

Flexible Use of Capital Receipts Strategy 2025/26

Since 2019/20, the Council has approved the flexibility to apply capital receipts to fund transformation projects as enabled by the Secretary of State's Direction and outlined in the Government's Statutory Guidance on the flexible use of capital receipts.

Extension of the flexibility until 2030 was announced in the Local Government Finance Policy Statement 2025/6 in November 2024 which also removed the rule that only statutory redundancy could be financed through receipts.

The Statutory Guidance published in April 2022 details that authorities must update their Flexible Use of Capital Receipts Strategy during the given year if their initial plan changes and requires additional capitalisation of expenditure. This Annex provides an update on the Capital Receipts Flexibility Strategy for 2025/26 that was agreed by Council in March 2025, and any final use will be determined as part of the year end outturn position reported to Cabinet in July 2026.

For 2025/26, the Council may propose to use the flexibility to fund up to £7.7m of qualifying transformation expenditure. The Council's flexible use of capital receipts to fund transformation projects will continue to be subject to development and approval of robust business cases. The business cases will demonstrate that the initiative will transform services, generate future savings or reduce future costs, and the costs being funded are implementation or set up costs and not on-going operational costs.

Projected outturn 2025/26 flexible use of capital receipts

Council at its budget setting meeting in March 2025 agreed a programme of investments for transformation activities in 2025/26. These are described below. The estimated outturn indicates that there will be an underspend of £3.2m. This will be confirmed as part of the closing of accounts process and reported in the outturn report to Cabinet in July 2026.

Flexible Use of Capital Receipts 2025/26 - Estimated Outturn

Title	Description	2025/26 Budget (£'000)	Forecast Outturn (£'000)
Corporate Support to all improvement programmes	To support a broad range of transformation projects across the Council	671	671
Counter fraud work	Funding to be used to fund a range of initiatives across the Council, to prevent fraud	75	75
Strategic Asset Management	Support to improve the asset management function of the Council	1500	1500
Demand Management in Adult social Care	This covers a range of transformation and change initiatives in Adults social care to invest in prevention and reduce demand for high cost services	500	500
Funding for the Corporate Change Team	To develop and implement a new Change Framework to deliver transformation across the Council.	1790	1790
Temporary Accommodation Reduction Project	To invest in prevention and service re-design to reduce the overall level of demand for temporary accommodation	200	0
Invest to save	To provide funding for a range of initiatives in services to either reduce costs, increase income, or both	3000	0
Grand Total		7,736	4,536

The proposed use of flexible receipts in 2026/27 is set out in the table below.

Flexible Use of Capital Receipts 2026/27

Title	Description	2026/27 (£'000)
Counter fraud work	Funding to be used to fund a range of initiatives across the Council, to prevent fraud	75
Adults Commissioning	Funding for targeted commissioning improvement in Adults which will avoid costs and deliver savings.	750
Children's Services	This covers a range of transformation and change initiatives and to support the delivery of savings in children's services.	125
Funding for the Corporate Change Team & Communications	Part year funding for the Corporate Change Team to September 2026 pending a full review.	685
Invest to Save	To provide funding for a range of initiatives in services to either reduce costs, increase income, or both. This could include across Adults Social Care and Temporary Accommodation. In addition, the Council knows that it has to replace its current ERP system. This is subject to a decision by Cabinet in summer 2026 but initial funding through capital receipts required to fund the Discovery Stage of the project and full options appraisal.	4,000
Grand Total		<u>5,635</u>