - Market management, allowing teams to be proactive rather than reactive to risk management and associated planning and forecasting. 	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Improvement for the Service user
Workforce Strategy	Developing the ASC workforce strategy in line with the corporate strategy. Focusing on the specific needs, commissioning, planning and development of the adult social care workforce. Reviewing and taking into consideration the context and drivers for a changing workforce, and the assets and skills needed in this service. Analysing lessons learnt from the Pandemic around the new and more flexible ways of working and the need to support staff health and wellbeing and support an improvement in recruitment, retention, and succession planning.	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Reduced Costs ▪ Improvement for the Service user

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Self-Assessment	The CQC will require an annual self-assessment to be submitted to them by each Local Authority. The self-assessment should demonstrate that the Local Authority is aware of its strengths, the areas that are a work in progress and its areas for improvement. The self-assessment must demonstrate that the local authority is self-aware and promote confidence that it has a clear plan for improvement. Assisting in the Peer review process & facilitating the continual learning and development of the service.	<ul style="list-style-type: none"> ▪ Service Efficiency
Shared Lives	Review, refresh and update of Shared Lives Policies, ensuring these are in line with national best practice.	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Improvement for the Service user
Brokerage	Complete Redesign of the Brokerage function to deliver a more effective, transparent and efficient Brokerage service. Development of the Brokerage function within ASC.	<ul style="list-style-type: none"> ▪ Reduced Costs ▪ Service Efficiency ▪ Improvement for the Service user
Respite	To provide a robust respite service to meet local demand in this sector. To review and evaluate the respite service and seek available efficiencies. Assist in the development and review of the local authorities respite provision.	<ul style="list-style-type: none"> ▪ Reduced Costs ▪ Service Efficiency ▪ Improvement for the Service user
Data Quality	To undertake a full review of the data ASC holds, identifying its validity and any areas for improvement in data gathering, analysis and use as management information.	<ul style="list-style-type: none"> ▪ Service Efficiency
Debt Systems	This project aims to improve the billing and collection processes for Adult and Social Care by combining all the payment / billing processes and data within one system (ContrOCC), to enable staff to have an overall view of a person's financial position which will help to prevent unnecessary debt and maximising income into the Council and servicing existing Historical debt within the service.	<ul style="list-style-type: none"> ▪ Reduced Costs ▪ Improvement for the Service user
Revised Assessment (RAS)	The Resource Allocation System (RAS) is the way the Council decides how much money service-users will get to meet their social care and support needs. There are clear rules to ensure money is given out in a fair way based on the needs and	<ul style="list-style-type: none"> ▪ Reduced Costs ▪ Improvement for the Service user.

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	circumstances of the service-user. Development & Implementation of the RAS, reviewing processes.	
Quality Assurance Framework	There is a need for Adult Social Care to develop a Quality Assurance Framework (QAF) which provides structure and oversight of the delivery of our legislative responsibilities. Develop a Quality Assurance Framework (QAF) which provides structure and oversight of the delivery of legislative responsibilities.	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Reputational
SIT Review	Redesign the staffing structures of the following Teams; <ul style="list-style-type: none"> - Supporting independence team (SIT) - Hull Out of Hours Team (HOOTS) - Early Supported Discharge (ESD) services 	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Improvement for the Service user.
Direct Payments	Promote Direct Payments as an option to paying for care direct with the aim of an increased take up from clients.	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Reduced Costs ▪ Improvement for the Service user

Childrens, Young People and Family Services

Project	Description	Impact
Integrated SEND Hub	To establish an integrated service delivery model, co-located with partners to improve services in order to meet the needs of children, young people and families with special educational needs and disabilities	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Better outcomes for families
IPASS and SEND Outreach review	To introduce general service improvement, including efficient and effective service delivery and the development of a new model to deliver improved service commissioning to ensure quality and value for money services for children, young people and families.	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Effective use of collective resources ▪ Better outcomes for families
Limetree Court and Little Limetree Court	Establish new facility for short breaks, consisting of a residential respite home for children with complex disabilities. The site will be an exemplar location in terms of	<ul style="list-style-type: none"> ▪ Service Efficiency

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	reducing fuel efficiencies and carbon emissions. The project includes an additional smaller home for older children for respite and to their independence as they transition into adulthood as part of a general short break offer.	<ul style="list-style-type: none"> ▪ Meets the needs of children transition into adulthood ▪ Better outcomes for families ▪ Carbon and Eco friendly
Direct payments	Identifying efficiencies and choice by considering how direct payments may be able to be used differently ensuring family's needs are met.	<ul style="list-style-type: none"> ▪ Service efficiency ▪ Better outcomes for families ▪ Reduced costs
Resources workstream	Redesign and development of information available regarding procurement and budget monitoring. Increased learning tools and accessible information for service managers.	<ul style="list-style-type: none"> ▪ Reduced costs ▪ Service efficiency
Transport Review	To review the transport service and range of options provided to children for home to school and other locations. To help promote independence when pre transition to adulthood and during the transition period. To maximise the use of LA Pool cars and minibuses and reduce the need for taxis.	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Reduced Costs ▪ Better outcomes for families
Signs of Safety	New Practice Model for the service which provides general consistency in terms of establishing an efficient and effective approach for service delivery for children and families across city. Key focus has been on developing a standard model to improve services, reduce case load and create future stability.	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ More children supported to safely remain at home

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<p>“We can talk about domestic abuse” (DA)</p>	<p>To improve the understanding of DA amongst children’s social care staff, a DA specific professional support service is introduced. This will ensure victims receive support, perpetrators understand their behaviour. To improve the outcomes for families, reduces adverse childhood experience (ACES) and provides a higher quality and earlier intervention. The legacy of this work is that social workers and early help staff enhance their knowledge, understanding and skillset to change the approaches to families impacted by DA</p>	<ul style="list-style-type: none"> ▪ More children supported to safely remain at home ▪ Positive outcomes for children, young people and families. ▪ fewer open cases within children’s social care where DA is the reason for referral ▪ Service Efficiency
<p>Non pay – residential homes</p>	<p>To promote efficiencies across the residential homes in the use of payment cards</p>	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Reduced Costs
<p>Business Support Review</p>	<p>Development and review of internal support resources including procedural, and process change reflecting technology changes and new ways of working, incorporating agile and flexible approaches to deliver efficiency, improvement, and value for money</p>	<ul style="list-style-type: none"> ▪ Service Efficiency
<p>Corporate parenting tool kit</p>	<p>Framework of understanding and cooperation to develop effective partnerships between the local authority departments, services and associated agencies who are collectively responsible for meeting the needs of looked after children, young people, and care leavers.</p>	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Better Outcomes for families
<p>Leaving Care Financial Review</p>	<p>To review Leaving Care Financial Procedures. To reduce budget overspends and maximise income for young people.</p>	<ul style="list-style-type: none"> ▪ Service Efficiency ▪ Better outcomes for children, young people and families
<p>SEND Local Offer website</p>	<p>Developing a website with an improved functionality ensuring partners keep the site updated with relevant information to enable families to access services to support their needs. An improved and increased communication to engage</p>	<ul style="list-style-type: none"> ▪ Better outcomes for families ▪ Accessible information to SEND (Special

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	children, young people and families. Robust partner ownership for content editing.	Educational Needs) services
Attendance Strategy	Production of an attendance strategy co-producing any improvement with parents/ carers and partners	<ul style="list-style-type: none"> ▪ Better outcomes for families

Cross Service and Other Strategic Programmes

Project	Description	Impact/Timescales
WorkSmart Programme	<p>WorkSmart continues to be a Council-wide cultural transformation programme involving many internal and some external delivery partners. WorkSmart's main objective is to enable staff to work more productively and dynamically through enabling them to work remotely, use collaborative technology and be based in rationalised but significantly improved working environments that promote effective behaviours.</p> <p>The Corporate Transformation Team, ICT, HR, Property, Health and Safety, Comms and Learning and Development are all working together as one delivery partnership team to ensure all the various required facets are in place and available to staff. This multi-disciplined WorkSmart Team works with all Council services on the various facets required for a successful transition to smarter working.</p>	<ul style="list-style-type: none"> ▪ The programme will enable the reduction in office estate working over the next few years towards a £1m saving per annum in running costs alone, as well as £1m plus in reduced repairs and maintenance pressures and several million in capital receipts or rental income dependent on the strategic roadmap for each building identified as surplus to requirement. ▪ The improved flexibility and productivity afforded by smarter working approaches will underpin most of the Councils other saving plans delivered over recent years and those to come. ▪ The WorkSmart Programme is also the

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		<p>vehicle through which many of the components of the Council's investment in cutting edge Microsoft functionality will be delivered on the ground, introducing staff to software tools that allow them to work even more successfully in more efficient and collaborative ways.</p>
<p>Microsoft Cloud Navigator Programme</p>	<p>The Council has made a substantial investment in updating and upgrading its infrastructure and core software offer in partnership with Microsoft. During 2019/2020 a significant amount of discovery and preparative work was completed to inform the appropriate procurement exercise. The investment will see numerous crucial systems being moved to 'the Cloud' to enable better performance and improved security.</p> <p>Roll out and deployment of software has enabled staff will have at their disposal the latest in Microsoft functionality through Office 365, the application of 'Robotic Process Automation' and potential Chatbot technologies.</p> <p>Some of the deliverables in this programme are being channelled through WorkSmart and the two programmes work in tandem on these shared aims.</p> <p>The overall package of functionality enabled has started to transform how teams collaborate and interact internally but will also lend itself to further development of what has already been achieved through the Customer Programme to date (covered next).</p>	<ul style="list-style-type: none"> ▪ The business case was developed over 2019/20, with some delivery of functionality during the last quarter of 2019/20. Development and deployment of the new functionality within our ICT architecture, and more importantly the behavioural and cultural changes needed to adopt the benefits will evolve pan-Council over the next 3 years and continue thereafter as we iterate and evolve further.

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	<p>The timing of the programme coincided with the covid pandemic which resulted in the timely deployment of hardware and software which has subsequently provided the council with an immeasurable solution to flexible working in the hour of need.</p>	
Customer Programme	<p>Over a number of years the Council has invested significantly in transforming its online services to improve the experience our public encounter when they interact with us.</p> <p>This has involved a joint effort, in the main, between Corporate Transformation, ICT, Customer Services and Comms and has involved major undertakings such as replacing the Council’s Customer Relationship Management System, as well as many related systems, such as that for booking appointments, a new Customer Portal and integration with many line of business systems.</p> <p>The programme has also addressed some of the issues around certain segments of the local social make-up having issues connecting digitally or needing to acquire the skills to do so.</p>	<ul style="list-style-type: none"> ▪ The Customer Programme was a significant undertaking over 6 years, with 2019/20 being very much the culmination of cross-Council efforts to deliver a plethora of changes. The formal programme ended in the second quarter of 2020/21, but the benefits continue, and as with most transformational undertakings of this nature, the premise does not end, and we are now entering a new era and therefore new programme that will pick up where this one left off and keep us moving forward digitally to positively impact the quality and efficiency of the customer experiences we offer.
Housing Management System (HMS)	<p>Following re-procurement of the core Housing Management System which is used to administer and manage over 24,000 dwellings (plus garages and leaseholder properties), work has been ongoing to deliver a programme to enable increased</p>	<ul style="list-style-type: none"> ▪ The HMS implementation has continued into 2022, to align fully with critical

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	<p>digitisation of the service, increase the digital offer to tenants and customers, and provide efficiencies through more streamlined business processes, increased reporting capabilities, and future proof the system for further development opportunities.</p> <p>Some key benefits which have been achieved from the programme so far are:</p> <ul style="list-style-type: none"> ▪ Full system migration to a cloud-based solution, in line with the Council’s cloud first policy, increasing system stability, reliability and reduced systems fail risk ▪ Multiple upgrades to a system version that can accommodate future enhancements and developments, in terms of both internal business process changes and external technological developments ▪ Increased capability for data transactions both internally with new / existing corporate systems and externally as part of contractor relationship (e.g., stock management – reactive and planned) to increase financial control, contract management information, and customer satisfaction ▪ Introduction of an improved online offer to customers, with increased digital services available to customers (e.g., relating to repairs, financial transactions, lettings) ▪ Streamlining financial processes for clearer reporting, increased financial control and reduction of financial mis-posting / errors and write-offs. ▪ Digitising some previously paper-based teams within Neighbourhoods and Housing, providing efficiencies, and increasing accuracy and auditability 	<p>business processes (e.g., financial year end) to allow seamless deployment where possible.</p> <ul style="list-style-type: none"> ▪ As part of the 10-year contract with HMS supplier, there will be further development taking place in the next year particularly around lettings, asset management and to further increase and improve the digital offer to customers. ▪ The continued development of the system will enhance the work already done, resulting in benefit realisation, and identifying new benefits around customer data, improved customer journey, management information, financial and non-financial efficiency savings, and compliance.
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Key Outcomes Planned For 2023/24

13. A section of some of the key outcomes that are expected to be achieved during the 23/24 financial year include:
- Delivery of improved facilities for respite provision for children with complex needs with the completion a new purpose designed new build facility – Limetree Court Project and Little Limetree
 - Rationalisation of the Councils office accommodation supporting optimised use of buildings and liberating surplus capacity.
 - Optimised transport arrangements for children – with greater use of ICT systems to aim management of this important resource.
 - The creation an integrated SEND hub allowing close working with relevant stakeholders and partners to provide an improved service experience for service users.
 - Increased use of ICT information systems to aid effective management of services / and resources e.g. PAMMS

Impact on Prudential Indicators

14. The guidance requires that the impact on the Council's Prudential Indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy.
15. The indicators that will be impacted by this strategy are set out below;
- Estimates of Capital Expenditure Indicator.
 - Capital Financing Requirement, as capital receipts supported schemes within the existing programme that will now be financed by prudential borrowing.
 - Financing costs as a percentage of net revenue stream (%), no impact as the savings generated from these projects will meet the debt financing costs arising from the additional borrowing.
 - Incremental Impact on Council Tax / Housing Rents of Capital Investment Decisions - no impact as savings will meet the debt financing costs
16. The Prudential Indicators will show that this Strategy is affordable and will not impact on the Council's operational and authorised borrowing limits.