

<p>Council</p> <p>Wednesday 20 November 2024</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Julie Lorraine Corporate Director, Resources</p>	<p>Classification: Open (Unrestricted)</p>
<p>Flexible Use of Capital Receipts Strategy 2024/25</p>	

<p>Originating Officer(s)</p>	<p>Chris Leslie, Head of Strategic & Corporate Finance</p>
<p>Wards affected</p>	<p>(All Wards);</p>

Executive Summary

This report presents the Flexible Use of Capital Receipts Strategy for 2024/25. The strategy outlines how the Council will apply capital receipts to fund revenue expenditure that delivers efficiencies. Statute requires that Full Council approve the policy.

Approval will ensure savings in the MTFs regarding flexible use of capital receipts will be achieved. Given the pressures on local government finance it is essential that the Council utilises all levers at its disposal to fund expenditure, particularly those that have been provided by central government.

Recommendations:

The Council is recommended to:

1. Approve the Flexible Use of Capital Receipts Strategy at Appendix 1.

1 REASONS FOR THE DECISIONS

- 1.1 The Medium Term Financial Strategy approved by Council in February 2024 included the flexible use of £2.1m of capital receipts to fund revenue expenditure that delivered efficiencies. The £2.1m related to investment in adult care technology transformation (savings reference SAV / COP 005 / 24-25).
- 1.2 In order to ensure delivery of these savings and provide scope for further savings and efficiencies, eligible costs for Early Retirement and Flexible Retirement are being brought into scope. It is a requirement that a flexible use of capital receipts strategy is in place and is approved by Full Council.

- 1.3 With significant financial pressures on local government, it is essential that the Council seeks initiative ways to fund transformation programmes to assist in funding services to residents.

2 ALTERNATIVE OPTIONS

- 2.1 The Council could not approve the strategy, but this would risk savings aren't achieved and forego the opportunity for further savings and efficiencies. At a time when funding pressures are so acute particularly in homelessness and social care this policy provides an opportunity for further revenue funding.

3 DETAILS OF THE REPORT

- 3.1 In the Spending Review 2015, the Chancellor of the Exchequer announced the Government would allow local authorities to spend up to 100% of their capital receipts on the revenue costs of transformation projects, to support local authorities to deliver more efficient and sustainable services. This flexibility was subsequently extended until 31 March 2030.
- 3.2 The conditions require that a strategy is produced and approved by Full Council. The Flexible Use of Capital Receipts Strategy is at Appendix 1.

4 EQUALITIES IMPLICATIONS

- 4.1 There are no equalities implications regarding the strategy.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.

- 5.2 This strategy ensures the Council is making best value use of its resources.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 The strategy sets out how the savings of £2.1m in relation to the flexible use of capital receipts will be achieved and provides further opportunities for savings and efficiencies.

6.2 The use of capital receipts for this purpose are in addition to those funding the capital programme and therefore there is no impact on its delivery.

7 COMMENTS OF LEGAL SERVICES

7.1 The Local Government Act 2003 (“the Act”), section 15(1) requires a local authority “to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify”.

7.2 The guidance on use of capital receipts flexibility issued by the secretary of state has legal effect on the Council due to s.15(1) above.

7.3 The two proposed schemes stated in the strategy meet the criteria stated in the guidance provided that the Council notifies the secretary of state prior to the use of the funds in each financial year.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix 1 – Flexible Use of Capital Receipts Policy

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:

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