

**Efficiency Strategy – for the use of Capital Receipts**

As part of the Local Government Spending Review announced on the 17<sup>th</sup> December, the Government has provided Councils with the flexibility of utilising Capital Receipts for qualifying expenditure. This is to enable authorities to fund transformation and cost reduction programmes from capital receipts rather than revenue expenditure.

**Qualifying expenditure**

The Government has termed qualifying expenditure per the below. Appendix A highlights some of the suggestions from Government, but these are not exhaustive.

*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 or to improve the quality of service delivery in future years. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility. Set up and implementation costs of any new processes or arrangements can be counted as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.*

**Requirements of the Strategy**

As part of the Strategy, Government have set out that the following must be included:

- list each project that plans to make use of the capital receipts flexibility, that it details the split of up front funding for each project between capital receipts and other sources, and that on a project by project basis, a cost benefit analysis is included to highlight the expected savings.
- The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years
- From the 2017-18 Strategy and in each future year, the Strategy should contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial cost/benefit analysis
- restructuring must payback within 1 year in the whole, and within 24 months for an individual
- The Strategy should be approved by the full council

**Timescales**

The flexibilities for using capital receipts are due over the period April 2016 to March 2019.

**Key projects**

Below are a list of key projects that could incur capital receipts to fund them. These are indicative at present as the timings of the costs will not all be in the next financial year, but these give a summary of the key projects that could be used as qualifying expenditure under the Efficiency Strategy. They will each be subject to a business case as well to identify the costs and benefits of the respective programmes.

<b>Project</b>	<b>Capital Receipts funded / £m</b>	<b>Other sources / £m</b>	<b>Expected Savings / £m</b>
Adult Social Care Transformation programme resources	<b>0.8</b>	<b>0.4</b>	5.1 ongoing savings by year 3
Agresso system efficiencies	<b>0.25</b>		Tbc subject to formal business case – expected to be £0.1+ p.a
Development of income generation proposals from capital assets	<b>0.25</b>		0.7 income generation
Development of housing company	<b>0.2</b>		0.2 income generation
Development of Berkshire shared finance service	<b>0.2</b>		0.2 ongoing savings
Asset Challenge & support for flexible working	<b>0.2</b>		0.2 ongoing savings
Re-commissioning of major contracts to delivery procurement savings and more effective use of frameworks	<b>1.5</b>		Depends upon market price, but at least 0.5 ongoing savings post new commissioning options from 2018
Restructuring	<b>0.5</b>		Depends upon other budget savings over the MTFS but payback on all posts to be within a maximum of within 1 year in the whole, and within 24 months for an individual.
Digital Transformation to deliver more efficient services	<b>0.12</b>		Tbc – depends upon proposed solutions to meet the 5YP
Counter-Fraud Invest to Save proposal	<b>0.05</b>		Additional income through counter-fraud arrangements – 0.05
Council Tax and Business Rates collection increases	<b>0.3</b>		0.6 ongoing increases in CTX collection over life of the MTFS

Slough Children's Services Trust	<b>0.55</b>		Invest to save bid to reduce ongoing revenue costs to projections of between £1-2m p.a. over the next four years
Devolution bid funding for service change and integration	<b>0.05</b>		tbc

### Capital receipts expected in 2016-17

- **Ledgers Road**

### Prudential indicators impact

The Council has factored in utilising £2.5m of capital receipts in the next financial year. The Capital strategy has been adjusted to take account of the above and impact on utilising borrowing / internal balances and impact on the MRP / revenue balances.

## Government summary of example programmes

- 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
- Collaboration between local authorities and central government departments to free up land for economic use
- 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
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others)
- Integrating public facing services across two or more public sector bodies (for example children's social care, trading standards) to generate savings or to transform service delivery.