Flexible use of capital receipts strategy

Last Modified March 30, 2026

How to search the page

iOS Safari – tap the action icon (square with arrow at bottom of screen) and select 'find on page' from the list of options.
Other mobile browsers – tap the browser's options menu (usually 3 dots or lines) and select 'find on page' from the options.
CTRL + F on your keyboard (Command + F on a Mac)
This will open a search box on the page. Type the word you are looking for in the search box and press enter. The word will then be highlighted wherever it appears in the guidance. Use the navigation in the search box to move to the next word found.

How to print a copy of the page

iOS Safari – tap the action icon (square with arrow at bottom of screen) and select 'print' from the list of options.
Other mobile browsers – tap the browser's options menu (usually 3 dots or lines) and select 'print' or select 'share' from the list of options, then 'print' in the popup.
CTRL + P on your keyboard (Command + P on a Mac)
You have an option to print the entire page, or select a page range.
2025/26 to 2029/30 (Rolling Strategy)

1. Introduction and purpose

This Strategy sets out Blackpool Council's intended use of the Flexible Use of Capital Receipts Direction, issued under sections 16(2)(b) and 20 of the Local Government Act 2003, which allows local authorities to treat qualifying revenue expenditure on transformation as capital expenditure during the period 1 April 2025 to 31 March 2030.

The direction gives councils temporary scope to use capital receipts to support transformation activity where upfront investment will lead to ongoing revenue savings or reduced future demand. This flexibility supports Blackpool's response to the significant financial pressures outlined in the council's month 9 financial performance monitoring report, including:

- £8.10m overspend in children's services, driven by rising residential placements, support needs, and cost pressures
- £1.02m overspend in adult services, including unachieved savings and increased complexity of need
- £7.67m pressure in growth and prosperity schemes
- A forecast revenue overspend of £7.39m for 2025/26

Transformation is essential to stabilise the medium-term financial plan, reduce structural demand, and ensure services remain financially sustainable.

2. Legislative framework

This strategy is prepared in accordance with:

- The guidance on the flexible use of capital receipts (March 2025), which must be "had regard to" under section 15(1)(a) of the Local Government Act 2003.
- The direction applicable for financial years 2025/26 to 2029/30, permitting qualifying expenditure to be treated as capital expenditure.
- The requirement that capital receipts used under the direction must arise from qualifying disposals, meaning genuine disposals of

assets where the council does not retain an interest and where the purchaser is outside the council's group structure.

Blackpool's planned disposals are not to group companies and so meet the qualifying disposal definition.

3. Strategic case for transformation

Blackpool Council continues to experience intense financial pressures, including:

- Rising demand in children's services with high placement costs
- Cost and demand pressures in adult services
- Operating deficits in growth and prosperity schemes and strategic leisure assets
- Requirement to replenish and protect earmarked revenue reserves, which are forecast to fall from £21.03m to £19.18m by March 2026
- A need to maintain prudent general fund working balances of £7.8m in a year where an overspend is projected.

The council's needs transformation programmes that address the following challenges:

- Demographic and inflationary pressures
- Unsustainable demand levels
- The need to deliver recurring MTFS savings
- Operational efficiencies
- Modernisation of systems, workforce and physical estate

Given these challenges, targeted use of capital receipts will help finance time-limited transformation activity, without further increasing pressure on revenue budgets or reserves. Following the budget exercise for 2026/27 the council estimates that investment of £5m is required in order to meet targets set within the medium-term plan.

4. Principles for using the flexibility

Blackpool will only apply the flexibility where expenditure:

- Generates ongoing revenue savings, or
- Transforms service delivery in a way that reduces future costs or demand,
  as required by the statutory definition of qualifying expenditure

Two categories of expenditure fall within the strategy:

4.1 Direct savings activities

Transformation activity where financial benefits flow directly from the work undertaken.

4.2 Enabling activities

Work that supports the delivery of future savings or transformational change (e.g., digital improvements, organisational redesign, data insight improvements, programme capacity).

Detailed business cases will be developed which will be subject Corporate Leadership Team oversight.

5. Qualifying transformation programmes (2025/26 to 2029/30)

The following programme areas are assessed as eligible under the Direction:

A. Social care sustainability (Direct savings)

- Children's placement strategy redesign
- Pathways and sufficiency planning
- Strengthbased practice transformation
- Commissioning transformation across adults and children
  These areas align with the significant overspends identified in the latest monitoring report.

B. Workforce and service redesign (Direct savings)

- Organisational restructures required to deliver MTFS savings
- Reduction of agency staffing through structural redesign
- Redesign of operational service models

C. Asset optimisation and accommodation strategy (Direct and enabling)

- Rationalisation of the council's estate
- Consolidation of office accommodation
- Hybrid working and space efficiency programmes
- Associated digital and change activity

D. Digital, customer, and data transformation (Enabling)

- Automation and process redesign
- Customer access modernisation
- Improvements to corporate data, intelligence and reporting

E. Cross cutting corporate transformation (Enabling)

- Change management and transformation capacity
- Organisational modernisation
- Corporate efficiency initiatives

6. Qualifying capital receipts

Capital receipts may only be used where they arise from qualifying disposals, meaning sales to external entities with no ongoing council interest. The council has identified assets that will provide a capital receipts pipeline to deliver the £5m investment identified. The expected pipeline of receipts will be finalised through the annual budget-setting process and appended to this strategy each February.

7. Annual determination of amount to be used

In line with guidance allowing authorities to update their plans during the year, Blackpool will determine the annual amount of receipts to be applied flexibly as follows:

> "The amount of capital receipts to be used for transformation will be confirmed annually as part of the February budget process, once capital receipts forecasts, reserves and MTFS requirements have been updated."

The Strategy may be updated midyear where necessary.

8. Transformation programme structure

A transformation programme will be updated annually and will include:

- Programme name
- Classification (Direct/Enabling)
- Indicative investment requirement
- Expected MTFS saving or costavoidance impact
- Planned timeframe

A programme table structure will be included each February when capitalisable costs are confirmed.

9. Expected benefits and return on investment

The expected benefits of applying the flexibility include:

- Reduction in high-cost placements in children's services

- Reduction in adult services care costs and demand growth
- Workforce-related recurring savings
- Savings associated with estate rationalisation and smarter working
- digital efficiencies, including lower manual processing costs
- Improved customer experience and reduced failure demand

A cost-to-save assessment will be produced alongside annual budget papers once project values are confirmed.

10. Prudential indicators

The statutory guidance requires authorities to consider the impact of applying the flexibility on their prudential indicators.

A full assessment will be provided each February within the treasury management strategy.

At this stage, no material impact is expected pending confirmation of capital programme financing requirements.

11. Governance and monitoring

11.1 Corporate leadership team (CLT)

CLT will oversee:

- Delivery of the transformation programme
- Monitoring of expenditure supported by capital receipts
- Assurance that qualifying expenditure criteria are met
- Tracking delivery of savings and transformation outcomes

11.2 Reporting

- Progress will be monitored quarterly through the council's financial performance monitoring framework.
- An annual update will accompany MTFS and budget-setting papers.
- The council will provide the secretary of state with required annual submissions specifying:
    - Planned capitalisation
    - Type of qualifying expenditure
    - Outcomes from prior-year capitalisation

12. Mid year revisions

The council may revise this strategy during the year where:

- New transformation priorities arise
- Capital receipts forecasts change
- MTFS requirements shift

Revised strategies will be submitted to the Secretary of State as required.

13. Publication

This strategy will be published on the council's website once approved by full council, in accordance with statutory requirements.

↑ Back to top

handle bar template