

## **FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2022/23 – 2024/25**

### **1. INTRODUCTION AND BACKGROUND**

- 1.1 On the 4 April 2022, The Department for Levelling Up, Housing and Communities (DLUHC) announced a three-year extension from 2022/23 onwards to the existing flexibility on the use of capital receipts. The flexibility allows authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services.
- 1.2 The Council has historically adopted this flexibility, using approximately £4.4M to fund the implementation of the Future Eastleigh initiative between 2016/17 and 2019/20, and Service Improvements and Efficiencies in 2022/23 and 2023/24.
- 1.3 This strategy will enable the Council to use this facility where appropriate in 2024/25. This strategy is to be approved by Full Council, and then details are to be submitted to the Secretary of State as a requirement of the direction. The Strategy also meets the requirement to submit the Council's plan for the use of the flexibility in advance of use for each financial year.

### **2. METHODOLOGY**

- 2.1. Capital receipts are funds councils received from asset sales, the use of which is normally restricted to funding other capital expenditure or repaying borrowing. The receipts cannot usually be used to fund revenue costs.
- 2.2. To remove the restrictions and to make use of the flexibility offered as an option by Government in restricted circumstances, capital receipts must arise in the period 2016/17 to 2024/25 and qualifying expenditure must take place in the same period.

### **3. RECEIPTS AVAILABLE FOR USE**

- 3.1. The table below shows capital receipts received and spent over the periods from 2016/17 to 2023/24 and forecast receipts and expenditure in 2024/25. It should be noted that Right to Buy Capital receipts are excluded from this flexibility. It has also been clarified by DLUHC that capital receipts used in this flexibility must arise from disposals outside of the 'Group' structure

of the Council. To comply with these restrictions Right to Buy Receipts and receipts received from Aspect Eastleigh for the repayment of the Pembers Hill loan have been removed from the below table:

	<b>£000</b>
Total Qualifying Receipts received 2016/17 – 2023/24	18,105
Amount used previously under flexibility	(4,565)
Used for other capital expenditure between 2016/17 and 2023/24	(9,911)
Forecast Capital Receipts to be received 24/25	83
Approved forecast use of capital receipts in 24/25	(1,586)
<b>Total Available Receipts for flexibility in 2024/25</b>	<b>2,126</b>

#### **4. ELIGIBLE PROJECTS AND USE OF CAPITAL RECEIPTS**

- 4.1. As the Council has been implementing a Service Improvement and Efficiencies Strategy (SI&E), areas of this Strategy have been identified as eligible to be funded from capital receipts. The table below summarises these areas. This list is not exhaustive, and should further projects be identified, or revisions needed to the planned use of receipts an update to the Strategy will be brought for approval at Full Council where appropriate.

Project	Description	Reason	Areas	Portfolio	Forecast use of receipts £'000
SI&E	<p>Implement more efficient operational staffing structures within services across the Council.</p> <p>Develop the future CCTV and Control Room provision.</p> <p>Progress: Structures to be implemented by 31<sup>st</sup> March 2025 CCTV and Control Room savings identified, costs to be incurred to realise these savings.</p>	<p>Reduce costs</p> <p>Support a more efficient provision of services</p>	<p>Comms</p> <p>Neighbourhoods and Green Spaces</p> <p>Parking &amp; CCTV</p>	<p>Planning and Property</p> <p>Environment</p> <p>Transport</p>	223

## 5. CAPITAL FINANCING REQUIREMENT

- 5.1. There is no impact on the Council's Capital Financing Requirement from the use of these receipts under this flexibility, as these Capital Receipts are currently not allocated to future expenditure in the Community Improvement Programme (CIP).