

DRAFT RESPONSE SERVICE

As part of the Rural Opportunities Bulletin, RSN will regularly provide concise potential responses to key current consultations. These are not intended to be definitive or to reflect the views of RSN and may include potentially opposing responses to reflect different views designed to assist individual organisations in compiling their own response. We do however recognise the pressure members are under and we hope this service will assist.

Proposals for the use of capital receipts from asset sales to invest in reforming services – Department for Communities & Local Government, July 2013

<https://www.gov.uk/government/consultations/proposals-for-the-use-of-capital-receipts-from-asset-sales-to-invest-in-reforming-services>

In the Spending Review document 'Investing in Britain's Future', the government announced that it would consult on allowing local authorities some flexibility to use their receipts from asset sales to pay for the one-off revenue costs of service reforms. This consultation paper explores options for the introduction of such flexibilities to help stimulate organisational change for local authorities, and asks local authorities for views and suggestions. The consultation closes on 24 September 2013.

Consultation Question 1 – *Do you consider that the proposal to allow some flexibility for use of capital receipts from new asset sales will provide you with a useful additional flexibility for one-off revenue costs associated with restructuring and reforming local services to deliver longer term savings?*

Draft Response: Yes. The proposed use of capital receipts will undoubtedly provide increased resources and increased flexibility to enable the restructuring and reform of local services. Ideally, all capital receipts should be available for use in this way in order to maximise the potential to achieve transformation.

Consultation Question 2 – *To evidence base the response to question one, we would welcome (in no more than 400 words) your initial ideas for change(s) that you consider would benefit from the flexible use of capital receipts policy?*

Information could include the level of funding required, type of asset(s) to be disposed, details of the service transformation and savings that could be achieved and future use of the asset(s).

Draft Response: Specific responses required from individual local authorities.

Consultation Question 3 – *Do you agree that these criteria should be used, or would you suggest alternative or additional measurements to decide a bid based approach?*

Draft Response: Whilst a clear assessment process is required to ensure value for money and true service improvement, it is unclear why this needs to be seen as a competitive process. Given that a local authority would only be bidding for use of resources generated by the sale of its own capital assets, a better proposal would be to allow all sound proposals to be supported. A direct application to the relevant government department could replace the proposed bid based system and still incorporate all the necessary financial and other measures required to ensure the objectives of the proposal are achieved.

Consultation Question 4 – *Do you agree that a direction letter mechanism would be the best method of delivering the aims of the policy proposal?*

Draft Response: No. The Capital Finance Regulations approach is preferred as it could apply equally across all local authorities. This would create the maximum incentive across all types and size of authority.

Consultation Question 5 – *Is the proposed timetable realistic to allow for the practical implementation of the flexible use of capital receipts proposal?*

Draft Response: The proposed timetable is considered realistic in many circumstances. There will, of course, be occasions where complex agreements across authorities take time and where the formal disposal of an asset takes much longer than anticipated. Some form of flexibility in the process would be beneficial within, perhaps, specific circumstances beyond the control of an individual authority.

Consultation Question 6 – *If you felt the timetable was not realistic, what changes would you make to the proposed implementation of the policy to allow for the practical delivery of the flexible use of capital receipts?*

Draft Response: One suggested change would be to make the process annual. This would enable authorities to plan for the future in a much more realistic manner and enable any complex negotiations to be concluded.