Council

14 May 2025

Flexible Use of Capital Receipts Strategy report 2026/27 to 2029/30

For Decision

Cabinet Member:
Cllr S Clifford, Finance & Capital Strategy

Local Councillor(s): All

Senior Leadership Team:
S Cremer, Corporate Director, Section 151 Officer

Report author and job title: Sian Hedger interim DS151
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Statutory Authority:

Report status: Public (the exemption paragraph is N/A)

1. **Executive summary (maximum of 500 words)**

1.1 This report comes to Cabinet for approval of the Flexible Use of Capital Receipts Strategy for 2026/27.

2. **Recommendation(s)**

2.1 To approve the capital receipts strategy for 2026/27 and submission to the Department of Housing Levelling Up and Communities.

3. **Reason for the recommendation(s)**

3.1 The Council has responsibility to deliver transformation to services across the council. The use of a flexible capital receipts strategy will enable the use of up to £5.3m of capital receipts in 2026/27 to invest in the delivery of transformation projects. For each financial year a local authority should prepare at least one Flexible use of Capital Receipts Strategy, details of which are required to be submitted to the Secretary of State during the financial year.

4. **The report**

4.1 The Department for Levelling Up, Housing and Communities has provided guidance on the extension of the flexibility to use capital receipts to fund transformation projects up until the end of financial year 2029/30

4.2 The guidance on use of capital receipts flexibility is issued under section 15(1) of the Local Government Act 2003.

4.3 Local Authorities are required to have regard to the current edition of the Prudential Code for capital finance in local authorities by regulation 2 of the local Authorities (Capital Finance and accounting) regulation 2003 and to the Local Authority Accounting Code as proper practices for preparing accounts under section 31(a) of the Act.

4.4 The guidance applies to all years that the flexible use of capital receipts direction applies and makes it clear that local authorities can not borrow to finance revenue costs of service reform.

4.5 Local authorities can only use capital receipts from a qualifying disposal of property, plant and equipment assets received in the years in which the flexibility is offered.

4.6 The Secretary of State believes that individual authorities are best placed to decide which projects will be most effective for their areas. The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate **ongoing savings** to an authority's net service expenditure.

4.7 Each year a Flexible use of Capital Receipts Strategy should list each project that plans to make use of the capital receipts flexibility and that on a project - by project basis detail the expected savings/service transformation are expected. The Strategy should report the impact on the Prudential indicators for the forthcoming year and subsequent years.

4.8 It is a required condition that we submit details to the government so that they are sighted on use of the flexibility.

4.9 Disposals meeting the qualifying criteria have achieved £4.8m of qualifying flexible use of capital receipts(FUCR) to year end 25/26, which are held in reserve.(YE pending) As reported to Cabinet in October 2025 shows £12.4m of forecast disposals for 2026/27. £0.5m of these will be required to fund transformation projects.

4.10 This brings the total request for flexible use of Capital Receipts to fund transformation projects in 2026/27 to £5.3m

4.11 Transformation projects for which the £5.3m of FUCR is funding or part funding is as set out in the April 2026 Cabinet report.

4.12 To note qualifying expenditure is expenditure on projects 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 Dorset Council have to decide what is qualifying expenditure whilst complying with criteria set.

5. **Alternative options considered**

5.1 We are not allowed to borrow to fund revenue costs and so alternatively these costs could be funded from increasing the base budgets and or one-off funds such as reserves.

6. **Legal considerations**

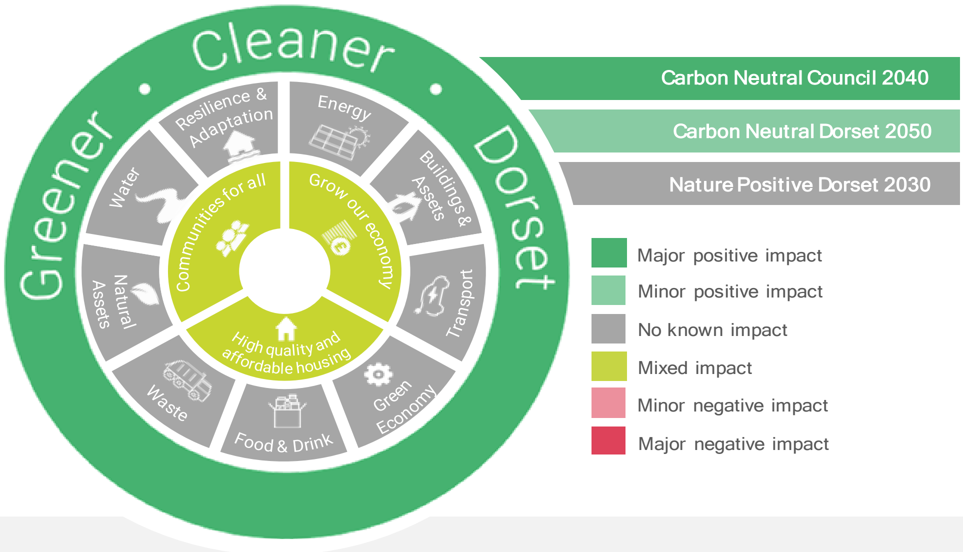
6.1 Presenting this report to full Council will meet the requirements set out in the statutory guidance.

7. Financial implications

7.1 Financial implications are covered within the body of this report.

8. Natural environment, climate & ecology implications

Flexible Use of Capital Receipts Strategy



Quantitative Impact on CEE targets (if known)		
	Unit	Number of units (+/-)
2030 - Natural asset extent & condition	Ha	0
2040 - Operational Emissions	CO_2 (tonnes)	

ACCESSIBLE TABLE SHOWING IMPACTS

Natural Environment, Climate & Ecology Strategy Commitments	**Impact**
Energy	No known impact
Buildings & Assets	No known impact
Transport	No known impact
Green Economy	No known impact
Food & Drink	No known impact
Waste	No known impact
Natural Assets & Ecology	No known impact
Water	No known impact
Resilience and Adaptation	No known impact

Corporate Plan Aims	**Impact**
Grow our economy	neutral
High-quality and affordable housing	neutral
Communities for all	neutral

9. Well-being and health implications

9.1 N/A

10. Other implications

10.1 N/A

11. Risk implications

11.1 HAVING CONSIDERED: the risks associated with this decision; the level of risk has been identified as:

Current Risk: Low

Residual Risk: Low

12. Equalities

12.1 N/A

13. Appendices

13.1

14. Background papers

14.1 December 2023 - Capital receipts policy.pdf

15. Report sign-off

15.1 This report has been through the internal report clearance process and has been signed off by the Director for Legal and Democratic (Monitoring Officer), the Executive Director for Corporate Development (Section 151 Officer) and the appropriate Portfolio Holder(s)