

Appendix 6 - Flexible Use of Capital Receipts

Flexible Use of Capital Receipts Strategy

1. The Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This 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”

2. The schedule of the proposed utilisation of the flexible capital receipts is split into two components. The first is a list of investments that are a continuation of previously agreed schemes but are required to be reaffirmed as part of the Council’s budget setting process. The second list is of new proposals for 2020/21.

3. List 1

a) Restructure costs. These are the anticipated staffing restructure costs, largely arising the transformation of how the Council works.

b) Demand Management in Children’s Services. The budget is expected to provide investment capacity for a range of initiatives such as purchasing specialist software to optimise the transport routes for children with SEND to a revised in-house foster care service to reduce the demand for agency foster care and the need for residential placements. The release of resources will be subject to a satisfactory business case.

c) Demand Management in Adult Services. This budget is to support initiatives such as increasing day opportunities to reduce the demand for higher cost care solutions and through the employment of care negotiators who reduce the cost of high demand placements.

d) London counter Fraud Hub. The London Counter Fraud Hub is a London wide initiative to reduce the level of fraud perpetrated on London Councils through a data sharing and analytics service.

e) Strategic Asset Management Planning. The budget will fund a borough wide review of the Council’s property portfolio and other assets to ensure that the authority retains the assets that are needed and that these have asset management plans that allow for programmed maintenance so as to prevent expensive unplanned repairs and potential loss of assets due to building element failure (such as boilers).

f) Customer First. This is Customer First transformation programme that will change the way in which the Council it interacts with residents and how it undertakes its processes resulting in reduced cost of service delivery and processes.

g) FWoW. This is the Future Ways of Working programme that is seeking to reduce the Council’s administrative offices to reduce revenue expenditure. The budget will fund physical alterations to buildings to enable them to function more efficiently.

4. List 2

h) Connected Communities. The proposal is for a phased expansion over a period of one year from January 2020 through to April 2021. From April 2022, the service would have had the opportunity to bed in and it is proposed that up to 12 months will be required. All activities will be formally reported to the Programme Board through the newly formed Borough Partnership Governance framework under ‘Place’. By April 2022, a decision can be made whether to cease the service model, extend its scope and reach or consider a more

transformational service design for the post 2023 period. The modelling undertaken to date suggests an opportunity of £16.8M, in demand compression/cost saving/avoidance at our statutory front-doors. The release of resources will be subject to a satisfactory business case.

I) Demand Management in Adults Services. There are a range of proposals to achieve the improvements to the service and the reduction in costs. These are:

- Move on Ermine Road;
- Enhanced Carers Support
- Early Help & Prevention Compression
- Early Help & Prevention Dementia
- Violence Against Women
- Deaf and Disabled People's Organisation (supporting the uptake of direct payments)
- Redesign Home Support Services

J) CCTV enforcement of weight limits and emissions through ANPR/DVLA check. This proposal is to locate cameras on the highway to enforce weight limits and emissions.

K) Hybrid Mail System. The proposal will reduce the Council's reliance on manual processing of outbound mail.

L) Customer First Initiative. This proposal is to extend the reshape the wider organisation so that it is more able to put the customer first.

M) Fund posts in the Corporate Programme Management Office. Following an activity review, it is proposed to fund posts which are working on the Customer First initiative.

N) Review of Corporate Centre. This proposal is the same as item M).

The guidance requires that the impact on the Council's prudential indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy. The indicators that will be impacted by this strategy are set out below:

- a. The Capital Financing Requirement will increase as these capital receipts would otherwise have financed capital expenditure or reduced borrowing.
- b. Financing costs as a percentage of the net revenue stream will rise as more borrowing is undertaken but the savings generated by the schemes will offset the costs arising from the additional borrowing. Therefore, there is no impact on Council Tax.

The prudential indicators show that this strategy is affordable and will not impact on the Council's operational and authorised borrowing limits.

5. Update on Prior Years' Flexible Use of Capital Receipts Investment

The 2018/19 flexible use of capital receipts proposals included two major elements. The first significant investment is the long-term transformation of the Council via its front office, back office programme (FOBO), subsequently renamed Customer First. The programme continues to deliver savings and transformation. The budget also included proposals to replace the ERP system, but this proposal has been delayed and no expenditure has been incurred. The formation of the Haringey Education Partnership (HEP) has transformed the Council's support for schools' improvement and the implementation of the DPS system has delivered considerable savings in procurement.

The 2019/20 flexible use of capital receipts budget continued the investment in the Customer First programme and new ways of working as envisaged in the 2018/19 programme. It is currently estimated that the revised target savings will be achieved. The investment in the commercial property review is also on target to deliver the budgeted savings through a range of lease rental reviews. In Children's Services and Adults' Services the investment in demand management has been and continues to be successful, delivering savings for the Council through the delivery of alternative services.