

Report to Cabinet

8 June 2023

By Cabinet Member for Finance and Resources

DECISION REQUIRED



Not Exempt

Using the Transformation Fund in 2023/24

Executive Summary

The Council produced a £0.26m operational surplus in 2022/23, despite the impact of the £1,925 pay award and other inflationary pressures which has been offset by increased income from higher interest rates on our investments of £1.35m, contributing to the small surplus. Budgets of £151,875 were carried over to 2023/24.

The Council's income is unlikely to be as high as some residents reduce their spending to cope with the rising cost of living and the Council's costs continue to rise due to inflationary pressures. 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 a number of smaller transformational projects.

£279k remains unspent in the transformation reserve at 31 March 2023 which will help transform the Council in the future. The report recommends that is topped up by £221k effectively funded from the 2022/23 overall budget surplus, giving a total transformation fund reserve of £0.5m in 2023/24.

Recommendations

That the Cabinet is recommended to:

- i) Approve the transfer of £221k from the General Fund reserve to the earmarked transformation reserve.
- ii) Delegate to the Chief Executive, in consultation with the Leader and Cabinet Member for Finance, 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 2022/23 budget surplus.

Background papers: 2022/23 budget and MTFS papers from 26 January 2023 Cabinet meeting and 22 February 2023 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 improve efficiency and processes and enable future savings:
 - £387k in 2016/17
 - £518k in 2017/18
 - £239k in 2018/19
 - £123k in 2019/20
 - £111k in 2020/21
 - £107k in 2021/22
 - £221k in 2022/23
- 1.3 £279k remains unspent in the reserve at 31 March 2023 and will be made available in 2023/24.

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 is unlikely to be as high as previously estimated as some residents reduce their spending to cope with the rising cost of living and the Council's 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 £221k from the General Fund reserve balance to top up the earmarked transformation reserve to £0.5m for this purpose in 2023/24. 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 2023 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 Resources Policy Development Advisory Group did not meet in person to discuss this proposal due to the election period, but a copy of the report was emailed to all Members on 31 May 2023 and any comments will be verbally updated by the Cabinet member for Finance and Resources during the Cabinet meeting.

6 Other courses of action considered but rejected

- 6.1 Not spending up to £0.5m would save the Council up to £0.5m in one year's expenditure. But it would not unlock savings for future years.
- 6.2 The £221k of surplus from 2022/23 would otherwise go into the general reserve and used to fund any 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 the delivery of efficiencies and income which will help towards balancing 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 Procurement implications

- 10.1 There are no procurement implications associated with this report.

11. Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1 This report tops up existing discretionary schemes, which already support vulnerable groups and have regard to equalities. The Communities team already works closely with Young People. These schemes will continue to follow existing equalities procedures.

12 Environmental Implications

12.1 There are no environmental implications from this report.

13 Other Considerations

13.1 There are no GDPR / Data Protection or Crime & Disorder implications arising from this report.

Appendix – The Transformation Fund Reserve

Actual spend in 2022/23 and indicative areas of spend in 2023/24:

		Appendix E - transformation fund at 31 March 2023	
2022/23		2023/24	
393,501	<i>balance brought forward</i>	278,489	<i>balance brought forward</i>
106,499	<i>In year addition</i>	221,511	<i>In year addition</i>
500,000		500,000	
-44,683	Backfill for the digitalisation project	-45,000	<i>Backfill for the digitalisation project</i>
-32,805	Licence and implementation tech costs for the PRS digitalisation project.	-50,000	<i>Licence and implementation tech costs for the PRS digitalisation project.</i>
-32,365	PRS Project – The transfer of staff member working on the Project from Environmental Health to Technology Services so can continue working on the wider project.	-44,000	<i>Systems support in Building Control and Development for the PRS digitalisation project</i>
-11,383	Re-furb and improvement to HDC reception desk in Parkside		
	Review of Building control service		
-100,275	Technology Strategy and Communications laptops		
-221,511	<i>indicative spend in year</i>	-139,000	<i>indicative spend in year</i>
278,489	<i>balance</i>	361,000	<i>balance</i>
			<i>* 2023/24 costs are indicative estimates only.</i>
			<i>Appropriate additional items may be added as required</i>
			<i>via SLT and Leader and Cabinet Member for Finance and Parking approval</i>