

## West Suffolk Council Flexible Use of Capital Receipts Strategy 2021 to 2022

### 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 to 2017 through to 2019 to 2020.
- 1.2 As part of the final government settlement announced on 6 February 2018 this timeframe for flexible use of capital receipts has been extended for a further three years out to 2022 to 2023.
- 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 1 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. In 2018 to 2019 and 2019 to 2020 West Suffolk Council used capital receipts to fund the transition costs resulting from the move to a single council.

	<b>2018 to 2019</b>	<b>2019 to 2020</b>	<b>2020 to 2021</b>	<b>2021 to 2022</b>
Transition costs – Single Council	£367,790	£132,210	£0	£0

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

	<b>2019 to 2020</b>	<b>2020 to 2021</b>	<b>2021 to 2022</b>	<b>2022 to 2023</b>
Transition costs – Single Council	£300,000	£300,000	£300,000	£300,000

- 2.3. The Council is continuing with the transformation programme which has led to achieving annual savings in excess of £5 million a year through initiatives such as sharing of services and the most recent creation of a new single West Suffolk Council.
- 2.4. The transformation programme, which will accelerate the delivery of a number of our financial strategy themes such as transformation of service delivery, encouraging the use of digital forms for customer access and behaving more commercially, will feature as our key approach to delivering across our medium term plans.
- 2.5. This transformational plan, which will include a series of service delivery reviews, will take shape during the first quarter of 2021 to 2022 to ensure delivery of the outcomes both financial and improved services, can start taking shape to contribute towards our financial challenges over the course of the MTFS. The projected budget gaps over across the MTFS are as follows:

	<b>2021 to 2022</b>	<b>2022 to 2023</b>	<b>2023 to 2024</b>	<b>2024 to 2025</b>
Projected Budget Gap	£0	£969,000	£1,619,000	£2,211,000

- 2.6. No budget has currently been allocated to assist with the transformation programme, however any budget required could be funded through the flexible use of capital receipts, in line with this strategy.
- 2.7. There are allowable capital receipts that have not been earmarked as funding for any other proposed capital expenditure which could be used to fund expenditure from the transformation programme. This would mean that any additional budget utilising the flexible use of capital receipts will not have any impact on the Council's prudential indicators as set out in the Councils' Treasury Management Strategy.
- 2.8. This strategy will be monitored throughout the financial year and may be updated as proposals are developed and expenditure is finalised.