

## Flexible Use of Capital Receipts

### Transformation and Invest to Saves

#### Flexible Use of Capital Receipts (FUCR)

1. As part of 2015 Spending Review (SR15), the government announced that to support local authorities to deliver more efficient and sustainable services it would allow local authorities to spend up to 100% of their fixed asset receipts on the revenue costs of service reform and transformation. Guidance on the use of this flexibility stipulated that it applied to the three financial years to end March 2019. However, this was extended for a further three years to 31 March 2022 as part of the 2018/19 local government finance settlement, for a further three years to 31 March 2025 in April 2022, and for a further 5 years to 31 March 2030 as part of the 2024/25 local government finance settlement.
2. The current guidance makes it clear that local authorities cannot borrow to finance the revenue costs of service reforms or improvements. In addition, local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years the flexibility is offered. Local authorities may not use any existing stock (pre-2016) of capital receipts to finance the revenue costs of reforming their services. Set up and implementation costs of any new processes or arrangements that will generate future ongoing savings and/or transform service delivery to reduce or improve the quality-of-service delivery in future years can be classified as qualifying expenditure. Costs associated with business-as-usual activity and the council's statutory duty to improve cannot be classified as qualifying expenditure. The ongoing revenue costs of any new processes or arrangements can also not be classified as qualifying expenditure. In addition, the guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 specifies that.
  - The key determining criteria to use when deciding whether expenditure can be funded by the new capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's net service expenditure.
  - In using the flexibility, the council will have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of Practice and the current edition of the Treasury Management in Public Services Code of Practice
3. BCP Council has previously engaged with both CIPFA Consultancy and the External Auditor to provide assurance that any such costs which it wishes to fund from the FUCR accords with the statutory guidance.
4. **Figure 1** below provides a summary table of the return on investment for the service specific transformation and invest to save programmes. This indicates that as at the end of the 2028/29 financial year the council's one-off investment of **£7.673m** should be delivering annual recurring savings of **£14.294m** per annum.

## Appendix 6

**Figure1: Service Specific Transformation and Invest to Save programmes**

Service Specific Investment Programmes & Invest to Saves - Absolute amounts	2023/24	2024/25	Total	2025/26	Sub	2026/27	2027/28	2028/29	Overall
	Actual £m	Actual £m	Actuals £m	Forecast £m	Total £m	Budget £m	Estimate £m	Estimate £m	Total £m
<b>Expenditure</b>									
Children's Service - New Service Delivery Model (Council September 2023)	0.656	0.596	1.252	0.454	1.706	0.000	0.000	0.000	1.706
Children's Service - Home to School Transport (Council December 2025)	0.000	0.000	0.000	0.000	0.000	0.558	0.497	0.439	1.494
Adult Social Care - Assistive Technology	0.203	0.158	0.361	0.039	0.400	0.000	0.000	0.000	0.400
Adult Social Care - Transfer of catering services to Tricuro	0.140	0.070	0.210	0.000	0.210	0.000	0.000	0.000	0.210
Adult Social Care - Fulfilled Lives (Council July 2024)	0.086	0.514	0.600	1.404	2.004	0.936	0.000	0.000	2.940
Adult Social Care - Prevention Strategy (Council December 2025)	0.000	0.000	0.000	0.000	0.000	0.147	0.147	0.147	0.441
Operations - Invest to Save - Tourism Information Centre	0.000	0.000	0.000	0.020	0.020	0.000	0.000	0.000	0.020
Operations - Invest to Save - Smugglers Golf	0.000	0.000	0.000	0.050	0.050	0.000	0.000	0.000	0.050
Operations - Invest to Save - Beach Huts	0.000	0.000	0.000	0.020	0.020	0.000	0.000	0.000	0.020
Operations - Invest to Save - Paddle Tennis	0.000	0.000	0.000	0.100	0.100	0.000	0.000	0.000	0.100
Operations - Invest to Save - St Lighting - High Mask Laterns Poole	0.000	0.000	0.000	0.000	0.000	0.225	0.000	0.000	0.225
Operations - Invest to Save - One Officer / Consolidated Control Rooms	0.000	0.000	0.000	0.000	0.000	0.067	0.000	0.000	0.067
	1.085	1.338	2.423	2.087	4.510	1.933	0.644	0.586	7.673
<b>Funding</b>									
Funding from the Flexible Use of Capital Receipts	(1.085)	(1.338)	(2.423)	(2.087)	(4.510)	(1.933)	(0.644)	(0.586)	(7.673)
	(1.085)	(1.338)	(2.423)	(2.087)	(4.510)	(1.933)	(0.644)	(0.586)	(7.673)
<b>Savings and efficiencies</b>									
Children's Service - New Service Delivery Model (Council September 2023)	0.000	(0.222)	(0.222)	(0.560)	(0.782)	(1.455)	(3.061)	(3.061)	(8.359)
Children's Service - Home to School Transport (Council December 2025)	0.000	0.000	0.000	0.000	0.000	(0.576)	(2.611)	(3.167)	(6.354)
Adult Social Care - Assistive Technology	0.000	(0.069)	(0.069)	(0.432)	(0.501)	(0.589)	(0.643)	(0.643)	(2.376)
Adult Social Care - Transfer of catering services to Tricuro	0.000	(0.022)	(0.022)	(0.022)	(0.044)	(0.022)	(0.022)	(0.022)	(0.110)
Adult Social Care - Fulfilled Lives (Council July 2024)	0.000	0.000	0.000	(1.211)	(1.211)	(2.170)	(3.230)	(3.547)	(10.158)
Adult Social Care - FutureCare	0.000	0.000	0.000	(0.100)	(0.100)	(1.100)	(3.600)	(3.600)	(8.400)
Adult Social Care - Prevention Strategy (Council December 2025)	0.000	0.000	0.000	0.000	0.000	(0.150)	(0.330)	(0.680)	(1.160)
Operations - Invest to Save - Tourism Information Centre	0.000	0.000	0.000	0.000	0.000	(0.020)	(0.020)	(0.020)	(0.060)
Operations - Invest to Save - Smugglers Golf	0.000	0.000	0.000	0.000	0.000	(0.020)	(0.020)	(0.020)	(0.060)
Operations - Invest to Save - Beach Huts plus £300k capital receipt	0.000	0.000	0.000	0.000	0.000	(0.008)	(0.008)	(0.008)	(0.024)
Operations - Invest to Save - St Lighting - High Mask Laterns Poole	0.000	0.000	0.000	0.000	0.000	0.000	(0.016)	(0.032)	(0.048)
IT Programmes and Projects - Invest to Save -Wide Area Network	0.000	0.000	0.000	0.000	0.000	(0.080)	(0.080)	(0.080)	(0.240)
	0.000	(0.313)	(0.313)	(2.325)	(2.638)	(6.190)	(13.641)	(14.880)	(37.349)
<b>Net Position of Service Specific Transformation &amp; Invest to Saves</b>	<b>1.085</b>	<b>1.025</b>	<b>2.110</b>	<b>(0.238)</b>	<b>1.872</b>	<b>(4.257)</b>	<b>(12.997)</b>	<b>(14.294)</b>	<b>(29.676)</b>

## Appendix 6

5. It should be highlighted that the investments within Operations in respect of Paddle tennis and One Officer / Consolidated Control Rooms are at feasibility stage and therefore the expenditure will need to be written off to revenue if a viable business case is not then implemented.
6. In addition, the proposal is to set aside £3m per annum, including an annual £1m redundancy provision, across the MTFP timeframe to finance the transformation and invest to save costs that will need to be put forward to directly reduce the net service expenditure budget of the council and in doing so contribute towards the necessary annual corporately budgeted savings, efficiencies and service reductions. The previous closure report for the original Transformation Investment Programme set out that the council had laid strong foundations but in areas such as data, technology and innovation there will be further opportunities as the organisation matures. This approach aligns with our corporate ambitions and corporate digital strategy and will ensure we are well-positioned to deliver sustainable savings through a structured and evidence-led programme and in support of the Council's financial resilience.
7. A financial strategy to set aside this funding should not be confused with actual authority to incur this expenditure. Robust business cases will need to be established which set out the expenditure required and the savings that will be delivered alongside a delivery plan. These business cases will then need approval in line with the council's constitution for example Council approval will be required if the investment is more than £1m.
8. It should also be referenced that based on previous approvals there will be £1.990m in one-off residual costs associated with the completion of the original post local government review, authority wide transformation investment programme
9. For **2023/24** the Council funded £11.558m of revenue expenditure on its various transformation programmes and invest to saves via the FUCR as set out as follows.

<b>(£8.362m)</b>	<b>31.3.23 Brought Forward Capital Receipts</b>
(£4.545m)	Delivered capital receipts 2022/23.
£0.029m	Costs of disposal
£7.211m	Transformation Investment Programme expenditure
£3.262m	Redundancy costs
£0.656m	Children's Services service specific transformation expenditure
£0.429m	Adult Social Care service specific transformation programme
<b>(£1.320m)</b>	<b>31.3.24 Capital Receipts carried forward.</b>

Capital receipts delivered included the councils share of the Bargates site, 35 Willis Way Fleet Industrial Park Poole and 3 of the remaining units previously owned by the council on the Airfield Industrial Park in Christchurch.

10. For **2024/25** the Council funded £5.177m of revenue expenditure on its various transformation and Invest to Save programme funded via the FUCR as follows.

**(£1.320m) 31.3.24 Forecast Brought Forward Capital Receipts**

(£6.992m)	Delivered capital receipts 2024/25.
£0.175m	Costs of disposal
£2.460m	Transformation Investment Programme expenditure
£1.379m	Redundancy costs
£0.596m	Children's Services service specific transformation expenditure
£0.742m	Adult Social Care service specific transformation programme
<b>(£2.969m)</b>	<b>31.3.25 Capital Receipts carried forward</b>

Capital receipts delivered included those from Southbourne Crossroads Car Park and Christchurch Civic Centre.

11. For **2025/26** the Council is planning to spend £4.030m of revenue expenditure on its various transformation and Invest to Save programmes funded via the FUCR as follows.

**(£2.969m) 31.3.25 Forecast Brought Forward Capital Receipts**

(£8.478m)	Delivered in-year capital receipts 2025/26.
(£5.775m)	Forecast in-year capital receipts 2025/26.
£0.360m	Costs of disposal
£0.190m	Capital Expenditure commitments in support of Invest to Saves
£1.990m	Residual original Transformation Investment Programme expenditure
£0.143m	Redundancy costs
£0.454m	Children's Services service specific transformation expenditure
£1.443m	Adult Social Care service specific transformation programme
<b>(£12.642m)</b>	<b>31.3.26 Capital Receipts carried forward</b>

Capital receipts delivered included those from the sale of Wessex Fields, Christchurch By-pass Car Park, and Westbourne Plus Day Centre.

Forecast capital receipts still to be delivered in 2025/26 include those from the sale of Poole Civic Centre.

12. For **2026/27** the Council is planning to spend £4.641m of revenue expenditure on its various transformation and Invest to Save programmes funded via the FUCR as follows.

<b>(£12.642m)</b>	<b>31.3.26 Forecast Brought Forward Capital Receipts</b>
(£7.704m)	Estimated in-year capital receipts 2026/27.
£0.207m	Costs of disposal
£1.842m	Capital Expenditure commitments <small>(approval required as per governance framework)</small>
£1.000m	Provision for future redundancy costs
£2.000m	Provision for future transformation costs
£0.558m	Children's Services service specific transformation expenditure
£1.083m	Adult Social Care service specific transformation programme
<b>(£13.656m)</b>	<b>31.3.27 Capital Receipts carried forward</b>

Estimated capital receipts expected to be delivered in 2026/27 include those from Broadwaters, the South Part of Beach Road Car Park, Roeshot Nursery the restructure of the head lease of Kingland House. The intent is also that the purchase of the leaseholder's interest in Upton Park Farm will be financed from the sale of acquired buildings deemed surplus to requirements.

13. For **2027/28** the Council is planning to spend £3.644m of revenue expenditure on its various transformation and Invest to Save programmes funded via the FUCR as follows.

<b>(£13.656m)</b>	<b>31.3.27 Forecast Brought Forward Capital Receipts</b>
(£3.00m)	Estimated in-year capital receipts 2027/28.
£1.000m	Provision for future redundancy costs
£2.000m	Provision for future transformation costs
£0.497m	Children's Services service specific transformation expenditure
£0.147m	Adult Social Care service specific transformation programme
<b>(£13.012m)</b>	<b>31.3.28 Capital Receipts carried forward</b>

14. For **2028/29** the Council is planning to spend £4.641m of revenue expenditure on its various transformation and Invest to Save programmes funded via the FUCR as follows.

**(£13.012m)      31.3.28 Forecast Brought Forward Capital Receipts**

(£1.00m)	Estimated in-year capital receipts 2028/29.
£1.000m	Provision for future redundancy costs
£2.000m	Provision for future transformation costs
£0.439m	Children's Services service specific transformation expenditure
£0.147m	Adult Social Care service specific transformation programme
<b>(£10.426m)</b>	<b>31.3.29 Capital Receipts carried forward</b>

15. It is important that the council continue to develop and deliver a pipeline of capital receipts as conveyancing is a notoriously difficult and time-consuming process and therefore alternative and additional receipts maybe needed to supplement those already approved for disposals. Additionally, further demands on capital receipts may materialise for example capital expenditure/works or to support requests to the government for financial support. As a good example of this on 6 January 2026 the council applied for Exceptional Financial Support to cover the interest on the historic and accumulating Dedicated Schools Grant (DSG) deficit. The fallback position, should council tax flexibility be declined, is for a capitalisation direction which allows the council to finance revenue expenditure from capital receipts. In this scenario the amount required would be £23.5m over the 2-year period 2026/27 and 2027/28 and this has not been included in the above analysis.