

FLEXIBLE USE OF CAPITAL RECEIPTS POLICY (EFFICIENCY STRATEGY) 2022/23 - 2024/25**1 BACKGROUND**

- 1.1 The predecessor Councils' first Efficiency Strategies were produced in response to the Statutory Guidance on the Flexible Use of Capital Receipts, originally issued for 2016/17 by the former Ministry of Housing, Communities and Local Government (MHCLG), now the Department for Levelling Up, Housing and Communities (DLUHC). In response to this, the Council, and its predecessors produced Efficiency Strategies which were approved with the Budget each year.
- 1.2 The Guidance provided the flexibility to local authorities to use capital receipts to fund the revenue set up and implementation costs of projects designed to generate ongoing revenue savings, but did not enable ongoing revenue costs to be funded by this method.
- 1.3 The Guidance originally applied to capital receipts and projects over the period 2016/17 to 2018/19, but in the 2018/19 Provisional Local Government Finance Settlement it was announced that:

Local government operates in a society that is constantly changing. To meet the challenges of the future, the Communities Secretary confirmed that the flexibility to use capital receipts to help meet the revenue costs of transformation will be extended for a further 3 years to April 2022.

- 1.4 Subsequently, in the 2022/23 Provisional Local Government Finance Settlement the following was announced:

Extension of the flexibility to use capital receipts to fund transformation projects

We are also announcing a 3-year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery. We will provide further details on the extension in due course.

- 1.5 Guidance is yet to be available on this 3-year extension, but in formulating this policy for 2022/23 – 2024/25, it is assumed that the same principles will be applied as under the current Guidance.
- 1.6 As the plan is developed, new projects will be identified to deliver on these key themes and included in an updated Efficiency Strategy if eligible.

2 OBJECTIVES

- 2.1 This Policy is intended to enable the Council to potentially take advantage of this flexibility if appropriate. The Policy forms part of the delivery of the East Suffolk Strategic Plan and particularly supports the theme of Financial Sustainability. The East Suffolk Strategic Plan focusses on the five key themes of:

- Economic Growth
- Enabling Communities

- Financial Sustainability
- Digital Transformation
- The Environment

2.2 The objectives of this Policy are to:

- Outline the methodology and criteria for projects that might be eligible for capital receipts funding.
- Identify projects that are considered to be eligible and which may be funded by this method.
- Report on the progress of projects approved in previous years.

3 METHODOLOGY

- 3.1 The Efficiency Strategy (now retitled the Flexible Use of Capital Receipts Policy) was produced annually for the period 2016/17 to 2021/22, and was approved by Full Council as part of approval of the Council's Budget. If required, a revised Policy will be prepared during the course of the year to reflect significant changes to both the range and potential funding value of eligible projects. Six annual Efficiency Strategies have been prepared since the guidance was first issued.
- 3.2 Key projects will be monitored by the Strategic Plan Theme Delivery Groups, with oversight across the Council being maintained by the Financial Sustainability Theme Group.
- 3.3 To make use of this flexibility, capital receipts must arise in the period 2016/17 to 2024/25, and qualifying expenditure must take place in the same period. For example, a capital receipt realised in 2016/17 could finance a project in 2024/25, but not in 2025/26. Capital receipts realised before 2016/17 cannot be used.
- 3.4 If projects are identified in the Strategy, they can still be financed in whole or in part from other sources, e.g. revenue budgets. The Council is not obliged to fund these projects from capital receipts, and new capital receipts might not necessarily be available during the period of the Strategy. It is essential that eligible projects should identify alternative sources of funding to enable them to proceed, as capital receipts cannot necessarily be relied upon. In addition, the decision to use capital receipts to fund these projects needs to be taken in the context of the Council's overall capital financing requirements.
- 3.5 If appropriate, the Council will approve the budgeted funding of the projects in the strategy when approving the Capital Programme for the year, and will determine the actual financing when approving the Council's Capital Programme outturn and financing for the year.
- 3.6 There is no formal check by DLUHC on the eligibility of projects to be classified as qualifying expenditure, nor is the Strategy specifically reviewed by external audit. To date there has been no use of capital receipts to fund one-off revenue costs. However, this has always been considered to be a useful potential flexibility, and may be of increased relevance with the Council's decision to establish a Local Authority Trading Company for a significant part of its operations over the next two years.

4 ELIGIBLE PROJECTS AND USE OF CAPITAL RECEIPTS 2022/23

- 4.1 The decision to use capital receipts to fund transformation projects needs to be taken in the context of the Council's overall capital financing requirements, and all of these capital receipts may be primarily required to fund the Council's Capital Programme.
- 4.2 A summary of some projects identified from the East Suffolk Strategic Plan included in this Strategy as being eligible for capital receipts funding is summarised below, with a description of the project and project objectives. This list is not definitive and further potentially eligible projects could be identified during the course of the year. Some projects have been completed and have been included for information.

Project	Description	Completion Status	Lead Service Area	Lead Team	Cabinet Portfolio	Financial Theme category
Operation of the Gateway to Homechoice Choice-Based Lettings Scheme for the allocation of social housing in conjunction with other Local Authority Partners	Attendance at the Gateway to Homechoice Project Board and the Operational Group to oversee the delivery of the CBL system.	ongoing	Housing	Housing Needs	Housing	Reduce operating costs
Implementation of Inspection Policy	A cyclical inspection programme to ensure properties are inspected and reviewed.	ongoing	Operations	Asset Management	Customer Services and Operational Partnerships	Reduce operating costs
CCTV remodelling	Identify opportunities to improve the efficiency of the CCTV system, including identifying savings and opportunities to add functionality.	10% complete	Operations	Contract Management	Communities, Leisure and Tourism	Reduce operating costs
Accommodation project	Review office accommodation needs to ensure sufficient space for COVID-19 secure measures and future expansion for Brexit.	ongoing	Environmental Services & Port Health	Port Health	Community Health	Reduce operating costs
Transformation of Council accommodation to deliver workplace strategy	Review the council's accommodation strategy, building on changes made during the coronavirus pandemic.	ongoing	Operations	Asset Management	Customer Services and Operational Partnerships	Reduce operating costs
Printing Procurement	Tendering for Elections and Electoral Registration printed material.	In progress - planning stage	SMT	Electoral Services	Resources	Reduce operating costs
Cemeteries and Closed Churchyard Review	Review and revise the burial service provided by the Council and how the cemetery assets / closed churchyards are managed.	90% complete	SMT	SMT Projects	Deputy Leader & Economic Development	Reduce operating costs
Delivery of Growth and Development Projects	Design, management and delivery of projects to deliver income and economic growth, eg East Point Pavilion and Post Office, Lowestoft.	ongoing	Operations	Asset Management	Customer Services and Operational Partnerships	Increase income
Develop our Service catalogue	Develop our commercial offer for other Port Health Authorities and the central competent agencies to generate additional income and enhance the reputation of the service.	On Hold	Environmental Services & Port Health	Port Health	Community Health	Increase income

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Commercial Property Investment	Increase return on investment of the commercial property portfolio.	ongoing	Operations	Asset Management	Customer Services and Operational Partnerships	Increase income
Housing Accommodation Project	New accommodation for Housing Service. Corporate project taking into consideration the requirements of all service areas and impact of facilities required following Covid-19 recovery.	on hold	Operations	Asset Management	Customer Services and Operational Partnerships	Reduce operating costs
Building Control Consultation Services	Building Control surveying advice is much sought after and our client base continues to ask for our services to be employed outside of East Suffolk. Consultation charging is currently effective within Planning and may be applicable to Building Control consultation advice.	ongoing	Planning and Coastal Management	Building Control	Planning and Coastal Management	Increase income
Further promotion and investment projects/initiatives	The Building Control team continue to procure promotional merchandise for Distribution across the District and Region.	ongoing	Planning and Coastal Management	Building Control	Planning and Coastal Management	Increase income
Leisure Contract Management	Review and implementation of new structure suitable to manage leisure and play.	Complete 21/22	Operations	Leisure	Communities, Leisure and Tourism	Reducing Operating Costs
Commercial arrangements for Leisure Operators and internal delivery	Ensuring Procurement is completed for new operator for Bungay and Waterlane Leisure Centres and internal arrangements are in place for services returning inhouse.	Complete 21/22	Operations	Leisure	Communities, Leisure and Tourism	Reducing Operating Costs
Telephony review - organisation wide	Review the solution for telephony, options to rollout out Mitel telephone extensions for home working, move to Mitel soft phones via laptops or take advantage of moving telephony into O365 world via MS Teams.	investigating	Digital & Programme Management	ICT Infrastructure & Ops	Customer Services and Operational Partnerships	Reduce operating costs
Exacom module implementation	Implementing a new module to integrate with Uniform to record and administer CIL and S106 records, including publishing on web.	80% complete	Digital & Programme Management	Business Solutions	Customer Services and Operational Partnerships	Increase income
Asset Management System Development	Implementing the efficient use of the Asset Management module within Uniform to enable the Asset Management team to work digitally and efficiently, this includes digitising and streamlining the ownership, acquisitions, lease, maintenance and other processes within asset management. This is a complex and long term project.	10% complete	Digital & Programme Management	Business Solutions	Customer Services and Operational Partnerships	Reduce operating costs

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Land Registry – Land Charges LLC1 data migration	Work with HMLR on Land charges data migration for changes to Land Charge Services.	10% complete	Digital & Programme Management	Business Solutions	Customer Services and Operational Partnerships	Reduce operating costs
Extension of the Gateway to Homechoice Contract year on year for the next two years-re procurement planning	Review of contract and procurement process to be steered through by the Project Board- current work is focussed on data transfer which will be held outside the EU.	10% complete	Housing	Housing Needs	Housing	Reduce operating costs
Public Access / Customer Service Delivery Model	Review services customer services team currently deliver to ensure it evolves to take advantage of the current C-19 opportunities (channel choice and shift) and further the strategic digital transformation work; to better understand the changing needs and demands of customers and ensure an efficient and effective service can be delivered (maximising use of resources and improving customer satisfaction).	ongoing	Customer Services	CS Operations	Customer Services and Operational Partnerships	Reduce operating costs
Channel Shift Overall Programme	The over-arching programme to oversee channel shift - the movement of traditional forms of contact and processes to digital means, freeing up vital resources to assist those who cannot use digital channels or have more complex enquiries. This includes online services such as self service portals, e-forms, payments and also other means of communication such as incoming/outgoing post - linking to the data workstream with the ambition of creating a channel shift dashboard. Many projects on the whole workplan feed into the ambitions of the channel shift programme.	50% complete	Digital & Programme Management	Business Solutions	Customer Services and Operational Partnerships	Reduce operating costs
Incoming and outgoing post review	Review the incoming and outgoing post service to ensure value for money on franking/postage, printing, admin. Ensure a streamlined service is delivered and move towards establishing an electronic mailroom service for the organisation.	95% complete	Digital & Programme Management	Business Solutions	Customer Services and Operational Partnerships	Reduce operating costs
Asset Management System for Housing/building maintenance	Re-procure an Asset Management System for Housing. System use is being investigated alongside the Building Services team in Operations/Asset Management as they have similar needs.	Not yet started	Housing	Housing Maintenance	Housing	Reduce operating costs

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Housing Maintenance - new software for Mobile Working, Scheduling and Job Management	Implementation of Total Mobile software in Housing Maintenance: Procure and implement software that will deliver Orchard job tickets to maintenance operatives on a mobile device (tablet). The software will allow better data collection regarding jobs undertaken for management purposes as well as streamlining the service delivery.	10% complete	Housing	Housing Maintenance	Housing	Reduce operating costs
Orchard Tenants Self Service portal - phase 2	Implement Orchard Digital Self Appointing Repairs. This will provide a new digital channel for Tenants to report responsive repairs, and move traffic away from telephone based reporting.	ongoing	Housing	Tenancy Services	Housing	Reduce operating costs
Garden Waste Service improvements	Identify and implement ongoing improvements to the garden waste service to ensure it is delivered efficiently.	ongoing	Operations	Contract Management	Customer Services and Operational Partnerships	Reduce operating costs
Census 2021 Support Service	Implement support service for the census project.	Complete 21/22	Customer Services	CS Operations	Customer Services and Operational Partnerships	Increase income
E-Learning development	Shared cross Suffolk resource commenced in 2020.	ongoing	SMT	HR	Resources	Reduce operating costs
Assistive Technology Project for independent Living	An exploratory project to test a range of novel technologies, to support residents to continue to live independently in their own home. The technologies include 'smart home' tech (e.g. sensors) in combination with data led science (e.g. AI) and development of user interfaces (Apps and Dashboards). The goal is delivery of new services for our Landlord's service and the ESC Home Improvement Agency (HIA) for private sector homes.	ongoing	Housing	Housing Transformation	Housing	Reduce operating costs
EV pool vehicles	Install EV charging point and EV pool cars at Port Health offices.	ongoing	Environmental Services & Port Health	Port Health	Environment	Reduce operating costs
Beech Close - Retrofit	Existing HRA assets earmarked for retrofit refurbishment under decarbonisation programme.	Investigating	Housing	Housing Development / Housing Maintenance	Housing	Reduce operating costs

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Orchard Green - Retrofit	Existing HRA assets earmarked for retrofit refurbishment under decarbonisation programme.	Investigating	Housing	Housing Development / Housing Maintenance	Housing	Reduce operating costs
Low emissions Fleet	Deliver a low emissions fleet – with rollout commencing in Jan 2021.	50% complete	Operations	Contract Management	Customer Services and Operational Partnerships	Reduce operating costs
Managing East Suffolk Land for sustainability	Maximise the number of areas of open space that ESC can manage in a way that promotes conservation.	25% complete	Operations	Contract Management	Customer Services and Operational Partnerships	Reduce operating costs
Review PH resourcing	Review staff resources and ensure appropriate support staff are in place to manage customers, ensure compliance and grow the business.	ongoing	Environmental Services & Port Health	Port Health	Community Health	Reduce operating costs
ICT Workstream - LATCO	Leading the ICT Workstream to implement a LATCO, including all infrastructure, network, users, systems, hardware, support, processes, web and other digital requirements of the new LATCO organisation.	Investigating	Digital & Programme Management	Business Solutions	Customer Services and Operational Partnerships	Reduce operating costs