

Report to Cabinet

23 July 2020

By Ray Dawe (Cabinet Member for Finance and Assets)

DECISION REQUIRED



Not Exempt

Transformation fund - top up from the 2019/20 budget surplus

Executive Summary

The Council delivered a £246k revenue surplus in 2019/20 after allowing for budgets that carried over to 2020/21 to cover essential expenditure on projects unavoidably delayed.

The Council's income in a Covid-19 inspired recession is unlikely to be as high as previously estimated and costs continue to rise. Inevitably therefore, balancing the budgets over the medium term relies on implementing a range of actions to help deliver efficiency measures, as well as other income generation. This requires further investment in transformational projects.

Setting aside £0.5m in the transformation earmarked reserve for 2020/21 will help transform the Council in the future. £377k remains unspent in the reserve at 31 March 2020; the top up of £123k will effectively funded from the 2019/20 budget surplus.

Recommendations

That the Cabinet is recommended to:

- i) Approve the transfer of £0.123m from the General Fund reserve to the earmarked transformation reserve.
- ii) Delegate to the Chief Executive in consultation with the Leader, the authority to use the transformation fund as appropriate.

Reasons for recommendations

- i) To top up of the earmarked transformation reserve for projects that will help transform the Council in the future; being effectively funded from the 2019/20 budget surplus.

Background papers: 2020/21 budget and MTFs papers from 23 January 2020 Cabinet meeting and 12 February 2020 Council meeting.

Wards affected: All

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Background Information

1 Introduction and background

- 1.1 The transformation earmarked reserve was set up in 2016/17 to help fund business transformation within the Council. Cabinet transferred £0.5m from the 2015/16 budget surplus and has topped up the fund each year since.
- 1.2 The following amounts have been spent on transformation through the reserve since 2016/17, unlocking opportunities to enable future savings:
 - £387k in 2016/17
 - £518k in 2017/18
 - £239k in 2018/19
 - £123k in 2019/20
- 1.3 £377k remains unspent in the reserve at 31 March 2020 and will be made available in 2020/21.

2 Relevant Council policy

- 2.1 The Council continues to provide the quality, value for money services that people need throughout the 2020s. Continue to manage our finances prudently and identify and deliver business transformation to balance our budgets as funding from central government reduces.

3 Details

- 3.1 The Council holds a number of earmarked reserves and spends them on the purpose for which they were earmarked. Where the Council receives grants and contributions in year, but does not spend them, Cabinet may transfer the unused portion to earmarked reserves for use in future years. The Council can also choose to move funds from the general fund reserve to earmarked reserves to cover future costs.
- 3.2 The Council's income in a Covid-19 inspired recession is unlikely to be as high as previously estimated and costs continue to rise. Inevitably therefore, balancing the budgets over the medium term relies on implementing a range of actions to help deliver efficiency measures, as well as other income generation. This requires further investment in transformational projects.
- 3.3 Projects to facilitate transformation include areas such as ICT to help unlock further digital change to deliver a restructuring of products and services, changing the way we operate to better serve our customers and preventing re-keying of data. The Council is also growing our own staff through development, learning and coaching to encourage cultural change within the organisation.
- 3.4 This report proposes Cabinet move £0.123m from the General Fund reserve balance to top up the earmarked transformation reserve to £0.5m for this purpose in 2020/21. This will help transform the Council in the future. The schemes upon which this earmarked transformation reserve will be spent will be authorised by the Chief Executive in consultation with the Leader and then follow normal financial authorisation and budget process procedures. The Appendix contains a snapshot of the transformation fund at 31 March 2020 with anticipated estimated future expenditure.

4 Next steps

- 4.1 Once approved, the Chief Executive in consultation with the Leader will consider the appropriate schemes and authorise expenditure from the transformation fund against these schemes as appropriate.

5 Views of the Policy Development Advisory Group and outcome of consultations

- 5.1 The Finance and Assets Policy Development Advisory Group discussed this proposal on 6 July 2020. Their comments are incorporated in the report. The Group was supportive of the proposal.

6 Other courses of action considered but rejected

- 6.1 Not spending £0.5m would save the Council £0.5m in one year's expenditure. But it would not unlock savings for future years.
- 6.2 The £0.123m of surplus from 2019/20 would otherwise go into the general reserve and used to fund the deficit that would occur if transformation does not take place at the required rate. This would not be sustainable.

7 Resource consequences

- 7.1 The transformation fund will help deliver the efficiencies and income generation required to balance the budget over the medium term.

8 Legal consequences

- 8.1 There are no legal consequences of this scheme.

9 Risk assessment

- 9.1 Corporate Risk CRR01: Failure to achieve the required level of savings and income in the Medium Term Financial Strategy.

10 Other considerations

- 10.1 There are no consequences of the actions proposed in respect of Crime & Disorder; Human Rights; Equality & Diversity and Sustainability.

