

Essex County Council

Flexible Use of Capital Receipts Strategy - Update

Introduction

As part of the 2018/19 Local Government Settlement, government announced an extension to 2021/22 of flexibilities given to local authorities on increased freedoms over how capital receipts could be utilised.

The Council's Flexible Use of Capital Receipts Strategy was approved at Full Council in December 2020, taking the opportunity to finance up to £4.9m of expenditure on the replacement for the corporate finance and payroll system across 2020/21 and 2021/22 using capital receipts generated in the qualifying period.

Review of Previous Years' use of the Flexibility

Investment initiative	Total scheme spend £m	2020/21 scheme spend £m	2021/22 scheme spend proposed for Flexible Use of Capital Receipts £m	Associated Revenue savings £m		
				2020/21	2021/22	2022/23
Corporate Systems Programme - Tranche 1	11.3	3.4	1.3			0.6

In 2020/21, there was £3.4m of qualifying expenditure on the Corporate Systems Programme. This was £200,000 lower than the expectation set out in budget papers at Full Council in February 2021. The proposal for a further £1.3m of qualifying expenditure in 2021/22 is still planned to be utilised, and capital receipts are ringfenced in the Useable Capital Receipts reserve for this purpose.

This expenditure supported design and implementation of the corporate IT system to Oracle Fusion Cloud, which went live in Autumn 2021.

It is still anticipated cashable savings of £600,000 will be achieved. Now that the system is live, a review of savings is underway, and an update on this will be included as part of the annual review of the Flexible Use of Capital Receipts Strategy. It should also be noted that a significant level of cost avoidance (circa £3m) has been enabled through implementation of this project.

Strategy for ongoing use of Flexibility

The Council has no plans to continue the use of the flexibility past 2021/22.