
Somerset Council – Flexible use of Capital Receipts Policy 2024-25

Lead Member(s): Liz Leyshon, Lead Member for Resources and Performance
Lead Officer: Jason Vaughan, Executive Director Resources and Corporate Services
Author: Jason Vaughan
Contact Details: jason.vaughan@somerset.gov.uk

Summary

1. Council approved the current strategy as part of setting the budget in February 2023 and this is an update to that. A key part of the Financial Strategy for balancing the 2024/25 budget is the disposal of assets to generate capital receipts.
2. Central Government outlined in December 2015 that local authorities would be able under certain circumstances to utilise capital receipts for revenue expenditure in certain circumstances. The criteria for the application of capital receipts for revenue spend has gradually changed over time. The current rules that were introduced in 2021 outline that:
 - Only receipts received within the timescales that authorities have a Flexible Receipts Strategy can be used
 - Only receipts from PPE (Property, Plant, and Equipment) can be used where the authority ceases to have an interest in the asset
 - The authority must be able to demonstrate that ongoing savings are a result of the application of receipts
 - Discretionary redundancy payments cannot be funded from capital receipts, but statutory redundancy and pension strain payments are allowable
3. The current requirement states that the strategy should list each project that plans to make use of the capital receipts flexibility.

4. The Strategy must be approved by Council and submitted to the Secretary of State. A revised strategy may be replaced by another during the year with Council approval.

Recommendations

5. The Audit Committee:

5.1. Reviews the policy and considers if there any comments they wish to make to the Executive on it.

Financial and Risk Implications

6. It is clear that the scale of financial challenges facing the Council are significant. Given the size of the updated budget gap, Strategic Risk ORG0057 Sustainable MTFP has the highest score possible.

Likelihood	5	Impact	5	Risk Score	25
------------	---	--------	---	------------	----

Implications

7. The use of policy is a key part of the overall financial strategy in balancing the 2024/25 budget.

Legal Implications

8. There are no direct legal implications from this report.

Background Papers

9. Monthly budget monitoring reports to Scrutiny & Executive
10. Financial Strategy report to July 2023 Executive
11. Budget Update reports to November, December and January Scrutiny & Executive

Appendices

Appendix 1 – Flexible Use of Capital Receipts Policy for 2024/25