

Flexible Use of Capital Receipts Strategy 2025/26

Introduction

Capital receipts can usually only be used to fund capital expenditure. In 2016 Government introduced a scheme to provide Flexible Use of Capital Receipts with effect from April 2016. This must follow statutory guidance and a Direction was issued giving greater freedoms with how capital receipts generated from the sale of our own assets can be used. This means that the following expenditure can be treated as capital and financed from these receipts:

“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/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners”

In order for the Direction to be applied, it is a requirement that a strategy is presented to Full Council and then a submission made to the Secretary of State detailing the planned use of the flexibility for each year in which is it planned to be used.

This is the first year that this Council is proposing to make use of the flexibility and this strategy will be updated on an annual basis and included in the suite of budget reports each year.

2025/26 Budget

The proposals set out in the 2025/26 budget include £1.8m of savings to be identified through working differently. The Council’s transformation programme, “Working As One City”, is intended to deliver these savings. It is therefore proposed that the costs of delivering the transformation programme are funded from a proportion of the capital receipts the council holds and intends to obtain during the financial year.

The Council will use the powers under the Governments Statutory Guidance to fund up to £750k of qualifying expenditure to support the delivery of service improvements that also reduce costs.

Some broad proposals have been developed but the full programme of work has yet to be costed. However, as with all change programmes there is a need for upfront investment in key areas to deliver capacity.

The key areas identified include management capacity in the form of a Head of transformation post, along with finance and business analysis resource. Once the

initial programme is more fully developed, it is expected that there will also be a need for project management, ICT, HR and business support resource.

It will be delegated to the Director of Finance to determine the costs that can be charged to the transformation programme. Progress updates in the development and delivery of the strategy will be reported to Executive through the quarterly Finance and Performance reports in the usual way.

The Prudential Code

The Council has due regard to the requirements of the Prudential Code and the impact on its prudential indicators from the application of this Flexible Use of Capital Receipts Strategy. Capital receipts up to the value of £750k will be earmarked to support the revenue costs incurred to support the delivery of the Working As One City transformation programme and the delivery of budget savings. These receipts have not been earmarked for funding any other capital expenditure and therefore there is no impact on the prudential indicators set out in the Treasury Management Strategy Statement.

The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required within the 2025/26 Statement of Accounts.