

Appendix 8 – Flexible Capital Receipts Policy

1 Objects and purpose

- 1.1 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 2029/30. Further proposals will be brought forward for future years as they arise.
- 1.2 This policy is intended to enable Dorset Council to make use of this flexibility to deliver its Transformation Programme.
- 1.3 The council's Transformation Programme is an ambitious set of proposals covering a ten-year period from 2020 to 2030.
- 1.4 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.
- 1.5 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.
- 1.6 The council continues to focus on transformation supporting long-term financial sustainability by reshaping systems and processes to become more efficient, accessible, and modern.
- 1.7 To support this, up to £3.5m 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 and Housing services 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.
- 1.8 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.
- 1.9 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.

Assets & Regeneration

- 1.10 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.
- 1.11 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.
- 1.12 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.
- 1.13 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.
- 1.14 Accordingly, the Council has undertaken a Service reconfiguration of its Assets & Regeneration department, including a focus on asset management and capital project delivery.
- 1.15 The council has identified that £2m of unallocated Capital receipts to be used to fund the Asset and Regeneration service reconfiguration, structural changes, and operating model refinements to provide the Council with an improved property and asset management approach.
- 1.16 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 marketplace, primarily for residential and economic development activities.

Housing Services

- 1.17 As a key contributor to the full range of transformation workstreams, the housing service has both a range of commitments and statutory functions to deliver. Housing commitments and outcomes are clear and good progress has been made at a time when demand has been increasing. However, further investment is required, both in managing increased demand and meeting targets and will also ensure housing meets workstream's objectives.
- 1.18 Workstream 1 is 'Be a key player in place shaping, optimising community capacity and assets.' This workstream links to the delivery of statutory housing functions, Council Plan delivery and commitments found in other key housing strategies and policies:
1. The Housing Strategy
 2. The Homelessness & Rough Sleeping Strategy
 3. The Bed and Breakfast Exit Plan
 4. To manage and maintain a Housing Register
- 1.19 Workstream 2 is 'Be an early intervention, inclusion county.' This links to the delivery of a range of housing services and initiatives transforming our approach:
1. homeless prevention and tenancy sustainment services.
 2. accommodation related support for vulnerable households.
 3. data and performance insight.

- 1.20 Workstream 3 is 'Be smart in its use of assets, estates, and capital. This links to a range of housing commitments seeking to match the supply of accommodation to demand across a range of models, maximise external grants, respond to opportunities to make best use of stock across the spectrum in:
1. Housing strategy objectives.
 2. Government grant schemes to increase accommodation for identified cohorts.
 3. Homelessness & Rough Sleeping Strategy Action Plan (temporary accommodation review, gap analysis).
 4. Collaborative review of repair and maintenance agreements with Assets and Regeneration.
- 1.21 Workstream 4 is 'Be a commercial council that demonstrates value for money and services.' This links to outcomes of service design work within housing being implemented to ensure services are delivered in a customer focussed way, using our data, and maximising opportunities to reduce expenditure in key areas.
- 1.22 The housing service also supports other key council services such as Adult Social Care and Children's Services, with an increased demand for housing to support, manage and enable accommodation schemes. Responding to known and developing insight for the provision of accommodation enables, less hand offs, leading to more successful customer outcomes and effective revenue management.
- 1.23 The housing service was restructured in 2021. In 2023 a further review and restructure proposal has been completed, focussing on identified deliverables.
- 1.24 The council has identified £1.5 million of unallocated Capital receipts to be used by Housing services to fund the service reconfiguration, structural changes, and operating model refinements. This will ensure the Council provides an improved housing offer, which benefits both the Council and those who approach us for help.
- 1.25 This additional capacity will ensure that the delivery of the Housing Strategy objectives is prioritised – which will support the Councils vision, in providing our citizens access to affordable, sustainable, suitable and secure homes. This will also have a positive impact on their health and well-being and feel part of a sustainable and thriving community, helping to improve employment prospects, and reducing health interventions.
- 1.26 Additional investment will also result in far greater efficiency and effectiveness across the housing service, enable a more 'customer focussed' approach and enabling earlier intervention. In essence, and if agreed, the anticipated benefits achieve greater efficiencies and effectiveness by:
1. increasing the number of prevention cases, which will result in temporary accommodation (TA) Bed and Breakfast/Nightly rates cost avoidance.
 2. Reducing presentation numbers and the number of repeat visitors, thus reducing backlog of cases, allowing staff more time to

effectively manage cases and deliver greater successful prevention outcomes.

3. Reducing the numbers of households needing TA and ensuring people move on when they are ready to secure and sustain a tenancy to prevent further risk of homelessness.
4. Improving service culture by ensuring more collaborative working between teams which will help reduce staff turnover, thus helping the Service to manage demand more effectively.
5. Reviewing and aligning service policies and procedures to achieve greater efficiency.
6. Significant cost avoidance by eradicating the usage of B&B hotels and expensive nightly let provision altogether.
7. Reducing the number and time households spend in temporary accommodation.
8. Keeping households in their current accommodation by reducing the number of S21 notices, alongside increasing access to the private rented sector. This also includes increasing the number long-term empty homes which creates and supports all citizens, creating healthier communities.
9. Reducing the number of evictions across all tenures.
10. Developing greater partnership working with both internal and external support providers.

2 Transformation Projects

- 2.1 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.”
- 2.2 The council intends to use capital receipts to fund the following projects:

| Assets & Regeneration projects | 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 |

Note 2023/24 Assets & regeneration figures for 2023/24 are included for historical reference.

| Housing Services projects | 2024/25 |
|---|-------------------|
| Temporary accommodation management plan and effective temporary accommodation housing management services | £379,985 |
| Housing Register management and lettings services | £404,194 |
| Housing Strategy Delivery Plan | £263,338 |
| Strategic Performance and Improvement Delivery Plan | £125,924 |
| Effective Empty Homes Services | £49,689 |
| Effective Homeless Prevention Services | £282,065 |
| Total | £1,505,195 |

- 2.3 Up to £2m for 2023/24 and 2024/25 has previously been allocated from capital receipts already received to support Assets and Regeneration projects.
- 2.4 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.

- 2.5 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.
- 2.6 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.
- 2.7 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.
- 2.8 By exception, Housing Services will continue to supply management and provision of temporary accommodation functions. Projects will ensure a collaborative approach with Assets & Regeneration maximises efficiencies and consistency for this specialist accommodation and meets the needs of complex clients.
- 2.9 The temporary accommodation management plan includes a rationalisation and review of the temporary accommodation stock and processes. This approach ensures rental income is set appropriately, aims to reduce expensive accommodation, ensures standards are achieved and maintained and new acquisitions and leases are cost effective and consistent. This will result in best value for money and income maximisation, ensuring appropriate temporary accommodation is available to meet demand, in the right location.
- 2.10 The temporary accommodation housing management system project will provide essential case management, with new and reviewed processes for temporary accommodation. This system supports eviction processes, breaches, property management and income and void levels. This will result in improved data insight, reduced temporary housing debt levels, maximise income collection rates, reduced voids levels and greater efficiencies in staffing resources.

- 2.11 The housing register management and lettings project focusses on effective management of the social housing register which is a statutory responsibility. The project will include a remodelling of service interdependencies, focus on backlogs, new initiatives such as specialist support at community level. This will result in improved customer experience, improved data insight, effective monitoring of social housing nominations agreement with registered providers, less void time leading to quicker re-letting of social housing, new specialist housing register support within community spaces and reduced impact in Adult and Children's Services.
- 2.12 The Housing Strategy Delivery project ensures appropriate resources are available to delivery identified objectives. A new delivery plan will include agreed activity over the following 5 years, leading to multiple projects and activity supporting the strategy vision. The project will include programme management, project delivery and effective, timely communications. This will result in improved processes, increased supply of affordable homes, increased supply of settled accommodation, informed partners delivering against key objectives, data led activity ensuring key cohorts can access accommodation that meets strategic commitments in terms of costs, standards, location, design, and support, supports the development of a new Local Plan and delivery of other key council commitments.
- 2.13 The Strategic Performance and Improvement Delivery Plan includes multiple housing projects focussed on homelessness and service wide improvements. The projects are supported by key resources in terms of data management and insight, project management and support and statutory review functions. The work will result in adequate resourcing of key activities to deliver operational efficiencies, increased supply of specific accommodation, maximisation of grant funding, evolving data insight for complex and vulnerable cohorts, effective systems and responds to growing demand.
- 2.14 The Effective Empty Property Services project supports and expands current levels of activity. The Council's proactive approach to long term empty properties supports thriving communities and is an opportunity to access additional supply for temporary accommodation or meet other key accommodation needs in Adult and Children's Services. This project will result in more long-term empty properties being brought back into use and is estimated at twice the current levels by year 4.
- 2.15 The Effective Homeless Prevention Services work establishes the provision of tenancy sustainment services as key mechanism to maintain and improve homeless prevention, bolsters resources to support and liaise with private landlords increasing prevention and relief cases, increasing the number of privately rented homes available to clients and increase staff support. This will result in higher homeless prevention, ensuring citizens can remain in their current accommodation, thus reducing the need for temporary accommodation demand and expenditure.

3 Savings

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

| Assets & Regeneration 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 |

3.2 The following Housing savings are scheduled with payback in two years:

| Housing Services Project Savings | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|-----------------|-------------------|-----------------|-----------------|
| Asset Review (Temporary Accommodation / Bed & Breakfast Exit) | £90,000 | £1,053,400 | £218,400 | £83,400 |
| Temporary accommodation housing management system | £0 | £49,000 | £0 | £0 |
| Effective Empty Homes Services | £0 | £0 | £0 | £13,800 |
| Effective Homeless Prevention Services | £127,800 | £127,800 | £127,800 | £127,800 |
| Total | £217,800 | £1,230,200 | £346,200 | £225,000 |

3.3 Risk

Existing levels of investment in the Housing Service is not viable as current limitations in service delivery has placed great strain on the General Fund and resulted in significant overspends in temporary accommodation in the main, for the usage of B&B accommodation and expensive Nightly Rate provision. Whilst the current capacity within the Service is operating as best it can, it is failing to meet the significant demand, particularly since the pandemic and now the cost-of-living pressures. This has also resulted in significant backlogs in homelessness and housing application decisions and the increasing number of households placed in TA.

Bed & Breakfast spend illustration:

| | |
|---------|---------------------|
| 2021/22 | £1,695,323 |
| 2022/23 | £2,163,804 |
| 2023/24 | £1,894,837 forecast |

Nightly Paid Temporary Accommodation spend illustration:

| | |
|---------|---------------------|
| 2021/22 | £726,593 |
| 2022/23 | £1,576,326 |
| 2023/24 | £1,806,017 forecast |

Without further investment, assuming a 2.1% inflation rate and following the current trajectory annual estimates for these types of accommodation are £3,800.

- 3.4 Assets and Regeneration 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).
- 3.5 Housing projects will be monitored by the directorate and new Housing boards with oversight across the council being maintained by links with Transformation Programme Delivery Groups.
- 3.6 A review of the capital receipts policy will be brought to Cabinet each year as part of the budget setting process.