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**Report to: Clackmannanshire Council**

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**Date: 23 September, 2010**

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**Subject: Budget Strategy - Invest to Save Fund**

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**Report by: Director of Finance & Corporate Services**

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## **1.0 Purpose**

- 1.1 The purpose of this report is to invite Council to agree the principles and criteria for the operation of the Invest to Save Fund, the establishment of which was approved on 12 August, 2010.

## **2.0 Recommendation**

- 2.1 It is recommended that Council agree the principles and criteria of the Invest to Save Fund as set out in this report.

## **3.0 Background**

- 3.1 The Council is required to find savings of up to £18M to 2014. It is expected that some savings options which will come forward to the Council will likely require upfront investment to meet the costs of implementation. Such investment is dependent on the creation of a funding mechanism to meet those costs.
- 3.2 In August, 2010, the Council approved the creation of an Invest to Save Fund to cover non-recurring costs associated with business change projects. The fund totals £1M and will be resourced from reserves, the allocation being dependent on the maintenance of minimum levels of reserves\* in line with approved strategy and subject to annual review by the Council through the Budget process from 2012-2014.

\* The uncommitted balance on General Fund Reserves at 31 March 2010 is £2.8M. This is in line with the recommended minimum level of uncommitted reserves of 2-4%. The indicative General Services Revenue Budget for 2010-2013 is based on an assumption of an earmarked contribution to reserves of £1.5M. It has been agreed to divert £1M of this for the Invest to Save Fund.

- 3.3 It was agreed at the meeting in August that a report would come forward which set out principles and criteria for the operation of the Invest to Save Fund.

## **4.0 Principles**

- 4.1 The Invest to Save Fund should be governed by the following principles:

- The aim is to provide a pool of upfront funding to support investment, to enable step changes in service delivery/performance to be achieved
- The Invest to Save Fund is to provide short-term financing for initiatives which will reduce the Council's net budgeted expenditure through either reducing costs, increasing income, and/or increasing efficiency to deliver cashable efficiencies
- As the Invest to Save Fund is a finite amount of funding from reserves, its allocation will be strictly prioritised
- The Invest to Save Fund advance will generally be re-paid from the savings generated by any proposal within 2 years
- To be successful, an application for an Invest to Save Fund advance must clearly demonstrate that the proposal will achieve its proposed objectives, while also being able to ensure that the initiative can re-pay its advance from the Invest to Save Fund
- Where an initiative impacts on more than one area, there needs to be clear evidence that collaboration has been discussed and agreed.

## **5.0 Applications for Funding from the Invest to Save Fund**

5.1 A formal written proposal must be prepared for each application for funding from the Invest to Save Fund.

5.2 The proposal must include relevant information under each of these headings:

1. Statement of the purpose/objectives and of how the initiative will make a difference to the delivery of public services.

2. Outline of the current situation and identification of any issues to set the scene and provide the reasons for wanting to undertake the initiative.

3. Options considered

4. Reason for recommended option

5. Impact on priority outcomes and corporate objectives

6. Risk Evaluation

7. Consultation which may have been undertaken

8. Legal Implications

9. Financial Implications

10. HR Implications

11. Other Implications

12. Responsible Officer

13. Project Management

## **6.0 Criteria & Assessment Process**

6.1 Proposals in the correct format will be submitted to the Directors' Meeting which will:

- assess completed proposals against the basic criteria of the Fund, viz:
  - How the initiative impacts on the Council's business transformation goals
  - The size of the advance required and the amount of cashable efficiencies that will be delivered by the initiative
  - The completeness and robustness of the financial information used in the proposal
  - Whether the projections in the initiative can be realistically achieved in the timescales indicated in the proposal
  - The time taken for the initiative to re-pay the Invest to Save advance and whether this is reasonable with respect to the nature of the initiative.
- agree if a proposal should be either approved, deferred for further information or rejected (relevant Service Directors will be responsible for ensuring that successful proposals are managed to ensure they meet the milestone targets identified in the initiative proposal)
- report on a quarterly basis to the Scrutiny Committee on awards from the Fund and progress in implementing proposals
- refer for decision any proposals which would require to be considered by Council.

6.2 The sort of proposals which have been funded by such Invest to Save programmes in other authorities, and which might be expected to come forward for consideration in the context of this Council's scheme, include: suggestions for service redesign, improvements in workforce planning, improvements in the use of technology, increasing in-house capacity to reduce reliance on external support, developments in flexible and mobile working.

## **7.0 Conclusions**

7.1 The establishment of the Invest to Save Fund provides an effective mechanism to fund business transformation, reduce expenditure and improve efficiencies.

## **8.0 Sustainability Implications**

NA

## **9.0 Resource Implications**

*Financial Details* - the Invest to Save Fund is resourced from reserves as per the Council decision of 12 August, 2010.

*Staffing* N/A

## 10.0 Declarations

10.1 The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

### (1) Our Priorities 2008 - 2011

The Council is effective, efficient and recognised for excellence

### (2) Council Policies (Please detail) N/A

## 11.0 Equalities Impact

11.1 N/A

## 12.0 Legality

12.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes


## 13.0 Appendices

N/A

## 14.0 Background Papers

1- Report to Council of 12 August by Director of Finance & Corporate Services entitled: *Budget Strategy*

### Author(s)

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### Approved by

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