

Flexible Use of Capital Receipts



Report to: Full Council

Date: 7 November 2024

Report author: Councillor Dan Swords, Leader of the Council

Executive Summary:

- A** To make use of Secretary of State guidance, to utilise Capital Receipts to fund revenue expenditure for transformational, regeneration and reform activity, which otherwise would put pressure on the General Fund Revenue Account.

Recommended that:

- A** Full Council approve the Flexible Use of Capital Receipts Strategy as set out in Appendix A to enable immediate and significant investment to fund the next steps for transformation and deliver the corporate missions. Furthermore, delegation be given to the Assistant Director for Finance, in consultation with the Cabinet Member for Finance, to make minor and non-consequential amendments to the Strategy.

Reason for decision:

- A** The council is undergoing significant transformation, and this report will ensure that new revenue investment is made available to enable the council to accelerate into that transformation, without putting additional pressure on the General Fund Revenue Account.

Other Options:

- A** Not flexibly use capital receipts – this would mean the slowing down of delivery of corporate missions at a time when the council must accelerate and the council not making the most of the freedoms the Government has allowed.

Flexible Use of Capital Receipts

1. The council set its 2024/25 Budget in February 2024 and strictly monitors the performance of each constituent part of the budget at every meeting of Cabinet. As has been reported to Cabinet each month, the council's sound financial management means that the council is in a strong position. This has meant that the council is resourcing the

corporate missions well, but there is further scope to inject more targeted resources to further accelerate the delivery of the corporate missions.

2. The council has the flexibility, as set out in Secretary of State guidance, to apply capital receipts to fund revenue costs of transformation, regeneration and reform projects and resulting benefit realisation. The council does not currently make use of this flexibility.
3. Therefore, in line with the process directed by the Secretary of State guidance, a new Flexible Use of Capital Receipts Strategy has been proposed as detailed in Appendix A which requires the approval of Full Council.
4. If approved, this would enable up to £2 million, above and beyond existing budgets, of additional finance to be directed immediately towards transformation, regeneration and reform projects and resulting benefit realisation with no impact on the council's prudential indicators.
5. The council currently has over £3 million of unallocated capital receipts held on the balance sheet which can be used to fund the qualifying expenditure in accordance with the strategy.
6. Under the guidance an annual strategy is required, but the council can review and update the strategy at any time. For future years, this will be brought forward as part of the budget setting process. In this financial year, the spend and performance of such projects will be reported to Cabinet in the ordinary way.

Implications

Equalities and Diversity

None

Climate Change

This report has no direct impact on climate change, but by ensuring that the council is fit to deliver it will enable the ambitions to council has set in respect of tackling climate change to be met.

Finance

The strategy proposes to flexibly use capital receipts to fund up to £2 million of qualifying transformation expenditure, with no impact on the council's prudential indicators.

The council has over £3 million of unallocated capital receipts which can be used to fund the qualifying expenditure in accordance with the strategy. Future capital receipts received from qualifying disposals, can be used to fund the strategy in future years. An annual strategy will be brought forward as part of the budget setting process.

Author: Jacqui Van Mellaerts, Assistant Director – Finance and Deputy Section 151 Officer

Governance

The proposed strategy meets statutory requirements and guidance. The Council must record details of all projects to be funded or part funded using capital receipts as part of its MTPF, and ensure that all planned spend is shared with MHCLG in advance of such use.

Author: Julie Galvin, Legal Services Manager and Monitoring Officer

Appendices

Appendix A – Flexible Use of Capital Receipts Strategy

Background Papers

Harlow Council Corporate Plan 2024-2028

Glossary of terms/abbreviations used

MO – Monitoring Officer

S151 – Section 151 Officer