

# Transformation Investment Programme

## Including the Flexible Use of Capital Receipts

- Figure 1 below provides a summary table of the return on investment for the transformation investment programme to the end of March 2026. This indicates that at the end of the 2025/26 financial year the council have made net revenue savings of **£53.8m** (£74.5 - £20.7m) for a total one-off estimated investment of **£41m**.

**Figure 1: Summary of Return on Investment**

| Summary Table                                          | 2020/21<br>Actual<br>£m | 2021/22<br>Actual<br>£m | 2022/23<br>Actual<br>£m | 2023/24<br>Actual<br>£m | 2024/25<br>Actual<br>£m | 2025/26<br>Actual<br>£m | Total<br>Actuals<br>£m |
|--------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>One-Off Investment</b> (Capital and Revenue)        | 1.50                    | 5.93                    | 16.37                   | 11.36                   | 4.25                    | 1.64                    | 41.05                  |
| <b>Ongoing Revenue Savings</b> (actual and budgeted)   | 0.00                    | (3.95)                  | (7.10)                  | (14.66)                 | (23.88)                 | (24.89)                 | (74.48)                |
| <b>Ongoing Revenue Licensing &amp; Financing Costs</b> | 0.34                    | 2.52                    | 2.36                    | 4.10                    | 5.21                    | 6.15                    | 20.67                  |

- A more detailed consolidated position in respect of the transformation investment programme is set out in figure 2 below.

**Figure 2: Main Transformation Programme Table**

| Transformation Investment Programme<br>One-off / time-limited budget provision for the<br>delivery of the programme |                                                           | 2020/21<br>Actual<br>£m | 2021/22<br>Actual<br>£m | 2022/23<br>Actual<br>£m | 2023/24<br>Actual<br>£m | 2024/25<br>Actual<br>£m | 2025/26<br>Actual<br>£m | Total<br>Actuals<br>£m |
|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>Capital Spend</b>                                                                                                | <b>Expenditure</b>                                        |                         |                         |                         |                         |                         |                         |                        |
|                                                                                                                     | Capital expenditure                                       | 1.19                    | 0.05                    | 0.76                    | 0.89                    | 0.42                    | 0.00                    | 3.31                   |
|                                                                                                                     |                                                           | 1.19                    | 0.05                    | 0.76                    | 0.89                    | 0.42                    | 0.00                    | 3.31                   |
|                                                                                                                     | <b>Funding</b>                                            |                         |                         |                         |                         |                         |                         |                        |
|                                                                                                                     | Prudential Borrowing (funded from General Fund MRP)       | 0.00                    | 0.00                    | (0.56)                  | (0.89)                  | (0.42)                  | 0.00                    | (1.87)                 |
| <b>Revenue Spend</b>                                                                                                | Prudential Borrowing (funded from HRA land tfr)           | (1.19)                  | (0.05)                  | (0.20)                  | 0.00                    | 0.00                    | 0.00                    | (1.44)                 |
|                                                                                                                     |                                                           | (1.19)                  | (0.05)                  | (0.76)                  | (0.89)                  | (0.42)                  | 0.00                    | (3.31)                 |
|                                                                                                                     | <b>Expenditure</b>                                        |                         |                         |                         |                         |                         |                         |                        |
|                                                                                                                     | One-off costs - including data and insight and capability | 0.31                    | 5.32                    | 12.90                   | 7.21                    | 2.46                    | 1.31                    | 29.51                  |
|                                                                                                                     | Redundancy costs                                          | 0.00                    | 0.56                    | 0.01                    | 3.26                    | 1.37                    | 0.33                    | 5.53                   |
| <b>Total</b>                                                                                                        | Contingency                                               | 0.00                    | 0.00                    | 0.00                    | 0.00                    | 0.00                    | 0.00                    | 0.00                   |
|                                                                                                                     | Staff costs apportioned to Transformation                 | 0.00                    | 0.00                    | 2.70                    | 0.00                    | 0.00                    | 0.00                    | 2.70                   |
|                                                                                                                     |                                                           | 0.310                   | 5.880                   | 15.610                  | 10.473                  | 3.83                    | 1.64                    | 37.74                  |
|                                                                                                                     | <b>Funding</b>                                            |                         |                         |                         |                         |                         |                         |                        |
|                                                                                                                     | Assumed fundable by Capital Receipts                      | (0.31)                  | (3.88)                  | (15.61)                 | (10.47)                 | (3.83)                  | (1.64)                  | (35.74)                |
| <b>Revenue Budget</b>                                                                                               | Contributions from outside of the General Fund            | 0.00                    | (2.00)                  | 0.00                    | 0.00                    | 0.00                    | 0.00                    | (2.00)                 |
|                                                                                                                     |                                                           | (0.31)                  | (5.88)                  | (15.61)                 | (10.47)                 | (3.83)                  | (1.64)                  | (37.74)                |
|                                                                                                                     | <b>Total expenditure</b>                                  | 1.50                    | 5.93                    | 16.37                   | 11.36                   | 4.25                    | 1.64                    | 41.05                  |
|                                                                                                                     | <b>Total funding</b>                                      | (1.50)                  | (5.93)                  | (16.37)                 | (11.36)                 | (4.25)                  | (1.64)                  | (41.05)                |
|                                                                                                                     |                                                           |                         |                         |                         |                         |                         |                         |                        |

| Transformation Investment Programme<br>Ongoing base revenue budget of the council |                                                                             | 2020/21<br>Actual<br>£m | 2021/22<br>Actual<br>£m | 2022/23<br>Actual<br>£m | 2023/24<br>Actual<br>£m | 2024/25<br>Actual<br>£m | 2025/26<br>Actual<br>£m | Total<br>Actuals<br>£m |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>Revenue Budget</b>                                                             | <b>Expenditure</b>                                                          |                         |                         |                         |                         |                         |                         |                        |
|                                                                                   | Licences and other revenue costs of the programme                           | 0.34                    | 2.24                    | 2.08                    | 2.75                    | 3.64                    | 4.50                    | 15.55                  |
|                                                                                   |                                                                             | 0.34                    | 2.24                    | 2.08                    | 2.75                    | 3.64                    | 4.50                    | 15.55                  |
|                                                                                   | <b>Savings and efficiencies</b>                                             |                         |                         |                         |                         |                         |                         |                        |
|                                                                                   | Transformation Programme Savings                                            | 0.00                    | (3.95)                  |                         |                         |                         |                         | (3.95)                 |
|                                                                                   | Budgeted savings from 2022/23                                               |                         |                         |                         |                         |                         |                         |                        |
|                                                                                   | 2022/23 In year - Savings delivered                                         |                         |                         | (7.10)                  | (7.10)                  | (7.10)                  | (7.10)                  | (28.40)                |
|                                                                                   | Budgeted savings from 2023/24 excluding any previously unidentified savings |                         |                         |                         |                         |                         |                         |                        |
|                                                                                   | 3rd Party savings - Included within budgeted savings proposals              |                         |                         |                         | (0.91)                  | (0.91)                  | (0.91)                  | (2.72)                 |
|                                                                                   | Staff savings - Included within budgeted 23/24 services savings proposals   |                         |                         |                         | (5.76)                  | (5.76)                  | (5.76)                  | (17.28)                |
|                                                                                   | Additional 2023/24 in-year savings                                          |                         |                         |                         | (0.89)                  | (0.89)                  | (0.89)                  | (2.67)                 |
|                                                                                   | Budgeted savings from 2024/25 onwards                                       |                         |                         |                         |                         |                         |                         |                        |
|                                                                                   | 2024/25 In year - Savings delivered                                         |                         |                         |                         |                         | (9.23)                  | (9.33)                  | (18.56)                |
|                                                                                   | 2025/26 Identified transformation savings (Feb25)                           |                         |                         |                         |                         |                         | (0.90)                  | (0.90)                 |
|                                                                                   | 2026/27 Identified transformation savings (Feb25)                           |                         |                         |                         |                         |                         | 0.00                    | 0.00                   |
|                                                                                   | 2027/28 Identified transformation savings (Feb25)                           |                         |                         |                         |                         |                         | 0.00                    | 0.00                   |
|                                                                                   |                                                                             | 0.00                    | (3.95)                  | (7.10)                  | (14.66)                 | (23.88)                 | (24.89)                 | (74.48)                |

| Revenue Budget | Funding Implications on the revenue budget          | 2020/21<br>Actual<br>£m | 2021/22<br>Actual<br>£m | 2022/23<br>Actual<br>£m | 2023/24<br>Actual<br>£m | 2024/25<br>Actual<br>£m | 2025/26<br>Estimate<br>£m | Total<br>Actuals<br>£m |
|----------------|-----------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------|------------------------|
|                |                                                     |                         |                         |                         |                         |                         |                           |                        |
|                | <b>One-off Capital Investment</b>                   |                         |                         |                         |                         |                         |                           |                        |
|                | Minimum Revenue Provision and interest implications | 0.00                    | 0.28                    | 0.28                    | 0.47                    | 0.69                    | 0.69                      | 2.41                   |
|                |                                                     | 0.00                    | 0.28                    | 0.28                    | 0.47                    | 0.69                    | 0.69                      | 2.41                   |
|                | <b>One-off Revenue Investment</b>                   |                         |                         |                         |                         |                         |                           |                        |
|                | Revenue foregone on asset disposed off              | 0.00                    | 0.00                    | 0.00                    | 0.88                    | 0.88                    | 0.96                      | 2.71                   |
|                |                                                     | 0.00                    | 0.00                    | 0.00                    | 0.88                    | 0.88                    | 0.96                      | 2.71                   |

### Service Specific Transformation Programmes

- Building on the success of the main Transformation Investment Programme Cabinet and Council have also agreed a number of service investment programmes within both Adult Social Care and Children's Services. For a one-off investment of £4.5m the Council is aiming to lever annual savings of circa £11m per annum by 2027/28. As at the end of March 2026 £2.31m of the ongoing savings have been delivered with £3.88m of the upfront investment incurred as set out in Figure 3 below.

**Figure 3: Service Specific Transformation Programme**

| Service Specific Investment Programmes |                                                             | 2020/21<br>Actual<br>£m | 2021/22<br>Actual<br>£m | 2022/23<br>Actual<br>£m | 2023/24<br>Actual<br>£m | 2024/25<br>Actual<br>£m | 2025/26<br>Actual<br>£m | Total<br>Actuals<br>£m |
|----------------------------------------|-------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| Revenue Spend                          | <b>Expenditure</b>                                          |                         |                         |                         |                         |                         |                         |                        |
|                                        | Children's Service Specific Investment Programme            | 0.00                    | 0.00                    | 0.00                    | 0.66                    | 0.60                    | 0.28                    | 1.53                   |
|                                        | Adult Social Care -Assistive Technology                     | 0.00                    | 0.00                    | 0.00                    | 0.20                    | 0.16                    | 0.03                    | 0.39                   |
|                                        | Adult Social Care -Transfer of catering services to Tricuro | 0.00                    | 0.00                    | 0.00                    | 0.14                    | 0.07                    | 0.00                    | 0.21                   |
|                                        | Adult Social Care - July 2023 Fulfilled Lives               | 0.00                    | 0.00                    | 0.00                    | 0.09                    | 0.51                    | 1.15                    | 1.75                   |
|                                        |                                                             | 0.000                   | 0.000                   | 0.000                   | 1.085                   | 1.34                    | 1.46                    | 3.88                   |
|                                        | <b>Funding</b>                                              |                         |                         |                         |                         |                         |                         |                        |
|                                        | Assumed fundable by Capital Receipts                        | 0.00                    | 0.00                    | 0.00                    | (1.09)                  | (1.34)                  | (1.46)                  | (3.88)                 |
|                                        |                                                             | 0.00                    | 0.00                    | 0.00                    | (1.09)                  | (1.34)                  | (1.46)                  | (3.88)                 |
|                                        | <b>Savings and efficiencies</b>                             |                         |                         |                         |                         |                         |                         |                        |
|                                        | Children's Service Specific Investment Programme            | 0.00                    | 0.00                    | 0.00                    | 0.00                    | (0.22)                  | (0.58)                  | (0.80)                 |
|                                        | Adult Social Care -Assistive Technology                     | 0.00                    | 0.00                    | 0.00                    | 0.00                    | (0.07)                  | (0.36)                  | (0.43)                 |
|                                        | Adult Social Care -Transfer of catering services to Tricuro | 0.00                    | 0.00                    | 0.00                    | 0.00                    | (0.02)                  | 0.00                    | (0.02)                 |
|                                        | Adult Social Care - July 2023 Fulfilled Lives               | 0.00                    | 0.00                    | 0.00                    | 0.00                    | 0.00                    | (0.96)                  | (0.96)                 |
|                                        | Adult Social Care - UEC FutureCare Net Savings              | 0.00                    | 0.00                    | 0.00                    | 0.00                    | 0.00                    | (0.10)                  | (0.10)                 |
|                                        |                                                             | 0.00                    | 0.00                    | 0.00                    | 0.00                    | (0.31)                  | (2.00)                  | (2.31)                 |
|                                        | <b>Total</b>                                                |                         |                         |                         |                         |                         |                         |                        |
|                                        | <b>Net Position of Service Specific Transformation</b>      | <b>0.00</b>             | <b>0.00</b>             | <b>0.00</b>             | <b>1.09</b>             | <b>1.65</b>             | <b>(0.55)</b>           | <b>6.19</b>            |

- Once the main and the service specific Transformation Programmes are combined, they demonstrate that at the end of the 2025/26 financial year the council has made net revenue savings of **£56.1m** (£76.8m - £20.7m) for a total one-off estimated investment of **£45m**.

**Figure 4: Combined Transformation Investment & Service Specific programmes**

| Summary Table                                          | 2020/21<br>Actual<br>£m | 2021/22<br>Actual<br>£m | 2022/23<br>Actual<br>£m | 2023/24<br>Actual<br>£m | 2024/25<br>Actual<br>£m | 2025/26<br>Actual<br>£m | Total<br>Actuals<br>£m |
|--------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>One-Off Investment</b> (Capital and Revenue)        | <b>1.50</b>             | <b>5.93</b>             | <b>16.37</b>            | <b>12.45</b>            | <b>5.59</b>             | <b>3.10</b>             | <b>44.93</b>           |
| <b>Ongoing Revenue Savings</b> (actual and budgeted)   | <b>0.00</b>             | <b>(3.95)</b>           | <b>(7.10)</b>           | <b>(14.66)</b>          | <b>(24.20)</b>          | <b>(26.89)</b>          | <b>(76.80)</b>         |
| <b>Ongoing Revenue Licensing &amp; Financing Costs</b> | <b>0.34</b>             | <b>2.52</b>             | <b>2.36</b>             | <b>4.10</b>             | <b>5.21</b>             | <b>6.15</b>             | <b>20.67</b>           |

## **Flexible Use of Capital Receipts (FUCR)**

5. As part of 2015 Spending Review (SR15), the government announced that to support local authorities to deliver more efficient and sustainable services it would allow local authorities to spend up to 100% of their fixed asset receipts on the revenue costs of service reform and transformation. Guidance on the use of this flexibility stipulated that it applied to the three financial years to end March 2019. However, this was extended for a further three years to 31 March 2022 as part of the 2018/19 local government finance settlement, for a further three years to 31 March 2025 in April 2022, and for a further 5 years to 31 March 2030 as part of the 2024/25 local government finance settlement.
6. The current guidance makes it clear that local authorities cannot borrow to finance the revenue costs of service reforms or improvements. In addition, local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years the flexibility is offered. Local authorities may not use any existing stock (pre-2016) of capital receipts to finance the revenue costs of reforming their services. Set up and implementation costs of any new processes or arrangements that will generate future ongoing savings and/or transform service delivery to reduce or improve the quality-of-service delivery in future years can be classified as qualifying expenditure. Costs associated with business-as-usual activity and the council's statutory duty to improve cannot be classified as qualifying expenditure. The ongoing revenue costs of any new processes or arrangements can also not be classified as qualifying expenditure. In addition, the guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 specifies that.
  - The key determining criteria to use when deciding whether expenditure can be funded by the new capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's net service expenditure.
  - In using the flexibility, the council will have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of Practice and the current edition of the Treasury Management in Public Services Code of Practice
7. Council has previously engaged with both CIPFA Consultancy and the External Auditor to provide assurance that any such costs which it wishes to fund from the FUCR accords with the statutory guidance.