

Full Council

14 December 2023

Flexible Use of Capital receipts policy report 2023/24 and 2024/25

For Decision

Portfolio Holder: Cllr G Suttle, Finance, Commercial & Capital Strategy

Local Councillor(s): All

Executive Director: A Dunn, Executive Director, Corporate Development

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Report Status: Public

Brief Summary:

This report comes to full council for approval of the Flexible Use of Capital Receipts Policy for 2023/24 financial year to 2024/25 financial year.

Recommendation:

Council is asked to:

1. Approve the capital receipt policy for 2023/24 financial year to 2024/25 financial year with submission for approval to the Department of Housing, Levelling Up and Communities.

Reason for Recommendation:

The Council has responsibility to deliver transformation to services across the council. The use of a flexible capital receipts policy will use up to £2m of capital receipts that the council has already received, to be able to support transformation delivered by the Assets and Property Team across the whole council.

1. Financial Implications

Financial implications are covered within the body of this report.

2. Climate Implications

Appendix 1

3. Well-being and Health Implications

None specific.

4. Other Implications

None specific.

5. Risk Assessment

Having considered the risks associated with this decision; the level of risk has been identified as:

Current Risk: Medium

Residual Risk: Medium

If the policy was not approved, then the Assets and Property Team will not be able to deliver transformation across the council.

6. Equalities Impact Assessment

No specific equalities issues have emerged in drafting the Council's various reports on financial performance and position.

7. Background Papers

[2023/24 budget strategy report](#)

[Q2 2023/24 financial management report and 2024/25 budget](#)

[Strategy update](#)

8. Objects and purpose

- 8.1 The Department for Levelling Up, Housing and Communities has provided guidance on the extension of the flexibility to use capital receipts to fund transformation projects up until the end of financial year 2024/25.
- 8.2 This policy is intended to enable Dorset Council to make use of this flexibility to deliver its Transformation Programme.
- 8.3 The council's Transformation Programme is an ambitious set of proposals covering a ten-year period from 2020 to 2030.
- 8.4 The use of capital receipts to fund transformational costs (up to the value of those capital receipts), rather than applying revenue resources / reserves that would have been previously necessary, allows for these revenue resources to be directed to service areas to facilitate further service redevelopment and mitigates the financial pressures of the council for the current and ensuing year.
- 8.5 The programme is being delivered across five themes across all parts of the council. These themes correlate to the priorities in the Dorset Council plan and seek to achieve outcomes to improve the lives of Dorset residents and the experience of visitors to Dorset.
 - Protect our natural environment, climate & ecology
 - Create stronger healthier communities
 - Create sustainable development and housing
 - Drive economic prosperity
 - Become a more responsive, customer focused council
- 8.6 The council continues to focus on transformation supporting long-term financial sustainability by reshaping systems and processes to become more efficient, accessible, and modern.
- 8.7 To support this, up to £2m of transformation funding has been identified from unallocated ringfenced capital receipt which has been held in reserves and which will enable the council to invest in new initiatives within the Assets & Regeneration service that will in turn provide a longer-term financial revenue return savings, additional future capital receipts will enable the organisation to change and meet its 21st century, modern council ambitions.
- 8.8 The ambitions for Dorset remain bold and it is recognised that fundamental change to systems enabling improved outcomes across demand-led services can take time. As such, a long-term transformation programme is required as we build incremental change to drive outcomes and realise financial stability.
- 8.9 This is being developed in a short, medium, and long-term approach. Managing a large programme of short, medium, and long-term work

successfully requires careful management of key enablers. These have been defined through six workstreams which are critical to enabling efficiency and consistency across the organisation.

- 8.10 One of the six workstreams is “Making best use of assets and leading economic growth.” This workstream ensures that the Transformation Programme is aligned to our asset management strategy. By adopting a 'One Council' co-ordinated approach to asset management the council will ensure that it is effectively, efficiently, and safely managed, it is fit for purpose and able to meet the needs of residents whilst ensuring that the value of the estate is fully realised.
- 8.11 Repurposing of, and investing in, council assets is vital to a number of critical council projects, for example the SEND programme, Family Hubs, and Dorset Innovation Park.
- 8.12 The work required to adopt a “One Council” approach to asset management and to deliver the capital projects within this policy is conducted and co-ordinated by the council’s Assets and Regeneration (A&R) service.
- 8.13 In 2022 the council commissioned a review of its Assets and Property service, this was conducted by 31ten, a specialist management consultancy. 31ten recommended that:
 - Attention was paid to essential work on compliance closing gaps.
 - A programme of fast track asset reviews was established to shape delivery of a programme for leasing, repurposing, refurbishment, or disposal.
 - The foundations were put in place for performance. Change and development initiated to support and help build an effective high performing service.
 - To enable this, an essential dependency was the targeted deployment of internal capacity and investment in additional temporary resource to deliver the change.
 - Improvement in the pace of delivery of the Strategic Asset Management Plan (SAMP), is confirmed as a key priority to contribute towards the Transformation Programme.
 - Acceleration of the SAMP would also be beneficial for the council’s transformation and financial revenue position.
- 8.14 Accordingly, the Council has undertaken a Service reconfiguration of its Assets & Regeneration department, including a focus on asset management and capital project delivery.
- 8.15 The council has identified that £2m of unallocated Capital receipts to be used to fund the service reconfiguration, structural changes, and operating

model refinements to provide the Council with an improved property and asset management approach.

- 8.16 These changes will result in increased strategic level capacity, new business partnering roles into the Services, additional delivery capacity, and further operational support capability to release surplus sites and deliver capital projects. This will directly deliver across the organisations Transformation Programme generating further longer-term revenue savings for the authority whilst providing land holdings into the market place primarily for residential and economic development activities.”

9 Transformation Projects

- 9.1 DLUHC has provided a definition of expenditure that qualifies for funding from capital receipts which states “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 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 a project qualifies for the flexibility.”

- 9.2 The council intends to use capital receipts to fund the following projects:

Project	2023/24	2024/25
Strategic Asset Management Plan and Effective Property Services (Corporate Landlord)	£158,547	£494,004
RAPID Asset Reviews	£129,965	£250,000
Acceleration of Disposals	£204,340	£481,938
Property Management System		£206,264
TOTAL	£492,852	£1,432,206

- 9.3 Up to £2m has been allocated from capital receipts already received to support the projects.

- 9.4 The development of a new strategic asset management plan, including the implementation of an effective property services (corporate landlord) approach will ensure the council obtains the benefits of a strategic approach to asset management, by transferring the management of premises related activity to the assets & property function, enabling front line services to focus on service delivery. The project will work collaboratively with services to ensure the smooth transfer of property related activities, with the resulting economies of scale and strategic asset decision making resulting in best use of space, delivery of financial

savings and capital receipts, as well as safe, accessible, compliant and well-maintained properties.

- 9.5 A rolling programme of asset reviews, in which the council assesses and considers best use of its property and land on a regular basis will identify opportunities for repurposing to meet service demand, as well as opportunities for development and disposal of assets and the associated revenue and capital associated with this. This will contribute to the acceleration of the disposals programme.
- 9.6 The development and implementation of the strategic asset management plan and asset reviews programme will be driven forward by a small, focused team of business partners. Who will work closely with services and external stakeholders to identify need and opportunity, and to deliver asset management solutions.
- 9.7 The property management project is converging and cleansing our property datasets, including verification of all council leases. This improvement in property data quality will result in increased accuracy and timeliness in rent reviews and debt management.

10 Savings

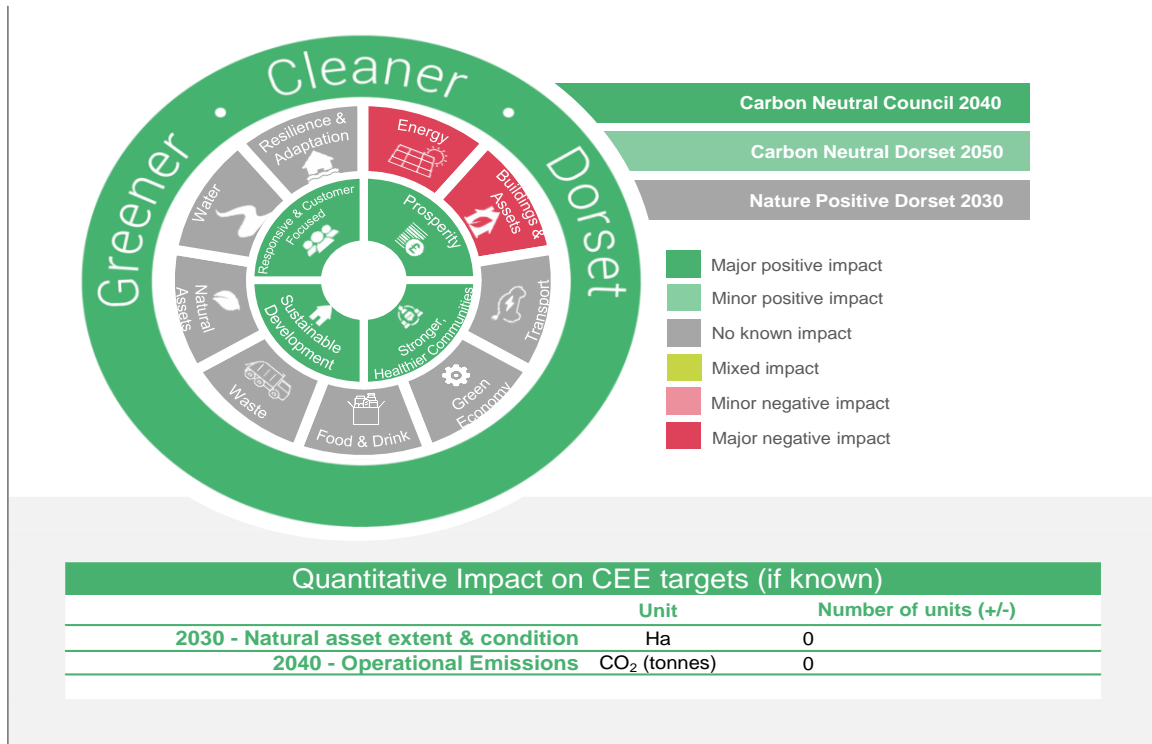
- 10.1 The following savings are scheduled to be realised on a year on year basis with payback in under two years:

Project	2024/25
Strategic Asset Management Plan and Effective Property Services (Corporate Landlord)	£240,333
RAPID Asset Reviews	£285,000
Acceleration of Disposals	£200,000
Property Management System	£219,650
Corporate Office and Depot Rationalisation	£85,094
A&R Realignment & resulting efficiencies	£258,707
TOTAL	£1,288,784

- 10.2 The projects will be monitored by the Transformation Programme Delivery Groups, with oversight across the Council being maintained by the Council's Commercial Board and Capital Strategy and Asset Management Groups (CSAMG).
- 10.3 A review of the capital receipts policy will go to cabinet in January 2024 as part of the 2024/25 budget strategy report and an update on the progress of the policy will go to cabinet in January 2025.

Appendix 1 – Climate Wheel Outputs

It should be noted that the current climate wheel questions relate to proposals relating to individual premises. This therefore impacts the results one receives when completing the wheel in relation to a policy or strategy, as much of the detail concerning individual assets is not known at this stage. As a result, despite the red scores, this proposal is not of concern to the climate agenda & the template is being updated going forward.



ACCESSIBLE TABLE SHOWING IMPACTS

Natural Environment, Climate & Ecology Strategy Commitments	Impact
Energy	major negative impact
Buildings & Assets	major negative impact
Transport	No known impact
Green Economy	No known impact
Food & Drink	No known impact
Waste	No known impact
Natural Assets & Ecology	No known impact
Water	No known impact
Resilience and Adaptation	No known impact
Corporate Plan Aims	Impact
Prosperity	strongly supports it
Stronger healthier communities	strongly supports it
Sustainable Development & Housing	strongly supports it
Responsive & Custome Focused	strongly supports it

TABLE OF RECOMMENDATIONS

Recommendations	Responses -will this be incorporated into your proposal? How? And if not, why not?
Energy	
Ensure all electrical equipment is the most energy efficient	
Maximise energy efficiency of the building fabric (e.g. Loft & wall insulation, triple glazing)	
Buildings & Assets	
No recommendations found for this category	
Transport	
No recommendations found for this category	
Green Economy	
No recommendations found for this category	
Food & Drink	
No recommendations found for this category	
Waste	
No recommendations found for this category	
Natural Assets & Ecology	
No recommendations found for this category	
Water	
No recommendations found for this category	
Resilience & Adaptation	
No recommendations found for this category	