

## The Highland Council

27 June 2013

Agenda Item	
Report No	

### Strategic Change & Development Fund

#### Report by Director of Finance

#### Summary

The purpose of this report is to establish criteria by which proposals for the Strategic Change & Development Fund will be considered.

#### 1. Background

- 1.1 At its meeting on 7 February 2013, as part of the Revenue Budget proposals, the Council established a new Fund entitled Strategic Change & Development Fund.
- 1.2 The purpose of this fund is to provide finance to generate opportunities to deliver change and develop services at reduced cost. It largely replaces the previous Spend to Save Fund, which has been fully committed or spent, and allows for additional funding to become available following the completion of the Council's accounts for 2012/13.

#### 2. Discussion

- 2.1 The proposed criteria provides a clear link to the Council's Programme "*Working together for the Highlands*" and is intended to maximise opportunities for Services to apply. The Fund is internal to Highland Council, but it allows the capacity for innovative proposals to be considered that may involve external partners.
- 2.2 Innovative proposals should be about changing outcomes, and the creation of this Fund reflects the fact that a fund is not restricted by financial years. Proposals should focus on outcomes rather than the period over which funding may be required. However financial commitment from the Fund should be one-off or short-term, and should not be to cover ongoing budget challenges.
- 2.3 Proposals will require the submission of an Outline Business Case (OBC), leading to a Full Business Case (FBC) if initial approval is granted. Given that proposals can cover any activity of the Council it is proposed that any outline business case is consider by the Highland Council.

### **3. Financial Implications**

- 3.1 The financial outturn for 2012/13, which is considered as a separate report on today's agenda, allows for an initial allocation of £5m to be allocated as an initial contribution to the Fund. This is a slight adjustment to the previously estimated sum due to variations in service outturns and other decisions taken by the Council since February.
- 3.2 Where proposals generate revenue savings there is a requirement for a minimum of 25% of any revenue savings to be reinvested in the Fund. Subsequent balances will be considered as part of the Council's regular review of reserves and balances, and as part of its annual budget strategy.

### **4. Fund Proposals**

- 4.1 To enable early objectives to be met, Council is asked to agree two specific resource allocations from the Fund at this stage.
- 4.2 It is proposed to allocate £1m to enable a one-off additional spend on Roads Maintenance. It is essential that an early decision is taken to enable projects to proceed this financial year. TECS Committee on 16 May 2013 agreed an allocation of additional £2m spend and it is proposed that the same criteria and basis of allocation is used for this further sum.
- 4.3 The Corporate Improvement Programme is a key element of the Council's ongoing drive for efficiency savings and more effective ways of working. A major element of the Programme's success has been the ability to fund Project Managers to lead specific projects. This has led to successful outcomes to date, success that could only be achieved by the infusion of specific funding to allow experienced staff to be seconded to the CIP Team.
- 4.4 Existing budget for Project Managers has now been exhausted. It is therefore proposed to allocate a sum of £0.5m to create provision within the CIP to allow for future Project Managers to be appointed. Change Management is an important aspect of delivering improvement, but needs to be adequately resourced to fully cover the cost of workforce changes.
- 4.5 Each change project will be subject to proper assessment and submission of a project initiation document and outline Business Case as appropriate. Two immediate examples are Schools Support Review linking to the delivery of Budget Savings target approved by Council, and Transport Co-ordination, a significant project arising out of the integration of Health and Social Care.

### **5. Implications**

- 5.1 Resource and Legal implications are highlighted in the report. There are no Equalities, Climate Change and Risk implications to draw to the Council's attention.

## **Recommendations**

The Highland Council is asked to:-

- (i) Consider the proposal and agree the criteria suggested in the attached document
- (ii) Agree two allocations of resources from the Fund:-
  - £1m Roads Maintenance
  - £0.5m Corporate Improvement Programme and Change Management

Designation: Director of Finance

Date: 17 June 2013

Author: Derek Yule

## **STRATEGIC CHANGE & DEVELOPMENT FUND**

### **Purpose**

The purpose of the Fund is to provide on-going financial investment to support the development of services or facilitate change.

### **Context**

The public sector is facing substantial pressure with real reductions in financial resources. It will not be possible to maintain the “status quo” and the Council needs to review the way in which it provides services, to improve efficiency, and reduce cost.

This Fund should therefore be viewed as a longer-term investment opportunity, and should not be fully committed in any one financial year.

### **Criteria**

Proposals for access to the Strategic Development & Change Fund should demonstrate a clear link to the Council’s Programme “*Working together for the Highlands*”, **and** seek to address at least two of the following criteria:-

- Evidence how the proposal will deliver the Council’s strategic objectives
- Demonstrate how the proposal will deliver service enhancement and improvement
- Demonstrate how the proposal will change outcomes
- Evidence how the proposal will deliver financial savings

### **Funding**

The initial value of the Fund will be clarified following completion of the Council’s Accounts for 2012/13. Based on the unaudited accounts this initial investment is £5m.

Subsequent balances will be considered as part of the Council’s regular review of reserves and balances, and as part of its annual budget strategy. It is however expected that proposals for accessing the Fund may cover more than one financial year.

### **Consideration**

Initial proposals for funding will require the preparation of an Outline Business Case (OBC) that considers the criteria outlined above. If initial approval is granted then a Full Business Case will be required.

All proposals will require the approval of the Highland Council.

There is no timescale on proposals as it is expected that these will be prepared throughout the financial year and considered at the point of submission.

Proposals are expected to be internal to the Council, and are not a substitute for other more appropriate funding mechanisms e.g. Community Challenge Fund.

## **Requirements**

A report at the conclusion of the project outlining what has been achieved and whether the project has met its objectives. Projects with a long time-span will produce interim reports, at least annually.

Where proposals generate revenue savings there is a requirement for a minimum of 25% of revenue savings delivered by the project to be reinvested in the Fund.

Any proposal can cover more than one financial year.