

## **Medium Term Financial Strategy and Plan – Flexible use of Capital Receipts**

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### **Purpose of the Report**

1. To advise members of the new ability to utilise new capital receipts to fund revenue projects.

### **Forward Plan**

2. This report was included on the District Executive Forward Plan with an anticipated Committee date of October 2016.

### **Public Interest**

3. This report outlines the advantages of greater flexible use of the Council's resources.

### **Recommendations**

4. That the District Executive recommends to full Council the approval to utilise the capital receipts outlined in the Efficiency Strategy attached at Appendix A for revenue costs.

### **Background**

5. This report follows on from the initial Medium Term Financial Strategy and Medium Term Financial Plan reported to members in September 2016. The decisions that required full Council approval were deferred until a meeting was held with the Department for Communities and Local Government regarding the four-year settlement. An update on that meeting is being reported elsewhere in this agenda.

### **The Current Position**

6. Currently the MTFP shows a projected budget gap for each year of the plan. The figures include all estimates for pay awards, council tax, government grant, and inflation. The plan currently shows a shortfall in funding of £2.8 million over the five years of the plan. This is after the expected £2 million for Transformation has been delivered. The plan is based on the figures outlined in the 4-year settlement.

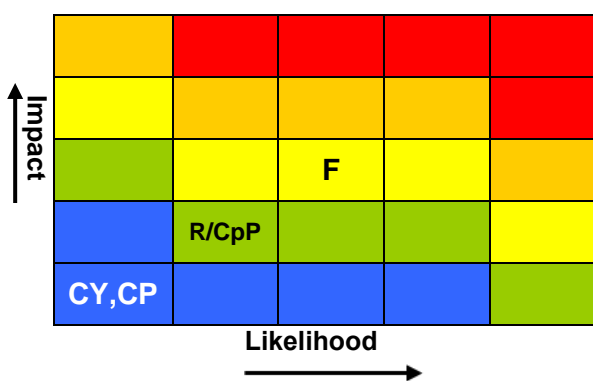
### **Efficiency Strategy**

7. Central Government outlined in December 2015 that local authorities will be able under certain circumstances to utilise capital receipts for revenue expenditure for certain purposes. Contact with the department has confirmed that this flexibility replaces any new grant funding rounds for the following types of initiatives:-
  - Sharing back-office and administrative services with one or more other council or public sector bodies;

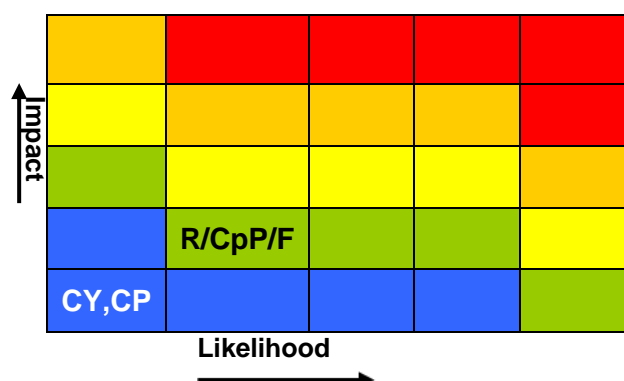
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
  - Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
  - Sharing Chief-Executives, management teams or staffing structures;
  - Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
  - Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, selling services to others).
8. SSDC would benefit from this approach over the next three years particularly with regard to setting up commercial or alternative delivery models, and transformation. The key areas that could be funded from capital receipts but are classified as revenue expenditure are redundancy costs and the legal costs of setting up of commercial or alternative delivery models.
9. The requirement will be to list each project that plans to make use of the capital receipts flexibility, and that it details the split of up front funding for each project between capital receipts and other sources, with a project by project basis a cost benefit analysis is included to highlight the expected savings. The strategy in future years will monitor the performance of projects approved in previous years.
10. The Strategy as attached at Appendix A must be approved by Full Council. A revised strategy may be replaced by another during the year.

### Risk Matrix

Risk Profile before officer recommendations



Risk Profile after officer recommendations



### Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

**Council Plan Implications**

11. As outlined in the body of the report.

**Carbon Emissions and Climate Change Implications**

12. Not applicable.

**Equality and Diversity Implications**

13. None arising from the recommendations outlined in this report.

**Background Papers**

14. District Executive, September 2016

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