

FOREST HEATH DISTRICT COUNCIL
FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2018/2019

1. Background

- 1.1 As part of the November 2015 Spending Review, the Government announced that it would introduce flexibility for the period of the Spending Review for local authorities to use capital receipts from the sale of non-housing assets to fund the revenue costs of service reform and transformation. Guidance on the use of this flexibility was issued in March 2016 which applies to the financial years 2016/17 through to 2019/20.
- 1.2 As part of the final government settlement announced on 6th February 2018 this timeframe for flexible use of capital receipts has been extended for a further three years out to 2022/23.
- 1.3 In order to comply with this Direction, the Council must consider the Statutory Guidance issued by the Secretary of State. This Guidance requires authorities to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy with the initial strategy being effective from 1st April 2016 with future Strategies included within future Annual Budget documents.
- 1.4 Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

“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/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. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”

2. Flexible Use of Capital Receipts Strategy

- 2.1. For the time period out to 2019/20 Forest Heath District Council intend to use capital receipts to fund the transition costs resulting from the move to a single council.

	2018/19	2019/20	2020/21
Transition costs – Single Council	£250,000	£0	£0

- 2.2. The savings that would be generated by this expenditure as set out in the table below.

	2019/20	2020/21	2021/22
Transition costs – Single Council	£150,000	£150,000	£150,000

- 2.3. The impact of adopting this strategy is reflected in the 2018/19 prudential indicators within the Prudential Code.

- 2.4. These receipts have not been earmarked as funding for any other proposed capital expenditure and therefore will not have any impact on the Council's prudential indicators as set out in the Councils' Treasury Management Strategy.

- 2.5. This strategy will be monitored throughout the financial year and may be updated as proposals are developed and expenditure is finalised.