

Wandsworth Borough Council

Flexible Use of Capital Receipts Strategy

September 2025

1. The Flexible Use of Capital Receipts was last approved via Paper No. 24-283 in September 2024.
2. The Government introduced the Flexible Use of Capital Receipts in 2016 to give local authorities the freedom to use capital receipts to help fund the revenue costs of transformation projects and release savings. The regime was originally intended to run until the end of 2021/22, this was subsequently extended to 2024/25, and following a further announcement in November 2024 the regime has been extended to 2029/30.
3. Government guidance requires each authority intending to use the flexibility to prepare a “Flexible Use of Capital Receipts Strategy” to be approved by full Council and reported to the Ministry of Housing, Communities and Local Government. The Strategy should contain details of projects intending to make use of the flexibility, including amount of planned capitalisation using the flexibility, and the savings and service transformations expected to result. The guidance gives a wide range of projects that could generate qualifying expenditure, although the list is not intended to be prescriptive and it is for local authorities to determine whether or not a project qualifies for the flexibility.
4. Examples of qualifying expenditure include:
 - Activities which support or enable efficiency savings, improved service delivery or transformation as part of local government re-organisation;
 - Sharing back-office and administrative services with one or more other council or public sector bodies;
 - Investment in service reform feasibility work e.g. setting up pilot schemes;
 - Collaboration between local authorities and central government departments to free up land for economic use;
 - Funding the cost of service configuration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
 - Sharing Chief Executives, management teams or staffing structures;
 - Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
 - Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;

(Paper No. 25-327)



- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
 - Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and
 - Integrating public facing services across two or more public sector bodies (for example children’s social care, trading standards) to generate savings or to transform service delivery.
5. In addition to extending the regime, the updated 2025 directive permits use of receipts to finance all redundancy payments to be treated as qualifying expenditure, previously it was limited to statutory redundancy payments.
6. In August 2022, an amended direction was issued stating that capital receipts used must only be from disposals where the authority does not still retain some direct or indirect control of the assets. The updated 2025 directive sets out the Government’s expectation that community assets should be protected where possible and not disposed of in order that residents can continue to benefit from them.

Proposed Projects to be funded from Capital Receipts

7. The Council will potentially make use of this flexibility in relation to the investment costs incurred to deliver the ambitious Transformation Programme which aims to help to close the funding gaps in the latest Medium Term Financial Strategy. The programme will be structured to join up delivery across eight portfolios which will invest in changes to IT infrastructure and further digitalisation and deliver other invest to save projects such as office accommodation rationalisation, and wider demand management initiatives across children’s and adult social services and resident services.
8. An overall budget for transformation has been developed which will be tightly controlled and released as projects come forward. Whilst this is a combined programme across Richmond and Wandsworth Councils, the potential indicative budgets which may include qualifying expenditure under the flexible capital receipts strategy would be as follows:

Indicative Future Use of Capital Receipts Flexibilities					
	2025/26	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m	£m
Transformation Programme	2.3	4.7	2.3	0	9.3

9. Any unused element of the above anticipated capital receipts would be applied in the normal way to reduce the financing costs of the capital programme.

Impact on Prudential Indicators

10. The guidance requires that the impact on the Council's Prudential Indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy. The Council's current capital programme does not utilise the capital receipts that will fund the above indicative expenditure. Therefore, there will be no change to the council's Prudential Indicators.